
From: Stan Karwowski
Director, Finance & Treasurer

Subject: 2021 Current & Capital Budget
- File: A-2000-001

Recommendation:

1. That Report FIN 05-21 of the Director, Finance & Treasurer be approved;
2. That the following budget recommendations be approved;
 - (a) That the 2021 Current Budget expenditure for personnel costs, consisting of salaries and wages (Account 1100), overtime (Account 1200) and employer contributions (Account 1400), excluding Cost Centres 2712 and 2293, in the total amount of \$60,364,218 be approved; and
 - i) That the 2021 Current Budget for Cost Centre 2712 (Programs) expenditure for personnel costs, consisting of salaries and wages (Account 1100), overtime (Account 1200) and employer contributions (Account 1400) in the total amount of \$1,137,031 be approved; and
 - (ii) That the 2021 Current Budget for Cost Centre 2293 (Animal Services) expenditure for personnel costs, consisting of salaries and wages (Account 1100), overtime (Account 1200) and employer contributions (Account 1400) in the total amount of \$506,210 be approved;
 - b) That the 2021 General Government Budget for grant expenditures in the total amount of \$184,068 be approved;
 - c) That the Heritage Property Tax Rebate in the amount of \$10,000 be approved;
 - d) That the 2021 Gross Current Budget expenditures for City purposes in the amount of \$54,684,613 (excluding personnel costs, grant expenditures and Heritage Property Tax Rebate) less estimated current revenues of \$47,004,304 (City revenues of \$40,667,304 plus \$4,000,000 for estimated casino gaming revenue, \$2,037,000 for assessment growth plus supplementary taxes of \$300,000), less Phase One and Phase Two Safe Restart Funding of \$2,802,100 and net transfer from the Rate Stabilization Reserve of \$1,500,000 for City operations be approved;
 - e) That the \$4,000,000 in estimated casino gaming revenues be transferred to the newly established Casino Reserve;

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- f) That the Capital from Current expenditure in the amount of \$731,660 funded from property taxes be approved; and
- g) That the total final City levy under paragraphs a), b), c), d) and e) above, plus the following additions that result in a total final levy of \$70,841,695 being an increase of approximately 1.45 percent over the 2020 Budget, be approved:
- i) Hiring of three additional firefighters (\$283,000) for the Seaton fire station; and
- ii) Service level increases that consist of \$51,000 for additional staffing for seasonal By-law enforcement at the waterfront and parks, an investment of \$121,300 for the City to meet provincially legislated accessibility requirements and \$75,000 to establish a Community Investment Fund;
3. That the 2021 Capital Budget for the City of Pickering with a Gross Expenditure of \$73,041,800 be adopted as presented:
- a) That the following capital financing sources be approved as presented in the 2021 Capital Budget:

Transfer from Current Fund to Capital Fund	\$731,660
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Transfers from Reserves:

- Rate Stabilization Reserve (7021)	4,040,043
- City Share Dev. Charges (7022)	1,811,500
- Vehicle Replacement (7040)	1,547,000
- Major Equipment Reserve (7062)	1,345,000
- Capital Replacement (7001)	384,600
- Facilities Reserve (7055)	385,000
- Self-Insurance Reserve (7020)	200,000
- Property Fence Line Reserve (7057)	180,000
- Tennis Court Reserve (7061)	90,000
- Artwork Reserve (7067)	50,000
- Don Beer Arena Surcharge (7033)	40,000
- Rec. Complex Pool Surcharge (7035)	30,000

Transfers from Reserve Funds:

- Development Charges (7601 – 7630)	25,024,180
- Third Party Contribution (7501)	9,041,375
- Parkland (7502)	4,180,000
- Federal Gas Tax Funds (7505)	3,567,000
- Roads & Bridges (7709)	790,000
- Animal Shelter (7706)	291,400

- Seaton Land Group FIA (7713)	145,785
Debt - 20 yr	11,391,900
Internal Loan - 2 yr	2,175,000
Internal Loan - 5 yr	200,000
Internal Loan - 10 yr	247,500
Donations	10,000
Canada Cultural Spaces Fund (CCSF)	4,000,000
Investing in Canada Infrastructure Program (ICIP) – COVID -19 Resilience Infrastructure Stream	222,500
Federal Grant – TBD	40,000
Provincial Grant – Ontario Community Infrastructure Fund (OCIF)	880,357
Total	<u>\$73,041,800</u>

- b) That total external debt financed by property taxes of \$11,391,900 for the projects identified in the 2021 Capital Budget, and as indicated in this report, for a period not to exceed 20 years be approved;
- c) That the internal loans in the amount of \$2,622,500 be undertaken at the discretion of the Director, Finance & Treasurer;
- d) That projects identified in the 2021 Capital Budget as being financed through the issuance of debt be subject to additional, specific approval of the expenditure and the financing by Council;
- e) That the source of financing for the Demolition & Site Remediation capital project (5315.1901) be changed from future land sales to Operations Centre Reserve Fund to eliminate the unfinanced capital liability when the project is converted to the new financial system;
- f) That any debt repayment, interest or financing provisions contained in the annual Current Operating Budget not used in the current year's payments requirements may, at the discretion of the Director, Finance & Treasurer, be used to apply towards additional principal repayment, outstanding loan or debt charges or to reduce debt not issued, balloon payments in future years through transfer to Rate Stabilization Reserve, internal loans or any other amounts to be financed;
- g) That all Capital expenditures or portions thereof approved in the 2021 Capital Budget to be financed through the issuance of debt may, at the discretion of the Director, Finance & Treasurer, be financed through internal loans, current or capital funds or a combination thereof;
- h) That the Director, Finance & Treasurer be authorized to make draws from Reserve and Reserve Funds for projects included in the approved Capital Budget up to the amount approved; and

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- i) That the Director, Finance & Treasurer be authorized at his discretion to apply any excess funds obtained through the issuance of debentures as provided for under Section 413 of the *Municipal Act, 2001* as amended;
 4. That the Director, Finance & Treasurer be authorized to transfer:
 - a) Any surplus current operating funds at year-end in excess of approximately \$125,000 be allocated in the following manner: the first \$70,000 be allocated to the Elected Officials Life Insurance Reserve and the remaining surplus be allocated in the following ratio: 25 percent to the Rate Stabilization Reserve (7021); 20 percent to the Facilities Reserve (7055); 5 percent to the Artwork Reserve (7066) and 50 percent to the City Share DC Projects Reserve (7022);
 - b) Any surplus funds from the Emergency Operational Capital Needs Account (2901.0000.0000) to the Facilities Reserve; and
 - c) The revenue from the sale of used vehicles recorded in account (1593.0001.0000) to the Vehicle Replacement Reserve (7040);
 5. That the Director, Finance & Treasurer be authorized to make any changes or undertake any actions necessary including: adjusting the budget plan to meet provincial COVID reporting requirements while maintaining the approved levy; to accommodate any labour relations settlements including adjusting the Personnel related accounts and that any revenue shortfall as a result of a Provincial tax policy change be adjusted through the 2021 final tax rates;
 6. That the Director, Finance & Treasurer be authorized to use any under expenditures from projects funded from Reserves or Reserve Funds to fund over expenditures for approved projects funded from the same source(s) and any unfinanced capital be funded from a transfer from reserves or reserve funds;
 7. That the Director, Finance & Treasurer be authorized at his discretion to fund Property Tax Write-offs account (2134.0000.000) that exceed the budget provision due to assessment appeals that translates into a deficit position for the corporation and this shortfall be funded from a transfer from the Assessment Appeal Reserve (7011) and if this reserve is depleted then the shortfall be funded from the Rate Stabilization Reserve (7021) and that any shortfall from Payment-in-Lieu Education Share revenue estimates be funded from a transfer from the Rate Stabilization Reserve (7021);
 8. That the Director, Finance & Treasurer be authorized to revise the funding ratio's for development charge funded projects where applicable to reflect the removal of the 10 percent statutory deduction that was eliminated through the adoption of *Bill 197, COVID-19 Economic Recovery Act, 2020*;
 9. That the Director, Finance & Treasurer be authorized at his discretion to close any current and completed prior year's capital expenditure accounts and to first apply

