

Presentation of the General Taxation Budget

Monday, February 3, 2020

Budget Highlights

The 2020 budget submission for the City of Cornwall can be summarized as follows:

- ❑ This document has been prepared with a tax levy of \$74,891,343, an increase of \$1,093,856 or 1.48% when compared to 2019.
- ❑ Also included in the 2020 budget is \$212,000 of Growth (new assessment from 2019 supplementary taxation) that has been added to the 2020 tax roll.
- ❑ The overall operating budget funded from the tax base has increased by \$1,428,556 or 1.98%.

This includes, debt financing charges for capital projects (an increase of \$218,835 or 5.63% and net contributions to reserves, an increase of \$1,689,956 or 76.37%.
- ❑ The combined capital budgets for City departments funded from the tax base has decreased from \$1,663,250 in 2019 to \$1,328,550 in 2020 (-\$334,700 or -20.12%).
- ❑ The average municipal taxes for a residential home valued at \$173,684 is \$2,560.46 (\$2,492.64 in 2019). An average annual increase of \$67.82 or 2.72% (\$5.65 per month) .

Council's Strategic Priorities



Alignment to Strategic Plan

The 2020 Budget aligns with the City's Strategic Plan in providing services that enable a financially and environmentally sustainable community which will care and provide for the needs and values of its residents.

- Continuing to invest in the City's infrastructure;
- Building a culture of continuous improvement for the Corporation through Lean initiatives;
- Implementing the Waterfront Plan;
- Setting funds aside in a Social Housing Regeneration Reserve earmarked for social housing units;
- Marketing and promoting Cornwall through Economic Development and Tourism initiatives;
- Providing education for recycling and reduction initiatives (including public space recycling);
- Utilizing beet juice as an anti-icing agent on roads (pilot program), which is said to be a more eco-friendly and cost-effective way to de-ice roads than using only salt;
- Moving forward with the renovation/addition of the Arts and Culture Centre.

2020 Operating Budget Summary

The operating budget provides resources for the day-to-day costs of delivering municipal programs and services to residents.

	2019 Budget	2020 Submission	\$ Change	% Change
Revenue	\$99,649,085	\$97,250,279	(\$2,398,806)	-2.41%
Supplementary Taxation	400,000	1,000,000	600,000	150.00%
Growth	-	212,000	212,000	100.00%
Total Revenue	\$100,049,085	\$98,462,279	(\$1,586,806)	-1.59%
Expenditures				
Salaries and Benefits	\$60,681,634	\$ 62,347,594	\$1,665,960	2.75%
Purchase of Goods	9,152,398	9,435,232	282,834	3.09%
Services and Rents	33,059,249	30,895,988	(2,163,261)	-6.54%
Debt Charges	3,887,311	4,106,146	218,835	5.63%
Insurance	894,392	942,427	48,035	5.37%
Financial and Transfers	\$39,093,732	\$36,468,775	(2,624,957)	-6.71%
Police Services	19,041,433	19,608,754	567,321	2.98%
Total Expenditures	\$165,810,149	\$163,804,916	(\$2,005,233)	-1.21%
Community Partners	\$4,160,323	\$4,317,350	\$157,027	3.77%
To/From Reserves	2,212,850	3,902,806	\$1,689,956	76.37%
Net Operating Costs (Taxation)	\$72,134,237	\$73,562,793	\$1,428,556	1.98%



Please see City Overall on page A-2 of the budget book.

Operating Revenue

	2019 Budget	2020 Submission
PIL & Suppl. Taxation	\$1,933,600	\$2,769,381
Provincial	\$66,337,337	\$61,470,219
Federal	\$28,500	\$5,000
Municipal	\$7,792,322	\$8,791,168
User Fees/Other	\$18,267,287	\$19,384,460
Internal Revenue	<u>\$5,690,039</u>	<u>\$6,042,051</u>
Total	<u>\$100,049,085</u>	<u>\$98,462,279</u>
	% decrease	-1.59%
	\$ decrease	-\$1,586,806

- Major variances (000s):
 - \$ 835 PIL & Supplementary Taxation
 - \$ 600 Supplemental Taxation
 - \$ 212 2019 Growth
 - (\$ 4,891) Provincial / Federal Funding
 - \$ 351 OMPF
 - \$ 115 MOH (GSDL/Paramedic Services)
 - (\$ 41) Prov Gas Tax
 - (\$ 72) Business Enterprise Centre
 - (\$5,173) SS/SH/CC Funding
 - \$ 999 Other Municipalities
 - \$ 777 Recycling Recoveries
 - \$ 222 Shared Services
 - \$ 1,117 User Fees
 - \$ 350 Investment Income
 - \$ 286 Marina Dockage / Fuel
 - \$ 254 Building / Bylaw Permits
 - \$ 156 Resident Revenue (GSDL)
 - \$ 150 Municipal Accommodation Tax
 - \$ 55 Parking Meters/Violations
 - (\$ 134) Tipping Fees
 - \$ 352 Internal Revenue
 - \$ 457 S&H Services
 - (\$ 80) WSIB

Operating Expenditures

The departmental requests resulted in a year over year expenditure decrease of \$2,005,233. This represents a 1.21% decrease in expenditures from the 2019 approved budget.

