



Corporate Services

Prepared for: Council-in-Budget Committee

Report: CBC-06-2024

Meeting Date: January 31, 2024

File: 230101

1. Title

2024 General Levy Operating Budget

2. Recommendations

PART 1

That: Council approves the following 2024 Supplementary Base Budget funding, subject of previous reports/resolutions:

- 1.1 \$600,000 for Development Charges (DC) Exemptions.

PART 2

That: Council excludes 2024 Supplementary One-Time funding.

PART 3

That: Council approves the following 2024 Supplementary Base Budget new funding requests:

- 3.1 \$52,200 for Junior Municipal Law Enforcement Officer (PDS) staffing costs
- 3.2 \$76,240 for Executive Assistant to Director (PDS) staffing costs
- 3.3 \$82,768 for Project Manager, Policy (PDS) staffing costs
- 3.4 \$60,213 for Community Coordinator (IS) staffing costs
- 3.5 \$81,545 for Asset Management Analyst (IS) staffing costs
- 3.6 -\$48,000 for Grader (R52424) rental savings
- 3.7 \$6,250 for Temporary Washroom - Village Square (VSTW24) costs.

PART 4

That: Council approves the following 2024 Supplementary One-Time new funding requests:

- 4.1 \$75,000 for Affordable Housing Community Improvement Plan (CIP) Consultant funded by the Affordable Housing CIP Reserve
- 4.2 \$50,000 for Parks Operational Plan funded by the General Levy Rate Stabilization (GLRS) Reserve
- 4.3 \$250,000 for Shoreline Protection Master Plan funded by the GLRS Reserve
- 4.4 \$60,000 for Planning User Fee review funded by the GLRS Reserve
- 4.5 \$100,000 for Transportation studies funded by the GLRS Reserve
- 4.6 \$250,000 for Urban Storm Drainage Master Plan funded by the GLRS Reserve.

PART 5

That: Council approves the following 2024 grants:

- 5.1 \$24,750 for Fort Erie Lions Senior Citizens complex
- 5.2 \$36,582 for business area watering
- 5.3 \$28,853 for Beachcombers Seniors Complex
- 5.4 \$23,500 for Community events
- 5.5 \$1,621,618 for Fort Erie Public Library.

PART 6

That: Council approves the following 2024 Business Improvement Area (BIA) levies:

- 6.1 \$40,700 for Bridgeburg Station BIA Levy
- 6.2 \$31,800 for Crystal Beach BIA Levy
- 6.3 \$45,000 for Ridgeway BIA Levy.

PART 7

That: Council amends the 2024 Capital Budget as per Appendix “2” to Report CBC-01-2024 to substitute \$400,000 of Water Refurbishing Reserve funding for the Elm Street Watermain project (ELMS19) and \$226,182 of Water Refurbishing Reserve funding for the Ott Road Watermain project (OTTW24) with the Ontario Community Infrastructure Fund (OCIF) Formula-Based grant increase of \$626,182.

That: Council amends the 2024 Capital Budget to include a Grader [R52424] for \$25,000 with DC Reserve funding.

That: Council amends the 2024 Capital Budget to include a Temporary Washroom – Village Square [VSTW24] for \$37,000 with Facilities Reserve funding.

That: Council approves the proposed Volunteer Firefighter and Crossing Guard rates of pay as presented and directs staff to amend the related By-law.

That: Council amends the 2024 Fees and Charges to revise Tax Registration fees and charges and directs staff to amend the related By-law.

PART 8

That: Council approves the 2024 General Levy of \$34,369,711 comprised of a base budget of \$33,458,495 and a supplementary budget of \$911,216 and approves the 2024 General Capital Budget of \$17,075,800 and directs staff to submit the related By-laws.

PART 9

That: Council excludes capital asset amortization of \$7.2 million from the 2024 General Levy Operating Budget.

3. Relation to Council’s Corporate Strategic Plan

Various priorities including those identified on individual supplementary request forms.

4. List of Stakeholders

Mayor & Council
Town of Fort Erie Taxpayers
Boards and Committees
Business Improvement Areas (BIA)
Community Groups

Fort Erie Public Library (FEPL) Board

5. Purpose of Report

The purpose of this report is to approve the 2024 Operating Budget and Multi-Year Financial Plan and amend the 2024 Capital Budget. The report satisfies *Municipal Act* and regulatory requirements such as approving BIA levy increases and excluding amortization expenses from the budget.

