



# 2021 Pre-Budget Council Consultation

Presentation to Town Council  
September 22, 2020



# 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.

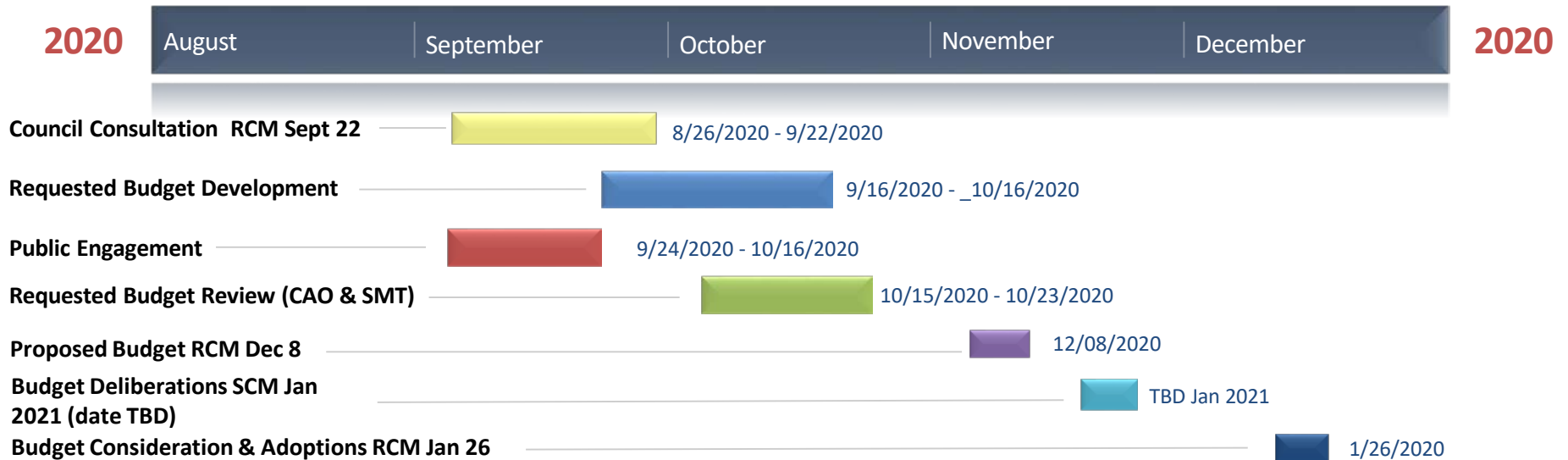


## **Good Governance**

Demonstrate the Town's leadership role in the community by promoting good governance and community engagement.



# 2021 Budget Timelines



2021 Budget Timelines approved by Council as per FS Report 2020-11



# Unusual Budget Season

- Factoring a Global Pandemic
  - Impact to User Fees
  - Increased safety measures and related costs
- Factoring High Lake Levels
  - Flood preparedness plans and exercises
  - Budgetary provisions in the event of inland flooding
- MPAC Assessment Cycle Postponed
  - CVA update postponed – 2020 assessed values will carry to 2021
  - Background noise



# Future Focus

- Strategic Priorities
  - Focus on Program and Service Delivery
  - Respect for Taxpayers
- Big Dollar Capital Projects – Will Take Time
  - Multi-Use Sportsplex
  - CIP Streetscape
  - Storm Drainage Master Plans
  - MRSPA
  - Tecumseh Hamlet