	<u>2019 Budget</u>	<u>2020 Submission</u>
Salary	\$60,681,634	\$62,347,594
PoG	\$9,152,398	\$9,435,232
S&R	\$33,059,249	\$30,895,988
Debt Charges	\$3,887,311	\$4,106,146
Insurance	\$894,392	\$942,427
Financial	\$39,093,732	\$36,468,775
Police Services	\$19,041,433	\$19,608,754
Total	<u>\$165,810,149</u>	<u>\$163,804,916</u>
	% decrease	-1.21%
	\$ decrease	-\$2,005,233

- Salary and Benefits
\$1,665,960 or 2.75%
- Purchase of Goods
\$282,834 or 3.09%
- Services and Rents
(\$2,163,261) or (6.54%)
- Debt Charges
\$218,835 or 5.63%
- Insurance
\$48,035 or 5.37%
- Financial
(\$2,624,957) or (6.71%)
- Police Services
\$567,321 or 2.98%

Capital Summary

	Year 2020 LTFP	Variance to LTFP	'19 Budget	'20 Submission	Change from 2019 Budget
Capital Funding Sources					
Debt	\$10,296,000	\$2,087,200	\$12,152,700	\$12,383,200	\$230,500
Development Charges	0	487,700	2,275,100	487,700	-1,787,400
Reserves	820,000	803,500	1,384,600	1,623,500	238,900
SDG	127,500	1,950	119,700	129,450	9,750
Federal Gas Tax	3,039,870	1,880,130	2,910,000	4,920,000	2,010,000
Prov - CN Boundary Rd	2,175,000	-2,175,000	0	0	0
PTIF/ICIP Funding	1,107,500	583,100	1,065,000	1,690,600	625,600
Federal Funding	833,500	2,831,500	770,000	3,665,000	2,895,000
DBIA - Streetlight Replacement	0	0	114,000	0	-114,000
Community Fundraising	0	1,000,000	0	1,000,000	1,000,000
	<u>\$18,399,370</u>	<u>\$7,500,080</u>	<u>\$20,791,100</u>	<u>\$25,899,450</u>	<u>\$5,108,350</u>
Less:					
Gross Capital Costs	<u>\$23,556,000</u>	<u>\$3,672,000</u>	<u>\$22,454,350</u>	<u>\$27,228,000</u>	<u>\$4,773,650</u>
Total Capital funded by Taxation	<u>\$5,156,630</u>	<u>-\$3,828,080</u>	<u>\$1,663,250</u>	<u>\$1,328,550</u>	<u>-\$334,700</u>



Further information can be found on page C-2 of the budget book.

2020 Submission Comparison

The 2020 budget submission is built on the City's current operating levels and current infrastructure needs. There is a variance of \$1,935,625 between the 2020 budget submission and the City's LTFP.

	2020 LTFP	2020 Submission	Variance
Operating Costs	121,173,322	123,420,533	2,247,211
Revenue less Transfers	(60,247,514)	(58,475,039)	1,772,475
Debt Payments	5,745,682	4,404,293	(1,341,389)
Net Reserve Transfers	4,898,848	4,112,806	(786,042)
Total Net Operating	71,570,338	73,462,593	1,892,255
Total Net Capital	5,256,630	1,428,750	(3,827,880)
Total Levy	76,826,968	74,891,343	1,557,201
Net Levy Change \$		(1,935,625)	
Net Levy Change %		-2.52%	

Note: The table above Includes Police Services

Operating Costs

Increase of \$2,247,211 or 1.85%

- S&B \$2,577,717 or 3.29%
- PofG \$ 839,487 or 8.72%
- S&R (\$1,169,993) or (3.53%)

Debt Payments

Decrease of \$1,341,389 or 23.35%

The City is borrowing as per the LTFP, but not as quickly as we have planned.

