



# 2018 Operating Budget Process

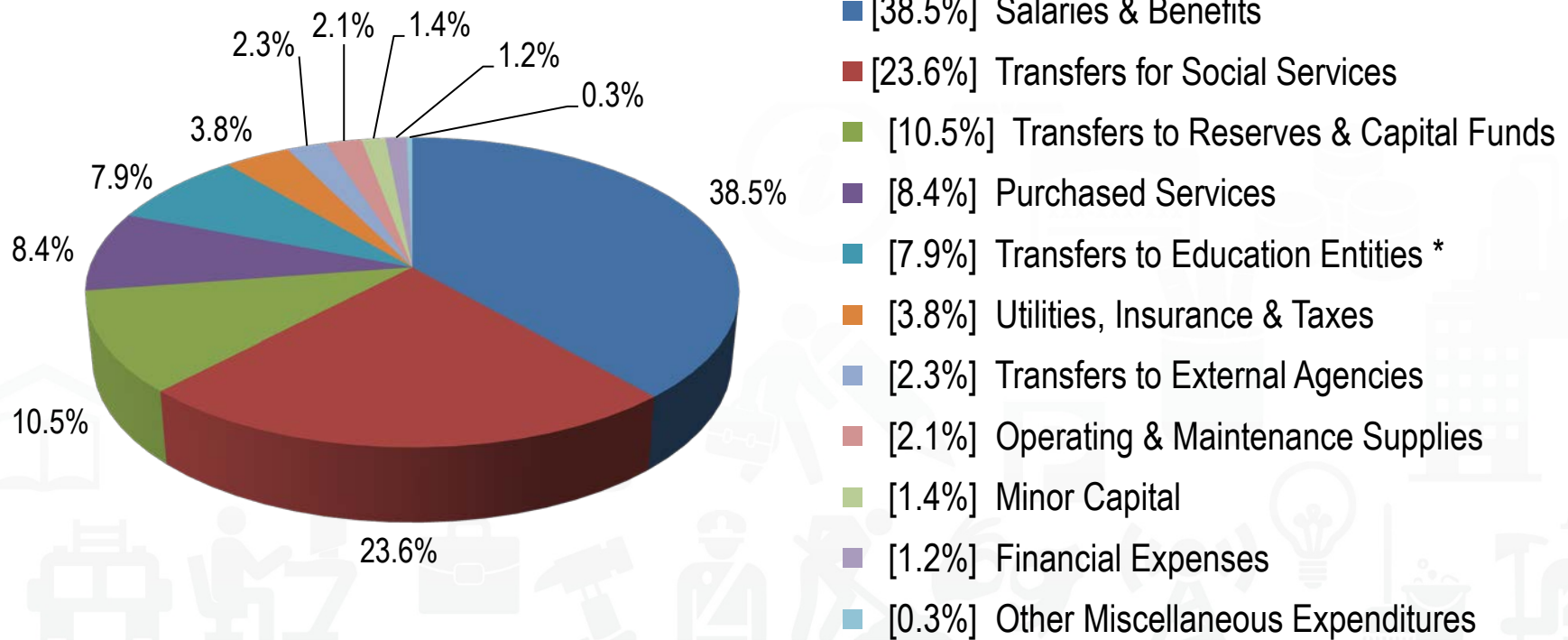
	Date
2018 Proposed Budget Process & Timeline (City Council Meeting) <b>Public Input Opportunity</b>	July 17, 2017
2018 Recommended Budget Development by Administration	July 18, 2017 – December 8, 2017
2018 Recommended Budget Made Public (Available on the Internet and all Windsor Public Libraries)	December 13, 2017
2018 Final Budget Deliberations (Beginning at 1:00 pm) <b>Public Input Opportunity</b>	January 15, 2018 & January 16, 2018

## Further Public Input:

Ward Meetings, Calls / Consultations with Councillors, 311 Inquiries

# 2018 Gross Operating Budget by Major Types of Expenditures

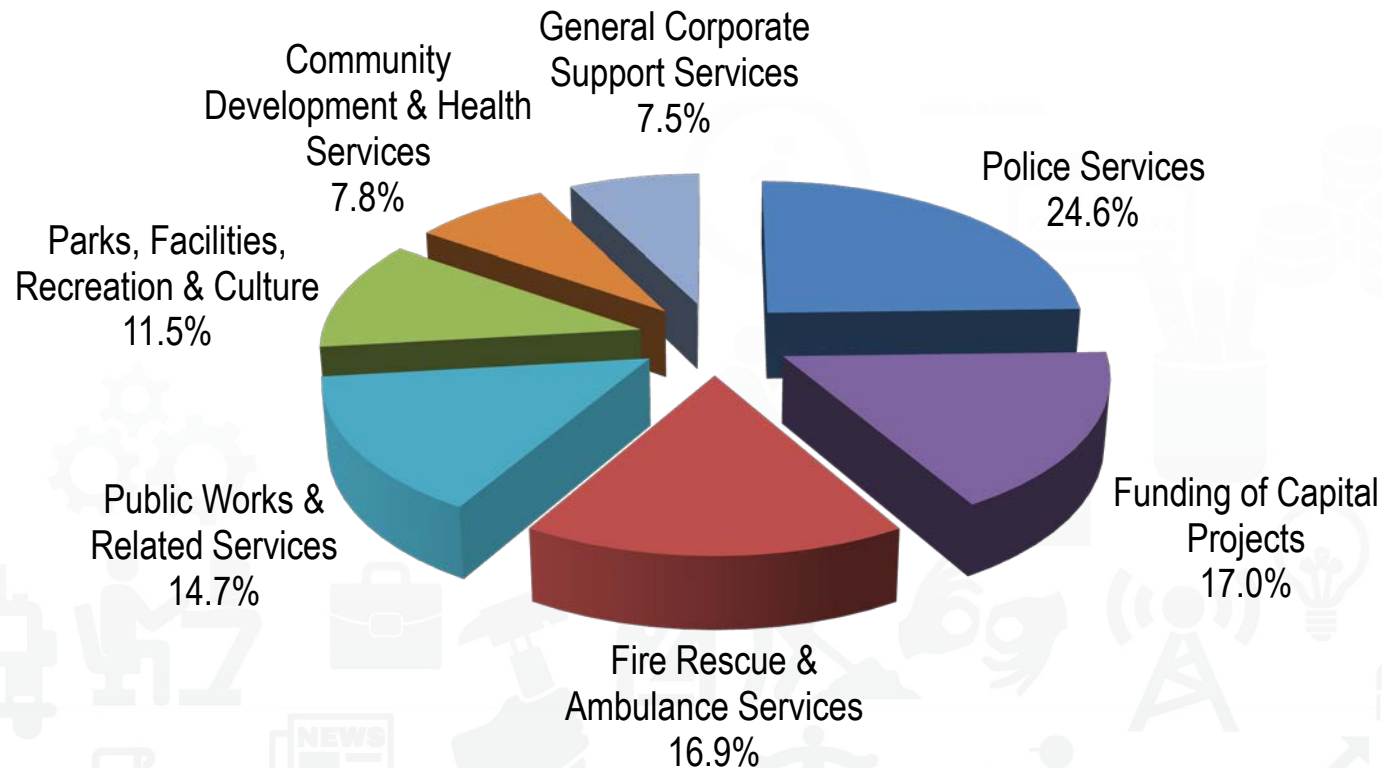
Total Gross Expenditures: \$807.7 Million



