



Municipality of Chatham-Kent 2018 Draft Budget Presentation

Budget Committee Information
Meeting
January 17, 2018

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Agenda Item

- Opening remarks
 - Budget chair, Clr Derek Robertson
 - CAO, Don Shropshire
- Presentation of the 2018 Draft Budget

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Budget Highlights

- In March, Council supported a budget direction of CPI % on the operating budget and a percentage increase consistent with the current approvals to meet our Asset Management Plan.
- Administration is presenting a budget of 2.27% on the entire operations including:
 - 1% increase in the annual funding for infrastructure
 - an additional \$550,000 for bridges (Year 2 of 3)
 - Bill 148 legislative changes of \$834,000
 - Children’s Treatment Centre funding request and
 - other previous Council decisions and Requisitioning body's requests.

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CKPLAN2035

AREAS OF STRATEGIC FOCUS

 <p>ECONOMIC PROSPERITY</p> <p>Within one generation, our community will be a leader in educational opportunities and be recognized as a destination of choice in Ontario for investment.</p>	 <p>HEALTHY & SAFE COMMUNITY</p> <p>Within one generation, our community is a leader in healthy public policies and is one of the healthiest and safest in Ontario.</p>
 <p>PEOPLE & CULTURE</p> <p>Within one generation, our community is recognized as the best place to live in Ontario and a destination of choice to experience arts and culture.</p>	 <p>ENVIRONMENTAL SUSTAINABILITY</p> <p>Within one generation, Chatham-Kent will be recognized as a provincial leader in the management of natural and built resources and energy conservation.</p>

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CKPLAN2035

CRITICAL SUCCESS FACTORS

FINANCIAL SUSTAINABILITY

That the Corporation of the Municipality of Chatham-Kent is financially sustainable

OPEN & TRANSPARENT GOVERNMENT

The Corporation of the Municipality of Chatham-Kent is open, transparent and effectively governed with efficient and bold, visionary leadership.

RESILIENT

To be a community that is responsive to emerging strategic priorities, able to adapt to and recover from change and taking advantage of opportunities.

Community Factors

Challenges

Proactive Actions

Low Assessment Growth

Investing in Economic Development

Low Population/ Low Density

Resident Attraction and Retention Strategy

Significant Infrastructure Assets

Asset Management Plan and Financing Plan



Long-term Financing & Budgeting Strategy

- In October, 2015 we brought forward the Long-Term Financial Strategy, the following are important principles we should follow:
 - One-time costs should be funded with one-time revenues
 - Sustainable funding for facility replacement and strategic objectives
 - Fully fund Asset Management Plan

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Major Components of Variability in Tax Budget Process

- Council's challenge is to balance the levels of service in the Community against assessment growth and an increase in revenues.
 - 1) New Tax Assessment
 - 2) Level of Services
 - 3) Revenues/Taxes/User Fees

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Budget Team presents the details within the 2018 Budget

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Proposed Agenda

- Budget Overview
- Background information
- Tax information
- 2018 budget information
- Bill 148 Impacts
- Infrastructure
- Overview of reserves
- Overview of staffing recommendations
- Other budget information and next steps
- Deputations
- Discussion on draft budget presentation

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Agenda Item

- Budget Overview

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For 2018 budget Administration was tasked with

- Meeting a budget target of CPI (1.7%) for operational needs and approval for infrastructure spending with the currently approved financing model.
- Addressing the 0.42% approved Council decisions and a requisitioning body's request that are carried into the 2018 budget
- Implementation of the approved Financing Plan for the 2017 Asset Management Plan – a recommended 1% increase in infrastructure spending, plus the second year of the bridge infrastructure funding plan

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Council Decisions affecting 2018

	Year of	2017		2017 tax impact	
		Impact	Amount		Cumulative
2008 Final year increase to Library budget (Master Plan)	2018		75,000	75,000	
2013 Reduction to Winter Control Budget (Salt)	2018		500,000	575,000	
2017 Budget for new Soccer building	2018		21,828	596,828	
2017 Budget for new Splashpad in Wallaceburg	2018		16,800	613,628	0.42%
Total amount that must be recaptured			613,628		
2017 Charing Cross Stoplights (Capital Budget)	2018		175,000		
2017 Children's Treatment Centre (5 years e-funded)	2018		1,500,000		
2017 Erie Shore Drive Engineering	2018		?		

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Overview of 2018 Draft Budget

Overview of 2018 Draft Budget					
	Requests Considered		Recommended Budget		Comment
	Tab 5	Tab 5	Tab 5	Tab 5	
Municipal Operations including Police					
Net Provincial uploading	(264,096)	(0.18%)	(264,096)	(0.18%)	Ontario Works Upload
Provisions for labour matters	2,304,793	1.58%	2,219,502	1.52%	
Inflation	1,928,230	1.32%	1,963,436	1.39%	
2018 budget decisions:					
Net base budget requirement	670,455	0.48%	670,455	0.48%	
Ontario Municipal Partnership Funding grant increase	(500,000)	(0.34%)	(507,000)	(0.64%)	Transition funds transferred to funding envelopes benefiting Chatham-Kent
Assessment growth	(1,000,000)	(0.68%)	(1,100,000)	(0.79%)	
Revenue opportunities	(563,256)	(0.38%)	(1,063,736)	(1.06%)	
Budget requirements	(1,237,536)	(0.85%)	(723,600)	(0.48%)	
Subtotal for existing services	1,348,529	0.93%	284,959	0.19%	
Strategic investments	5,518,084	3.77%	3,034,436	1.28%	
One-time requests	4,500,000	3.03%	0	0.00%	Fund from revenues, reserves - included in Tab 5 Other Funding Available
Asset Management Plan requirement net of new asset funding	687,247	0.47%	687,247	0.47%	Ministry requirement
Subtotal of Municipal Operations including Police	12,064,362	8.25%	2,784,732	1.96%	
Uncontrollable items added to the Budget					
Bill 1481 impact	0	0.00%	534,000	0.27%	
Minimum Wage Impact	0	0.00%	302,146	0.21%	
Base Adjustments, Program Reductions or Increased User Fees to offset Minimum Wage Impact	0	0.00%	(302,885)	(0.21%)	
Subtotal of Uncontrollables	0	0.00%	533,261	0.37%	
Total Change	12,064,362	8.25%	3,318,093	2.33%	

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2018 Tax Budget

		Avg. Household Taxes \$2,828 (Assessment \$165,500)	
	Tax %	Annual Impact	Weekly Impact
Municipal Operations:			
Municipal Departments	1.06%	\$31	\$0.59
Uncontrollables	0.37%	\$10	\$0.20
Police Services	0.37%	\$10	\$0.20
	<u>1.80%</u>	<u>\$51</u>	<u>\$0.99</u>
Infrastructure renewal:			
Recommended AMP requirements Tax Levy	0.47%	\$13	\$0.26
Recommended AMP requirements Gas Tax Funding	0.00%		
Recommended AMP requirements OCIF Funding	0.00%		
	<u>0.47%</u>	<u>\$13</u>	<u>\$0.26</u>
Total Recommendation	<u>2.27%</u>	<u>\$64</u>	<u>\$1.25</u>