Net Reserves

Decrease of \$786,042 or 16.05%

- Less requirements from Reserves

Net Capital

Decrease of \$3,827,880

As illustrated on slide 7

Long Term Financial Plan (LTFP)

	Budget	Submission	-----FORECAST-----				-----RE-FORECAST-----		
	2019	2020	2020	2021	2022	2023	2021	2022	2023
Net Operating Budget	65,941,581	65,553,841	63,896,270	66,819,030	68,436,050	69,859,520	66,819,030	68,436,050	69,859,520
change \$		(387,740)	1,111,294	1,265,189	1,617,020	1,423,470	1,265,189	1,617,020	1,423,470
change %		-0.59%	1.77%	1.93%	2.42%	2.08%	1.93%	2.42%	2.08%
*Debt Payments	3,887,311	4,106,146	4,684,873	4,856,644	6,163,227	6,328,343	4,856,644	6,163,227	6,328,343
Net to/from Reserves	2,305,345	3,902,806	5,473,355	5,976,904	6,526,779	7,761,000	2,976,904	4,526,779	7,761,000
Total Net Operating	72,134,237	73,562,793	74,054,498	77,652,578	81,126,056	83,948,863	74,652,578	79,126,056	83,948,863
Total Net Capital	1,663,250	1,328,550	2,800,000	3,585,000	2,700,000	1,557,000	3,585,000	2,700,000	1,557,000
Total Levy	73,797,487	74,891,343	76,854,498	81,237,578	83,826,056	85,505,863	78,237,578	81,826,056	85,505,863
Net Levy Change \$		1,093,856	3,495,481	6,346,235	2,588,478	1,679,807	3,346,235	3,588,478	3,679,807
Net Levy Change %		1.48%	4.76%	8.47%	3.19%	2.00%	4.47%	4.59%	4.50%
Net Levy - LTFP	73,934,142	77,426,968	77,426,968	81,218,959	83,820,697	85,502,516	81,218,959	83,820,697	85,502,516
Net Levy - variance	(136,655)	(2,535,625)	(572,470)	18,619	5,359	3,347	(2,981,381)	(1,994,641)	3,347

* Adjusted to new debt forecast

The LTFP forecasts revenues, operating expenditures, contributions to/from reserves, and capital requirements (based on the 10-year Asset Management Plan) over the period 2018-2027. The LTFP is one tool that Council can use to identify the impact of current and future decisions when setting priorities for the City.

Asset Management

Sustainable Service Delivery

The objective of asset management is to maximize benefits, manage risk, and provide satisfactory levels of service to the public in a sustainable manner.

City infrastructure (based on the 2016 AMP):

<u>Assets</u>	<u>2016 Estimated Replacement Value</u>
Buildings	251,498,204
Roads	267,898,000
Bridges and Culverts	45,536,000
Sidewalks and Paths	37,639,000
Traffic Signals/Street Lights	23,008,000
Municipal Fleet	22,736,362
	<hr/>
	648,315,566



Phase 1 Finalize strategic asset management policy to outline commitments to best practices and continuous improvement.
July 2019



Phase 2 Have an asset management plan for core assets that discusses current levels of service and the cost of maintaining those services.
July 2021



Phase 3 Have an asset management plan for ALL municipal infrastructure assets that discusses current levels of service and the cost of maintaining those services.
July 2023



Phase 4 Builds on Phase 1 and 2 by adding proposed levels of service, and lifecycle management and financial strategy.
July 2024



The next version of the City's AMP (by July 1, 2021) will conform to the O.Reg. 588/17. See page 5 of the Executive Summary of the budget book for more information.

Annual Principal and Interest Payments

<u>Department</u>	<u>Est. Loans @ Jan 1/20</u>	<u>To Borrow in 2020</u>	<u>2020 Principal</u>	<u>2020 Interest</u>	<u>2020 Submission</u>	<u>Debt Repayment is funded by:</u>
Fire Services (Veh.)	1,230,200	0	244,577	28,666	273,243	Tax Base
Police Services (Veh. & Sick Benefit)	958,700	0	269,699	28,448	298,147	
Municipal Works (Veh. & Equip.)	3,752,800	654,000	771,151	99,541	870,692	
Parks and Landscaping (Emerald Ash)	755,900	500,000	211,696	26,287	237,983	
Municipal Works (Yard)	298,900	5,000,000	228,042	92,509	320,551	
Recreation Facilities (Equip, Land)	0	1,050,000	68,166	6,645	74,811	
Infrastructure Planning (LED, Marleau, Culvert, CN Overpass)	3,726,300	2,150,000	647,172	117,474	764,646	
	10,722,800	9,354,000	2,440,503	399,570	2,840,073	
Transit Services (Buses, Fuel Tanks, Equipment)	2,436,400	0	434,643	73,036	507,679	Provincial Gas Tax and tax base
Paramedic Services (Facility & Veh)	1,200,900	0	200,032	34,167	234,199	50% MoH 30% County 20% City (tax base)
Benson Centre	7,509,800	0	471,485	247,899	719,384	Progress Fund Int. and tax base
Library HVAC	615,500	0	83,908	19,050	102,958	Building Reserve
Secondary WWTP	10,088,600	0	454,559	321,891	776,450	Waste Water Billings
Brookdale (North Channel Bridge)	2,786,900	0	352,275	67,787	420,062	
Cornwall Blue Print Initiatives	2,241,200	2,550,000	540,123	68,503	608,626	
	15,116,700	2,550,000	1,346,957	458,181	1,805,138	
Total	37,602,100	11,904,000	4,977,528	1,231,903	6,209,431	