# 2020 Approved Budget & Forecast

Budget Drivers	2020		2021	2022	2023	2024
	2019	Approved				
Base Department Operations (excl Pay/Ben)	1.19%	-0.38%	0.77%	0.88%	0.78%	0.76%
Service Level Enhancements	0.55%	1.19%	0.17%	-0.31%	0.00%	0.00%
Payroll/Benefits	1.19%	0.92%	0.64%	0.64%	0.66%	0.64%
Police Services	0.41%	0.31%	0.29%	0.28%	0.31%	0.34%
<b>Sub-total - Operating</b>	<b>3.33%</b>	<b>2.03%</b>	<b>1.87%</b>	<b>1.49%</b>	<b>1.75%</b>	<b>1.74%</b>
Lifecycle	0.45%	0.81%	0.83%	0.80%	0.78%	0.75%
New Infrastructure Levy	0.67%	0.86%	0.83%	0.80%	0.78%	0.75%
<b>Sub-total - Capital</b>	<b>1.12%</b>	<b>1.66%</b>	<b>1.65%</b>	<b>1.60%</b>	<b>1.55%</b>	<b>1.50%</b>
<b>Total</b>	<b>4.45%</b>	<b>3.70%</b>	<b>3.53%</b>	<b>3.09%</b>	<b>3.30%</b>	<b>3.24%</b>
Assessment (Growth)/Loss	-1.75%	-0.43%	-0.41%	-0.60%	-0.58%	-0.56%
<b>Total w/ Growth factor</b>	<b>2.70%</b>	<b>3.27%</b>	<b>3.11%</b>	<b>2.49%</b>	<b>2.72%</b>	<b>2.67%</b>



# Budget Pressures & Drivers

Projected 2021 Levy Increase from 2020 Budget	\$ Amount	Percent
Operations	\$453,000	1.87%
Lifecycle/Capital	\$400,000	1.65%
Assessment Growth	\$(100,000)	(0.41)%
<b>Total Projected 2021 Levy Increase</b>	<b>\$753,000</b>	<b>3.11%</b>
Operations – Not including Salary/Benefits	\$212,000	0.88%
Operations – COVID impact \$576,000 funded from Tax Rate Stabilization (TRS) Reserve if Grant funding not available	\$0	0.00%
Lifecycle/Capital	\$591,000	2.44%
Assessment Growth	\$(130,000)	(0.54)%
<b>Total 2021 Preliminary Estimate</b>	<b>\$673,000</b>	<b>2.78%</b>



# Pressures - Operating Revenues

Operating Revenues	\$ Amount	Percent
Assessment Growth	\$(150,000)	(0.62)%
Supplemental Tax Revenue	\$20,000	0.08%
<b>Total Operating Revenues</b>	<b>\$(130,000)</b>	<b>(0.54%)</b>





# Pressures - Operating Expenditures

<b>Operating Expenditures</b>	<b>\$ Amount</b>	<b>Percent</b>
Staffing Enhancements	\$85,000	0.35%
Storm - Flood Contingency (\$100,000 one-time funded from TRS Reserve)	\$0	0.00%
Insurance	\$31,000	0.13%
Professional Fees	\$55,000	0.17%
Utilities – Hydro (Water)	\$20,000	0.08%
Computer Software/Support	\$32,000	0.13%
Other	\$119,000	0.49%
<b>Total Operating Expenditures</b>	<b>\$342,000</b>	<b>1.41%</b>



# Pressures – COVID-Specific

<b>COVID Impacted Revenues and Expenditures</b>	<b>\$ Amount</b>	<b>Percent</b>
Operating Revenues:		
Potential Grant funding (Covid-19 relief)	TBD	TBD
Ice rental & user fees	\$200,000	0.83%
Lottery License revenue	\$100,000	0.41%
Hall rentals/Pool/Recreation Programs	\$80,000	0.33%
Operating Expenditures:		
Staffing Enhancements	\$126,000	0.52%
COVID-19 Safety Protocol	\$70,000	0.12%
<b>Net Expenditures</b>	<b>\$576,000</b>	<b>2.38%</b>
Funded through Tax Rate Stabilization Reserve	\$(576,000)	(2.38%)
<b>Total Impact</b>	<b>\$0</b>	<b>0.00%</b>