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Agenda Item

- Background information

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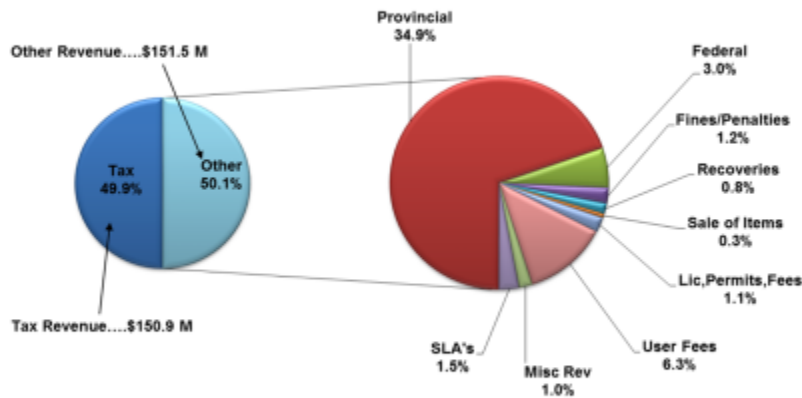
Chatham-Kent's Customers

- | | |
|---|--|
| <ul style="list-style-type: none"> - Municipal tax based: - Households 47,938 - Businesses: • Commercial 2,579 • Shopping 15 • Large office 8 • Industrial 662* • Large industrial 15 | <ul style="list-style-type: none"> Rate based: • Hydro customers 32,948 • Water customers 38,466 • Sewer customers 29,611 |
|---|--|

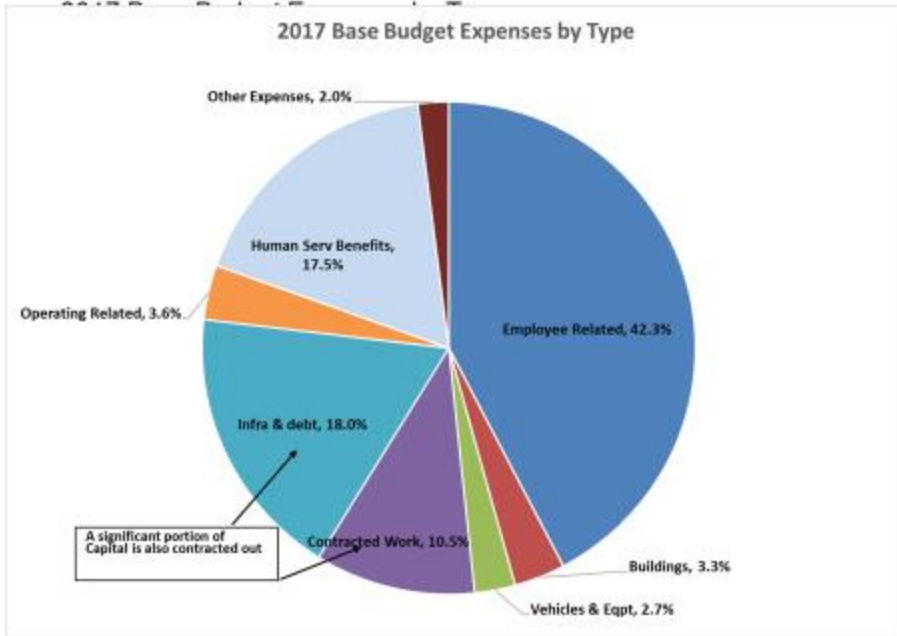
* Industrial includes wind turbines

Service level agreements are in place for the cost of services provided for rate based services

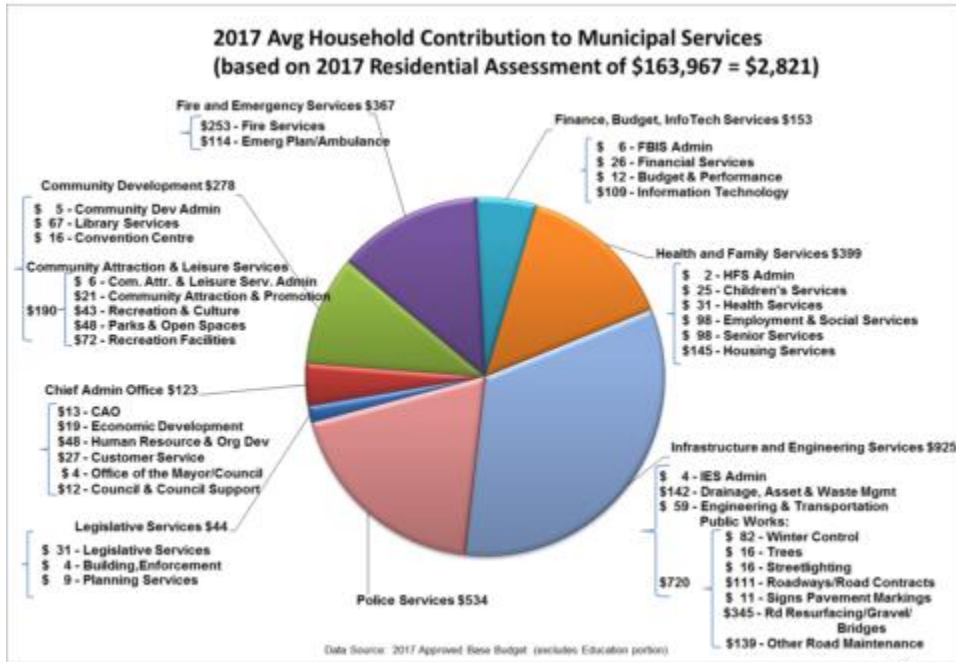
2017 Revenue Breakdown Total \$302,400,000