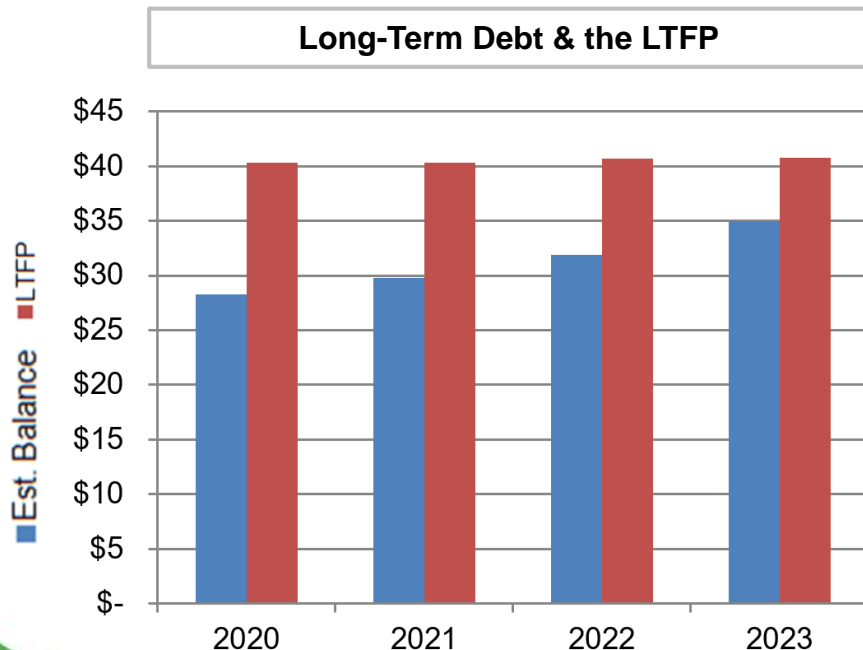
Long Term Debt

(excluding Water and Wastewater)

At the beginning of 2020, the City has \$22.5 million of outstanding debt and \$19.6 million of approved borrowing from previous years.

New debt of \$45.8 million is planned for future capital projects over the next ten years, which includes \$12.4 million in the 2020 budget submission. This is in-line with the LTFP.

The chart below illustrates the four-year (2020-2023) forecasted balance (shown in the millions) of long-term debt compared to the LTFP.



The budget submission includes borrowing for two capital projects:

- Arts and Culture Centre.....\$6,000,000
(2025 in LTFP)
- Nick Kaneb Drive Dr.....\$500,000

Borrowing for capital projects, such as the MW Yard Redevelopment and the Fire Services Headquarters, will occur in later years in comparison to the LTFP.

Contributions to/from Reserves

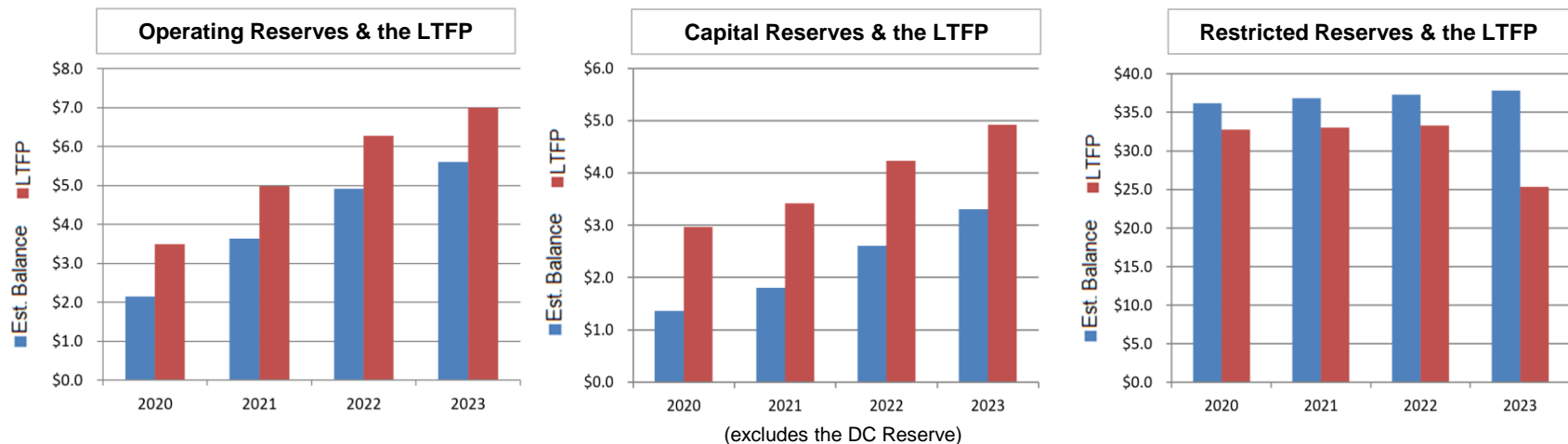
- Major variances primarily relates to increases/(decreases) in (000's):
 - \$1.03M Variances in Contributions to Reserves