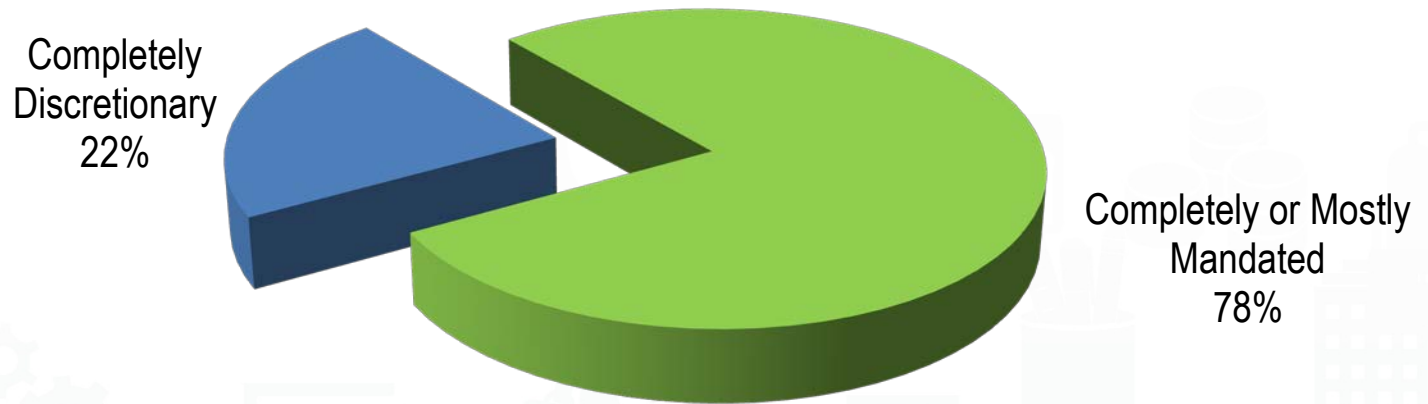


# What is the 2018 Municipal Tax Levy Being Spent On?

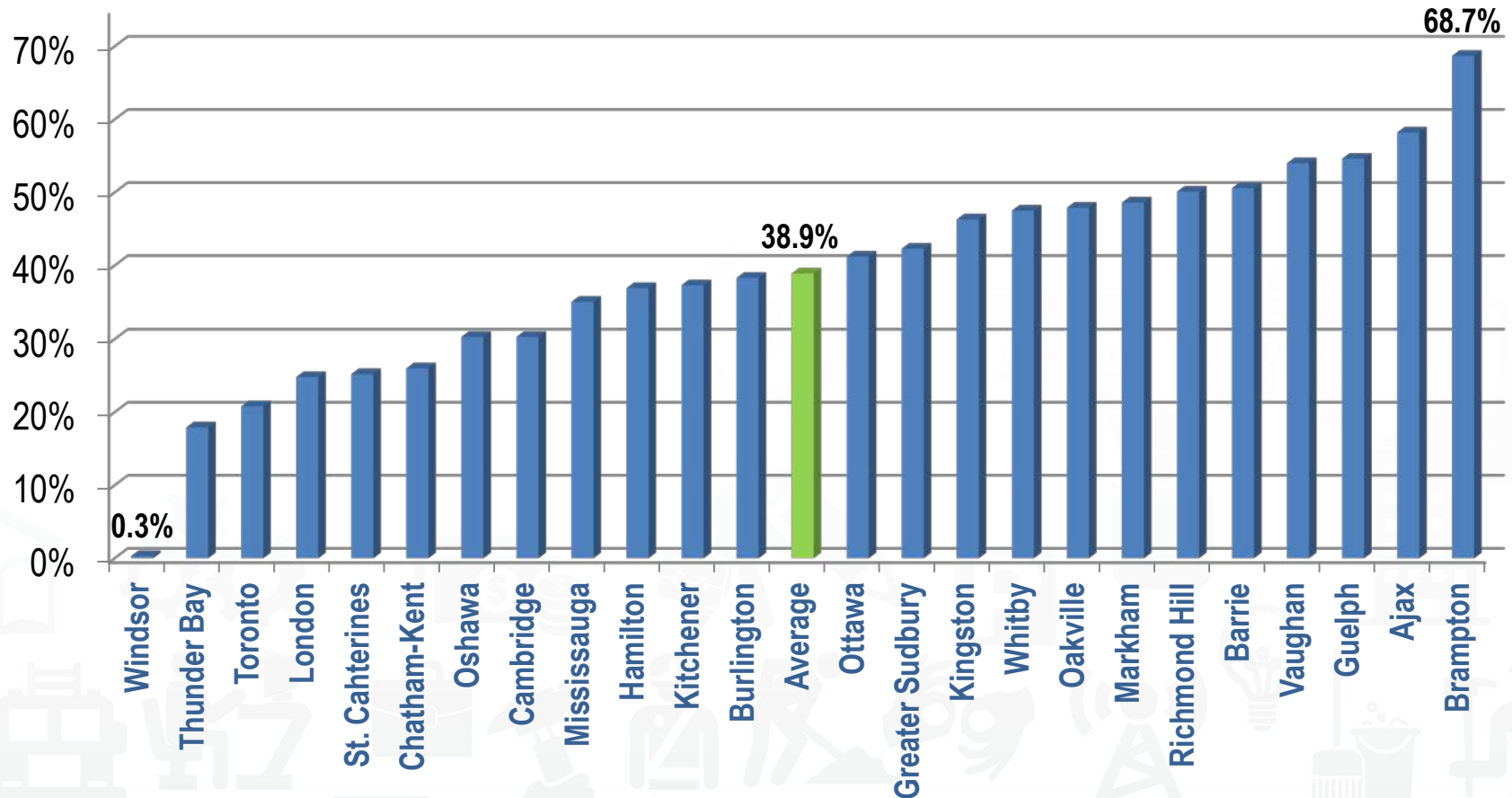
2018 Total Net Municipal Levy: \$343.5 Million