Data Source: 2017 Approved Base Budget

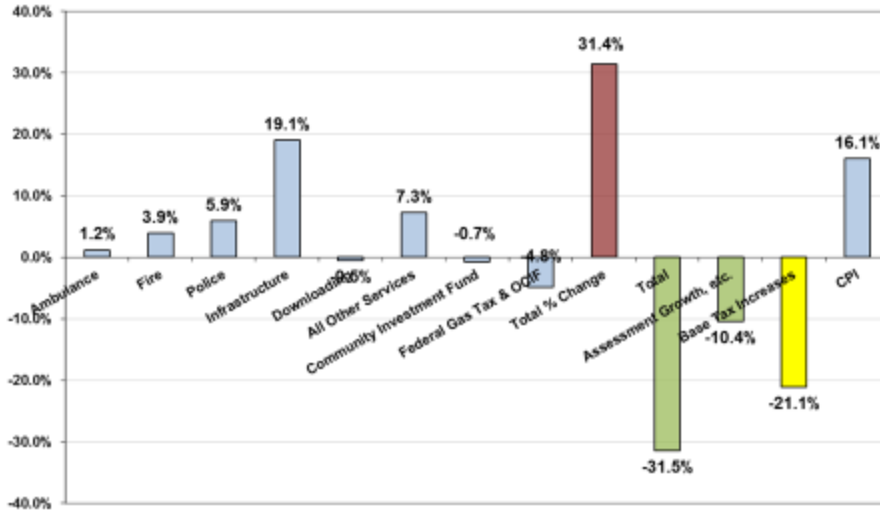


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**Chatham-Kent
Net Expenditure Changes - Tax Impact
2008 to 2017 (10 years)**



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Comparison of Tax Changes to CPI

	Tax Revenue	Tax Rate
10 year increase *	31.5%	21.1%
Less:		
Net infrastructure investment	19.1%	19.1%
Change for existing services	12.4%	2.0% ←
CPI during same period		16.1% ←

* Difference of 10.4% is from assessment growth

- This 4 year term of Council estimated annual average tax increase 1.55%** ←
- Amount of annual average increase related to infrastructure increase 1.21%** ←
- In addition, debt reduction over the term of Council was \$29 million** ←

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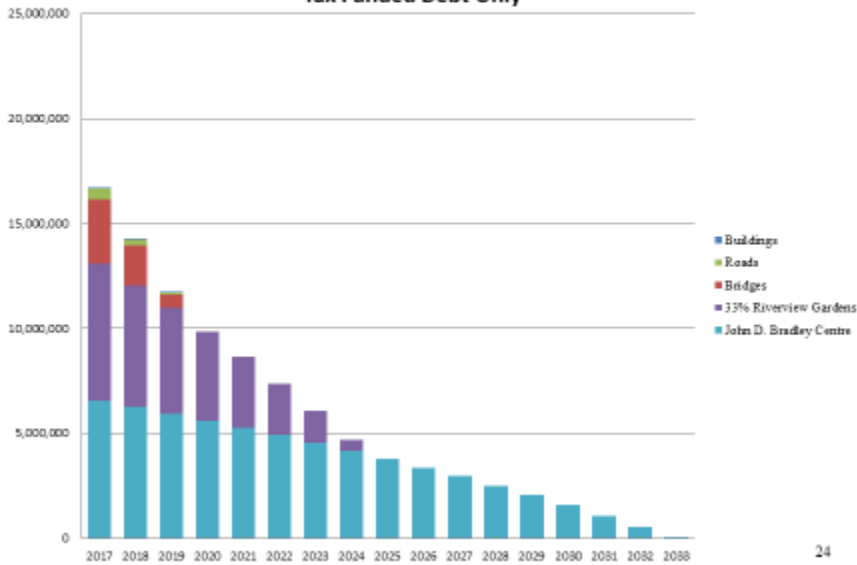
Overview of Debt

Debt Outstanding at December 31, 2017						
PUC		Municipality		Total		
Rates	Locals	Taxes	Locals	PUC	Municipality	Total
48,800,000	0	17,000,000	20,600,000	48,800,000	37,600,000	86,400,000

- Rates and taxes:
 - debt being funded by those revenue streams
- Locals:
 - debt being funded by local improvements or senior government grants




Debt Principal Outstanding
Tax Funded Debt Only



Chatham-Kent CK Financial Position

CK Balance Sheet at December 31, 2016 (Audited)	
Assets (excluding capital):	
Financial	272,000,000
Inventory	600,000
Prepaid expenses	200,000
	272,800,000
Capital assets at historical cost, net of depreciation	817,700,000
Total assets	1,090,500,000
Liabilities	
Accumulated surplus	200,400,000
Total liabilities and equity	1,090,500,000



- **Hypothetical question ... how do we meet our commitments if we “cease operations”?**
 - Use \$272M of liquid assets to pay off \$200M of liabilities
 - Surplus of \$72M
 - Net Asset Position:
 - This places us in a solid financial position to ensure funding is available for ongoing operations and unfunded liabilities
 - This trend has been moving into a positive direction over the past 6 years

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Chatham-Kent

What’s the Bottom Line re CK’s Financial Position?

- **Balance sheet:**
 - will remain healthy as long as we fully fund our operating decisions
- **CK’s challenge:**
 - sustained pressure on operating requirements:
 - infrastructure funding ... still significantly less than our requirements
 - Provincial regulations and requirements (Bill 148)
 - Freezing of funding on certain Health and Family Services levels of funding
 - declining non residential tax base:
 - historically plant closures; recently assessment appeals
 - arbitration awards in Emergency Services
 - CK’s unemployment rate (improving since 2009)
 - median household income in CK

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Agenda Item

- Tax information
 - Background information
 - Comparison to other communities
 - Analysis by community within CK
 - Budget vs tax policy
 - Other tax issues

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2017 Average Residential Tax

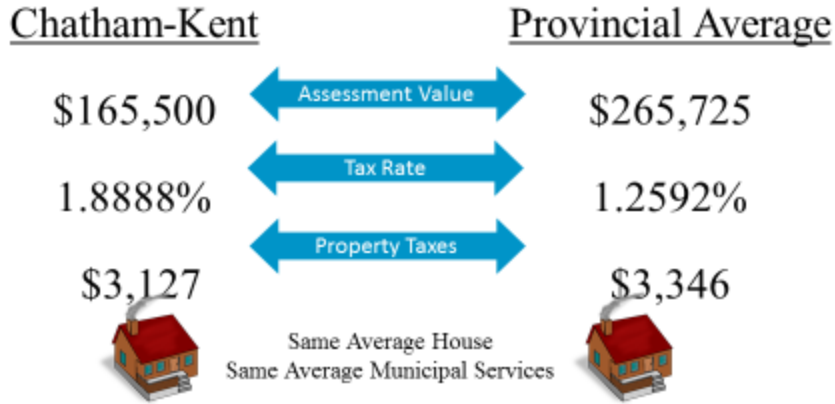
Average assessment	<u>\$165,500</u>
Municipal taxes	\$2,828
School Board taxes	<u>299</u>
Total taxes	<u>\$3,127</u>

BMA Study 2017 total taxes \$3,127

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Comparison of Relative Taxes on an Average 1,200 Sq. Ft. Home