	2019 Budget	2020 Submission
To Reserves	\$3,993,940	\$5,023,041
From Reserves	(1,781,090)	(1,120,235)
Total	\$2,212,850	\$3,902,806
	% increase	76.37%
	\$ increase	\$1,689,956

- \$ 400 Social Housing Regeneration
 - \$ 188 Capital Levy
 - \$ 119 Paramedic Services Amortization
 - \$ 88 Waste Management
 - \$ 72 Interest Income
 - \$ 50 Life Cycle Costing
 - \$ 44 Open Space Recycling
 - \$ 35 Accounting System
 - \$ 28 EORN
 - \$ 15 HoTC Non Refundable TIG
 - (\$ 55) Downtown Wall Repair
- (\$660K) Variances in Contributions from Reserve
 - \$ 30 Fire Services Equipment
 - \$ 33 Social Services
 - (\$ 226) Benson Centre
 - (\$ 500) Tax Stabilization Reserve

Reserves and Reserve Funds

Previously established Reserves can be used to help stabilize rate increases from year to year. The following charts compares the City's current Reserve position (shown in the millions) from 2020 through 2023 with the LTFP.



New/Changes to Reserves recommended for 2020

- Social Housing Regeneration Reserve
- Landfill Closure and Post Closure Costs
- Waste Management Reserve



Further detail can be found in the Reserves section of the budget book beginning on page R-1.

Total Assessed Value by Property Class

Property assessments are updated every four years by MPAC. The 2016 reassessment set the property values for the 2017-2020 property tax years. The year 2020 is the final year of this 4-year phase-in cycle. MPAC has begun to reassess property values for the 2021-2024 property tax years.

Property Classes	2019 Assessment	2020 Assessment	\$ Change	% Change	MPAC Market Assessment Change	Assessment Growth
Residential	\$2,642,262,774	\$2,756,631,909	\$114,369,135	4.33%	\$54,348,604	\$60,020,531
Multi-Res	211,540,320	194,677,400	-16,862,920	-7.97%	4,551,891	-21,414,811
Commercial	903,005,963	884,451,608	-18,554,355	-2.05%	21,879,179	-40,433,534
Landfill	530,179	556,155	25,976	4.90%	25,976	0
Industrial	73,597,247	86,572,500	12,975,253	17.63%	3,113,452	9,861,801
Pipeline	11,928,207	12,196,000	267,793	2.25%	260,252	7,541
Farm	7,727,224	8,918,800	1,191,576	15.42%	1,091,684	99,892
Total Assessment	\$3,850,591,914	\$3,944,004,372	\$93,412,458	2.43%	\$85,271,038	\$8,141,420

Over the last few years, the City has seen property assessment decreases to both the multi-residential and commercial property classes. Changes in assessment will shift the tax burden between the classes.