# 2021 Operating Drivers Not Yet Quantified

Drivers Not Yet Quantified	\$ Amount	Percent
Collective Bargaining Agreements (CUPE & Fire)	TBD	TBD
HR Service Delivery	TBD	TBD
Organizational Review	TBD	TBD
Education & County Levies	TBD	TBD
ERCA	TBD	TBD
EWSWA	TBD	TBD



# Pressures – Lifecycle/Capital

Lifecycle/Capital Drivers	\$ Amount	Percent
New Infrastructure Levy (NIL)	\$200,000	0.83%
Lifecycle – Storm Sewer Stormwater Rate Study in progress	\$250,000	1.03%
Lifecycle – Parks development and equipment	\$25,000	0.56%
Lifecycle – Arena	\$20,000	0.21%
Lifecycle – Community trails	\$20,000	0.21%
Lifecycle – ITS infrastructure	\$25,000	0.14%
Lifecycle – Fleet	\$16,000	0.07%
Lifecycle – Fire Equipment - SCBA	\$30,000	0.12%
Lifecycle – Outdoor Pool	\$5,000	0.06%
<b>Total Lifecycle/Capital</b>	<b>\$591,000</b>	<b>2.44%</b>



# Outlook Years - Operating

Operating Outlook	2022	2023
Assessment growth	\$(300,000)	\$(400,000)
Staffing enhancements	\$90,000	\$0
Wages/Benefits (CBAs)	TBD	TBD
Policing Contract	TBD	TBD
Lottery Licencing claim	TBD	TBD



# Outlook Years – Lifecycle/Capital

Lifecycle/Capital Outlook	2022	2023
Lifecycle	\$150,000	\$150,000
OCIF Grant - \$1,175,000 in 2020	TBD	TBD
New Infrastructure Levy (NIL)	\$200,000	\$200,000
Sportsplex - \$?? million	TBD	TBD
CIP Infrastructure - \$30+ million	TBD	TBD
Storm Drainage Master Plans - \$140+ million	TBD	TBD
Development – Front-End Financing - \$57+ million	TBD	TBD



# Lifecycle/Capital

- Lifecycle Funding Model
  - Asset replacement
- New Infrastructure Levy – Target \$2.35 M
  - New capital requirements
  - Development – Front-End Financing
- Allocated to Capital Reserves (\$9.0 M 2020)
- Recommendations for annual project allocations follows budget process
  - Department 5-yr Capital Plans



# AMP 2.0 (2018)

	2018 Average Annual Funding						Surplus/(Deficit)
	Avg Annual Requirement	General Tax & Rates	Federal Gas Tax	Provincial OCIF	Debt	Total	
Roadways	6,100,566	3,428,316	1,182,693	-	-	4,611,009	-1,489,557
Bridges & Culverts	1,025,010	431,200	-	-	-	431,200	-593,810
Stormwater	2,100,710	864,700	-	-	-	864,700	-1,236,010
Facilities	970,610	693,840	-	-	-	693,840	-276,770
Fleet	906,050	799,000	-	-	-	799,000	-107,050
Water	2,353,940	2,516,609	-	-	-	2,516,609	162,669
Wastewater	4,741,532	4,159,183	-	-	-	4,159,183	-582,349
Unallocated	-	800,000	-	699,909	-	1,499,909	1,499,909
<b>Total</b>	<b>18,198,417</b>	<b>13,692,847</b>	<b>1,182,693</b>	<b>699,909</b>	<b>-</b>	<b>15,575,449</b>	<b>-2,622,968</b>