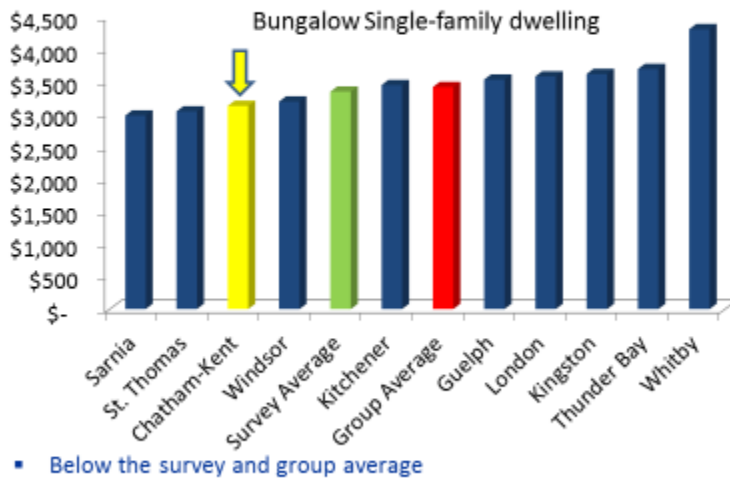


Source: 2017 BMA Study – Total Taxes (Municipal + Education)

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2017 Relative Tax Burden Comparison

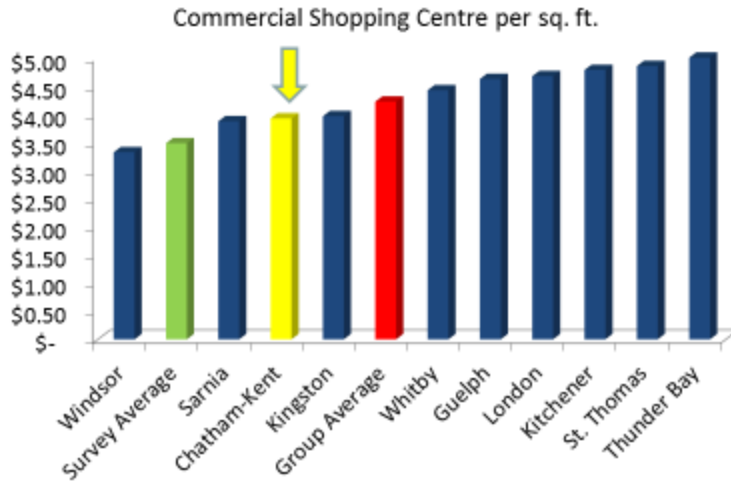


Source: BMA Study

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2017 Relative Tax Burden Comparison



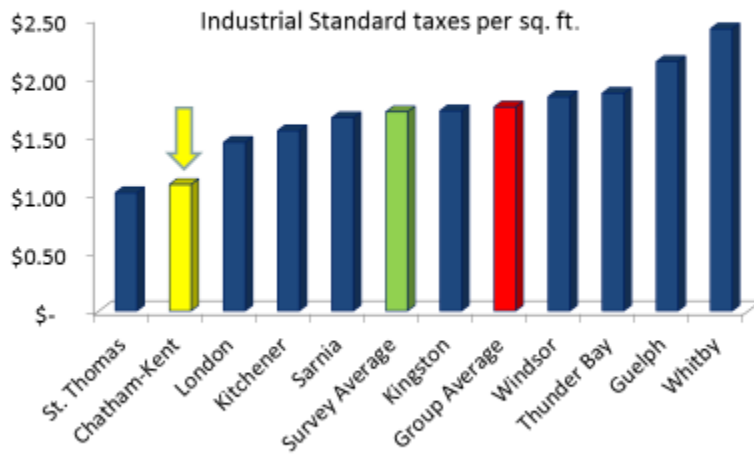
- Approximately at the group average and median

Source: BMA Study

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2017 Relative Tax Burden Comparison

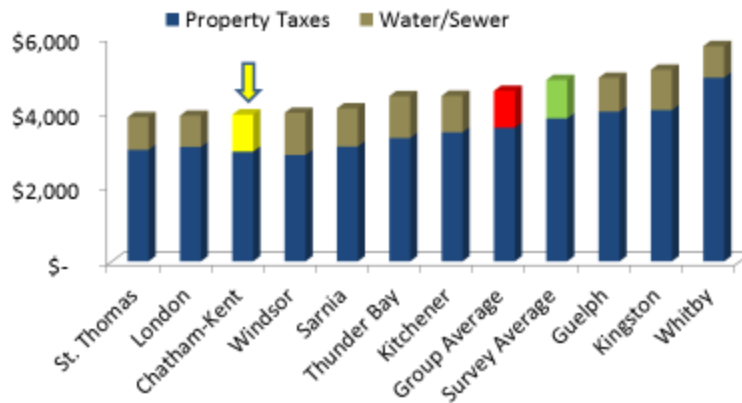


- Lower than group average and survey average

Source: BMA Study

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Residential Average Cost of Service



- Low municipal spending and low water/sewer costs in Chatham-Kent result in one of the lowest cost of services in the survey

Source: BMA Study

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CK's Geography Presents Service Challenges

- Roadways:
 - 3,588 lane km paved
 - 3,264 lane km gravel
- Bridges:
 - 850+ with 3m or greater span
 - CK has 0.8% of Ontario's population but 5% of the bridges
- Population density (per sq km): (BMA 2017)
 - CK ... 43
 - Windsor ... 1552
 - Sarnia ... 451
 - London ... 959
 - Kingston ... 310
- 4,800 km of drains (20% of Ontario drains)
- 6 municipal centres
- 11 public works garages
- 19 fire stations
- 6 ambulance stations
- 11 library branches
- 6 municipally owned and operating cemeteries; 58 inactive;
- 10 arenas
- 16 aquatic facilities
- 90+ sports fields
- 185 total buildings (excl. Social Housing)
- Etc.

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Local Numbers

2017 Residential Assessment and Tax			
Community	Average Assessment	Average 2017 Tax	1% =
Blenheim	\$ 139,320	\$ 2,184	\$ 22
Bothwell	\$ 90,980	\$ 1,300	\$ 13
Camden	\$ 152,139	\$ 1,973	\$ 20
Chatham City	\$ 150,887	\$ 2,580	\$ 26
Chatham Twp	\$ 172,983	\$ 2,242	\$ 22
Dover	\$ 200,501	\$ 2,598	\$ 26
Dresden	\$ 119,507	\$ 1,843	\$ 18
Erie Beach	\$ 193,032	\$ 2,757	\$ 28
Erieau	\$ 189,281	\$ 2,707	\$ 27
Harwich	\$ 174,784	\$ 2,265	\$ 23
Highgate	\$ 76,833	\$ 1,052	\$ 11
Howard	\$ 185,108	\$ 2,400	\$ 24
Orford	\$ 133,202	\$ 1,727	\$ 17
Raleigh	\$ 181,313	\$ 2,350	\$ 24
Ridgetown	\$ 136,647	\$ 2,160	\$ 22
Romney	\$ 165,772	\$ 2,223	\$ 22
Thamesville	\$ 107,645	\$ 1,543	\$ 15
Tilbury	\$ 129,250	\$ 2,040	\$ 20
Tilbury E	\$ 138,783	\$ 1,799	\$ 18
Wallaceburg	\$ 107,742	\$ 1,829	\$ 18
Wheatley	\$ 135,280	\$ 1,931	\$ 19
Zone	\$ 142,279	\$ 1,845	\$ 18