6. Analysis

The General Levy budget consolidates the 2024 operating requirements of Town departments, corporations and boards such as the Library and BIAs, Committees such as Senior Citizens and Accessibility Advisory, and other community grants.

Budget planning Report [CS-08-2023](#) identified 2024 forecast base budget drivers. Since that time, staff has confirmed amounts and further scrutinized costs and commitments. The impact results in a revised increase to the base of 2.90% which is described below and itemized in Appendix "1".

BASE BUDGET

Base budget adjustments result in a 6.76% increase. After assessment growth, detailed in Table 3 of Report CBC-05-2024, the net change is a 2.90% increase. The following comments refer to Town levy impacts only.

Revenues

Overall non-tax revenues are anticipated to increase \$1,441,083 with a total reduction to the levy of 4.59% due primarily to the following areas.

The Town continues to be eligible for the Assessment Equalization Grant portion of the Ontario Municipal Partnership Fund (OMPF). Grant details announced October 20, 2023 result in a \$109,600 funding decrease in 2024 to \$1,381,100. This funding is not guaranteed from year to year and the 2024 base budget relies on 60% of the amount. There is the potential for other grant programs (e.g., new Building Faster Fund) to positively impact the Levy.

The Niagara Region discontinued support of local CIP grant programs as noted in Report [PDS-62-2023](#) effective October 2023 resulting in a decrease of \$105,000 in related revenue.

Licensing revenues are increasing \$100,000 related to the increased Short-Term Rentals (STR) cap and reinstatement of fees for the Business licensing program.

Building and planning fee revenue is budgeted to increase \$156,500 based on rate changes and estimates in volumes and construction values PDS has forecasted.

Gaming revenues have been increased \$72,000 based on hall activity trends since reopening in Q1 of 2022.

Supplemental tax revenues (e.g., new construction, additions, renovations) and tax write-offs are noted in Report CBC-05-2024. The net change is an increase of \$196,000 and include \$100,000 to transfer unsustainable amounts to the GLRS Reserve for expected future increases in appeals related to the extended re-assessment period.

Penalties and interest on arrears are an increase of \$170,000 based on 2023 actuals. Bank and investment income is budgeted to increase \$857,000 based on significant interest rate changes in early 2023 and additional investment activity in Q4 2023.

All other non-tax revenues increase a total of \$104,183 and also include the non-tax fee increases approved by Report [CBC-02-2024](#).

The BIA budgets have no impact on the General Levy as they are funded by a separate business tax levy and their own fundraising efforts. All BIA levy requests are noted in PART 6 and are approved by the respective boards.

Expenses

The budget for wages and benefits has an increase of \$611,137 in accordance with wage rate changes included with collective agreements that expire December 2024. The amount includes increases for statutory deduction rates and health care benefits that exceed wage rate changes. CPP and WSIB changes result in an incremental \$83,906 cost and benefits are a \$195,961 increase. The 2023 Supplementary Budget included \$158,158 in 2024 phased-in impacts. Included for 2024 are a proposed budget increase for Crossing Guards of \$28,390 using a revised rate of \$20.71 per hour. A proposal has also been introduced to augment the compensation for Volunteer Firefighters by \$37,500 with a partial-year phased-in increase, which would be based on a revised rate of \$31.00 per hour (full Firefighter Rate 5). The suggested increase is the result of a comparative study of rates among other fire services in the region to help retention considerations and would require an amendment to By-law 122-2020.

Capital Budget Report [CBC-01-2024](#) noted capital reserve transfer increases for inflation and other adjustments, which total \$564,620 for the levy. The report also itemized operating impacts of asset additions in Appendix "3" of the report, with replacement reserve increases (based on amortization) of \$232,368 and Levy expense increases of \$17,185 (e.g., materials and supplies, maintenance agreements). These commitments help plan for long-term needs at the time the asset is acquired and keep infrastructure gap calculations current.

Town utilities for hydro and gas require budget increases of \$58,500 and spray pads, with the introduction of the Sugar Bowl Park and Douglas Park will result in an increase of \$61,450.

Legal costs in PDS are increasing \$100,200 and relate primarily to recent matters brought through the Superior Court.