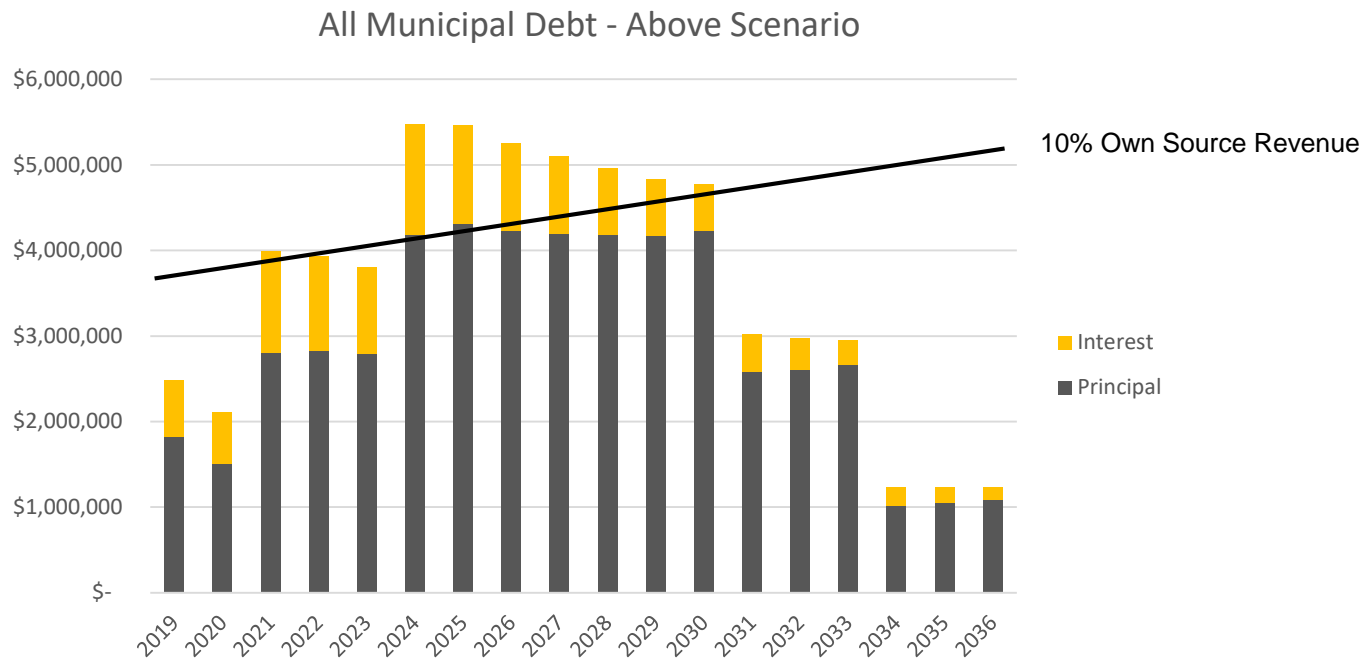
# Lifecycle/Capital Demands

Without additional borrowing						
Expenditures based on 2018 AMP 2.0 plus Development Financing and DMAF Storm Project						
	2020	2021	2022	2023	2024	2025
Lifecycle Reserves - Start	17,500,000	10,495,000	7,070,000	3,828,600	774,472	(2,088,639)
Lifecycle Funding	9,000,000	9,180,000	9,363,600	9,550,872	9,741,889	9,936,727
Lifecycle Expenditures	(14,500,000)	(11,100,000)	(11,100,000)	(11,100,000)	(11,100,000)	(11,100,000)
Debt Expenditures	(1,505,000)	(1,505,000)	(1,505,000)	(1,505,000)	(1,505,000)	(1,505,000)
<b>Lifecycle Reserves - End</b>	<b>10,495,000</b>	<b>7,070,000</b>	<b>3,828,600</b>	<b>774,472</b>	<b>(2,088,639)</b>	<b>(4,756,911)</b>
Infrastructure Reserve - Start	6,000,000	3,450,000	(11,300,000)	(9,600,000)	(9,350,000)	(7,880,000)
NIL Funding	1,550,000	1,750,000	1,950,000	2,150,000	2,350,000	2,350,000
NIL Expenditures	(4,100,000)	(1,500,000)	(1,250,000)	(2,900,000)	(1,880,000)	(2,050,000)
Development Financing	-	(15,000,000)	-	-	-	-
Development Financing repay	-	-	1,000,000	1,000,000	1,000,000	1,000,000
Debt Expenditures	-	-	-	-	-	-
<b>Infrastructure Reserve - End</b>	<b>3,450,000</b>	<b>(11,300,000)</b>	<b>(9,600,000)</b>	<b>(9,350,000)</b>	<b>(7,880,000)</b>	<b>(6,580,000)</b>
Rate Reserve Funds - Start	8,000,000	5,394,000	2,411,000	(366,000)	(2,861,000)	(5,166,000)
Rate Funding	4,200,000	4,350,000	4,500,000	4,650,000	4,800,000	4,950,000
Rate Expenditures	(6,200,000)	(7,100,000)	(7,100,000)	(7,100,000)	(7,100,000)	(7,100,000)
Debt Expenditures	(606,000)	(233,000)	(177,000)	(45,000)	(5,000)	-
<b>Rate Reserve Funds - End</b>	<b>5,394,000</b>	<b>2,411,000</b>	<b>(366,000)</b>	<b>(2,861,000)</b>	<b>(5,166,000)</b>	<b>(7,316,000)</b>
<b>Total</b>	<b>19,339,000</b>	<b>(1,819,000)</b>	<b>(6,137,400)</b>	<b>(11,436,528)</b>	<b>(15,134,639)</b>	<b>(18,652,911)</b>