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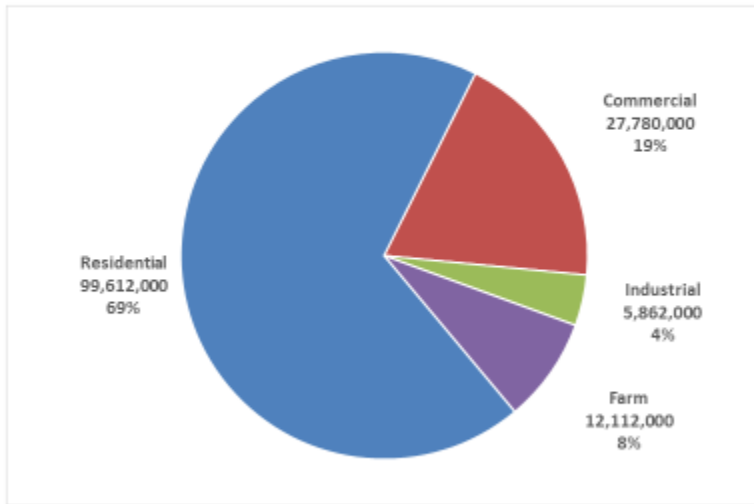
Average 2017 Farm Assessment & Tax by Ward				
Ward	Description	Avg Farm Assess	Avg Farm Tax	1% Increase
1	West Kent	\$ 346,552	\$ 1,000	\$ 10
2	South Kent	\$ 493,573	\$ 1,408	\$ 14
3	East Kent	\$ 504,534	\$ 1,440	\$ 14
4	North Kent	\$ 586,773	\$ 1,673	\$ 17
5	Wallaceburg	\$ 212,030	\$ 792	\$ 8
6	Chatham	\$ 443,664	\$ 1,669	\$ 17

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2017 Commercial and Industrial Assessment and Tax				
Assessment Type	Average Assessment	2017 Average Municipal Tax	1% =	1% per \$100,000 Assessment
Commercial	\$ 339,390	\$ 9,463	\$ 95	\$ 28
Industrial	\$ 296,037	\$ 9,440	\$ 94	\$ 32

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2017 CK Taxes



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2017 Taxes Raised by Community and Property Class

Former Entity	Map	Ward	Commercial	Industrial	I. Industrial	Land Fill	Mult - Res	Parking Lot	Pipeline	Residential	Farm	Managed Forest	Total
Bonney Twp	010	3	388,840	187,796	-	-	53,124	-	123,914	2,353,224	284,076	260	3,288,237
Bilbaultier	020	3	228,587	45,028	-	-	-	-	10,825	1,270,529	5,534	-	1,539,284
Tilbury E	050	3	338,637	350,108	-	-	-	-	203,505	1,589,385	800,597	-	3,122,627
Tilbury	050	3	1,204,402	322,362	414,880	-	101,880	-	31,527	3,727,743	2,337	-	5,884,926
Raleigh Twp	110	3	588,927	432,080	90,887	-	35,657	-	97,312	5,005,114	1,129,327	572	7,280,659
Harwich Twp	140	3	781,596	510,576	-	106,426	8,592	-	148,424	7,375,664	2,122,852	188	11,024,283
Blenheim	160	3	1,153,647	257,688	54,648	-	304,849	3,455	30,539	2,627,548	4,968	-	5,443,432
Erie Beach	180	3	-	-	-	-	-	-	1,456	255,664	-	-	257,120
Erieau	190	2	75,588	7,359	-	-	-	-	5,284	1,023,258	-	-	1,125,280
Howard Twp	210	3	238,530	232,108	50,835	-	-	-	145,176	2,538,419	1,228,005	554	4,432,235
Ridgetown	240	3	523,029	185,154	105,485	-	357,251	-	22,872	2,758,240	5,850	-	3,925,582
Orford	260	3	51,370	120,624	-	-	-	-	24,489	915,299	749,923	826	1,882,426
Highgate	280	3	41,986	10,368	-	-	12,234	-	7,436	189,290	5,790	-	269,973
Zone	210	3	358,465	17,324	-	-	-	-	27,000	704,740	423,605	1,956	1,293,975
Belthwell	320	3	332,897	11,387	-	-	19,028	-	5,300	578,505	3,442	-	751,020
Camden Twp	350	3	348,147	76,985	-	-	-	-	34,714	1,803,820	943,938	1,322	2,808,545
Thamesville	380	3	355,234	15,474	-	-	3,620	-	6,443	592,525	5,837	-	778,598
Dresden	390	4	434,703	77,473	82,088	-	79,690	-	21,374	1,823,683	2,473	-	2,600,280
Chatham Twp	410	4	2,813,860	52,820	-	-	19,542	-	166,018	4,718,942	2,422,861	447	10,192,219
Chatham City	420	6	12,806,284	882,010	454,772	-	4,046,797	21,494	253,600	28,252,418	71,759	-	59,000,234
Wyallesburg	441-442	5	2,227,120	288,924	69,482	-	684,726	559	75,588	7,281,791	19,792	-	10,066,027
Dover Twp	480	4	773,052	232,122	-	-	4,115	-	220,758	4,437,174	1,769,305	-	7,998,480
TOTAL			25,887,881	4,535,899	1,325,679	196,481	5,791,148	23,248	1,672,496	93,820,624	12,105,589	6,187	145,264,774



Budget Process vs. Setting Tax Policy

- **Budget process:**
 - determines financial resources required to carry out desired levels of service
- **Tax policy:**
 - determines how budget requirements are levied
 - finalized in April/May in order to facilitate:
 - timing of policy announcements from Province for new legislation
 - August 1 due date of final tax billing

 **Chatham-Kent** Tax Policy Continued

- Tax formula:
 - Assessment x Tax Ratio x Tax Rate

- Current tax ratios:

	<u>CK</u>	<u>Limit</u>		
- Residential	1.0	1.0		prescribed
- Farm	0.22	0.25		maximum
- Multi-residential	2.00	2.00	←	} Can only allocate 50% of budget increase to class if ratio above limit
- Commercial	1.96	1.98	←	
- Industrial	2.16	2.63	←	
- New Multi-Residential	1.10	1.10	←	
- Landfill	5.75	5.75	←	

- New legislation on Landfills, New Multi-Res and Multi-Res for 2017

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 **Chatham-Kent**

Other Tax Issues

- local improvement levies
- area rating (see executive overview in binder)