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- any excess funding from property taxes to any over expenditure in other accounts and to secondly transfer any remaining excess funding back to the original sources of funds;
10. That Council approve a change in funding source for capital project 5325.2105 Accessible Pedestrian Signals from 100 percent funded from the Rate Stabilization Reserve to:
- a) \$169,838 to be funded from unused provincial grant funding (Invest in Ontario and Provincial Budget) from accounts 5999.0898.1623 and 5999.0899.1623; and
 - b) \$190,562 to be funded from the Rate Stabilization Reserve (7021);
11. That Council approve the cancellation of the following previously approved Capital projects:
- a) Two 1 Ton Dump Trucks with Aluminum Body, Plow and Salter – New (Seaton) (5319.2003) - \$140,000;
 - b) Front Plow and Wing Attachments for Seaton – New (5319.2014) – \$20,000;
 - c) 1 Ton Truck with Utility Body Replacement (5319.2004) – \$110,000;
 - d) Duffin Heights Sewer (5320.1116) – \$196,612;
 - e) Whitevale Master Drainage Plan Implementation – Construction (5320.1901) – \$2,250,000;
 - f) RU-13 Salem Road – Road Reconstruction (5321.1608) – \$155,635;
 - g) RP-10 Altona Road – Sidewalks & Streetlights (5321.1909) – \$150,000;
 - h) Accessible Pedestrian Signals – 4 Locations (5325.2004) – \$360,400;
 - i) FS #2 Accessibility Upgrades & Interior Renovations (5340.1809) – \$94,875;
 - j) FS # 2 Lighting Retrofit (5340.2001) – \$60,000;
 - k) Civic Centre Backup Generator Replacement – Construction (5700.2002) – \$800,000;
 - l) CHDRC Tennis Court Flooring Replacement (5731.2004) – \$1,200,000;
 - m) Animal Shelter – Design (5219.2003) – \$881,850;
 - n) Animal Shelter – Construction (5219.2004) – \$8,273,650; and

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- o) Animal Shelter – FF&E (5219.2005) – \$300,000;
12. That Council approve an increase to the Fire Protection Cost Centre (2240) budget, in the amount of \$27,200 for the purchase of technology upgrades and the corresponding cost be offset 100 percent by Provincial Fire Safety Grant;
 13. That the Director, Finance & Treasurer be authorized at his discretion to close any capital or consulting account expenditure and corresponding revenue source that is over three years from the original purchase order date of issuance;
 14. That the Director, Finance & Treasurer be authorized at his discretion to refinance any capital expenditures that failed to meet the Federal Gas Tax reporting criteria from other sources including transfers of funds from reserves and reserve funds;
 15. That the Director, Finance & Treasurer be authorized to:
 - a) Undertake transactions in the spot or forward (12 months or less) currency markets in order to effect United States dollar denominated expenditures in the Current or Capital Budgets;
 - b) Sign leases or rental agreements (including summer rentals) on the City's behalf for the provision of vehicles or equipment required for temporary use during periods of equipment breakdown or repair or during periods of increased need (e.g. inclement weather);
 - c) Restate the 2021 Current Operating, User Fees and Capital Budgets to reflect: (i) any Council changes made at the March 22 Council meeting; (ii) any reorganization or personnel account changes (salary, benefits and overtime), (iii) reclassifications that result from salary increases or negotiated labour settlements; and
 - d) To process budget transfers during the fiscal year which do not change the overall approved property tax levy;
 16. That Council waive the Purchasing Policy where the estimated vehicle repair cost is below \$30,000 (HST excluded) for all fleet vehicles and off road vehicle equipment in 2021;
 17. That Council authorize the Director, Finance & Treasurer to administer the Community Investment Fund by following the general intent of the Community Grants program; and
 - a) That any grant funding request up to \$2,500 be jointly approved by the Chief Administrative Officer and the Director, Finance & Treasurer and any grant request above this amount be approved by Members of Council and staff report to Council regarding the use of these funds through the 2022 Budget process;

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18. That the Director, Finance & Treasurer be authorized to amend Section 06.01 b) and 06.02 b) of Policy ADM 190 such that the word “every” be replaced with “Starting in 2022”;
 19. That the Director, Finance & Treasurer be authorized at his discretion to draw from the Winter Control Reserve to fund any Current Budget deficit as a result of higher than budget winter control costs;
 20. That Council approve the continuing engagement of the firm of Watson & Associates Economists Ltd. to be used for the Five Year Capital & Operating Financial Plan; for the engagement of the new Development Charge Background Study and new Community Benefit Charge Study and in support of the DC Background Study and issues related to the City, Seaton and/or Duffin Heights;
 21. That Council approve the continuing engagement of the following firms: Nixon Poole Lackie LLP, Municipal Tax Advisor Group and Municipal Tax Equity Consultants for any studies related to the reassessment or other property tax issues and for to protect the property tax base by defending assessment appeals through proactive assessment base management;
 22. That Council approve the award of professional services in accordance with the City's Purchasing Policy Item 10: 03 (c) to Public Sector Digest Inc. for the completion of the Ontario Regulation 588 (2021) Compliant Asset Management Plan in the amount of a maximum of \$70,000;
 23. That Council approve the establishment of the WSIB Excess Indemnity Reserve Fund and that the draft by-law attached hereto for the establishment of the reserve fund be enacted;
 24. That Council approve the transfer of \$136,775 to the WSIB Excess Indemnity Reserve Fund;
 25. That Council approve the annual transfer of funds from the WSIB Reserve when its year-end balance is greater than \$4.0 million, and that these excess funds be transferred to the WSIB Excess Indemnity Reserve Fund;
 26. That the Director, Finance & Treasurer be authorized to initiate any additional assessment appeals necessary to protect the assessment base of the City;
 27. That the Director, Finance & Treasurer be authorized at his discretion to transfer any green energy rebates and revenue associated with the Claremont solar roof rental project account (1530.2620.0000) and other incentives and rebates account (2620.9993.0000) to the Reserve for Sustainable Initiatives;
 28. That Council amend the Community Grant policy as follows:

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- a) That the grant application deadline date for the 2022 Community Grant Program be October 29, 2021 to give community groups sufficient time to complete their applications;
29. That any unused funds in excess of \$1,000 for accessibility capital projects (6183) be transferred to the Reserve for Accessibility Initiatives (7053);
30. That Council approve the following to be added to the 2021 Budget to be funded from the Rate Stabilization Reserve (7021);
- a) \$35,000 for the rental of an additional radar camera; and
- b) \$150,000 for Pickering Fire Services' share of the cost for NG911 Dispatch equipment (text to 911);
31. That any unspent 2021 Local Planning Appeal Tribunal (LPAT) funds budgeted under General Government consulting account (2126.2392) be transferred to the Tennis Court Reserve (7061);
32. That Council approve the 2021 Low Income Seniors & Persons with Disabilities grant amount to be increased from \$375 to \$450 per household;
33. That Council pass the attached General Municipal Fees and Charges By-law and incorporate the user fee schedule into the 2021 Current Budget:
- a) That Council approve revising "Schedule B – Fees Payable for Building Permits" of the Building By-law with the Building Permit fees listed in the 2021 User Fee Schedule;
34. That Council approve the establishment of the 2021 COVID-19 Recovery Reserve Fund and that the draft by-law attached hereto for the establishment of the reserve fund be enacted and that the Provincial funds received be transferred to this reserve fund;
35. That the Director, Finance & Treasurer be authorized to draw from the 2021 COVID-19 Recovery Reserve Fund to maintain the City's financial and business plans due to direct and indirect affects of COVID-19;
36. That Council approve the levy allocation of the \$121,300 for Provincial accessibility requirements to the following accounts:
- | | | |
|----------------|---------------------------|----------|
| 2621.2479.0000 | Sfwr/Hdwr Maint Contracts | \$13,800 |
| 2621.2340.0000 | Seminars & Education | 7,500 |
| 2621.1100.0000 | Salaries & Wages | 70,000 |
| 2621.2399.0000 | Outside Agency Services | 30,000 |
37. That Council approve the funding of the Coordinator, Community Safety position (Cost Centre 2712), either by senior government grants or by a transfer from the Rate Stabilization Reserve (7021); and

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38. That the appropriate City of Pickering officials be authorized take the necessary actions as indicated in this report.
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Executive Summary: This report contains a summary of the 2021 Current and Capital Budgets and a discussion of the recommendations. Staff have worked hard to ensure that the 2021 Budget is respectful of each dollar contributed by taxpayers, reinvesting those revenues back into our infrastructure and the many services the City provides to our residents. The big differences between municipal government and federal and provincial governments are the number of revenue streams that fund their budgets and the impact on residents. Municipal governments have limited revenue, consisting primarily of property taxes and service fees, such as for recreation, by-law and planning. The 2021 Budget strikes a balance between providing the level and types of services that residents expect and ensuring affordability for all residents.

The 2021 Budget builds upon the success of the 2020 Budget and continues to be a good news story. It keeps property taxes affordable and provides the following benefits to our residents and community:

- Funding for a new full-time Coordinator, Diversity & Inclusion position (CAO Department).
 - Increase in seniors property tax grant from \$375 to \$450.
 - Major 2021 Capital Projects: Pickering Heritage & Community Centre, Highway 401 Road Crossing Land Acquisition, Waterfront Trail Land Acquisition, Whitevale Master Drainage Plan Improvement Construction and Rotary Frenchman's Bay West - Park Completion & Washroom Facility.
 - Increase in Capital Budget roads and bridges projects expenditures from \$4.9 million to 6.1 million - an increase of \$1.3 million or 26 percent.
 - Funding for By-law enforcement coverage at the waterfront and park areas from mid-May to Labour Day.
 - Investment of \$121,300 to help meet the new Provincial Accessibility standards for website compliance.
 - Funding of \$50,000 for mechanical harvesting of Eurasian Water-Milfoil weeds in Frenchman's Bay.
 - An increase of 3 positions for front line firefighting staff (Seaton).
 - Establishing a Community Investment Fund (\$75,000) to provide financial assistance to Pickering community groups.
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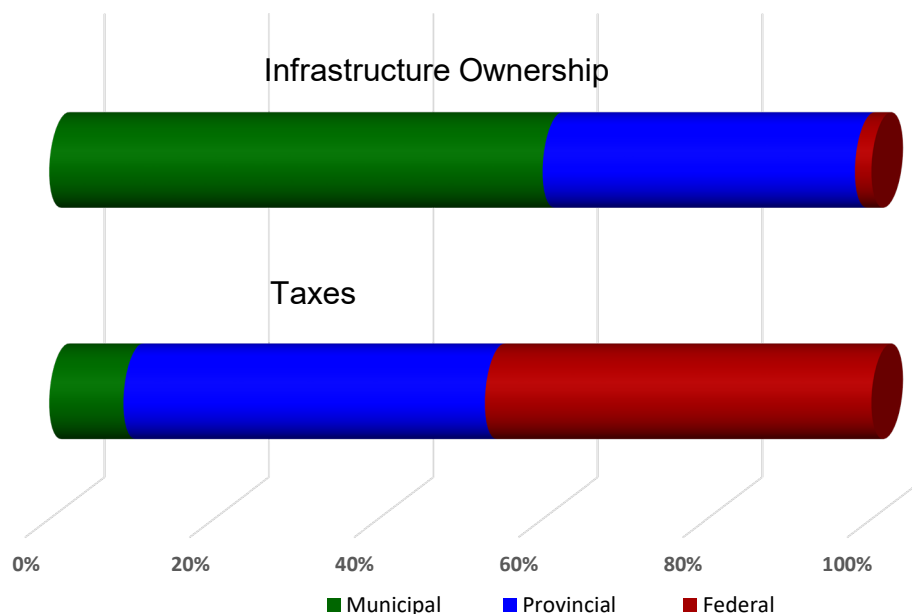
Financial Implications: The 2021 Current and Capital Budgets, if adopted as amended, will result in a property tax levy increase of 1.45 percent (City Share Only) over last year which translates into a **0.44 percent increase in the City's share of the total property tax bill.**

This increase, when combined with the Region and the School Boards increase, results in an average increase of 1.54 percent on the total property tax bill.

Discussion: At the Executive Budget Meeting, a question was raised by a Member of Council regarding general taxation and infrastructure funding. The information below addresses that question.

According to Statistics Canada, National Economic Accounts Division and the Association of Municipalities Ontario, municipalities receive a small portion of total taxes paid by individuals in Canada, when sales taxes, income taxes, property tax, etc. are considered. For example, Ontario municipalities receive only 9 cents of every dollar tax dollar raised in Canada, while the Provincial and Federal governments receive 44 cents and 47 cents respectively. In contrast to this, municipalities own approximately 60 percent of the capital infrastructure, while the Provincial Government owns 38 percent of the infrastructure and the Federal Government 2 percent.

Chart One
Ownership vs. Funding Gap



The municipal reference in the legend above includes both upper and lower tier.

It is interesting to note, that the Toronto Star editorial of March 14, 2021 makes the following comment:

“Municipal Governments are at the bottom of the pile when it comes to powers and financial resources in Canada”.

The above chart supports the statements as it relates to financial resources/taxation.

Explanation of Key Recommendations

Cancellation of Capital Projects – Recommendation 11

The capital projects listed in Recommendation 11 in many cases have been rebudgeted in the 2021 Capital Budget or included in the 2022-2025 Capital Forecast because the original budget amount was too low due to the project delay. In most cases, by rebudgeting a higher amount, the project can proceed without staff either reducing the project's scope to address the funding shortfall or trying to find additional funds to cover the project's shortfall. In other cases, the projects cancelled or deferred were dependent on senior government grant funding which was not received.

Increase to Fire Services Budget (\$27,200) – Recommendation 12

Since the start of the pandemic, Ontario's fire services have faced unprecedented challenges. In Pickering, our ability to train our Fire Services staff in a COVID environment brought with it new challenges due to restrictions on gatherings and our own commitment to best practices in an effort to curtail the spread of the virus. Additionally, our ability to conduct fire code enforcement inspections and public fire safety education classes have been slightly eroded for the same reasons.