# Long-Term Debt

- Debt scenario includes borrowing of:
  - \$10 million for Sportsplex (2021)
  - \$15 million for Storm Pump Stations (2024)
  - \$15 million MRSPA development (2021)
  - Debt payments 10% or greater of own source revenue considered High



# Water & Sanitary Rates

- Water & Wastewater Rate Study (2015)
  - Fixed Rate – to double over 10 year study period
    - Water 6% increase, Sanitary 6% increase for 2021
  - Variable - lesser increases over study period
    - Water 1% increase, Sanitary 3% increase for 2021.
- Consumption Trends
- Reserve Fund Balances
  - Water                   \$11,800,000
  - Sanitary                 \$ (600,000)



# Water/Sanitary Drivers

- Water specific
  - Development Front-End Financing
  - Watermain replacement program
  - Cathodic protection program (anode)
  - Property Study & Design
    - Oldcastle Hamlet water tower & booster station
- Sanitary specific
  - Development Front-End Financing
  - Completion of Sanitary Sewer Model Update
  - North Talbot Road Sanitary Sewer Service Area
  - 8<sup>th</sup> Concession Road Sanitary Sewer Service Area
  - Debt Servicing



# Water & Sanitary Rates

- Comparative Rates – 2020\*



	A'burg	Windsor	Lakeshore	Essex	Leamington	Tecumseh	Lasalle	Kingsville
<b>Water</b>								
Fixed	\$22.56	\$18.14	\$20.21	\$19.69	\$22.57	\$15.94	\$17.50	\$7.18
Variable	\$1.19	\$0.65**	\$1.50	\$1.45	\$0.89	\$1.23	\$1.10	\$1.00
<b>Sanitary</b>								
Fixed	\$32.42	\$17.61	\$16.45	\$20.68	\$49.35	\$15.94	\$9.00	\$29.67
Variable	\$2.20	\$2.86	\$1.45	\$1.44	\$2.36*	\$1.26	\$1.10	N/A
<b>Total Cost</b>	<b>\$1,472</b>	<b>\$1,439</b>	<b>\$1,199</b>	<b>\$1,178</b>	<b>\$1,077</b>	<b>\$979</b>	<b>\$846</b>	<b>\$682</b>