Analysis of Residential Properties

Residential Property Type	Properties		Assessment			Taxes			
	Number	%	2019 Average	2020 Average	% Change	2019 Average	2020 Average	\$ Change	% Change
Single family detached	10,262	68.0%	\$ 174,312	\$ 177,338	1.74%	\$ 2,557	\$ 2,614	\$ 57	2.25%
Semi-detached (Separate ownership)	1,461	9.7%	\$ 164,372	\$ 167,274	1.77%	\$ 2,411	\$ 2,466	\$ 55	2.28%
Duplex	927	6.1%	\$ 165,058	\$ 168,065	1.82%	\$ 2,421	\$ 2,478	\$ 56	2.33%
Condominium Unit	811	5.4%	\$ 123,415	\$ 127,063	2.96%	\$ 1,810	\$ 1,873	\$ 63	3.47%
Semi-detached (Single ownership)	405	2.7%	\$ 162,136	\$ 164,384	1.39%	\$ 2,372	\$ 2,423	\$ 51	2.15%
Freehold Townhouse/Row house	364	2.4%	\$ 130,559	\$ 133,275	2.08%	\$ 1,915	\$ 1,965	\$ 50	2.59%
Property with three self-contained units	303	2.0%	\$ 163,172	\$ 167,309	2.54%	\$ 2,393	\$ 2,466	\$ 73	3.05%
Property with four self-contained units	238	1.6%	\$ 233,234	\$ 237,954	2.02%	\$ 3,421	\$ 3,508	\$ 87	2.54%
Other	311	2.1%	\$ 230,621	\$ 235,324	2.04%	\$ 3,400	\$ 3,469	\$ 69	2.04%
Total Residential Properties	15,082	100.0%	\$ 169,932	\$ 173,684	2.21%	\$ 2,493	\$ 2,560	\$ 68	2.72%

Single family detached and semi-detached (separated ownership) homes represent 77.7% of the portfolio of residential properties. The estimated increase in taxes is \$55-\$57 (approximately 2.25%-2.28%)

The average municipal tax increase based on all 15,082 residential properties is \$67.82 or 2.72%.

Allocation of Property Taxes between Classes

Property Classes	2019 Taxes	2020 Taxes	\$ Change	% of Total 2019	% of Total 2020
Residential	\$38,617,235	\$40,622,987	\$2,005,752	52.33%	54.09%
Multi-Res	\$6,796,061	\$5,909,015	-\$887,046	9.21%	7.87%
Commercial	\$25,366,979	\$25,041,769	-\$325,211	34.37%	33.34%
Landfill	\$14,009	\$14,401	\$392	0.02%	0.02%
Industrial	\$2,709,544	\$3,208,710	\$499,166	3.67%	4.27%
Pipeline	\$265,412	\$273,592	\$8,180	0.36%	0.36%
Farm	\$28,248	\$32,870	\$4,623	0.04%	0.04%
Total Taxes	\$73,797,487	\$75,103,344	\$1,305,857	100.00%	100.00%



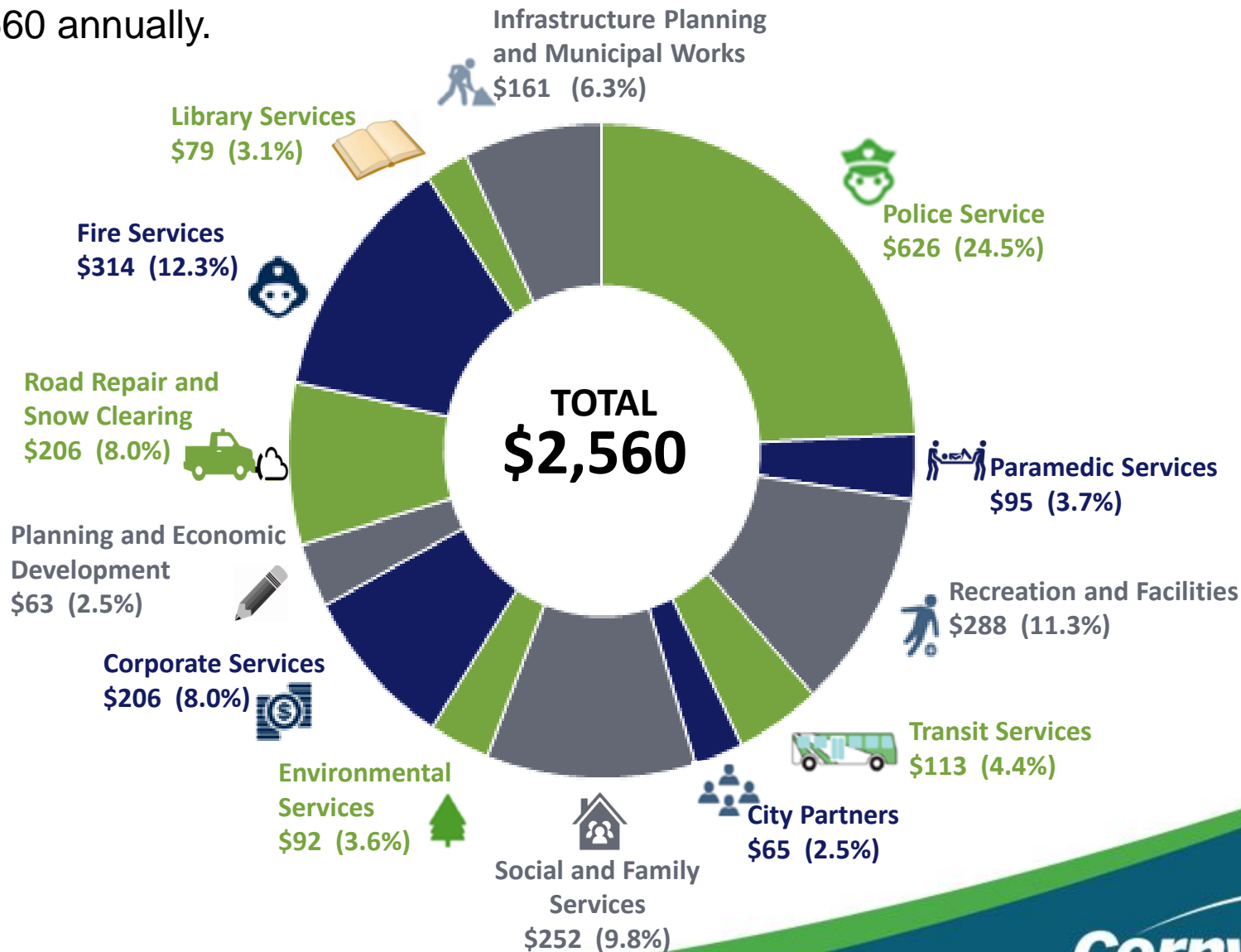
Summary of 15,082 Residential Properties					
2019 Average Assessment	2020 Average Assessment	2019 Average Taxes	2020 Average Taxes	\$ Change	% Change
\$169,932	\$173,684	\$2,492.64	\$2,560.46	\$67.82	2.72%