The Town is committed to following through on earlier studies and reviews to address information technology modernization, particularly in relation to software upgrades and cyber

security. Staff paused the recruitment of the Business Systems Analyst position that was approved with the 2023 budget and have piloted the use of an external contract to include managed IT services (i.e., Remote Monitoring Management) and support for upgraded technology platforms. These technology investments represent an increase of \$170,950 and include the partial-year conversion to full Microsoft subscriptions, some of which was previously funded through capital budgets. Communications enhancements also result in a base increase of \$51,870.

Accessibility for Ontarians with Disabilities (AODA) legislation compliance requires an estimated \$20,500 in additional expenses to ensure Town documents and online platforms are converted to meet legislated standards.

Costs related to the April 8, 2024 eclipse are estimated to be \$92,500 to address traffic control, communications equipment and operations, BIA special event grants, emergency response pay, additional portable washrooms and security. The unique one-time costs are proposed to be funded from the Emergency Management Reserve.

Town insurance increases for 2024 reflect a very difficult municipal market and are an increase of \$117,353.

All other base materials and services (e.g., contracts, studies, utilities), net of related reserve funding reductions, result in an increase of \$557,112.

Existing debt charges are a reduction of \$76,191. Debt issued in 2023 is an increase of \$301,781 for the Bridgeburg District Streetscape improvements. Debt maturing in 2024 of \$200,107 relates to the Central Fire Station. Debt that was expected to be issued in 2023 related to new Fire Station #4 is \$396,349 and will be maintained in the budget to reflect that commitment and any savings, in advance of issuance, will be used to reduce long-term debt costs in 2025 and beyond.

The Fort Erie Public Library grant request is an increase of \$32,642 (excluding Town support services) as presented in Report CBC-04-2024. The Town will incur new Tax Increment Based Grant costs of approximately \$91,000 as noted in Report CBC-05-2024. All other grants and partnership programs are decreasing \$52,216.

SUPPLEMENTARY BUDGET

The budget presents additional funding requests that are not part of the current base budget and deemed supplementary due to their nature. Each is itemized in Appendix “2” and documented with a “Supplementary Budget Request” form that describes the purpose and benefit and are provided to Council in Section 8 of the budget package. As described above, all one-time costs have been proposed with funding from reserves.

The Supplementary Budget has two categories:

- a) Subject of previous reports/resolutions: explanation and analysis were previously communicated with Council with recommendations deferred to the 2024 Budget.
- b) New requests for Council consideration: these requests include supporting documentation to Council in order to make informed decisions.

The following category (a) items total \$600,000 or a 1.91% increase to the Levy (PART 1 and PART 2 of the cover page) net of proposed reserve funding:

- Development Charge Exemptions [Report CS-01-2024]

The following category (b) items total \$311,216 or a 0.99% increase to the Levy (PART 3 and PART 4 of the cover page) net of proposed reserve funding:

- Staffing costs for Junior Municipal Law Enforcement Officer (PDS)
- Staffing costs for Executive Assistant, Director of PDS (PDS)
- Staffing costs for Project Manager, Policy (PDS)
- Staffing costs for Community Coordinator (IS)
- Staffing costs for Asset Management Analyst (IS)
- Operating impacts of Grader capital project [R52424]
- Temporary Washroom - Village Square capital project [VSTW24] costs
- Affordable Housing CIP Consultant
- Parks Operational Plan (IS)
- Shoreline Protection Master Plan (IS)
- Planning User Fee Review (PDS)
- Transportation studies (IS)
- Urban Storm Drainage Master Plan (IS)

CAPITAL BUDGET AMENDMENTS

The Town received 2024 Ontario Community Infrastructure Fund (OCIF) Formula-Based detailed funding allocations December 1, 2023 of \$2,400,182. This funding is \$626,182 greater than the \$1,777,400 estimated in 2024 Capital Budget with 3 projects (ELMS19, RSRF24, WEST24). PART 7 therefore recommends that Council amends the 2024 Capital Budget to substitute \$626,182 of Water Refurbishing Reserve funding for the Elm Street Watermain project (ELMS19) and Ott Road Watermain project (OTTW24) with these grant funds.

Town staff recommend that Council amends the 2024 Capital Budget to include a Grader project [R52424] for \$25,000 with funding from the DC Reserve. This would result in 2024 rental savings of \$48,000 as detailed in supplementary request 3.6.

Town staff recommend that Council amends the 2024 Capital Budget to include a Temporary Washroom – Village Square [VSTW24] for \$37,000 with Facilities Reserve funding. This would result in 2024 operating impacts of \$6,250 as detailed in supplementary request 3.7.

