

2019

Budget

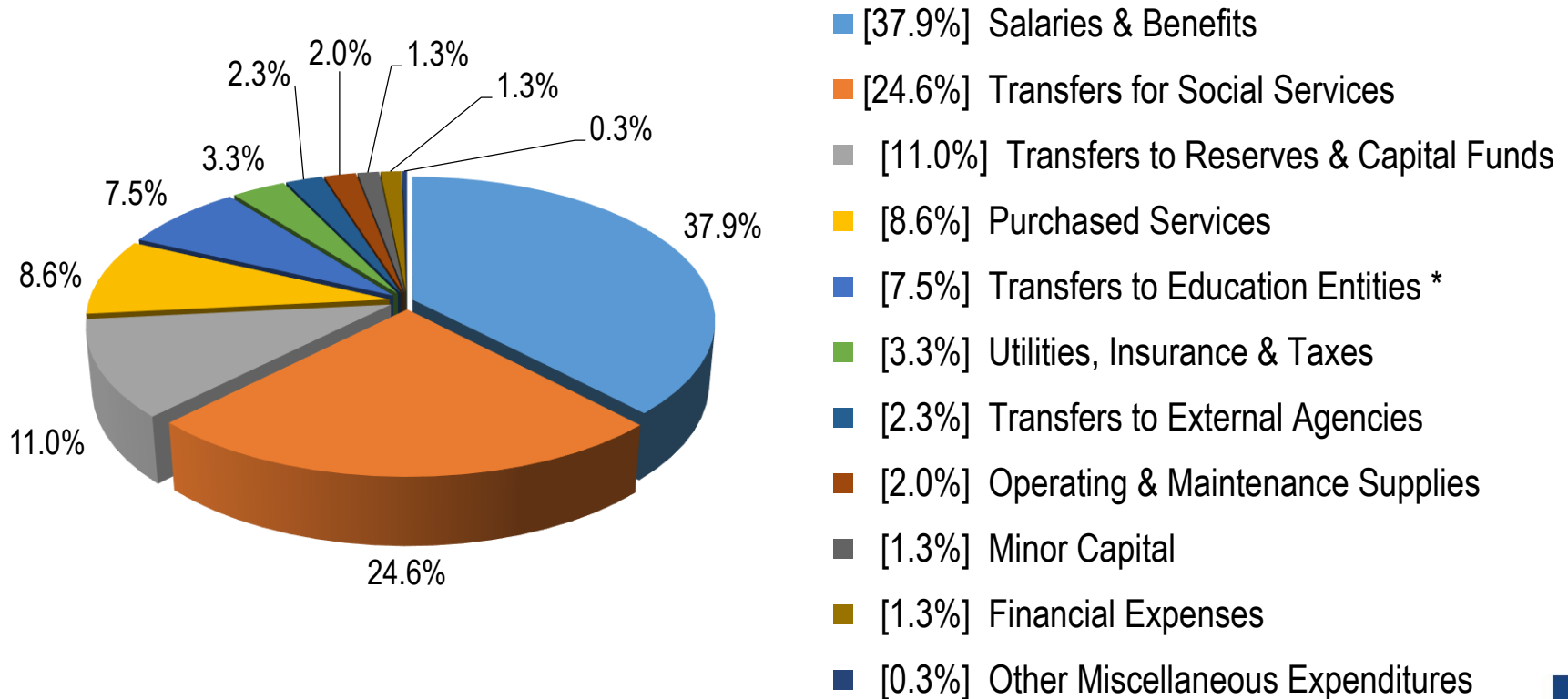


2019 Operating Budget Process

	Date
2019 Proposed Budget Process & Timeline (City Council Meeting) Public Input Opportunity	July 23, 2018
2019 Recommended Budget Development by Administration	July / 2018 – December / 2018
City Council Strategic Planning Session	February 12, 2019
2019 Recommended Budget Made Public (Available on the Internet and all Windsor Public Libraries)	March 11, 2019
2019 Final Budget Deliberations (Beginning at 1:00 pm) Public Input Opportunity	April 1, 2019 & April 2, 2019

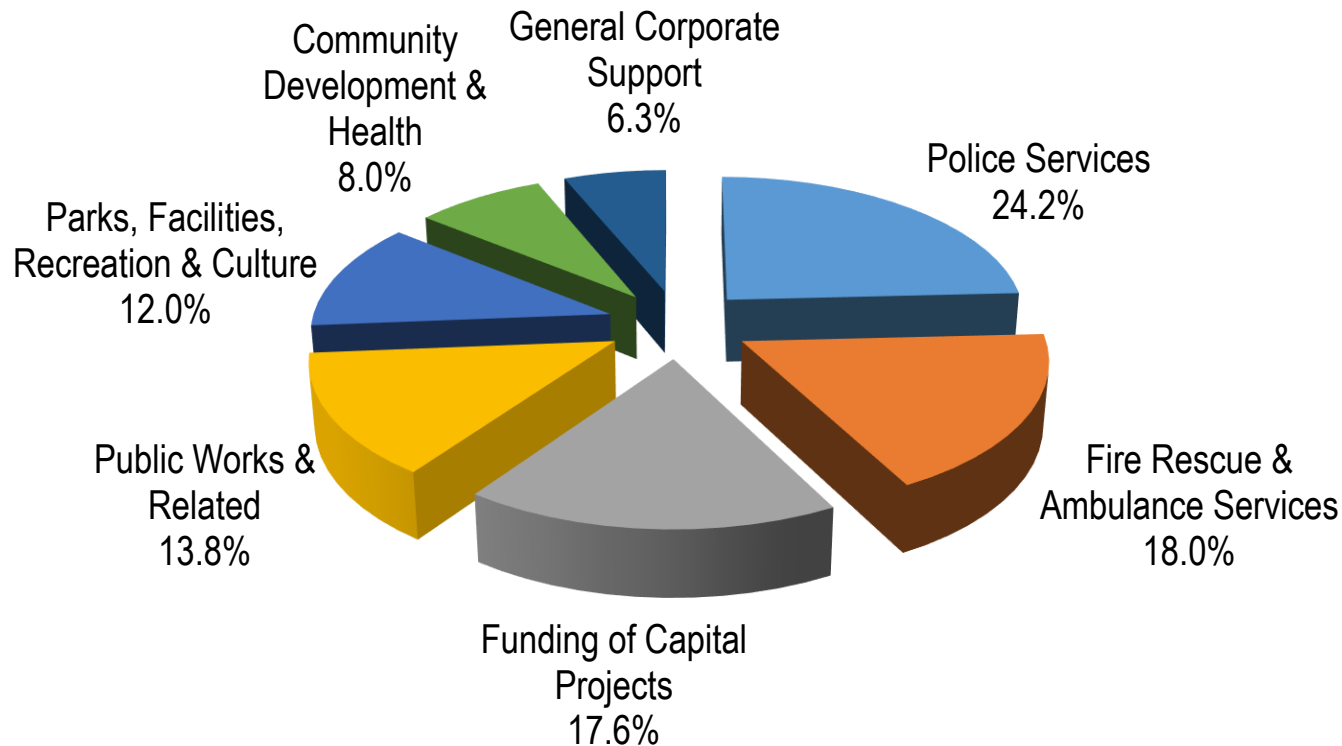
2018 Gross Operating Budget by Major Types of Expenditures