# Mandatory vs. Discretionary Spending



# % Change in Total Tax Levy 2016 vs. 2006



Source: Ontario Financial Information Return (FIR)

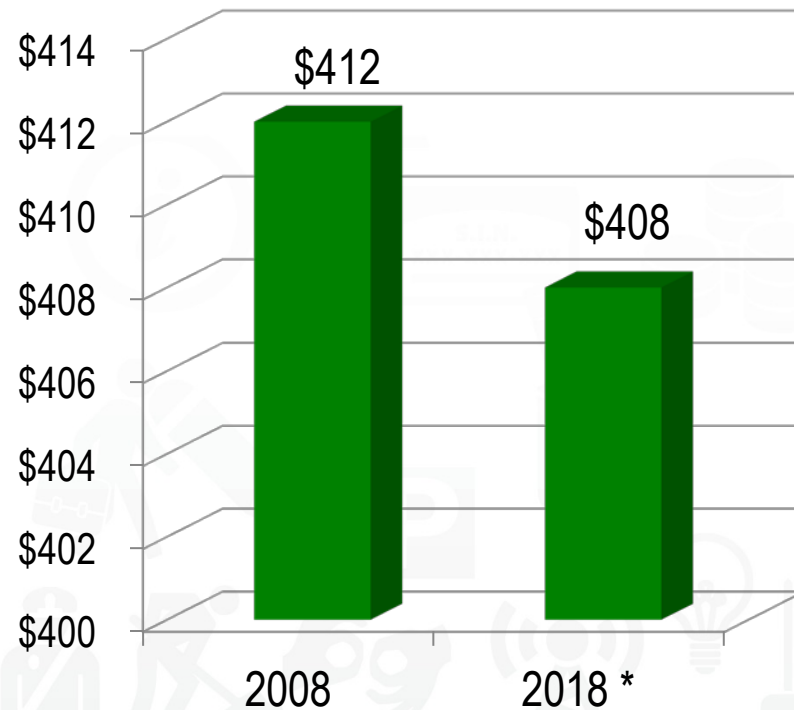
# Looking Back

## Continued Fiscal Responsibility

Lowering Taxes ✓

Total Tax Levy (\$ Millions)	
2008	2018 *
\$412 M	\$408 M

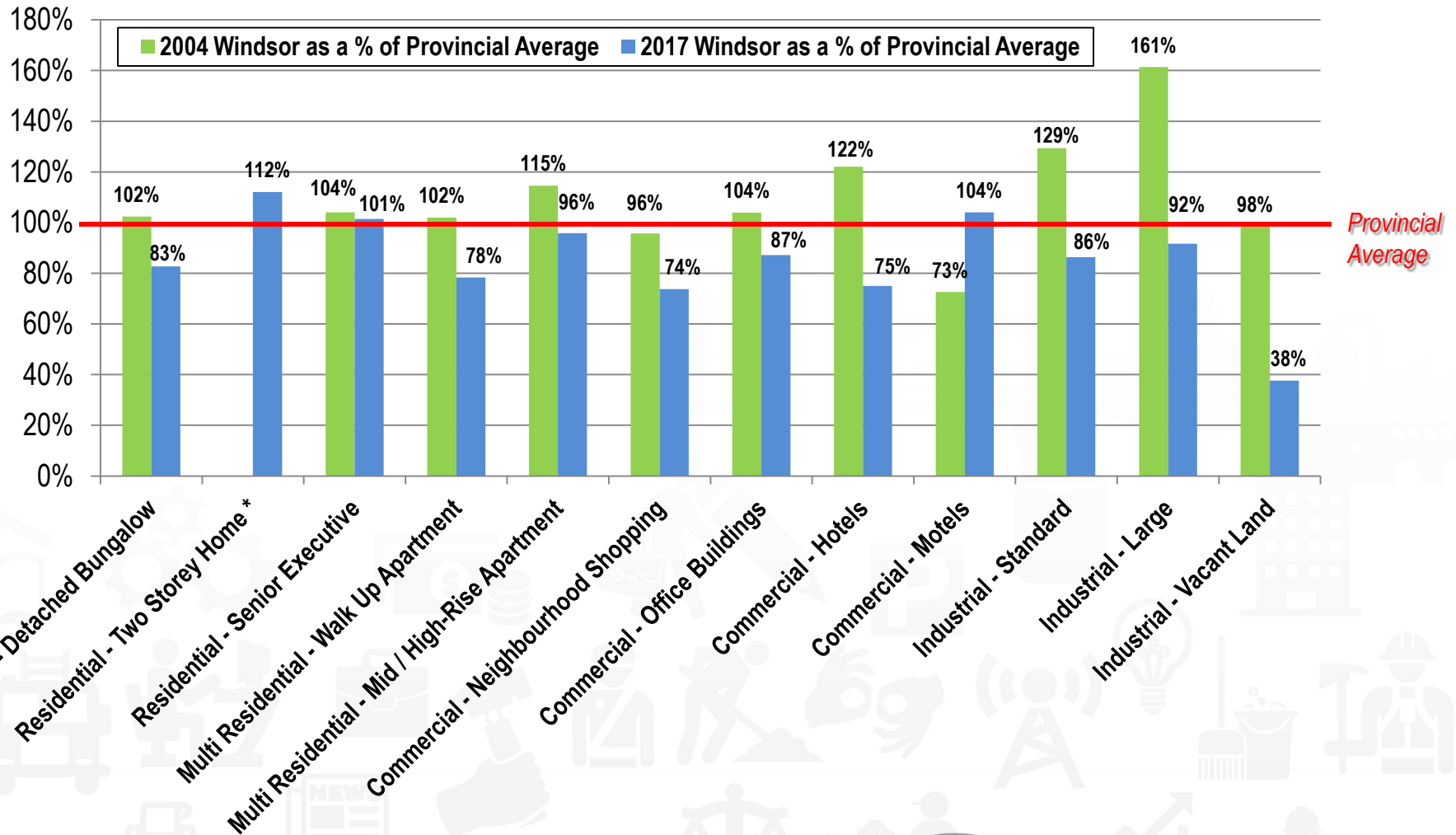
*\* Includes Recommended City Budget Inclusive of Requested Increase Put Forth by the ABC's*



# 2004 vs. 2017

## Property Taxes Comparison by Category

(Windsor vs. Provincial Average for Cities > 100,000 Population)



\* Category did not exist in 2004.