The Provincial Fire Safety Grant will help to support Fire Services and will assist in meeting the mandates and to overcome these ongoing challenges. These grant funds are intended to provide fire departments with the flexibility to support in the two priority areas as identified above. Fire Services plans include technology upgrades to ensure that we can safely continue to conduct training for fire crews and that inspections and public education programs can safely continue for our residents and businesses. This project is in line with the grant requirements and it will ensure that Fire Services is able to continue to serve our customers/residents in the City with the services they have come to expect and deserve. Planned expenditures include items such as computer hardware and software, including desktops and rugged laptops.

Establishment of WSIB Excess Indemnity Reserve Fund – Recommendation 23

The City is a Schedule 2 employer under the *Workplace Safety and Insurance Act*, and therefore, self-insures the entire risk of its own WSIB claims, and is 100 percent liable for reimbursing WSIB for all claim costs. Every year the City budgets \$710,000 dollars for WSIB claims and any remaining dollars are then transferred to the City's WSIB Reserve Fund (7705). The 2019 year-end position of this reserve fund was \$3,930,110.

To reduce the WSIB financial risk exposure, the City purchases an Occupational Accident policy. The City previously purchased an Excess Indemnity Insurance policy, however, staff are recommending that the City establish a separate reserve fund to replace the insurance coverage from this policy. City staff consulted with an actuarial consultant regarding this strategy and they support the City adopting this plan. The Excess Indemnity Reserve Fund will be funded from two sources. The first source is from premiums that were previously paid for purchase of the Excess Indemnity Insurance and recommendation 24 is transferring \$136,775 to this reserve fund. The second source is

from the WSIB Reserve Fund (7705) whereby if the year-end balance exceeds \$4.0 million, the residual amount would then be transferred to the WSIB Excess Indemnity Reserve Fund. (This transfer is accomplished through Recommendation 25). The financial goal of the WSIB Excess Indemnity Reserve fund is to reach a balance of \$2.5 million. The budget target for this reserve fund will be reviewed in three years when the City undertakes its next actuarial WSIB liability review.

Establishment of 2021 COVID-19 Recovery Reserve Fund – Recommendation 34

On March 4, 2021 the City received unexpected good news that it was receiving \$1,598,618 from the Province. The City will receive these funds in two equal instalments – on or before May 1, 2021 and the other on or before November 1, 2021. These funds are to be used to address COVID-19 operating costs and pressures. Provincial documentation provides direction that any unused funds are to be transferred to a reserve fund to be used for any future COVID-19 operating costs. Recommendation 34 provides the Treasurer the authority to transfer or use funds from this reserve fund to mitigate any negative impacts due to COVID-19 on the City's financial and or business plans. One of the lessons learned from the pandemic is its unpredictability and its corresponding impact on municipal operations.

2021 Current Budget

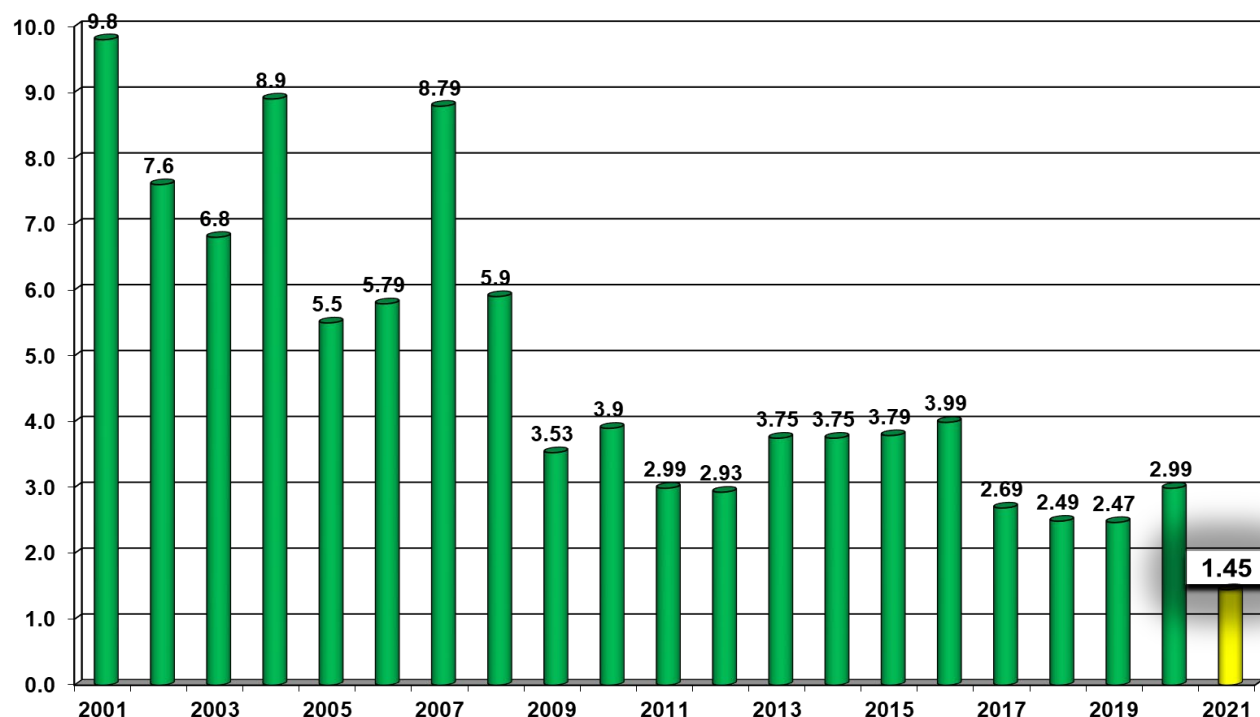
At the March 4, 2021 Executive (Budget) Committee meeting, Council was presented with a proposed budget levy increase of 1.45 percent, which was accepted by the Executive Committee. Based on an average assessment of \$612,000 the 1.45 percent increase will result in an average increase of approximately \$28.89 per year or 56 cents per week for the average single detached dwelling in Pickering. Unlike goods purchased by consumers where there is a tangible product that is received each time there is a transaction, many City services provided to residents such as park or road maintenance are not paid for as the services are used or received. For this reason, many residents may not be aware of the costs associated with the vast array of services offered by the City. Attachment 5 shows a breakdown of the average daily cost of the City's municipal services (based on the average assessed value of a single detached dwelling - \$612,000).

Tax Increase Summary

The 1.45 percent City share tax increase translates into an increase of 0.443 percent on the total residential tax bill. The 1.45 percent levy increase compares favourably to other municipalities, especially given that Pickering has had the lowest tax rate among its Durham Region Lakeshore neighbours for over **nineteen years (1998 up to 2017)** and has experienced relatively low assessment growth for many years. Adding the Region's (1.98%) tax increase and Pickering's (1.45%) and the School Board's estimated 0 percent increase, the total increase for the average residential ratepayer will be approximately 1.54 percent.

In 2000, Pickering Council approved a zero percent levy increase and since then, budget levy increases have ranged from 9.8 to 2.47 percent.

**Chart Two
Budget Levy Increases 2001 to 2021**



For the last few years, the levy increase has been under 3.0 percent. The average increase for the current term is 2.3 percent which is below the average for the last few terms.