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Agenda Item

- 2018 budget information

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OMPF Funding

Received in 2017		19,923,000
2018 OMPF grant		<u>20,860,000</u>
2018 Increase		<u>937,000</u>

Revised OMPF Formula:	<u>2018</u>	<u>2017</u>
Amount based on formula	20,860,000	19,923,000
Transitional assistance	<u>-</u>	<u>-</u>
	<u>20,860,000</u>	<u>19,923,000</u>

2018 Changes in Program Formula and Funding:

- Increased funding emphasis on Rural Communities and challenging fiscal circumstances (Chatham-Kent was part of the consultation team to increase the funding emphasis for rural communities during 2017)
- Overall Provincial funding at \$505 million, **our funding level should be sustained going forward**

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Actual Growth by Class		
	2018	2017
COMMERCIAL	\$ 394,390	\$ 337,076
INDUSTRIAL**	\$ 39,220	\$ 22,460
MULTI RES	\$ 16,525	\$ 0
PARKING LOT	\$ 0	\$ 605
PIPELINE	\$ 8,134	\$ 2,249
RESIDENTIAL	\$ 524,366	\$ 709,883
FARM	\$ 117,365	\$ 52,727
MANAGED FOREST	-	-
Total	\$ 1,100,000	\$ 1,125,000

** Wind Turbine growth included in Industrial		
	2018	2017
INDUSTRIAL	\$ 0	\$ 0

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Provincial Upload Status

Municipal Cost Shares									
Program	Upload Status	2007	2008	2009	2010	2011	2012	2013	2018
ODB	Upload completed in 2008	20%	0%						0%
ODSP Administration	Upload completed in 2009	50%	0%						
ODSP Benefits	Upload completed in 2011	20%	10%	0%					
OW Benefits	Phased upload continues in 2012	20%	19.4%	18.8%	17.2%	14.2%			
Court Security and Prisoner Transportation	Phased upload starts in 2012 (up to \$125 million annually)	100%				85.7%	71.4%		
OW Administration	Upload implemented in 2012	50% of eligible costs*							

* OW administration costs for 2012 reflect the new OW administration funding approach announced in 2011.

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2018 Provincial Upload

Ontario Works Benefits	\$ 882,854
Court Security & Prisoner Transportation (reduction)	<u>15,073</u>
	<u>\$ 897,927</u>

Allocated as follows:

Fund RVG Nurse Manager position	\$ 118,758
Contribution towards Affordable Housing needs	300,000
Contribution to Portable Housing needs	200,000
Offset other budget pressures	264,096
Contribution to Police Services Board Budget	<u>15,073</u>
	<u>\$ 897,927</u>

Future outlook:

- Full uploading is complete in 2018
- Beginning in 2019 there is not any scheduled uploading of funds, although program announcements continue to occur, but not necessarily base funding.

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Agenda Item

- Bill 148 Impacts

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Minimum Wage Increase

Total Impact of Minimum Wage Increase	\$302,864
Less: Base Budget Operation Reductions	(83,005)
Less: User Fee Increases	(163,351)
Less: Staffing Reductions	(25,297)
Less: Tax Area Rated Increases (Horticultural)	<u>(31,211)</u>
Net impact after mitigation	<u>0</u>

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Other Bill 148 Impacts

- In addition to the minimum wage increase, Administration identified 7 other items in the bill that were reviewed and some will have a financial impact on annual budgets.
- Equal pay for equal work – similar rates for PT and FT
- Increase for PT vacation pay
- Parental leave top-up
- Scheduling three hour rule
- Public holiday practice
- Minimum on-call rules
- Personal emergency leave days (10 days – 2 paid)
- Estimated total impact \$534,000 annually

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Agenda Item

- Infrastructure

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Infrastructure

- 2017 Asset Management Plan recommendations:
 - Annual tax increases to achieve full funding by 2037 (20 year plan):
 - All Categories in 2017 AMP (recommended) 1.00%
 - Decreasing debt payments:
 - Part of AMP Funding, adding expiring debt payments to infrastructure
 - Inflation:
 - Needed in addition to phased-in revenue / cost reductions
- 2018 budget proposal:

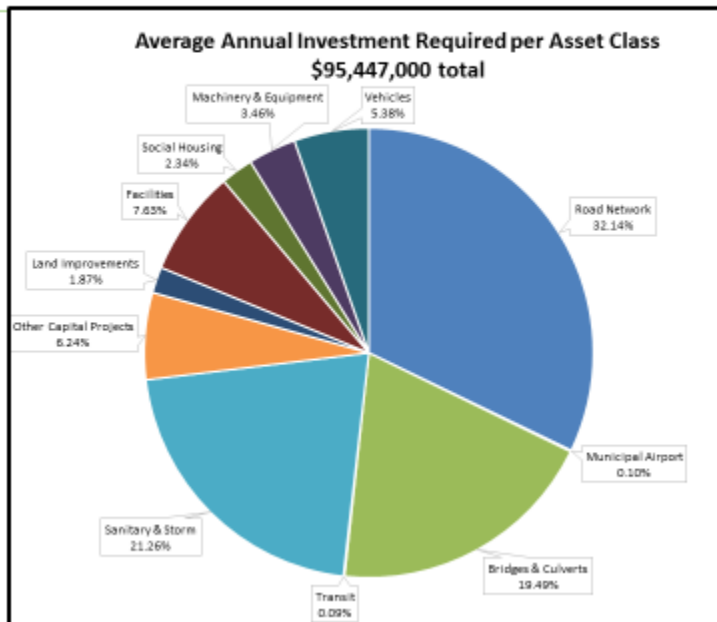
Approved categories from 2017 Asset Management Plan	137,300
Increase in 2018 Federal Gas Tax Annual Funding	300,200
Increase in 2018 OCIF Annual Funding	<u>1,025,500</u>
Recommended 2018 net phase-in	<u>\$1,463,000</u>
Year 2 of 3 Bridge Funding Plan	<u>\$ 550,000</u>

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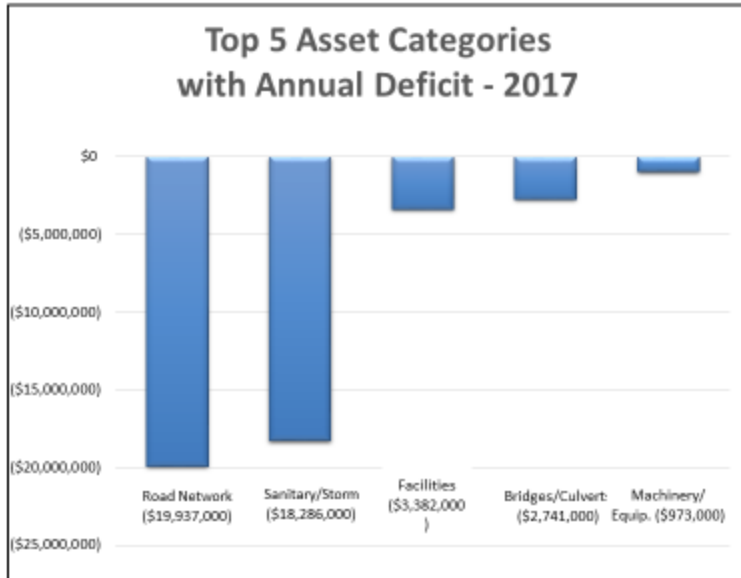
Total Funding is 52% of Requirements from 2016 AMP