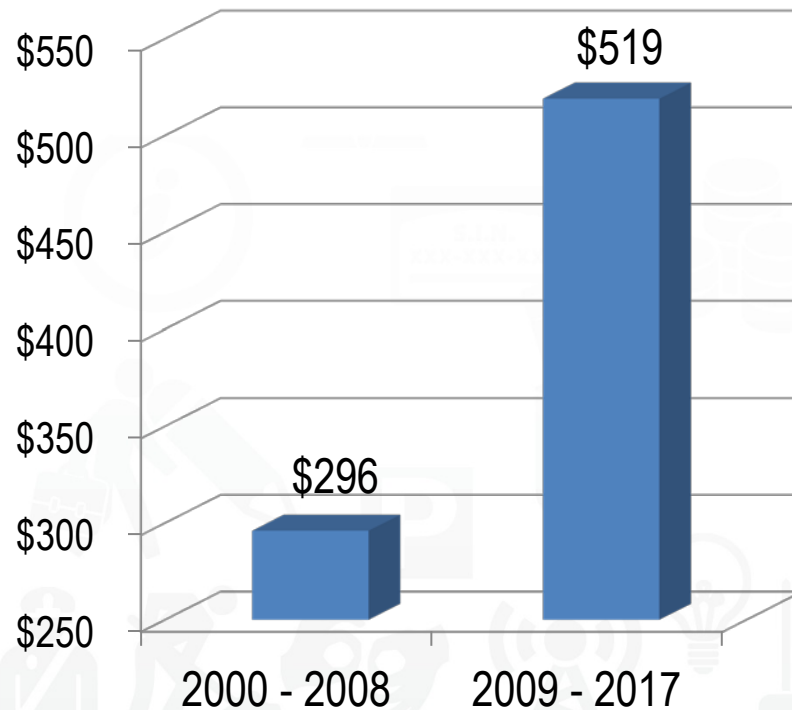


# Looking Back

## Continued Fiscal Responsibility

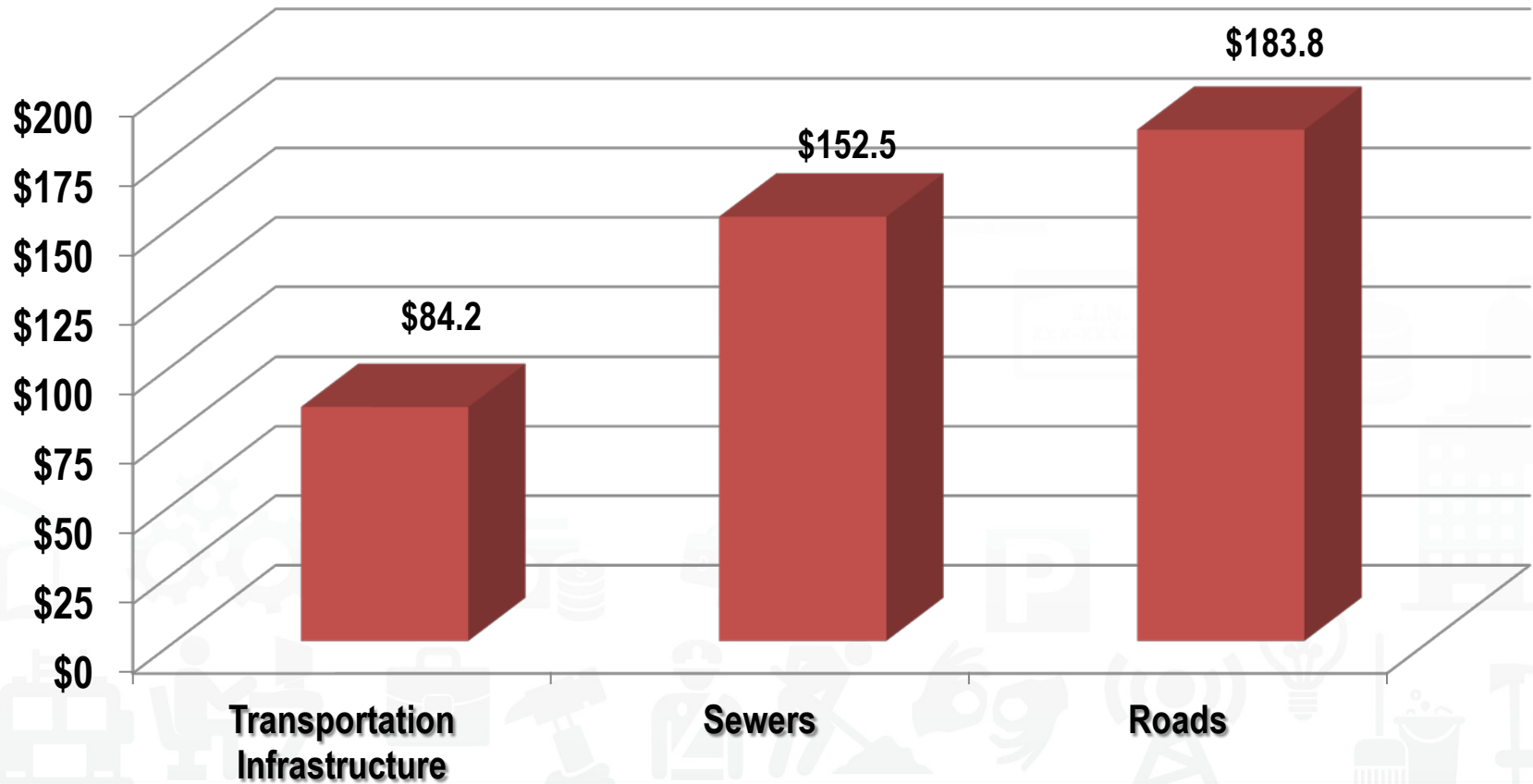
Increased Spending on Roads & Sewers ✓

Roads, Sewers & Related Expenditures (\$ Millions)	
2002 - 2008	2009 - 2017
\$296 M	\$519 M