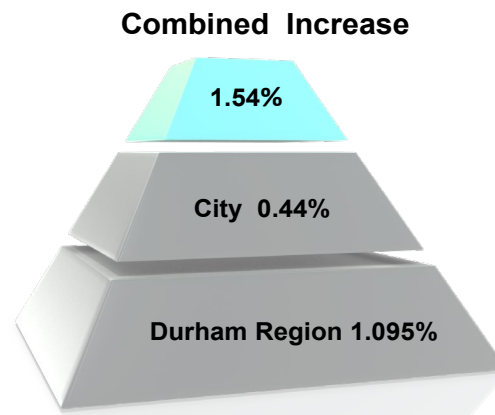
The table below provides a summary of the financial impact of the proposed 2021 tax levy increase based on various assessed values.

**Financial Impact of Budget Increase
City Share Only**

Residential Assessment	\$100,000	\$530,000	\$612,000	\$900,000
Increase (Over 2020)	\$4.72	\$25.02	\$28.89	\$42.48

The 1.45 percent City share tax increase translates into an increase of 0.443 percent on the total residential tax bill. Durham Region's 1.98 percent increase translates into 1.095 percent on the total residential property tax bill. Adding the Region's (1.095%) tax increase and Pickering's (0.44%) and the School Board's estimated 0 percent increase, the total increase for the average residential ratepayer will be approximately 1.54 percent.

Chart Three
Impact of Budget Levy Increases on Total Residential Property Tax Bill



For 2021, Pickering's levy increase was below Durham Region's.

No reassessment for 2021

The good news for Pickering residents is that there is no reassessment for 2021. (The reassessment is being deferred to 2022.) In a two tier municipal government structure, there is always going to be property tax reassessment shifts among municipalities. With Pickering's location bordering Toronto, the real estate property values have historically increased at a higher rate than those municipalities who are located further away from Toronto. In the past, an uneven increase in property values has resulted in property tax shifts among lower tier municipalities. On the front page of the Final Residential Property Tax Bill, on the bottom left corner, is a schedule entitled "Explanation of Tax changes from 2019 to 2020". This schedule includes a line called Tax change due to Reassessment and for 2021 and this line should be zero for this year.

At the February 22, 2021 Council meeting, Council adopted a motion related to the correspondence from the Manager of Finance/Treasurer from Perth County. The Perth County correspondence lamented that the reassessment was deferred to 2022 further complicating the assessment challenges that are specific to a weighted farmland residential property tax base. His argument is that for Perth County, the last reassessment, resulted in a property tax shift to the farmland class. Therefore, the arguments being put forth are: reassessment should not be delayed and that for the next reassessment, Perth County is reasoning that there will be a reassessment shift away from the farmland class. For Pickering, farmland accounts for 0.3 percent of the property tax base. Therefore, the assessment issues of Perth County are not related to Pickering and as stated in the previous paragraph, not having the reassessment likely benefits Pickering residents.

Risk Analysis

As one looks forward, it is extremely difficult to project future year budget requirements with a high level of certainty. The most significant uncertainty remains the ongoing financial impacts from the COVID pandemic. There remains a significant risk that expenditures and revenues may take a longer period to return to historical levels. In some cases, COVID related impacts might cause certain services to establish a new normal resulting in corresponding budget increases in future years. The introduction of the higher level of cleaning within City facilities may become a permanent standard for the City to adopt.

2021 Challenges and Opportunities

Outstanding Assessment Appeals

There is currently **\$2.0 billion in outstanding assessment appeals** for the commercial and industrial property tax class for the City. These are multi-year appeals that range from 2013 up to 2020. These appeals are mostly for large commercial and industrial properties with complex valuations that often have interests from multiple parties.

The appeal schedules are set by the Assessment Review Board and the appeals can take years to resolve. The ARB made some progress in 2020 due to the fact the multi – year appeal for the Pickering Town Centre (PTC) was settled. It is staff's understanding that the only outstanding appeal for PTC is for the year 2020.

Any assessment appeals that are not settled during the current year are automatically deemed outstanding for the 2021 taxation year. Every year these appeals remain outstanding, the settlement cost increases, creating **additional financial risk to the Corporation**. For the last few years, staff have budgeted for the outstanding commercial and industrial appeals and any funds remaining from these prior years has accrued to fund anticipated settlements in 2021. If the budget provisions are insufficient to fund the reductions, the City would draw on the Assessment Appeal reserve to fund any shortfall.

Development Charge and Community Benefit Studies

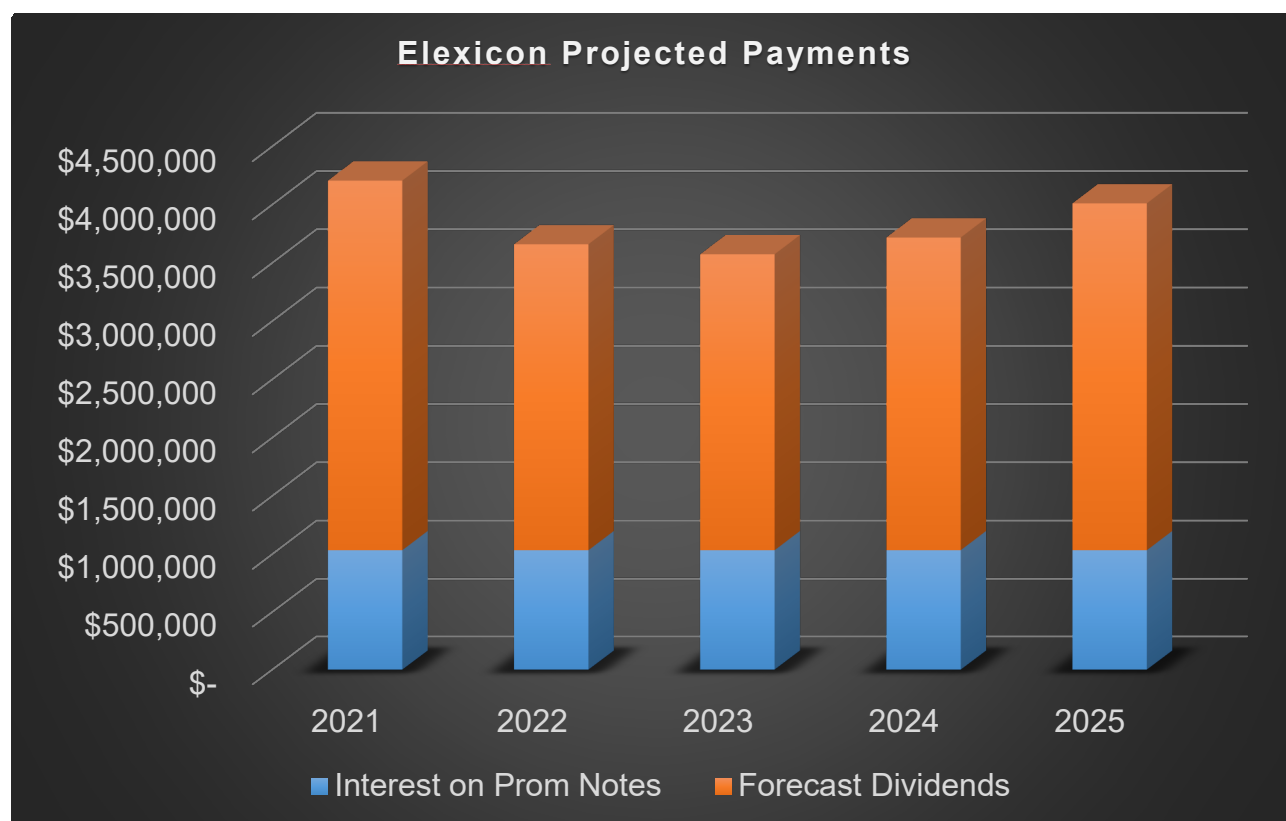
In the Finance Department budget, there is funding for \$80,000 to undertake the a Development Charge and Community Benefits Study. The DC and CBC studies are funded 100 percent from the Development Charges Reserve Fund.