FEE AMENDMENTS

Provincial legislation of the tax registration and tax sales process to collect tax arrears has become more complex the past few years. This was further complicated during the pandemic with legislative deadlines frozen for many months. The Town's processes were reviewed in 2023

with the recommendation to engage the services of a third-party vendor to complete the majority of these processes. This would align with the approach used by other Niagara municipalities who engage the use of an external service. The necessary documentation is completed and registered digitally but Town tax collection staff remain as the direct contact for property owners. All tax registration expenses are added to the property tax account as permitted by the *Municipal Act*. The sooner that tax arrears are paid up within the one-year redemption period the lesser the costs of the process to the property owner. The Town currently completes tax registration processes internally with the aid of an outside local legal office and charges a fixed fee schedule. Moving to a third-party vendor requires amending the “Tax Registration” fees in the 2024 [Schedule of Fees and Charges](#) (page 10 of 25) to the following:

Cost A - Preliminary Work, Registration of Tax Arrears Certificate: Delete all fees. Add “Town Administration Processing - \$500 plus actual costs for third party services”.

Cost B - Preparation of Extension Agreement: No change.

Cost C - Sale by Sealed Public Tender: Replace current fees with “actual costs for third party services”.

Cost D - Sale by Sealed Public Tender: Delete all fees. Add “Advertising by Town - actual costs”.

Cost E - Environmental Site Assessment: No change.

RISKS AND OPPORTUNITIES

Although Town staff recommends the adoption of the proposed budget, it is important to outline some of the budget risks and opportunities that will be monitored throughout the year as part of good budget stewardship:

- Inflation: Budget planning referenced Consumer Price Index (CPI) of 3.2% for the year over year period ending July 2023. The index remained above that rate at the end of 2023. Asset Management Plan (AMP) capital contribution increases were limited to 6.5%. Compared to other more relevant construction indices, this is inadequate to keep pace with asset costs.
- Interest: Rate fluctuations affect both investment income earnings as well as new debt charges that are expected to be entered in 2024.
- OMPF: Funding for years beyond 2024 is unconfirmed. Amounts are established each year by the Province and earlier comments have indicated that future years may focus on components that the Town is not eligible to receive.
- AMP: Levy-funded capital contributions support the Town’s levels of service in all core areas except storm capital based on current information. Subsequent analysis or servicing studies may reveal the need to adjust funding requirements.
- Incentive programs: The Town has a number of programs that provide annual grants to eligible projects that have increased assessment and therefore property taxes. Annual grants, such as those of the Tax Increment Based Grant (TIBG) program, will be budgeted in the year the assessment growth occurs and offset tax revenue streams for up to ten years related to new business investments.
- Strategic Plan: The budget has been prepared using the recent strategic plan which continues to be reviewed for new or changed priorities with funding needs.

- Legal: There may be legal matters involving the Town with financial exposure beyond insurance coverage and present a risk that continues to be monitored.

Niagara municipalities moved transit costs to the new Niagara Transit Commission (NTC) that assumed transit operations for the entire region on January 1, 2023. All costs were converted to charges to taxpayers as a special levy set by the Region. This upload from lower tier municipalities had combined effects that were not clear in some instances. When analyzing tax, it is helpful to compare the cumulative two-year increases of Niagara municipalities to more clearly understand the changes related to this upload of costs between the two municipal tiers.

7. Financial, Staffing and Accessibility (AODA) Implications

Summary of Budget Impact

The 5.50% budget increase, including all proposed supplementary impacts, is presented in Table 1 for a median household with a current value assessment (CVA) of \$200,300 using draft Region and Education rates.

Table 1 – Budget impact of Budget changes on Median Household

	2023 Median bill (CVA=200,300)	2024 Median bill (CVA=200,300)	% change	\$ change per month
Town	\$1,403.93	\$1,481.25	5.50%	\$6.44
Region	\$1,532.05	\$1,622.06	5.88%	\$7.50
Education	\$306.46	\$306.46	0.00%	\$0.00
TOTAL	\$3,242.44	\$3,409.77	5.16%	\$13.94

All impacts presented above and in the Appendices are for residential taxpayers based on existing tax policy and ratios set by the Region. The Province announced Education Tax Rates January 19, 2024 to be the same rate as 2023.

Staffing Implications

The Town has 171.5 full-time equivalent employees, which includes 1 permanent part-time employee. Any changes for 2024 are identified in supplementary budget requests.