# 2018 Proposed 6-Year Capital Program

## Roads, Sewers & Transportation Infrastructure



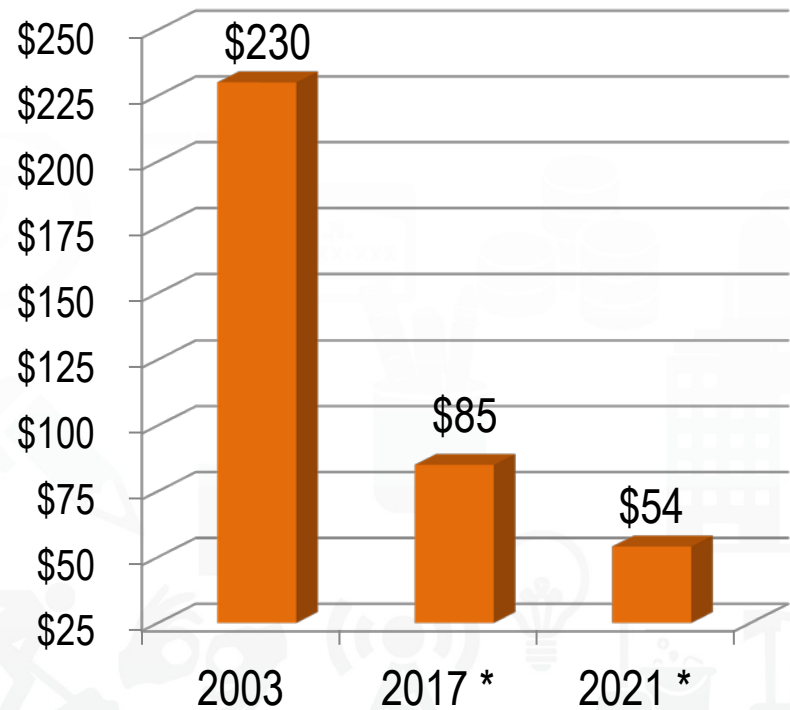
# Looking Back

## Continued Fiscal Responsibility

Decreasing Debt ✓

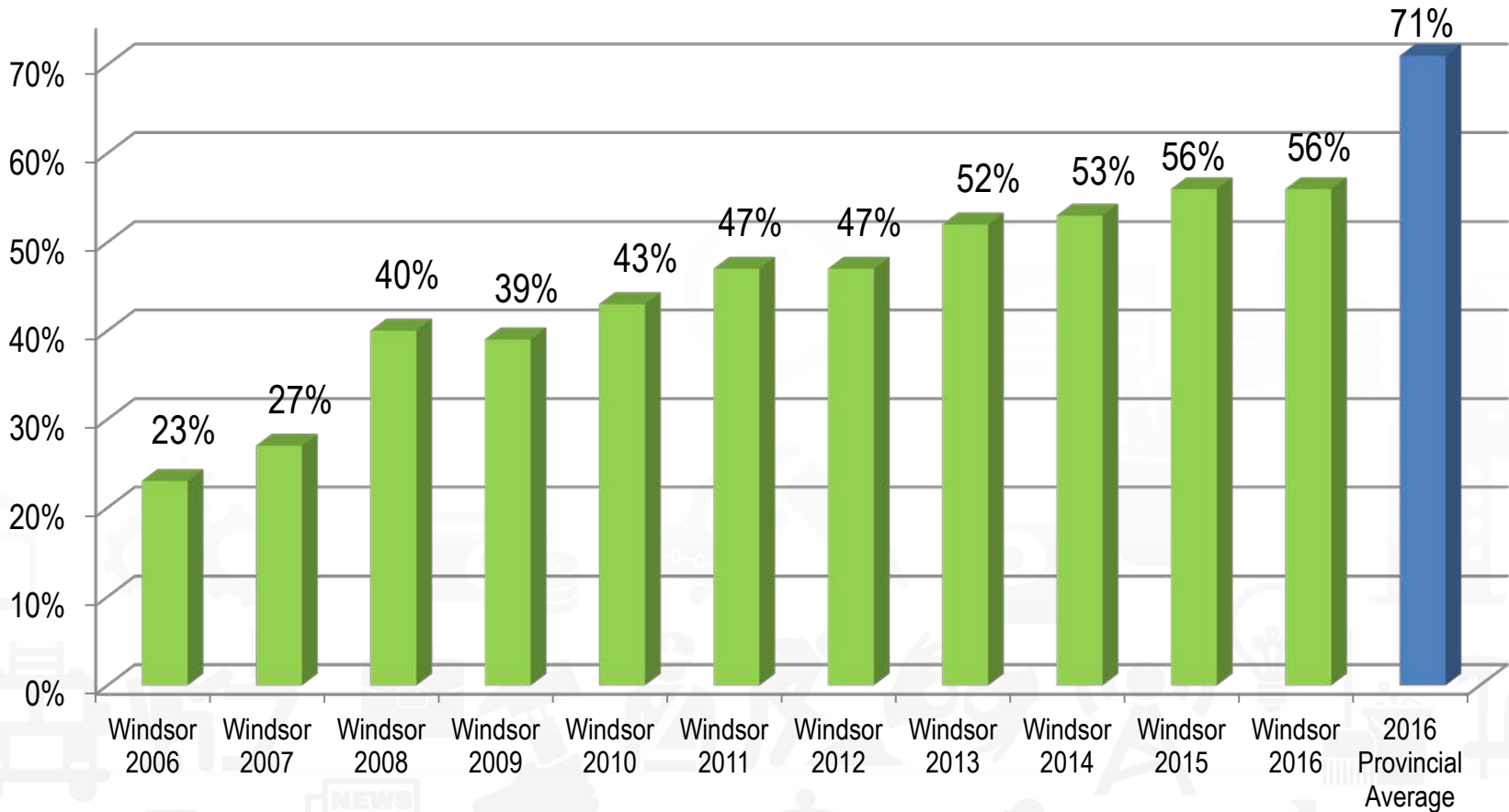
Decreasing Debt (\$ Millions)		
2003	2017 *	2021 *
\$230 M	\$85 M	\$54 M