Infrastructure Category	2017 Model		
	2017 Requirement	Budget	Annual Deficit
Active Living	0	103,000	- 103,000
Airport	49,431	10,000	- 39,431
Arenas (maintenance)	654,014	641,190	- 12,824
Arenas (replacement - 50 year life)	238,802	183,810	- 54,992
Arches & culverts - 3m	4,038,200	732,000	- 3,306,200
Arches & culverts - 3m	14,882,000	10,648,800	- 4,233,200
Buildings - IES (Asset Management)	4,990,314	2,245,971	- 2,744,343
Buildings - CO	363,763	87,000	- 276,763
Cemeteries Land Acquisition	142,857	61,000	- 81,857
Community Trails	561,795	229,000	- 332,795
Curb & gutter	1,028,103	10,000	- 1,018,103
Electric	0	114,000	- 114,000
Fleet - municipal	4,784,828	3,887,000	- 897,828
Fleet - police (included with "municipal # above")	0	812,000	- 812,000
Guides Rails	1,023,400	10,000	- 1,013,400
Halls - REC FAC (Maintenance)	27,853	10,000	- 17,853
Halls - REC FAC (Replacement)	19,329	5,000	- 14,329
ITS - phone systems	390,244	310,000	- 80,244
ITS - servers, printers, photocopiers, etc.	1,388,887	878,000	- 510,887
ITS - software	888,414	788,000	- 100,414
ITS - workstations	818,823	288,000	- 530,823
Non lifecycle capital projects	5,956,800	5,840,000	- 116,800
Parking lots	676,393	304,000	- 372,393
Parks - Rec Fac	334,204	59,000	- 275,204
Parks - other capital miscellaneous CH	485,526	438,000	- 47,526
Playground units (CALB & REC FAC) CH	801,837	188,000	- 613,837
Floors - busding replacement	48,884	10,000	- 38,884
Floors - indoor (does not include busding)	104,880	87,000	- 17,880
Floors - outdoor (does not include busding)	224,810	88,000	- 136,810
Railway crossings - rubberized (Feb/17 report)	182,580	20,000	- 162,580
Railway crossings - signals (Feb/17 report)	64,260	61,000	- 3,260
Reforestation Strategy	0	86,000	- 86,000
Roads - gravel	3,978,000	3,295,000	- 683,000
Roads - paved & surface treated	22,812,008	11,117,000	- 11,695,008
Sidewalks	1,218,817	838,000	- 380,817
Signage - 401 (on MTC property)	20,400	20,000	- 400
Social housing - municipally owned	923,100	905,000	- 18,100
Social housing - partners	1,326,000	905,000	- 421,000
Splash Pads (Maintenance)(REC FAC)	7,650	2,500	- 5,150
Splash Pads (Replacement)(REC FAC)	43,656	20,000	- 23,656
Sport fields - CALB	248,042	40,000	- 208,042
Storm pump stations	107,100	28,000	- 82,100
Storm sewers (collector network)	8,148,340	1,844,000	- 6,304,340
Storm sewer (tile drainage system)	4,781,808	88,000	- 4,693,808
Storm sewers - combined (separation)	615,635	50,000	- 565,635
Storm Water Management Ponds	50,400	0,000	- 50,400
Street lights	191,250	5,000	- 186,250
Street light poles	87,827	88,000	1,173
Traffic Assets - signals	334,348	8,000	- 326,348
Traffic Assets - parking equipment	17,873	8,000	- 9,873
Transit Assets	37,888	8,000	- 29,888
	90,461,181	47,496,971	- 42,964,210
		52.5%	

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Overall Asset Management Plan View ... 2018

2017 AMP Annual & Total %

Recommendation to Council 2018:

Per AMP phased in requirements (2018-2037)	1.4%	28.0%
Recommendation in budget (2018-2037)	<u>1.0%</u>	<u>20.0%</u>
Balance to come from divested assets and service level changes	<u>0.4%</u>	<u>8.0%</u>

The Final 2017 AMP will be presented to Council on January 29/18 and will be submitted to the Province with the approved list of recommendations on the AMP Financing Plan.

This approved financing plan should be followed to ensure we remain eligible for any future Federal and Provincial funding programs.

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Agenda Item

- Overview of reserves

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Current Reserve Position

<u>Type of Reserve</u>	<u>Forecasted Dec 2017 Balance</u>
Mandated	12,071,500
Assigned	53,073,700
Lifecycle Program	<u>52,480,800</u>
Total Reserves	<u>117,626,000</u>

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Average Contribution to Reserves over last 5 years

Contribution to reserves

	From Surplus	Net Other transfers	Base Budget Transfers	Total
2016	2,210,260	2,197,634	-	4,407,894
2015	828,665	3,206,787	-	4,035,452
2014	1,619,807	2,023,498	-	3,643,305
2013	1,293,014	1,030,702	570,000	2,893,716
2012	3,031,075	1,218,224	570,000	4,819,299
Average Contribution	1,796,564	1,935,369	228,000	3,959,933

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Average Drawdown from Reserves over last 5 years

	All Drawdowns (Including Caseload)	Less: OW Caseload Related	Net Drawdowns	Additional Council Approved	Strategic Dev. Reserve	Total
2017	6,933,000	-	6,933,000	1,675,000	874,000	9,482,000
2016	7,082,000	-	7,082,000	734,000	973,000	8,789,000
2015	5,065,000	270,000	4,795,000	896,000	220,000	5,911,000
2014	2,000,000	400,000	1,600,000	923,000	337,000	2,860,000
2013	3,300,000	900,000	2,400,000	-	493,000	2,893,000
Average Drawdown	4,876,000	314,000	4,562,000	845,600	579,400	5,987,000

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Drawdown - Types of Reserves

2018 One-Time items

Mandated Reserves	(125,000)
Assigned Reserves	(4,163,400)
Lifecycle Reserves	(2,644,900)
Base Budget Contribution to Reserves	<u>567,600</u>
Total 2018 Recommended Net Drawdowns	<u>(6,365,600)</u>

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Pending 2018 Reserve Items

These items are ***not*** in the 2018 budget, but have some potential to affect the amounts in our Reserves through additional drawdowns in 2018 and beyond.