Total Gross Expenditures: \$847.1 Million



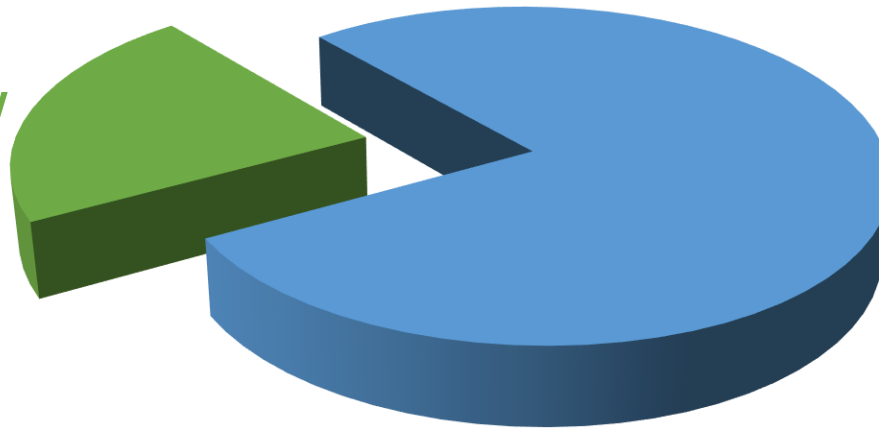
What is the 2019 Municipal Tax Levy Being Spent On?

2019 Total Net Municipal Levy: \$346.6 Million



Mandatory vs. Discretionary Spending

Completely
Discretionary
22%



Completely or
Mostly Mandated
78%

Examples:

- *Tourism Promotion*
- *Parks & Natural Areas*
- *Recreation & Cultural Programming*
- *Transit*
- *Public Library & Community Archives*
- *Crossing Guards*

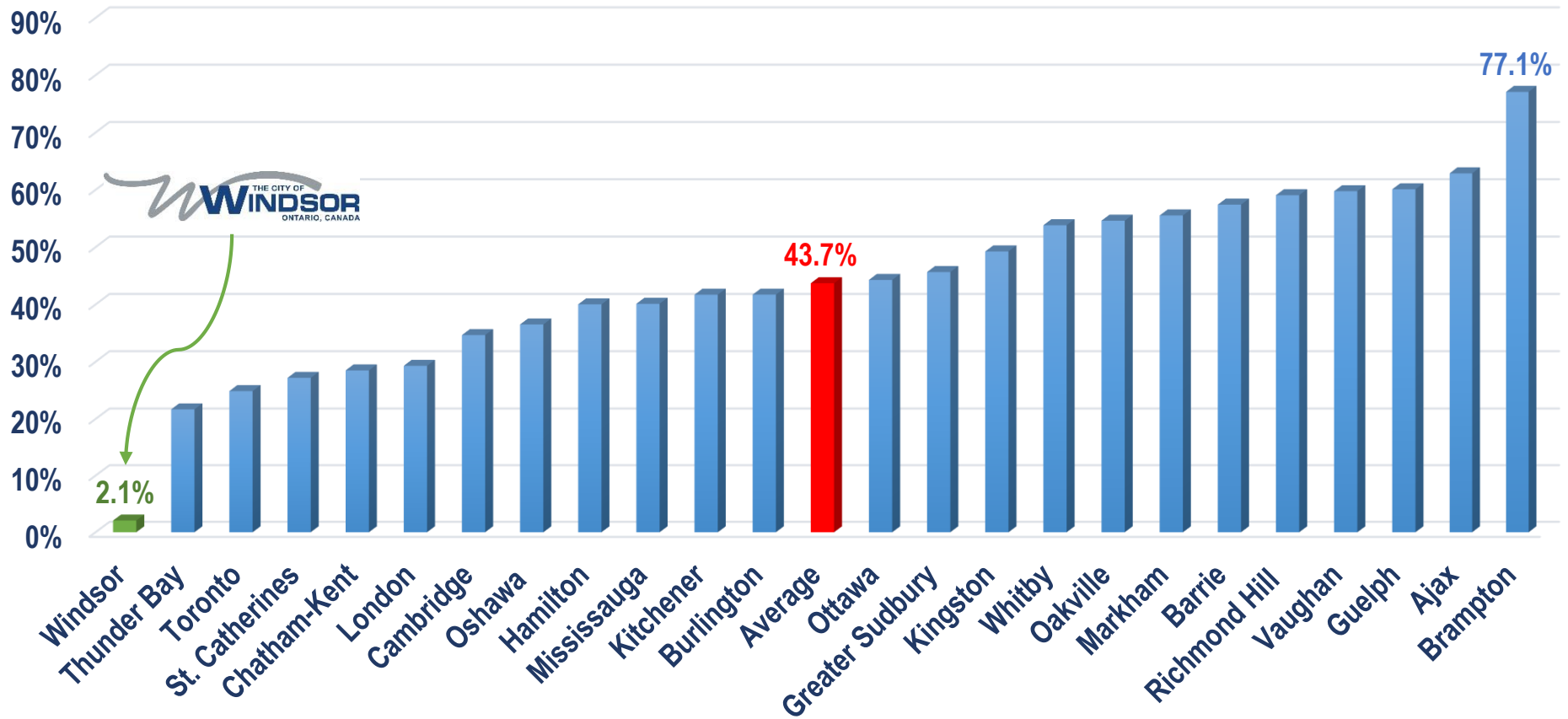
Examples:

- *Fire & Rescue*
- *Police Services*
- *EMS*
- *Employment & Social Services*
- *Social Housing*
- *Waste Collection/Disposal, Diversion*
- *Storm & Wastewater Removal*

Financial Snapshot



% Change in Total Tax Levy 2017 vs. 2006



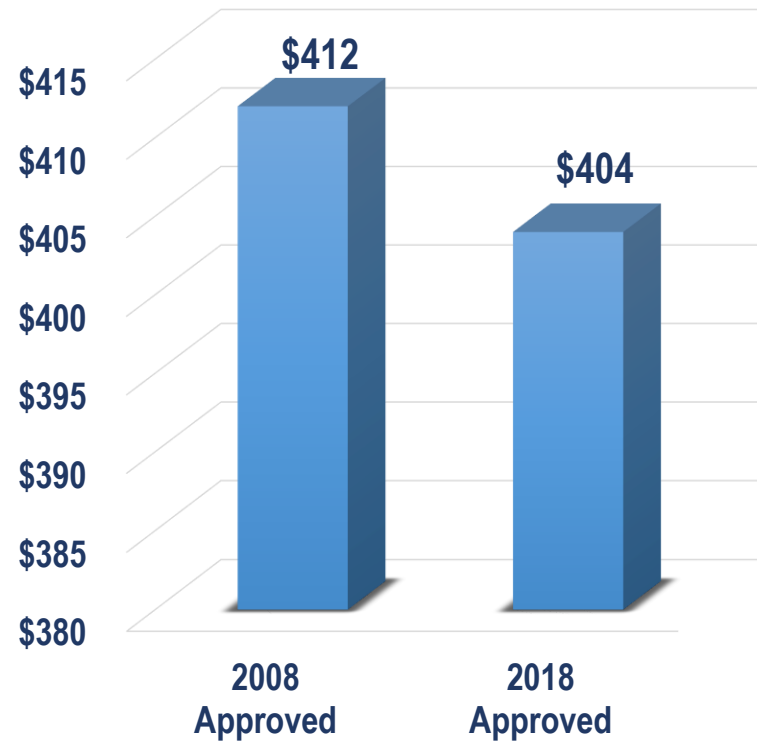
Source: Latest Ontario Financial Information Return (FIR)
Includes Municipalities within Ontario with a Population > 100,000