\* Projected to Year-End 2017



# Comparative Analysis

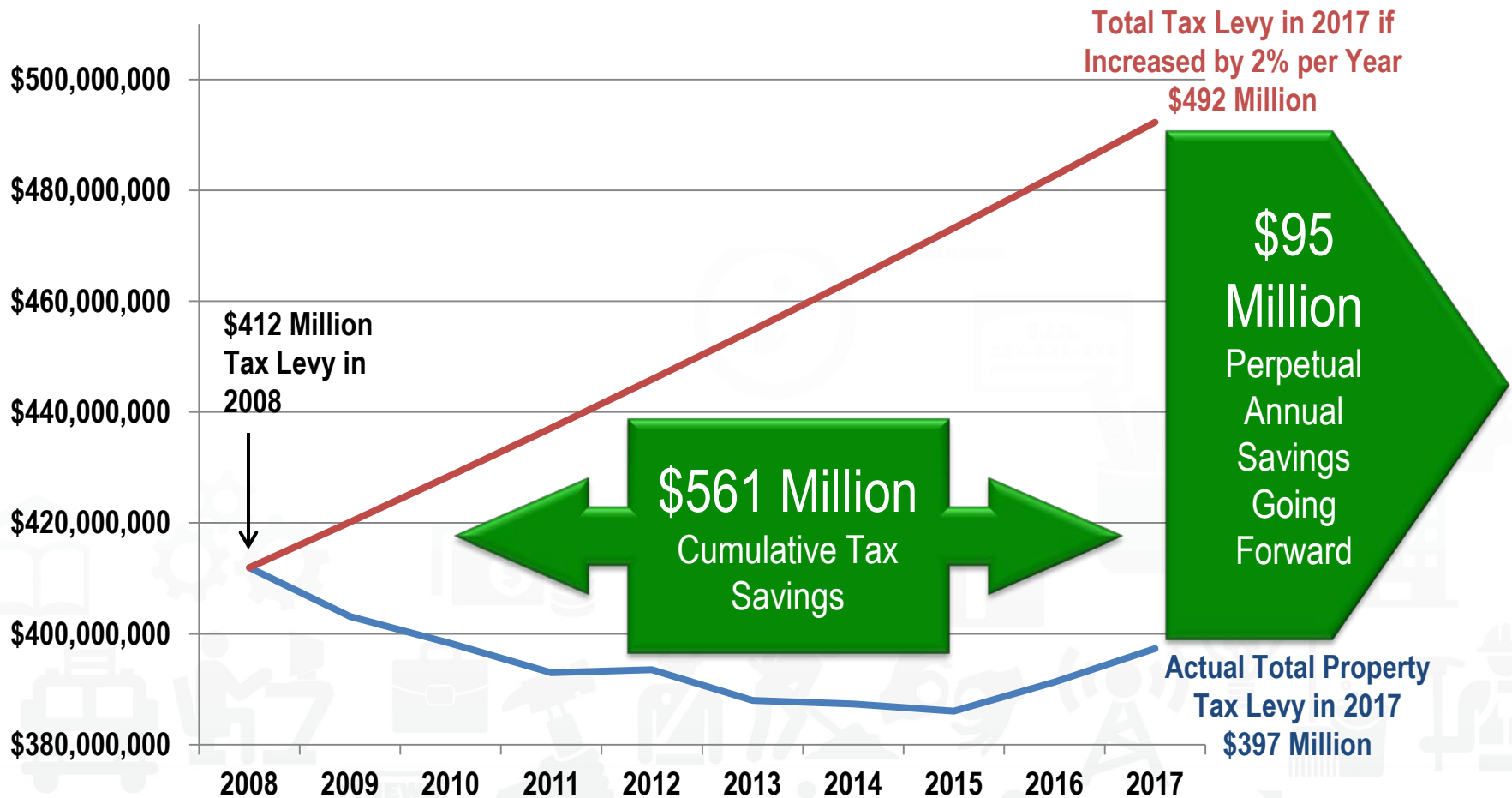
## Reserves as a % of Tax Revenues



Source: BMA 2017 Municipal Study

# Unprecedented Fiscal Responsibility

- \$561 Million Cumulative Savings to Date
- \$95 Million, Perpetual Annual Savings Going Forward





# 2018 Budget Overview

- Recommended Budget based on the paramount objective of continued fiscal restraint while avoiding or minimizing negative impacts on services and in select services, modest enhancements to keep pace with public expectations.
- Inflationary Pressures:
  - Contractual / Wage Settlements
  - General Inflation Increase (CPI = 2.1%, Canada, All Items, November)
  - Increased Annual Insurance Claims Budget - \$2.0 M
  - Increase Contribution to Capital to Maintain Purchasing Power - \$1 M

# 2018 Budget Overview (continued)

- Provincial Mandates:
  - Arbitration Process (3%+) which impacts 40% of the City Budget
  - Bill 148 – Fair Workplace, Better Jobs - \$1 M
  - EMS Costs - \$2 M
  - OMPF Grant Reduction - \$375 K

# 2018 Budget Overview (continued)

- Service Enhancements:
  - CIP Tax Rebates \$660 K
  - After Relatively Flat Period >> Positive Economy = Added Service Demands
  - Staffing Adjustments to Address Service Demands \$1.6 M
    - *Playground Inspection Program*
    - *Enhanced Enforcement – Vacant Buildings*
    - *Fire Prevention*
    - *Recreation Program and Events Coordinator*

# 2018 Budget Overview (continued)

- Agencies, Boards & Committee Requests:
  - No Control by City Administration
  - \$4.6 Million Requested Increase
  - 4.1% increase requested for 2018

# 2018 Budget Summary

- \$11.8 million in recommended cuts through continued fiscal prudence including revenue increases, Provincial uploads, etc....
- Notwithstanding these recommended reductions, a 1.4% levy increase related to City Departments is recommended.
- Agencies, Boards & Committees are requesting a 4.1% increase in their budgets which would result in a further 1.2% increase to the levy.
- Resulting in total levy increase of 2.6% / Amended to 2.1% based on additional information – Addendum Report
- While not recommended and difficult to achieve without significant service reductions, Administration has provided options to achieve a zero levy increase.



# 2018 Operating Budget

## Executive Summary

- Identifies High Priority Budgetary Pressures with Little or No Discretion as well as High Priority Budget Recommendations of \$12.4 M
- Administrative Recommendations to maintain or improve services of \$5.0 million
- Recommended Administrative Budget Cuts of \$11.8 million
- Requests from Agencies, Boards & Committees with no Administrative city control of \$4.6 million.