The Province of Ontario has recently made changes to the *Development Charges Act* and *Planning Act* and provided a transition period of until September 18, 2022 to comply with the changes. The City needs to complete a new Community Benefit Charge Study before this date and prepare a new DC background study to reflect the changes in legislation and to allow the City to continue to collect DC's after the expiry of the current DC By-law on December 31, 2022. The work plan is to commence both studies in the fall with a target completion date of second quarter 2022. This is a major inter-departmental project that will draw resources from almost every City department. Currently, funding for the new animal shelter is under the Development Charges

Protective Services component and the City cannot use this funding source once the new DC By-law is adopted. The finance strategy is to replace some of DC funding with the Community Benefit Charge (CBC) for the Animal Shelter. However, you have to complete the Community Benefits Study before you can apply the CBC. It should be noted that the CBC can only be charged to buildings with more than 4 floors or have in excess of 10 residential units.

Ellexicon Revenues & Forecast 2021 to 2024

On January 28, 2021, the CAO and the Director Finance & Treasurer attended a meeting by Ellexicon Corporation where they presented their 2021 budget and a financial forecast for the years 2022 up to and including 2025. The financial information from that meeting as it relates to dividends and interest income (promissory notes) is presented below.



The City holds \$25.069 million of Ellexicon promissory notes. The income from promissory notes is based on an interest rate of 4.13 percent and the interest rate is approved by the Ontario Energy Board (OEB). The 2019 accounting book value of the City's Ellexicon investment, is \$96.376 million.

The financial plan is to use the Rate Stabilization Reserve to mitigate the decrease in dividend payments for the years 2022, 2023 and 2024. Therefore, the draft financial plan for 2022 will include an additional draw of approximately \$547,000 from the rate stabilization reserve.

2021 User Fees and Charges Schedule

Every year, the City reviews its user fees, mainly for various recreational and cultural programs, to partially reflect the cost of delivering these programs. Council passed Resolution # 149/03 confirming the City's existing user fees through a specific by-law. This By-law has been updated as part of each year's budget process. Other fees have been introduced for virtual programs due to the pandemic.

User Fees and Charges have been established so that those who benefit directly from programs and services contribute to the cost of the service. The City's user fees and charges have been updated for 2021 to reflect such things as inflationary increases, adjustments to ensure greater cost recovery and updates based on comparable fees in neighbouring municipalities. Members of Council should note that due to the pandemic, the implementation of the Council approved sports field permit hourly increase of September 2020 will be deferred to November 2023. As such, the user fee schedule of 2021 includes the sports field (seasonal) user fees of November, 2019. **Therefore, the deferred implementation of hourly sports field permit fees is estimated to save community and sports groups approximately \$170,000 in 2021.**

Asset Management

Maintaining public infrastructure in a state of good repair is a significant responsibility and cost for municipalities. Critical investments in our assets at the right time help extend the life of the assets and lower the overall cost of ownership while ensuring that the assets remain current and safe for public use. These assets are used to provide residents, businesses, employees and visitors access to services including transportation, recreation, culture and economic development and have a direct link on the quality of life for Pickering residents.

Every year, the City has been increasing its funding of reserves and reserve funds to ensure that it has the dollars available or required to purchase the replacement of the critical and core assets. For 2021, the Draft Budget as submitted to Council includes additional funding for the roads and bridges reserve fund; storm water management reserve fund, vehicle replacement reserve, animal shelter reserve fund and tennis court reserve.

Please find below a quick snapshot of select Durham Lakeshore municipalities measuring the consumption of their assets. A ratio of over 50 percent means that the City has consumed more than half of the asset's life.

Table One
Asset Consumption Ratio

	2014 (%)	2015 (%)	2016 (%)	2017 (%)	2018 (%)	2019 (%)
Whitby	35.40	36.80	37.80	38.40	38.90	39.09
Clarington	37.90	38.00	38.80	40.00	40.69	40.92
Oshawa	38.60	39.10	39.90	40.60	42.45	44.08
Pickering	52.00	50.30	50.60	50.20	50.40	47.86

The Ministry of Municipal Affairs considers a ratio of 26 to 50 percent moderately new and 51 to 75 percent to be moderately old. As the above data indicates, the City is making progress on replacing its old assets. As the above ratio indicates, the City has consumed less than 50 percent of its assets.

2021 Tax Rates

As has been the case for the last few years, the 2021 Property Tax rates and corresponding levy By-law will be presented to Council after the City has received the education tax rates from the Province.

2021 Capital Budget

This year the draft Capital Budget is \$73.0 million. Major capital projects in 2021 include the Pickering Heritage and Community Centre (\$29.1 million), Highway 401 Road Crossing Land Acquisition - Phase 2 (\$14.5 million), Waterfront Trail Land Acquisition (\$3.1 million), Whitevale Master Drainage Plan Improvement Construction (\$3 million), Rotary Frenchman's Bay West - Park Completion & Washroom Facility (\$3 million) and many bridge and road resurfacing and reconstruction projects (\$3.1 million).

Five Year Capital & Operating Financial Plan

The City's growth continues to drive a variety of capital investments that will have a significant impact on the future of the community. These are capital projects that will either provide the community with benefits in the short-term or capital projects that will provide supporting amenities for a growing community. All of these capital investments are needed, however, there are competing priorities with limited funding that needs to be considered in the development of the capital financial plan. The overall goal of this financial exercise is to maintain **good financial management**.

From a high level perspective, the financial exercise will consider the following inputs: construction costs, operating cost impact of the capital projects and asset management costs for the replacement of existing infrastructure. For capital project costs, the financial exercise will also examine the funding strategies of these projects as it relates to debt, development charge funding and other financing sources such as casino "gaming" revenues, naming rights and community fundraising. The study will also examine the

City's debt capacity as it relates to the Annual Repayment Limit (ARL) to ensure that the City is compliant with Provincial legislation. The capital project costs being considered for this exercise are: City Centre; Highway 401 Road Crossing; Animal Shelter; Seaton Community & Library Centre; Pickering Heritage & Community Centre; Civic Complex Renovation and Replacement of Fire Hall #5. In addition, staff will also consider other debt financed capital projects identified in the capital forecast to ensure that the City is either compliant with the ARL or develops a strategy to address this issue.

The end result of the financial exercise is to produce a financial "road map" with possible options for Council to consider in the context of "Council required actions" and possible increases to the tax levy for future years. One of the challenging aspects of this exercise is that assumptions have to be made regarding the "post pandemic environment" and its impact on City operations.

Municipal Debt Limits and Annual Repayment Limit (ARL)

Managing the debt capacity or dollar borrowing amount is important to the City due to the financial limitations imposed by the Province through the Annual Repayment Limit or (ARL). (The *Municipal Act* regulation permits a maximum of 25 percent of net operating revenues to be used to fund principal and interest charges for debt. A municipality can only exceed the 25 percent limit through prior approval from the Local Planning Appeal Tribunal).