Looking Back

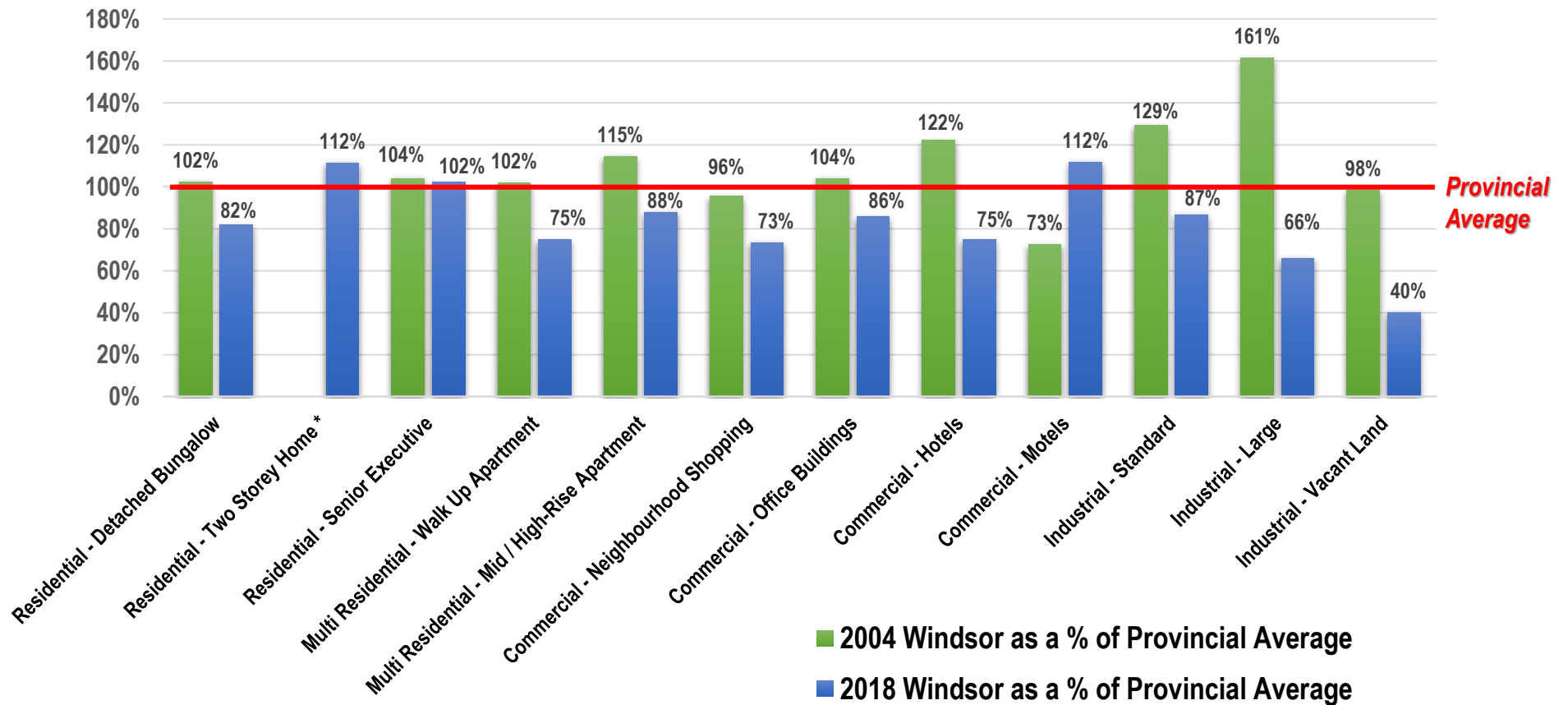
Continued Fiscal Responsibility

Lowering Taxes ✓

Total Tax Levy (\$ Millions)	
2008	2018
\$412 M	\$404 M



2004 vs 2018 Property Taxes Comparison by Category



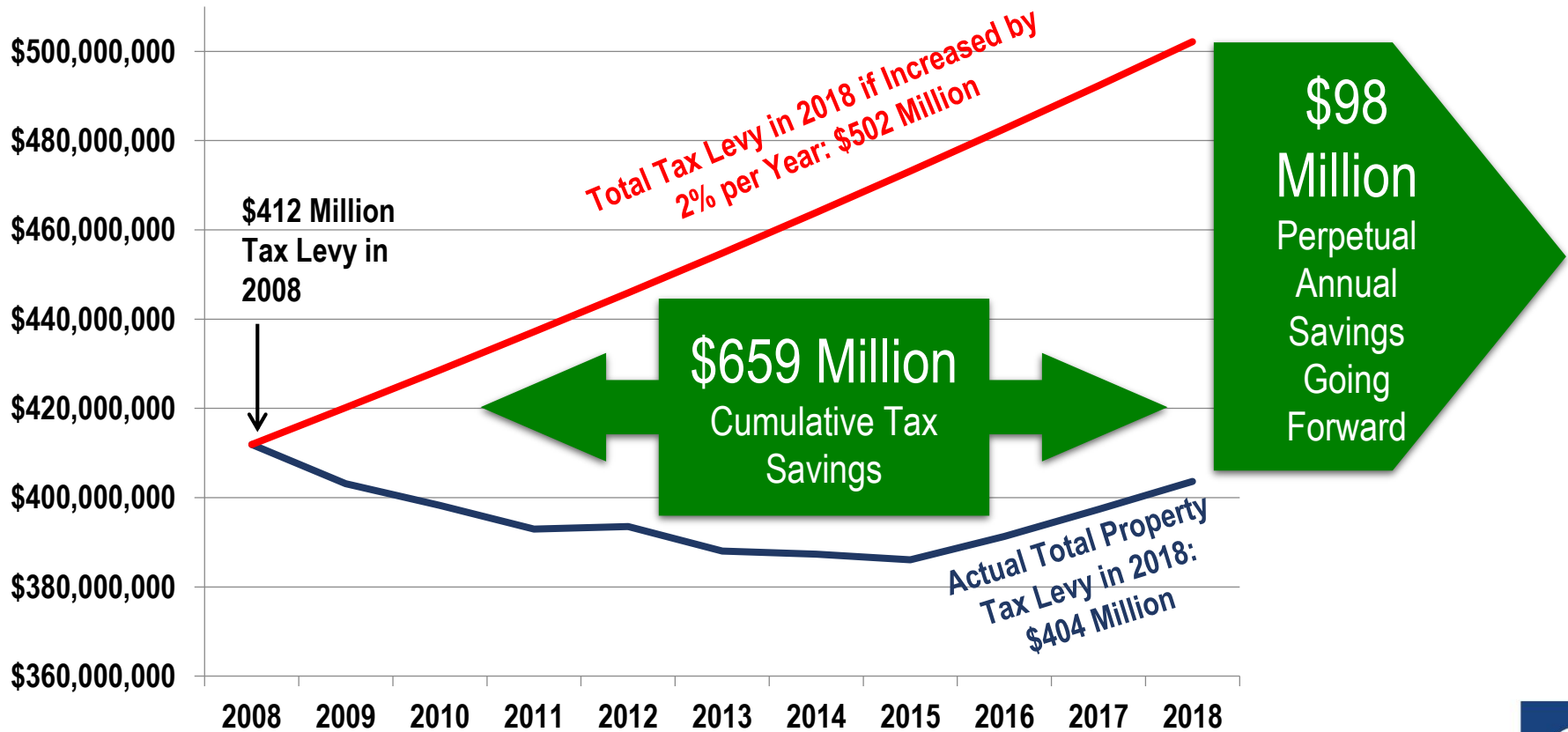
* Category did not exist in 2004.

Source: Independent Municipal Study by BMA Consulting Inc. (2018)
Provincial Average Includes Municipalities Population > 100,000

Unprecedented Fiscal Responsibility

\$659 Million Cumulative Savings to Date

\$98 Million Perpetual Annual Savings Going Forward



Overall Comparison of Residential Charges (Typical Residence & Consumption Patterns)

	Windsor	Provincial Average	Over / (Under) Average
Property Taxes *	\$3,244	\$3,963	(\$719)
Sewer **	\$686	\$557	\$129
Water	\$467	\$525	(\$58)
Total	\$4,397	\$5,045	(\$648)

****Municipalities with Stormwater Utility Charges (source: 2018 BMA)**

- Aurora
- Guelph
- Kitchener
- London
- Markham
- Middlesex Centre
- Mississauga
- Newmarket
- Richmond Hill
- St. Thomas
- Vaughn
- Waterloo

* Based on detached bungalow in municipalities with populations greater than 100,000

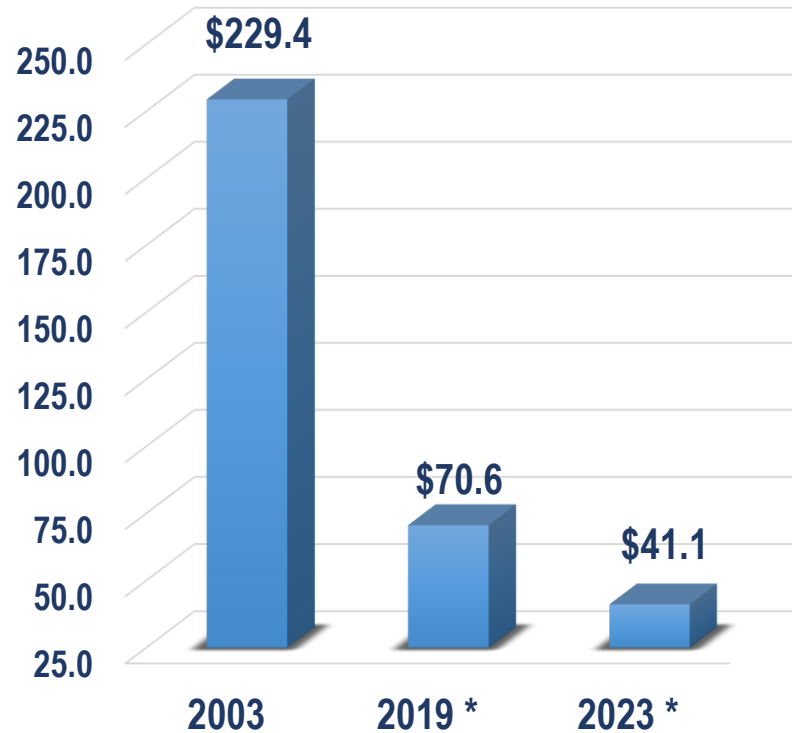
** Does not include the stormwater utility rate charged separately by some municipalities