- This results in a 1.4% levy increase for City departments plus a 1.2% increase for ABC's for a Total Property Tax Levy Increase of 2.6% / Amended to 2.1% Increase based on Addendum Report.

# 2018 Operating Budget

## Executive Summary

	Recommended		Amended	
	Municipal Property Tax Levy	% Impact	Municipal Property Tax Levy	% Impact
2017 Approved Property Tax Levy (Including Education)	\$397,351,942		\$397,351,942	
2018 Recommended Budget (City Departments)	\$5,556,903	1.4%	\$5,177,456	1.3%
2018 Recommended Property Tax Levy (Prior to ABC's)	\$402,908,845		\$402,529,398	
2018 Agencies, Boards & Committees (Requested Budget)	\$4,606,840	1.2%	\$3,069,074	0.8%
<b>2018 Property Tax Levy (City Departments + ABC's)</b>	<b>\$407,515,685</b>	<b>2.6%</b>	<b>\$405,598,472</b>	<b>2.1%</b>

# How Will Tax Payers Be Impacted by the Recommended 2018 Budget

- Modest increase to Municipal Property Tax Levy, comparable to 2017.
- An Education Tax Levy of approximately \$63.5 million recently announced by Province.
- A 2.1% increase in property taxes based on an assessment value for an average home valued at \$150,000 = \$58
- The actual impact on individual tax payers for 2018 will depend on MPAC assessment changes and any impacts of the phased in program and tax rates & tax policies to be adopted by City Council in spring 2018.

# How Will Tax Payers Be Impacted by the Recommended 2018 Budget (continued)

- Additional tax impacts can be expected resulting from:
  - *Tax shifting between tax classes caused by varying % changes in assessment categories.*
  - *More specifically, tax shifts from Commercial & Industrial Classes onto Residential.*
  - *New Legislated Multi-Residential capping impacts that further impact Residential, Commercial and Industrial Classes.*
  - *Council will be provided with alternative approaches at a Strategic Planning Session to be held in February 2018.*

# Sewer Surcharge

- Rates increase nominally by 1.78% (\$1.06/month) for the average residential user.
- Some of this increase is due to decreasing consumption trends driven by conservation as well as increased requirement to maintain equipment.
- Unlike taxation, Sewer Surcharge fee increases **can be offset** by conservation consumption measures.
- 6 of the last 9 years there has been no increase.
- Total revenues \$60 M
- \$26.0 M going to fund sewer capital projects and sewer related equipment replacement (increased from a level of approximately \$5 M in the early 2000's).
- Per the BMA Study, Windsor spends a greater percentage of its sewer surcharge on capital projects than any other municipality in the Provincial survey.