In general, services are supplemented through the use of casual, relief and student employees who are employed for varying amounts of time throughout the year mainly to supplement operations in parks, beaches, museums, water and wastewater operations.

Amortization - Ontario Regulation 284/09

Ontario Regulation 284/09 requires that, where amortization is excluded from a budget, a municipality report to Council an estimate of the change in the accumulated surplus resulting from the exclusion and an analysis of the estimated impact of the exclusion on the future tangible capital asset funding requirement of the municipality.

Current General Levy annual allocations to capital reserves is \$9.5 million and exceeds amortization of \$7.2 million. This means that the Town's accumulated surplus is greater than full accrual accounting requirements and that the annual investment in capital assets is greater than the usage of capital assets based on historical cost.

The regulation also includes post-employment benefit costs. The 2024 budget includes the annual cost of post-employment benefits paid to eligible employees entitled to medical coverage for which the Town pays half the annual premium. The annual cost for 2024 is \$16,000. The future liability is estimated at \$783,500 as reported in the 2022 financial statements. The attached reconciliation at the bottom of Appendix “3” shows the change in accumulated surplus from the cash basis to accrual basis of accounting.

8. Policies Affecting Proposal

By-law No. [136-2023](#) adopted Council’s 2023-2026 Corporate Strategic Plan.

By-law No. 127-09, as amended, adopted the Budget Policy.

By-law No. 78-2019 adopted the Asset Management Policy.

By-law No. [176-2023](#) established Fees and Charges for the Town.

By-law No. 93-12, as amended, adopted the Reserve Policy that identifies the targets and strategies to be incorporated into the budget preparation.

Ontario Regulation 284/09 requires municipalities to report on whether they are budgeting for amortization and post-employment benefits and the impact of that choice.

9. Comments from Departments, Community and Corporate Partners

The budget has been prepared in collaboration with the CAO, Directors and senior staff.

Supporting documentation for Boards and Committee is provided for Council’s reference in Section 7 of the budget package.

Niagara Region tax rate by-laws are expected to be presented to Regional Council in April 2024 following consideration of tax policy and ratios.

10. Alternatives

Appendix “2” includes supplementary requests made by staff, boards and committees. Council should consider these individually per the recommendations of the report.

Council may also consider additional base adjustments (e.g., fee and investment revenue estimates, legal expenses) to influence the overall 2024 increases. Every \$313,000 adjustment affects the budget by approximately 1%.

11. Communicating Results

Information about the 2024 Budget will be communicated through media releases, social media updates, a dedicated webpage (i.e., overview, how to get involved) and key information in the Town’s eNewsletter. An FAQ document will also be developed to assist Council and residents in efficiently dealing with common questions.

An Annual Budget Book is generally published following the approval of the various budgets and is consolidated with the Annual Financial Report once approved.

12. Conclusion

The base budget continues the delivery of quality services with a general levy increase of 6.76% before assessment and an increase of 2.90% after assessment growth.

The supplementary budget puts forward \$911,216 in additional levy impacts for Council consideration. The requests contribute to strategic priorities to provide:

1. Sustainable, reliable access to local Health Care by contributing to REACH Niagara and revised Physician Recruitment, Retention and Medical Education Financial Incentives.
2. Quality of Live and Community Well-being by creating a Parks Operational Plan, addressing staffing with law enforcement and Community Coordinator, in addition to meeting levels of service through long-term financial planning that funds capital reserve levels.
3. Sustainable and Managed Growth by addressing Planning and Development staff and reviewing sufficiency of fees.
4. Economic Prosperity and Diversification by funding DC Exemption programs.
5. Environmental and Climate Change Resiliency by addressing staffing of Asset Management and studying shoreline protection.
6. Comprehensive Housing Options by creating an Affordable Housing CIP program.

All budget items being considered by Council are a proposed overall Town increase of **5.50%** after assessment growth for the median household. When combined with all draft Region and Education amounts it is an estimated **5.16%** total tax bill increase.

13. Report Approval

Submitted by:
Jonathan Janzen, CPA, CA
Director, Corporate Services

Approved by:
Chris McQueen, MBA
Chief Administrative Officer

14. Attachments

Appendix "1" – 2024 General Levy Base Budget Analysis
Appendix "2" – 2024 General Levy Supplementary Budget Analysis
Appendix "3" – 2024 Budget and Forecast