Looking Back Continued Fiscal Responsibility Decreasing Debt ✓

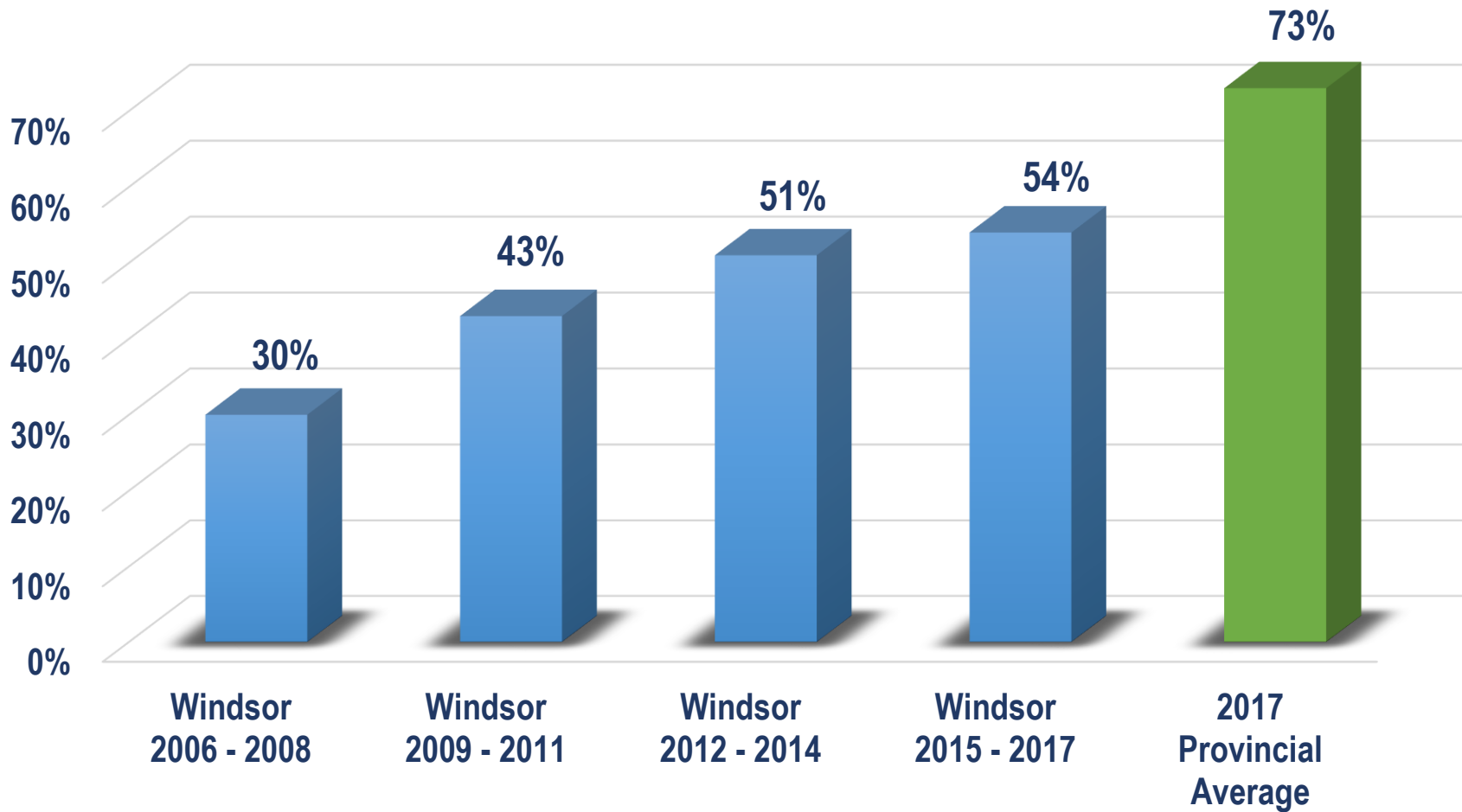
Decreasing Debt (\$ Millions)		
2002	2019 *	2023 *
\$229.4 M	\$70.6 M	\$41.1 M

** Projected*

Excludes projected debt for Meadowbrook Development pending final approval in the 2019 budget.