# Capital Budget

- Total funding for the Capital Budget 6-Year Plan is \$643.9 million.
- Capital funding for 2018 is \$110.9 million.
- Total funding for roads, sewers and transportation Infrastructure in the 6-Year Plan is \$420.5 million or nearly two thirds of the total capital budget.
- The 6 year capital plan continues the focus on investing in roads & sewers as previously highlighted in the presentation including funding for the expedited Sewer Master Plan.

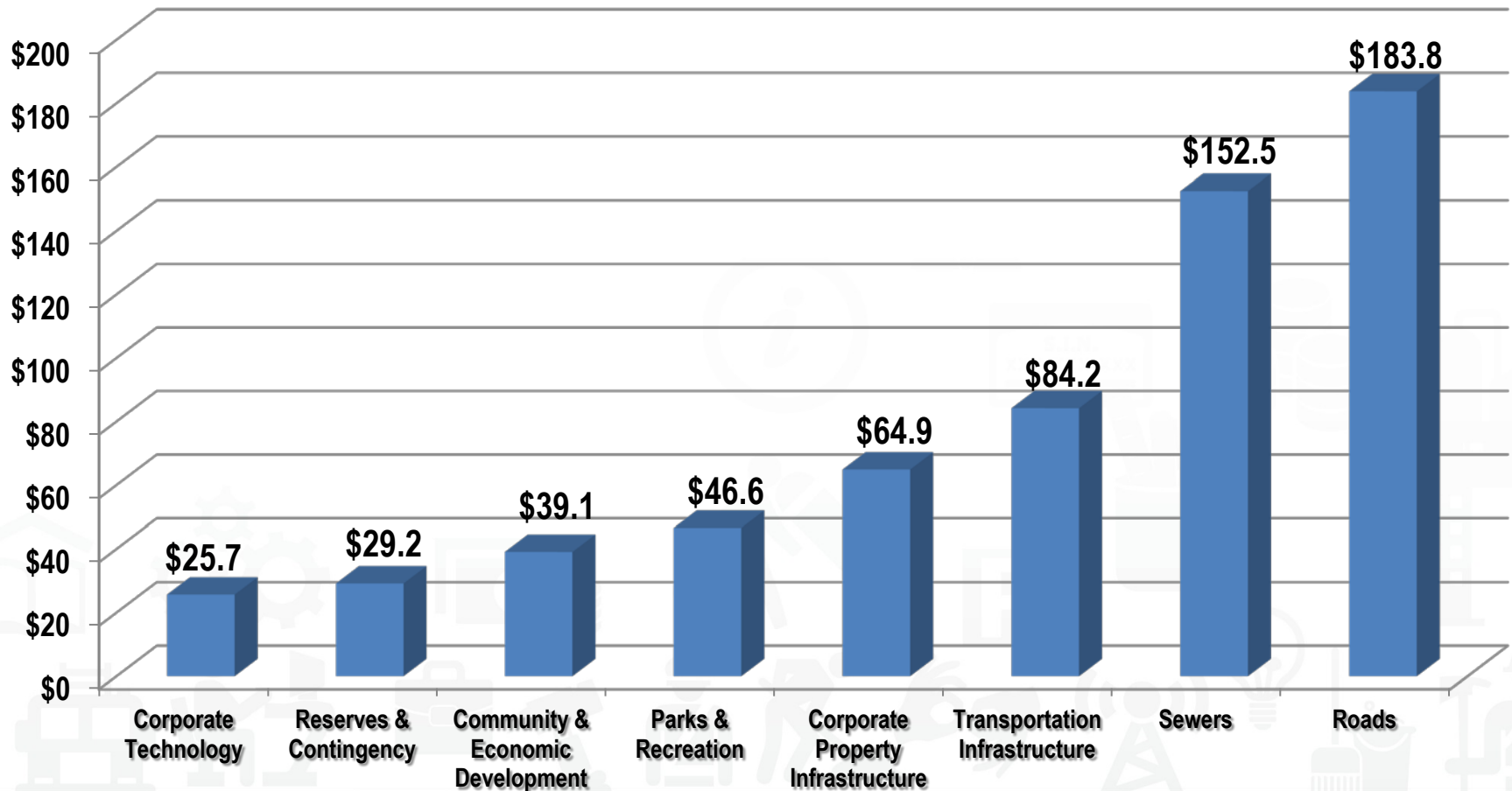
# Capital Budget

(CONTINUED)

- Ont. Reg. 588/17 requires municipalities to have a 10-year Capital Budget plan in place by 2021.
- 2018 6-year Capital Budget is the first year of the City's incremental plan to ensure compliance (2018-2021)
- Administration strongly recommends that the pre-commitment of capital funding remain limited to maximum 5 years.
- Failure to do so creates significant cash-flow / project financing challenges.

# 2018 Capital Budget

Recommended 6-Year Plan: \$600 Million +



# Looking Forward

- We continue to operate a leaner and more efficient organization.
- The annual budget exercise will continue to be based on the paramount objective of continued fiscal restraint while avoiding or minimizing negative impacts on services.
- Modest enhancements in select services to keep pace with public expectations and deal with growth and service requests resulting from strong local economy.
- The municipal corporation continues to maintain its solid financial position as a result of Council's adoption and ongoing adherence to sound financial policies.
- These sound financial policies continue to build a solid foundation for the Corporation's future.

# Looking Forward (Continued)

- Notwithstanding significant capital investment in infrastructure, the ongoing challenge of tackling the infrastructure deficit will continue into the future.
- While reserve fund levels have improved, continued improvement to reserve fund levels is necessary to protect against unexpected financial issues, property tax assessment appeals, litigation, etc....
- Healthy reserve fund levels provide working capital funds for advance financing of capital projects and avoids delays until funding is available.
- Council is encouraged to continue to consider both the short and long term impacts of the decisions that are required to approve the 2018 budget



# Thank you.