Includes growth of \$212,000 from 2019
which has been added to the roll in 2020.

Additional Information

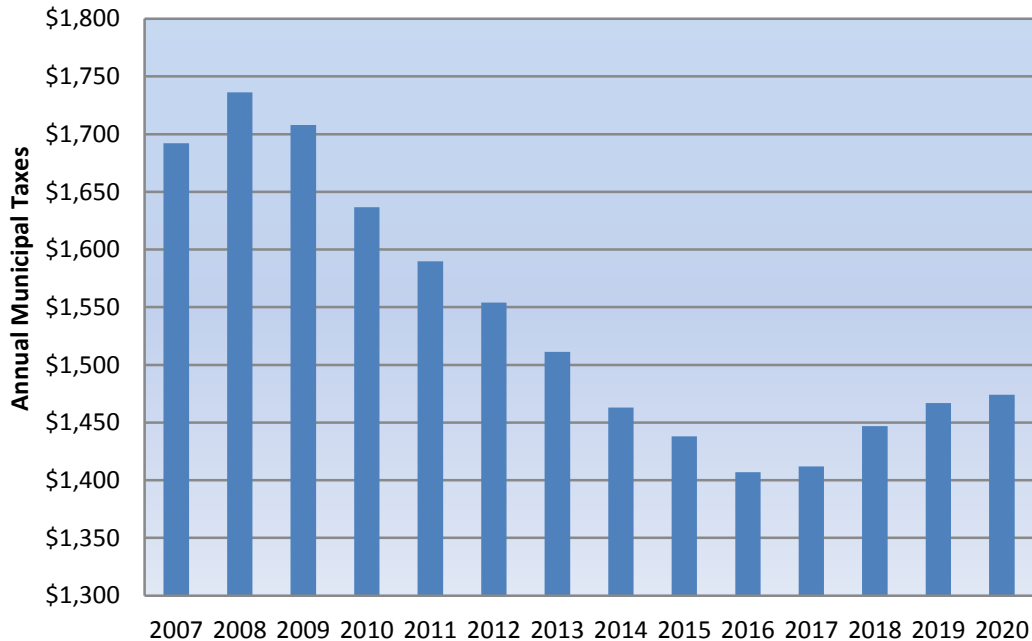
Proposed Tax Dollars At Work

The municipal taxes for the average home assessed at \$173,684 would be \$2,560 annually.