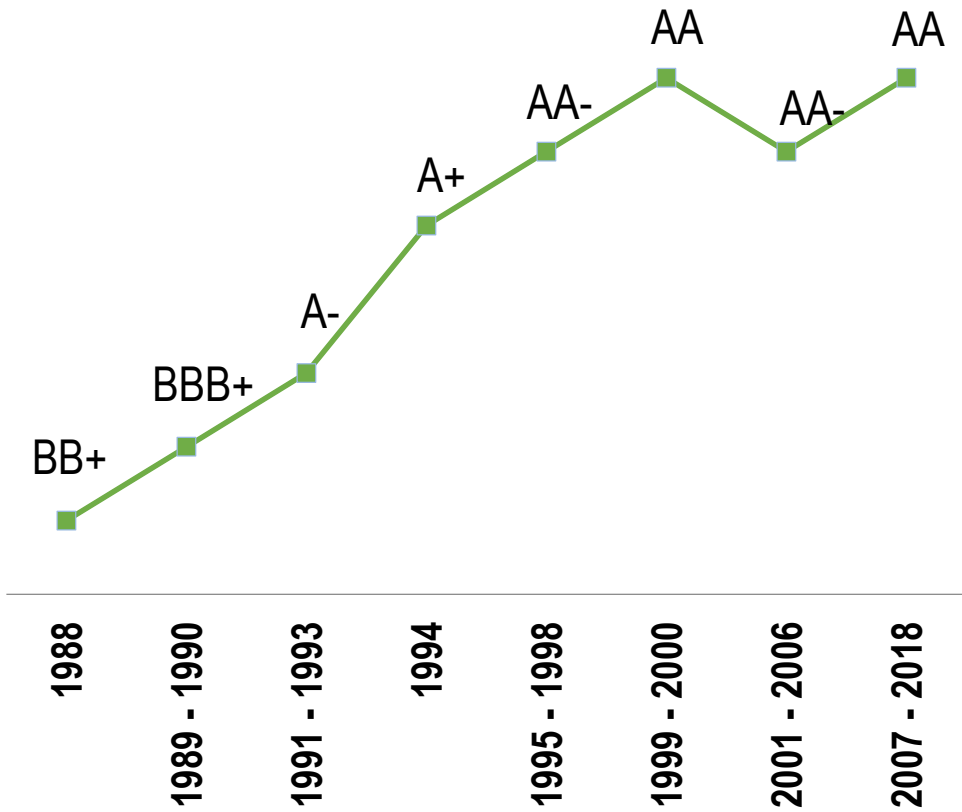


Comparative Analysis Reserves as a % of Tax Revenues



Source: Independent Municipal Study by BMA Consulting Inc. (2018)

City of Windsor Bond Rating Rating History (1988 – 2018)



2018 S&P Bond Rating Services:

"...follows prudent and well-defined financial policies and a formal long-term plan with a focus on financial sustainability and reduced reliance on debt funding."

2018 Provincial Financial Indicators Report

FINANCIAL INDICATOR REVIEW					
(Based on 2017 Financial Information Return)					
Windsor C					
Date Prepared:	19-Nov-18	2017 Households:	99,453	Median Household Income:	55,450
MSO Office:	Western	2017 Population:	220,697	Taxable Residential Assessment as a	
Prepared By:	TR	2018 MFCL Index:	n/a	% of Total Taxable Assessment:	60.1%
Tier:	ST			Own Purpose Taxation:	313,899,668

SUSTAINABILITY INDICATORS						
Indicator	Ranges	Actuals	South - Single Tiers		Level of Risk	
			Median	Average		
Total Taxes Receivable less Allowance for Uncollectibles as a % of Total Taxes Levied	Low: < 10% Mod: 10% to 15% High: > 15%	2013	10.2%	6.3%	7.2%	MODERATE
		2014	10.3%	6.0%	7.0%	MODERATE
		2015	9.1%	5.4%	6.7%	LOW
		2016	8.9%	5.9%	6.9%	LOW
		2017	8.8%	5.5%	6.4%	LOW
Net Financial Assets or Net Debt as % of Own Purpose Taxation, User Fees and Service Charges	Low: > -50% Mod: -50% to -100% High: < -100%	2013	26.1%	-11.6%	-16.5%	LOW
		2014	31.8%	1.8%	-13.6%	LOW
		2015	33.2%	-5.2%	-12.1%	LOW
		2016	37.6%	-9.4%	-11.9%	LOW
		2017	36.3%	-13.9%	-12.4%	LOW
Total Reserves and Discretionary Reserve Funds as a % of Municipal Expenses	Low: > 20% Mod: 10% to 20% High: < 10%	2013	25.6%	28.8%	32.1%	LOW
		2014	25.3%	32.9%	36.3%	LOW
		2015	26.4%	38.1%	40.9%	LOW
		2016	25.0%	40.8%	41.7%	LOW
		2017	24.0%	40.6%	39.6%	LOW
Cash Ratio (Total Cash and Cash Equivalents as a % of Current Liabilities)	Low: > 0.5:1 Mod: 0.5:1 to 0.25:1 High: < 0.25:1	2013	2.13:1	1.75:1	1.79:1	LOW
		2014	2.73:1	1.45:1	1.69:1	LOW
		2015	3.24:1	1.36:1	1.94:1	LOW
		2016	2.78:1	1.59:1	1.63:1	LOW
		2017	2.74:1	1.25:1	1.78:1	LOW

FLEXIBILITY INDICATORS						
Debt Servicing Cost as a % of Total Revenues	Low: < 5% Mod: 5% to 10% High: > 10%	2013	1.6%	5.0%	5.2%	LOW
		2014	1.5%	4.8%	4.7%	LOW
		2015	1.5%	4.4%	5.5%	LOW
		2016	1.4%	4.9%	4.5%	LOW
		2017	1.4%	5.0%	4.7%	LOW
Closing Amortization Balance as a % of Total Cost of Capital Assets (Asset Consumption Ratio)	Low: < 50% Mod: 50% to 75% High: > 75%	2013	38.9%	38.9%	39.3%	LOW
		2014	39.2%	39.4%	40.2%	LOW
		2015	41.0%	40.3%	40.9%	LOW
		2016	42.3%	40.2%	41.2%	LOW
		2017	43.0%	41.0%	41.5%	LOW
Annual Surplus / (Deficit) as a % of Own Purpose Taxation, User Fees and Service Charges (Operating Surplus Ratio)	Low: > -1% Mod: -1% to -30% High: < -30%	2013	-0.5%	11.4%	7.2%	MODERATE
		2014	4.3%	10.0%	11.5%	LOW
		2015	4.7%	12.7%	15.1%	LOW
		2016	7.9%	12.3%	13.3%	LOW
		2017	12.2%	17.6%	17.6%	LOW

Windsor

Level of Risk

“Low”

Across All Seven

Financial Sustainability

& Flexibility Indicators

2019 Budget Overview

- Recommended Budget based on the paramount objective of continued fiscal responsibility while avoiding or minimizing negative impacts on services and in select services, modest enhancements to keep pace with public expectations and increased demands of an improving economy.
- Inflationary Pressures:
 - Contractual / Wage Settlements
 - General Inflation Increase (CPI = 2.3%, Canada, All Items, 2018)
 - Increase Contribution to Capital to Maintain Purchasing Power - \$1.5 M
 - Firefighters WSIB Occupational Illness & Disease Projected Cost Increases - \$1.0 M

2019 Budget Overview (continued)

- Provincial Mandates:
 - Arbitration Process (3%+) which impacts 40% of the City Budget
 - EMS Costs - \$581 K
 - Increase in Contingency Budget to Deal with Anticipated Provincial Cuts - \$4.0 M
 - OMPF Grant Reduction - \$375 K (Province subsequently confirmed the status quo for 2019. In fact, increase of \$529 K)
 - *Longer term budget reduction is very likely necessary.*