For Pickering, the net operating revenues consists of the following major items:

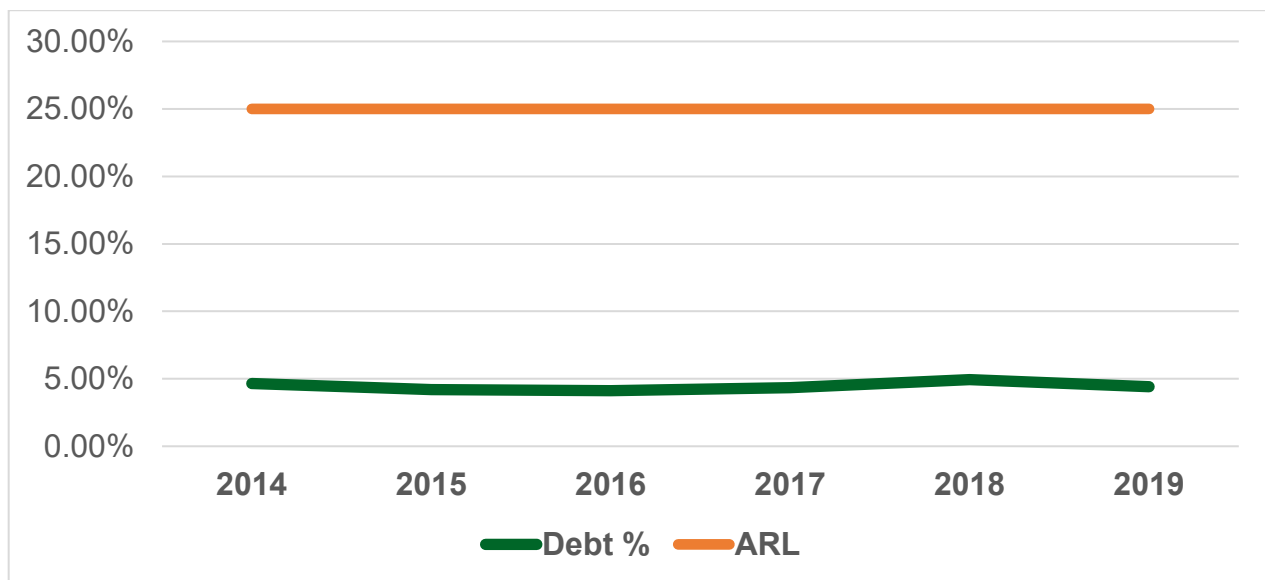
- property tax revenue
- user fees & charges
- fines, penalties & interest on taxes
- license fees, permit fees & rents
- gaming & casino revenues

As stated above, every year the budget levy increases, the City's annual repayment limit increases that in-turn results in a higher debt borrowing capacity or dollar amount. The City's annual repayment limit for 2021, based on the prescribed calculation and using the City's 2019 Financial Information Return (FIR) was \$23.447 million. The proposed 2021 budgeted annual debt payments (interest and principal) is \$6.027 million and therefore, the City had \$17.45 million in unused debt payment capacity before hitting the 25 percent cap.

As Members of Council are aware, the 2020 pandemic has resulted in a decrease in revenues generated by user fees and charges, especially for the Community Services Department. Therefore, a possibility exists that the City's debt borrowing capacity could decrease based on 2020 financial results for the fiscal year 2022. However, for the following year (2023), you could also see a significant increase in debt borrowing capacity with the introduction of casino revenues as part of the 25 percent revenue calculation.

Please find below a historical comparison of the City's annual debt cost (that includes principal and interest) in relation to the ARL. The source of the data was the annual FIR, Schedule 81 for each respective year. The 2020 financial information is currently not available due to the fact the City is still processing its 2020 closing adjustments. As the chart below indicates, the City has been operating slightly below the 5 percent level of its debt limit.

Chart Four
City's Debt Measured Against the ARL Limit



It is estimated that the 2021 year-end financial data should reflect an upward direction of the slope of the line due to Council's approval of the following two major debt financed projects: Chestnut Hill Developments Recreation Complex Renovation and Seaton Fire Hall.

Debt Payments and Debt Financing of Capital Projects

The 2021 Current Budget includes \$5.2 million of taxpayer funded debt charges (interest and principal), excluding the City Centre project. The taxpayer funded debt charges represent 7.2 percent of the 2021 property taxes levied. In other words, for every dollar collected - 7 cents is applied to debt charges.

A high level summary of the City's debt, excluding the City Centre project is presented below:

Debt Summary	Millions (\$)
2020 Debt	
External Debt Commitments	\$33.4
External DC Debt	8.7
Internal Loans	<u>1.9</u>
Total 2020 Commitments	\$44.0
Add: 2021 Debt Commitments	
External Debt	\$11.4
New Internal Loans	<u>1.6</u>
Total Debt Commitments	<u><u>\$57.0</u></u>

The 2021 debt financed Capital Projects, are listed below.

External Debt and Internal Financing of Capital Projects

City of Pickering 2, 5, 10 and 20 Year Debt Financing 2021 Capital Budget		
Capital Project Code	Debt - 2 Years (\$)	Description
5321.2101	\$2,175,000	Hwy 401 Road Crossing – Land Acquisition – Phase 2
Total Two Year Debt	\$2,175,000	
Capital Project Code	Debt - 5 Years (\$)	Description
5731.2101	\$200,000	CHDRC Lobby & Core Area Renovations - Contingency
Total Five Year Debt	\$200,000	
Capital Project Code	Debt - 10 Years (\$)	Description
5700.2107	\$247,500	Civic Complex Parking Garage Ramp Replacement
Total Ten Year Debt	\$247,500	
Capital Project Code	Debt - 20 Years (\$)	Description
5719.2101	\$11,391,900	Pickering Heritage Community Centre - Construction
Total Twenty Year Debt	\$11,391,900	
Total Debt Financed Projects	<u><u>\$14,014,400</u></u>	

Borrowing or debt financing should not be viewed as a negative. The proper use of debt is an essential component of prudent fiscal strategy. The use of debt promotes intergenerational equity. By borrowing, Pickering can distribute the cost of the asset over the lifetime of the asset.

2022 – 2025 Capital Forecasts

The City's 2022 – 2025 Capital Forecast outlines the City's current financial plan. Provided below is a breakdown of the various funding sources related to the capital forecast.

Draft 2021 Capital Budget and 2022-2025 Capital Forecast (\$M)

	2021 Budget Amount	2022-2025 Planned Amount	Total	% Total Funding
Development Charges	\$25.0	\$165.9	\$190.9	42.6
Debtenture Financing	14.0	109.8	123.8	27.6
Other	4.3	4.7	9.0	2.0
Reserve & Reserve Funds	25.4	73.4	98.8	22.0
Federal Gas Tax	3.6	14.8	18.4	4.1
Capital from Taxation	<u>.7</u>	<u>6.9</u>	<u>7.6</u>	<u>1.7</u>
	\$73.0	\$375.5	\$448.5	100%

As shown above, the City is relying on a substantial level of development charge funding and debt financing for the City's future capital needs. The debt amount can change over time with increasing contributions to reserves.