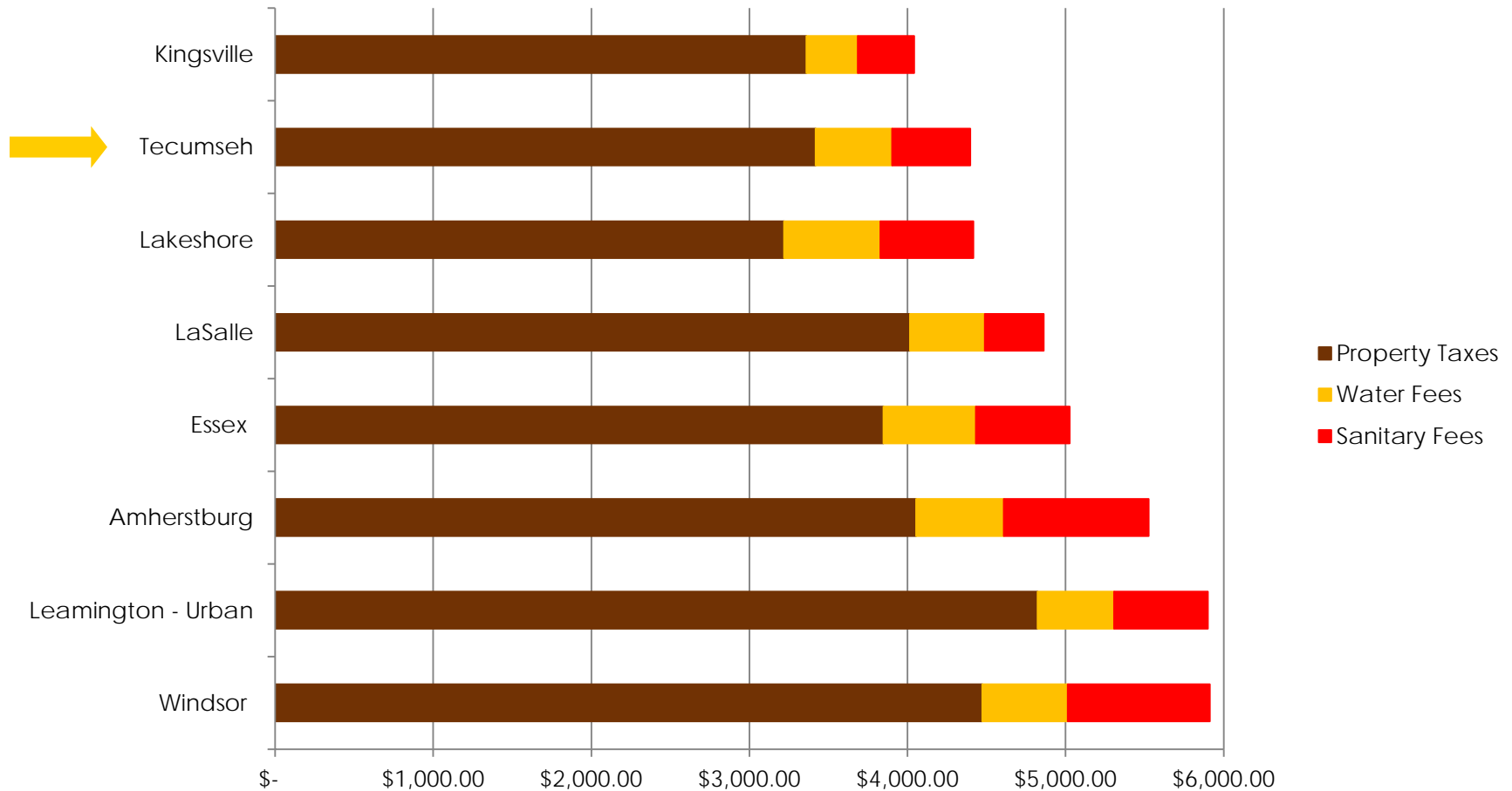
\* Based on monthly consumption of 20 cubic meters of water

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



# 2020 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

Key Reserve and Reserve Funds	Target	Actual**	Deficiency
Tax Rate Stabilization Reserve*	\$3,600,000	\$3,872,000	\$0
New Infrastructure Levy	TBD	\$7,149,000	TBD
Post Retirement Benefits	\$10,722,000	\$1,765,000	\$8,957,000

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

\*\* 2019 Year-end values



# Discussion