2019 Budget Overview (continued)

- Service Enhancements:
 - After Relatively Flat Period >> Positive Economy = Added Service Demands
 - Transit Windsor Service Enhancements Related to St. Clair College - \$277 K
 - Staffing Adjustments to Address Service Demands \$2.3 M (Approximately 50% of staff adjustments represent conversions).
- Additional Service Enhancements:
 - Emergency Shelter Services
 - Trail Maintenance Budget
 - Maintenance Budget for Bus Shelters
 - Expanded Funding for Street Outreach Services
 - Establishment of a Sports Court Tennis Maintenance Program

2019 Budget Overview (continued)

- Agencies, Boards & Committee Requests:
 - No Control by City Administration
 - \$6.9 Million Requested Increase
 - 2019 increase requested is 6% more than 2018 Approved Budget

2019 Budget Overview (continued)

- \$14.9 million in recommended cuts through continued fiscal prudence including revenue increases, Provincial uploads, etc....
- Notwithstanding these recommended reductions, a 1.6% levy increase related to City Departments is recommended.
- Agencies, Boards & Committees are requesting a 6.0% increase in their budgets which would result in a further 1.7% increase to the levy.
- Resulting in total levy increase of 3.3%
- While not recommended and difficult to achieve without significant service reductions, Administration has provided options to achieve a zero levy increase.

2019 Budget Overview (Executive Summary)

- Identifies High Priority Budgetary Pressures with Little or No Discretion as well as High Priority Budget Recommendations of \$14.9 M **(A + B)**
- Administrative Recommendations to maintain or improve services of \$6.5 million **(C)**
- Recommended Administrative Budget Cuts of \$14.9 million **(D)**
- Requests from Agencies, Boards & Committees with no Administrative city control of \$6.9 million. **(H)**

2019 Executive Summary - Recommended

	Municipal Property Tax Levy	% Impact
2018 Approved Property Tax Levy (Including Education)	\$403,606,666	
2019 Recommended Budget (City Departments)	\$6,499,061	1.6%
2019 Recommended Property Tax Levy (Prior to ABC's)	\$410,105,727	
2019 Agencies, Boards & Committees (Requested Budget)	\$6,881,194	1.7%
2019 Property Tax Levy (City Departments + ABC's)	\$416,986,921	3.3%

How Will Tax Payers Be Impacted by the Recommended 2019 Budget

- Proposed increase to Municipal Property Tax Levy.
- An Education Tax Levy of approximately \$63.5 million (based on 2018 amount as the Province has yet to announce the 2019 amount).
- A 3.3% increase in property taxes based on an assessment value for a home assessed at \$150,000 = \$90
- The actual impact on individual tax payers for 2019 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 2019.

How Will Tax Payers Be Impacted by the Recommended 2019 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.*
 - *Multi Residential Class no longer levy restricted given ratio reduction adopted by Council in 2018.*
 - *Council will be provided with alternative approaches when the 2019 Tax Policy is presented later this month.*

Sewer Surcharge

- Proposed 2019 increase to fund flood mitigation of \$9.6 M
- *Total Recommended 2019 Sewer Surcharge Revenues of \$70 M*
- *Initial shift in allocation of Residential to Commercial / Industrial to better align with actual consumption trends.*
- *Proposed increase of \$8.54 / month for average residential user.*
- *Proposed increase in Commercial / Industrial rates to move closer to actual consumption patterns.*

Sewer Surcharge (continued)

- Based on 2018 BMA Study:
 - *Windsor's Industrial wastewater charges – 40% below provincial average*
 - *Windsor's Commercial wastewater charges – 34% below provincial average*
 - *Proposed funding allocation change will bring Windsor wastewater charges more in line with the provincial average.*
 - *Proposed 2019 Commercial / Industrial variable rate of \$1.20 m³; up from .85 ¢ m³ in 2018.*

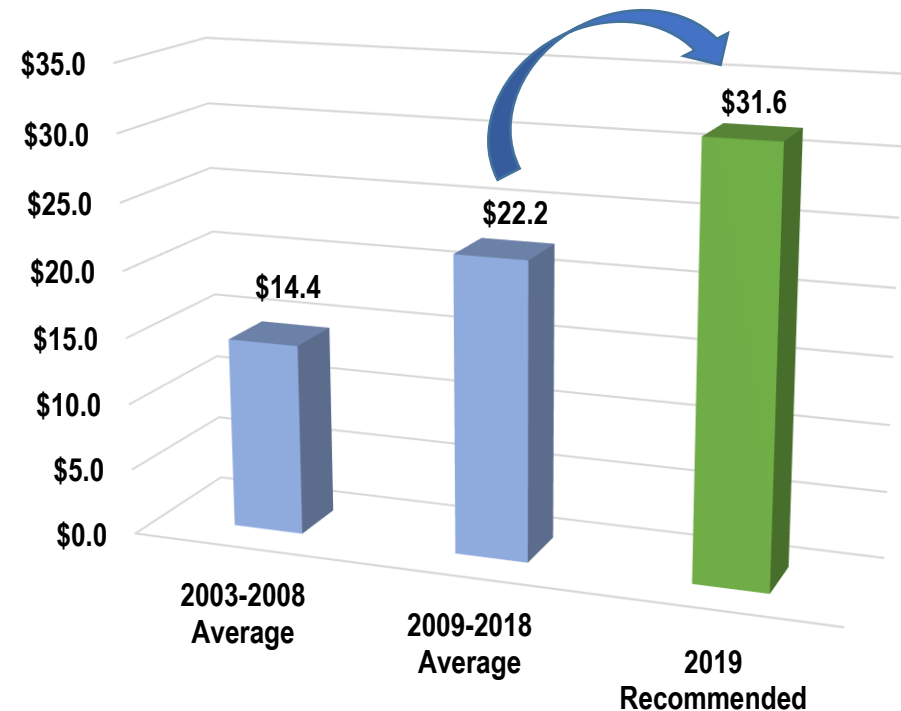
Capital Funding Increase for Flood Mitigation

2003-2008 Average	2009-2018 Average	2019 Recommended
\$14.4 M	\$22.2 M	\$31.6

Funding for:

1. Basement Flooding Subsidy
2. Sewer Master Plan Implementation
3. Strategic Preventative Maintenance
4. Pollution Control Plants & Pump Stations

Proposed 42% Increase
from 2018 Level



2019 Capital Budget

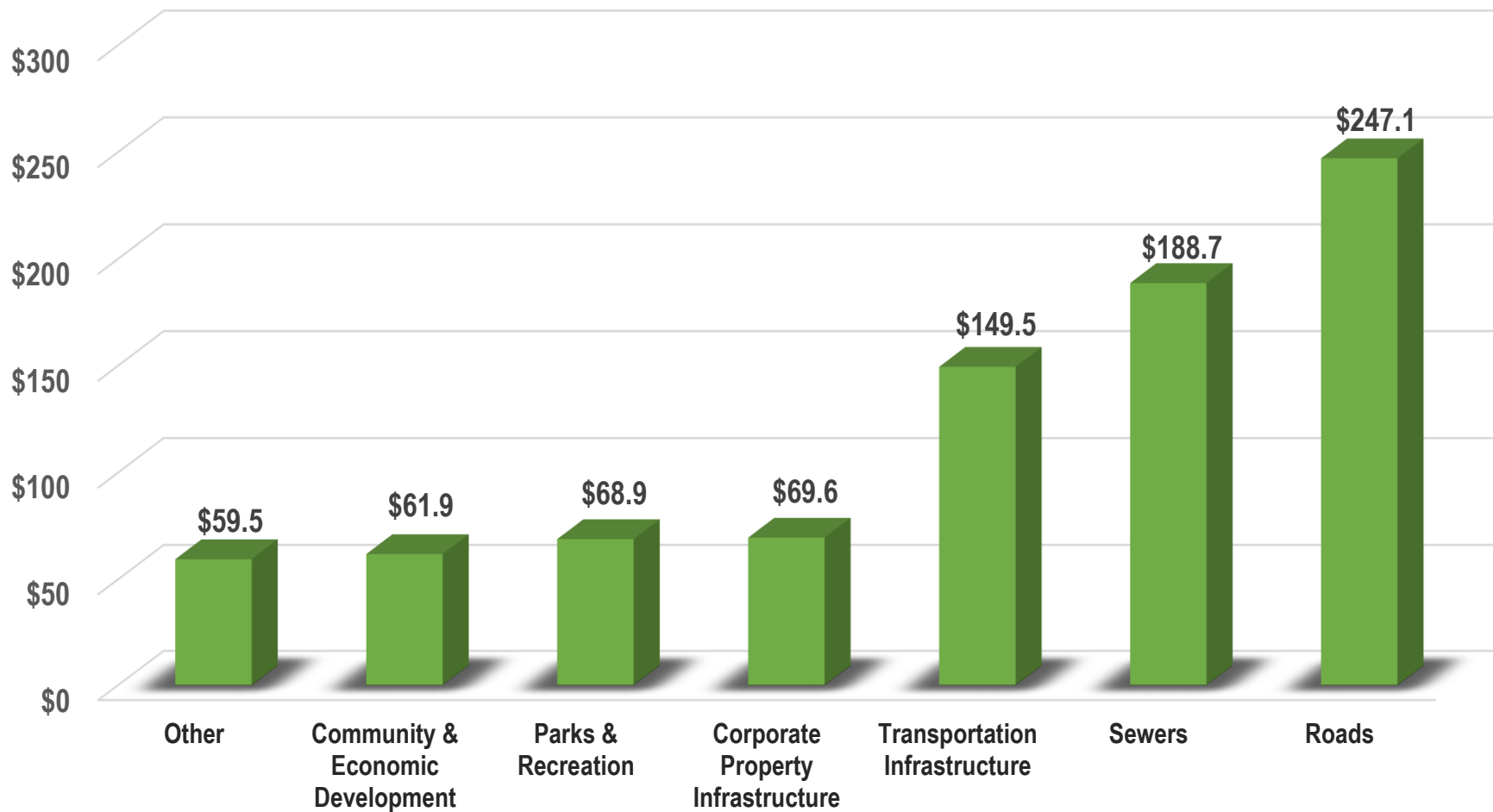
- Total funding for the Capital Budget 7-Year Plan is \$845.1 million.
- Capital funding for 2019 is \$119.6 million.
- Total funding for roads, sewers and transportation Infrastructure in the 7-Year Plan is \$585.3 million or nearly two thirds of the total capital budget.
- The 7-year capital plan continues the focus on investing in roads & sewers including funding for the expedited Sewer Master Plan.
- 2019 includes allocation of \$1.5 M increased funding recommended in operating budget + increased Capital Funding resulting from Police self funding of Capital on a go-forward basis.

2019 Capital Budget (continued)

- Ont. Reg. 588/17 requires municipalities to have a 10-year Capital Budget plan in place by 2021.
- 2019 7-year Capital Budget is the second 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.

2019 Capital Budget

Recommended 7-Year Plan: \$845.1 Million



Asset Management Plan (AMP)

- To City Council in summer 2019.
- Total replacement cost of assets in AMP \$6.1 B compared to \$5.2 B in 2013
- Significant improvements on condition data available since 2013 AMP
- Focus on reasonable funding levels needed to sustain current service levels and allow for growth, service enhancements and economic development.
- Recommendation on funding level required to achieve this. If approved, will set direction for 2020 capital budget.
- Meets the 2021 requirements for O.Reg588/17

Grant Funding

- Since June 2017 Finance has pursued \$77.5 M in grant funding of which \$29 M was awarded and \$33.6 M remains pending a decision.
- This \$29 M in grant funding represents 67 projects.
- A second round of public transit funding for Federal and Provincial infrastructure grants has been recently confirmed.
- Further Federal and Provincial announcements regarding Green Infrastructure and Social Infrastructure are expected later this year.
- Aside from these large Federal and Provincial grants, administration continues to actively pursue all viable grant opportunities to leverage wherever possible available capital funding.

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 responsibility 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 will be ensuring a level of AMP funding to sustain current service levels, allow for growth, service enhancements and economic development.
- Ensuring a sustainable funding level in place to address the significant investments of Sewer Master Plan required for Sewer & Flood mitigation works.
- 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....

Looking Forward (continued)

- 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 2019 budget

Thank you.