Change in Residential Tax Rate 2007-2020

**Total Residential Taxes per \$100,000
Assessment**



Residential Taxes per \$100,000
of Assessment

Year	Municipal	Education	Total
2007	\$ 1,692	\$ 264	\$ 1,956
2008	\$ 1,736	\$ 264	\$ 2,000
2009	\$ 1,708	\$ 252	\$ 1,960
2010	\$ 1,637	\$ 241	\$ 1,878
2011	\$ 1,590	\$ 231	\$ 1,821
2012	\$ 1,554	\$ 221	\$ 1,775
2013	\$ 1,511	\$ 212	\$ 1,723
2014	\$ 1,463	\$ 203	\$ 1,666
2015	\$ 1,438	\$ 195	\$ 1,633
2016	\$ 1,407	\$ 188	\$ 1,595
2017	\$ 1,412	\$ 179	\$ 1,591
2018	\$ 1,447	\$ 170	\$ 1,617
2019	\$ 1,467	\$ 161	\$ 1,628
2020	\$ 1,474	\$ 153	\$ 1,627

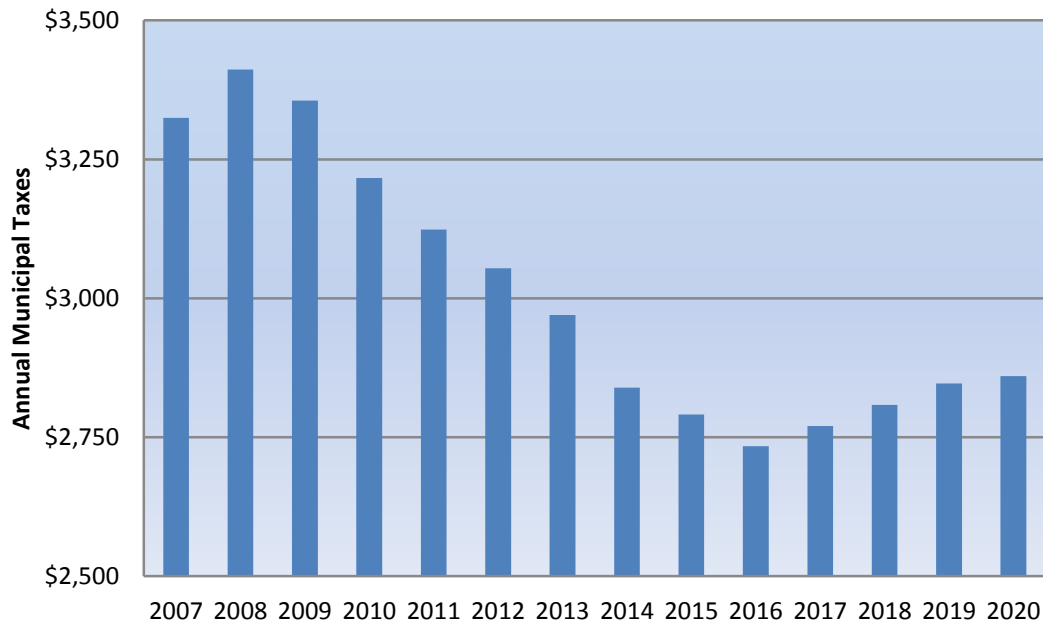


-12.9%

The residential tax rate has dropped by approximately 12.9% since 2007.

Change in Commercial Tax Rate 2007-2020

**Total Commercial Taxes per \$100,000
Assessment**



Commercial Taxes per \$100,000
of Assessment

Year	Municipal	Education	Total
2007	\$ 3,325	\$ 2,421	\$ 5,746
2008	\$ 3,412	\$ 2,405	\$ 5,816
2009	\$ 3,356	\$ 2,300	\$ 5,656
2010	\$ 3,216	\$ 2,150	\$ 5,366
2011	\$ 3,124	\$ 1,730	\$ 4,854
2012	\$ 3,054	\$ 1,490	\$ 4,544
2013	\$ 2,970	\$ 1,490	\$ 4,460
2014	\$ 2,839	\$ 1,460	\$ 4,299
2015	\$ 2,791	\$ 1,430	\$ 4,221
2016	\$ 2,734	\$ 1,400	\$ 4,134
2017	\$ 2,740	\$ 1,390	\$ 4,130
2018	\$ 2,808	\$ 1,340	\$ 4,148
2019	\$ 2,847	\$ 1,290	\$ 4,137
2020	\$ 2,860	\$ 1,250	\$ 4,110

-13.9%

The commercial tax rate has dropped by approximately 13.9% since 2007.

Annual Repayment Limit (ARL)

(Under Ontario Regulation 403/02)

- Each year the City of Cornwall receives a notice from the Ministry of Municipal Affairs summarizing the City's 'Annual Repayment Limit' (ARL).
- The City's ARL effective January 1, 2020 is \$23,859,221.
- This notice also lists the following examples of borrowing for illustration purposes only:

	<u>5.0% Interest Rate:</u>	<u>Principal</u>
a)	20 years @ 5.0%	\$297,338,626
b)	15 years @ 5.0%	247,650,551
c)	10 years @ 5.0%	184,234,577
d)	5 years @ 5.0%	103,297,939

This limit represents the maximum amount which the municipality had available as of December 31, 2019 to commit to payments relating to debt and financial obligation.