Support for Employment CIP	?
Winter Control	?
Other Requests (annual average of past years)	<u>850,000</u>
Total Pending Items	<u>850,000</u>

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Impact of Recommendations on Reserves

	<u>2018</u>	<u>Average</u>
Contributions to reserves	\$4.4M	\$4.0M
Use of reserves	\$6.9M	\$6.0M
Net increase (decrease)	(\$2.5M)	(\$2.0M)

Recommendation for long-term reserve sustainability:

- Average annual net decrease to reserves of \$2.0M
- 2018 recommendations a \$2.5M drawdown
 - At present contribution levels, annual draw downs are consistently exceeding contributions
 - Traditionally reserve contributions are limited to one-time items, which includes year end surpluses
 - Reserves are one-time funds and should be used to fund one-time items
 - Annual Base Budget contributions will be revisited with new term of Council to ensure Council Strategic Objectives are supported

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Agenda Item

- Overview of staffing recommendations

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Summary of Staffing Changes

	FTE Count	Net Tax \$ Impact
Base Funded		
1) Existing Services	(2.53)	106,843
2) New Services	25.00	434,373
Total Staffing Base Funded	22.47	541,216
One Time Funded		
1) Existing Services	11.47	0
2) New Services	2.77	0
Total Staffing Base Funded	14.24	0
(One-time positions were funded from reserves)		
Total Base and One Time Funded	36.71	541,216

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Overview of Staffing History of CK 1998 – 2018

Total staff January 1, 1997 (year prior to CK)	1321
Reductions during amalgamation	(217)
Total staff when CK came to be on January 1, 1998	1104
Staff added due to downloaded services	247
Net staff added due to other service changes	11
2017 base staffing FTE	1362
2018 base recommended net staffing changes - Downloaded Service	14
2018 base recommended net staffing changes - Other Services	8
Total 2018 staff FTE recommended	1384

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Future Years' Forecast

CK Multi Year Budget Projections (Tax Impact)					
	2019	2020	2021	2022	2023
Existing Services:					
Labour Relations	1.35%	1.34%	1.78%	1.76%	1.78%
CPI on existing Services	0.81%	0.81%	0.81%	0.81%	0.81%
CPI on existing Lifecycle	0.67%	0.67%	0.68%	0.69%	0.69%
Provincial up-load - Ontario Works, Police security	0.00%	0.00%	0.00%	0.00%	0.00%
Assessment growth	(0.68%)	(0.68%)	(0.68%)	(0.68%)	(0.68%)
OMPF Provincial funding change (estimate)	(0.47%)	(0.39%)	(0.32%)	(0.19%)	(0.12%)
Sub total for existing services	1.67%	1.74%	2.26%	2.40%	2.48%
Future Challenges:					
New initiatives (not quantified)	0.34%	0.33%	0.32%	0.32%	0.31%
Long Term Financial Plan	0.20%	0.20%	0.20%	0.20%	0.20%
Effect of one-time reserves used to fund budget	0.00%	0.00%	0.00%	0.00%	0.00%
Phase in - Capital/Lifecycle/Debt strategy	1.37%	1.00%	1.00%	1.00%	1.00%
Grants related to Phase in - Capital/Lifecycle/Debt strategy	(0.80%)	(0.35%)	0.00%	0.00%	0.00%
Sub total for future challenges	1.10%	1.18%	1.52%	1.52%	1.51%
Total Projection	2.77%	2.92%	3.78%	3.92%	3.99%
Average weekly household impact	\$ 1.48	\$ 1.57	\$ 2.03	\$ 2.10	\$ 2.14
The projected price indexes used are as follows:					
Projected CPI%	2%	2%	2%	2%	2%
Projected Construction index %	3%	3%	3%	3%	3%
1% of municipal taxes	\$ 1,492,000	\$ 1,522,000	\$ 1,553,000	\$ 1,584,000	\$ 1,615,000
Note: Projections based on estimates and assumptions and is for illustration only.					

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Agenda Item

- Other budget information and next steps

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Chatham-Kent “Have Your Say on the 2018 Budget” Results

- 649 visitors, 195 completed survey
- Entire results available on website
- Goal to create awareness of the budget process
- 95 detailed comments
- Respondents from all wards

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2018 Survey results (cont...)

- Not a scientific survey – results cannot be relied upon to represent the will of the community
- Educational rather than directive
- General Conclusions:
 - survey was educational and appreciated
 - support for core infrastructure
 - support for responsible spending

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Budget Information

- Available tonight and on our website:
 - 2018 Draft Budget Overview
 - Opening night presentation
 - Time and location of community forums
 - Comments and feedback opportunities
 - 2017 Departmental Services Provided by Your Municipal Tax Dollars
 - 2018 Draft Base Budget
- Information to come:
 - Police Services Board presentation
 - Employment and Labour Relations closed session presentation

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Other Municipalities 2018

Municipality	Single/Two	Draft/	Municipal
	Tier	Approved	Tax Levy %
Durham	T	D	2.25%
Lakeshore	T	A	2.03%
Leamington	T	A	1.80%
Kingston	S	D	2.5% (includes 1% capital levy)
Hamilton	S	D	4.80%
Waterloo Region	T	D	3% (includes rapid transit levy)
London	S	A	2.80%
Muskoka	S	D	2.3% (includes 0.9% capital levy)
Mississauga	T	A	2.74%
Lasalle	T	A	1.00%
Kitchener	T	A	2.74%
Peel	T	A	2.6% (includes 1% capital infrastructure levy)
Samia	S	A	3.67%
Sudbury	S	A	3.00%
Tecumseh	T	A	2.10%
York	T	D	2.77%

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Chatham-Kent Next Steps
Community consultation:

<u>Location</u>	<u>Date</u>	<u>Time</u>
Tilbury Arena, Ryder Hall, 55 Bond Ave. Tilbury	Tuesday, January 23, 2018	4:30 to 6:00 p.m.
Ridgetown Municipal Office 45 Main St. E., Ridgetown	Tuesday, January 23, 2018	4:30 to 6:00 p.m.
Blenheim High School Cafeteria 163 Chatham St. S., Blenheim	Wednesday, January 24, 2018	4:30 to 6:00 p.m.
Wallaceburg Municipal Office, 786 Dufferin Ave., Wallaceburg	Wednesday, January 24, 2018	4:30 to 6:00 p.m.
Active Lifestyle Centre, 20 Merritt Ave, Chatham	Thursday, January 25, 2018	4:30 to 6:00 p.m.
Open house at 4:30; brief presentation at 5:00 p.m. followed by a group Q & A session		

Council deliberations:

- January 30, 31 February 1, 6, 7, 8(if necessary)
- 6:00 to 10:00 pm, Council Chambers, Chatham-Kent Civic Centre
- 5 minute presentations by citizens are welcome at each meeting (time to be determined each evening) – please sign up at the door²³