Attachments:

1. By-law to Confirm General Fees and Charges 2021
2. By-law to Provide for the Establishment of a Reserve Fund to be Known as the WSIB Excess Indemnity Reserve Fund
3. By-law to Provide for the Establishment of a Reserve Fund to be Known as the 2021 COVID-19 Recovery Reserve Fund
4. Budget Presentation, March 4, 2021
5. Average Daily Cost of Municipal Services

Prepared By:

Approved/Endorsed By:

Original Signed By:

Original Signed By:

James Halsall
Manager, Budgets & Internal Audit

Stan Karwowski
Director, Finance & Treasurer

Recommended for the consideration
of Pickering City Council

Original Signed By:

Marisa Carpino, M.A.
Chief Administrative Officer

The Corporation of the City of Pickering
By-law No. XXXX/21

Being a by-law to amend By-law No. 6191/03
to confirm General Municipal Fees

Whereas the Council of the Corporation of the City of Pickering enacted By-law 6191/03, as amended, on October 14, 2003 to confirm general municipal fees.

Whereas Schedule "I" to By-law 6191/03 was updated and replaced under By-law, 6338/04, By-law 6519/05, By-law 6652/06, By-law 6677/06, By-law 6748/07 By-law 6857/08, By-law 6951/09, By-law 7032/10, By-law 7119/11, By-law 7194/12, By-law 7268/13, By-law 7339/14, By-law 7411/15, By-law 7478/16, By-law 7542/17, By-law 7605/18; By-law 7679/19 and By-law 7740-20;

Now therefore the Council of the Corporation of the City of Pickering hereby enacts as follows:

1. Schedule "I" to By-law Number 6191/03, as amended, is hereby deleted and Schedule "I" attached hereto is substituted therefore.

By-law passed this 22nd day of March, 2021.

David Ryan, Mayor

Susan Cassel, City Clerk

The Corporation of the City of Pickering
By-law No. XXXX/21

Being a By-law to Provide for the Establishment
of a Reserve Fund to be Known as the WSIB
Excess Indemnity Reserve Fund.

Whereas under the Municipal Act, S.O., 2001 as amended, Section 417(1), the Council of the City of Pickering may establish and maintain a reserve fund for any purpose for which it has authority to expend funds; and

Whereas it is desirable for the City of Pickering to establish such a reserve fund for the purpose of paying potential claims and other related costs arising out of extraordinary WSIB claims such as multiple injuries arising from one incident, severe burns or paraplegic or quadriplegic claims.

Now therefore the Council of the Corporation of the City of Pickering hereby enacts as follows:

1. That the establishment of a reserve fund known as the WSIB Excess Indemnity Reserve Fund is hereby authorized.
2. That WSIB Excess Indemnity Reserve Fund shall be used to pay potential claims and other related costs arising out of extraordinary WSIB claims.
3. That the financial goal of this fund is to reach a balance \$2.5 million, subject to actuarial valuations of the City's future WSIB liabilities.
4. That the Interest earned on the investment of fund balances shall form part of this reserve fund.
5. That this By-law shall come into force on the date of its enactment.

By-law passed this 22nd day of March, 2021.

David Ryan, Mayor

Susan Cassel, City Clerk

The Corporation of the City of Pickering
By-law No. XXXX/21

Being a By-law to Provide for the Establishment
of a Reserve Fund to be Known as the 2021
COVID-19 Recovery Reserve Fund.

Whereas under the Municipal Act, S.O., 2001 as amended, Section 417(1), the Council of the City of Pickering may establish and maintain a reserve fund for any purpose for which it has authority to expend funds; and

Whereas it is desirable for the City of Pickering to establish such a reserve fund for the purpose of capturing 2021 COVID-19 Recovery Grant Funding received from the provincial government to be used for 2021 and/or future COVID-19 operating costs and pressures.

Now therefore the Council of the Corporation of the City of Pickering hereby enacts as follows:

1. That the establishment of a reserve fund known as the 2021 COVID-19 Recovery Reserve Fund is hereby authorized.
2. That the 2021 COVID-19 Recovery Reserve Fund shall consist of grant monies received from the Province from the COVID-19 Recovery Funding for Municipalities program.
3. That the 2021 COVID-19 Recovery Reserve Fund shall be used to address the City's 2021 and/or future COVID-19 operating costs and pressures.
3. That the Treasurer has the discretion to draw from this fund to maintain the City's financial and business plans due to direct and indirect affects of COVID-19.
4. That the Interest earned on the investment of fund balances shall form part of this reserve fund.
5. That this By-law shall come into force on the date of its enactment.

By-law passed this 22nd day of March, 2021.

David Ryan, Mayor

Susan Cassel, City Clerk

2021 Draft Current & Capital Budgets



City of
PICKERING

Executive (Budget) Committee
March 4, 2021

pickering.ca

Introduction

Two Themes:

- A Budget Presentation
 - Budget Assumption
 - Financial Snapshot
 - Budget Impact on Residential Taxpayer

 - Budget Impact on the Commercial/Industrial Taxpayer

 - Capital Budget
 - Budget Report and Housekeeping Items

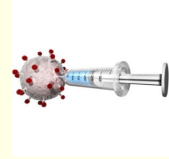
- B Pickering's Social Conscience – Financial Measure

City of
PICKERING

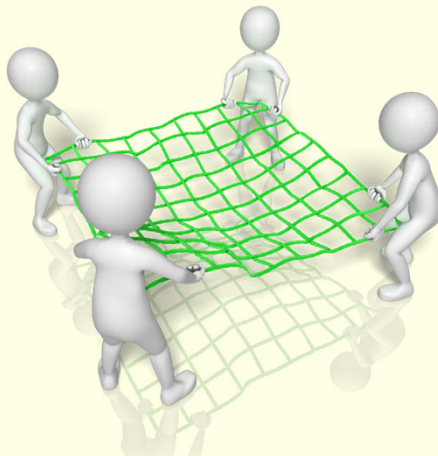
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2021 Budget Assumption

- COVID Restrictions remain for Q1, Q2, Q3.
- Vaccine (that is effective against variants) is distributed to large percentage of population by September.
- City moves to the “New Normal” transitioning in Q4
Budget reflects traditional City Events:
 - Remembrance Day Service
 - Tree Lighting
 - Santa Claus Parade
 - New Year’s Eve Countdown

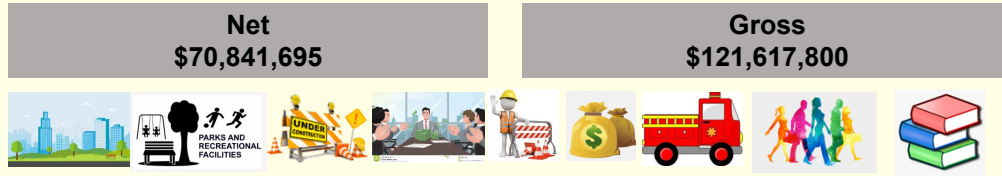


What are the Financial Implications if the Budget Assumption is “Off Target”?

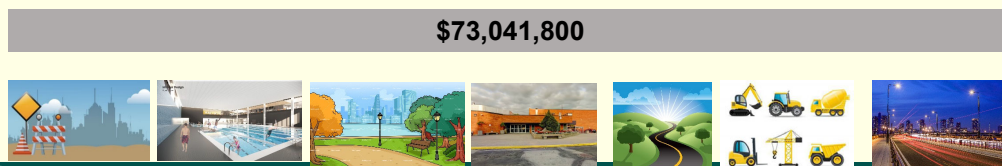


2021 Budget Financial Snapshot

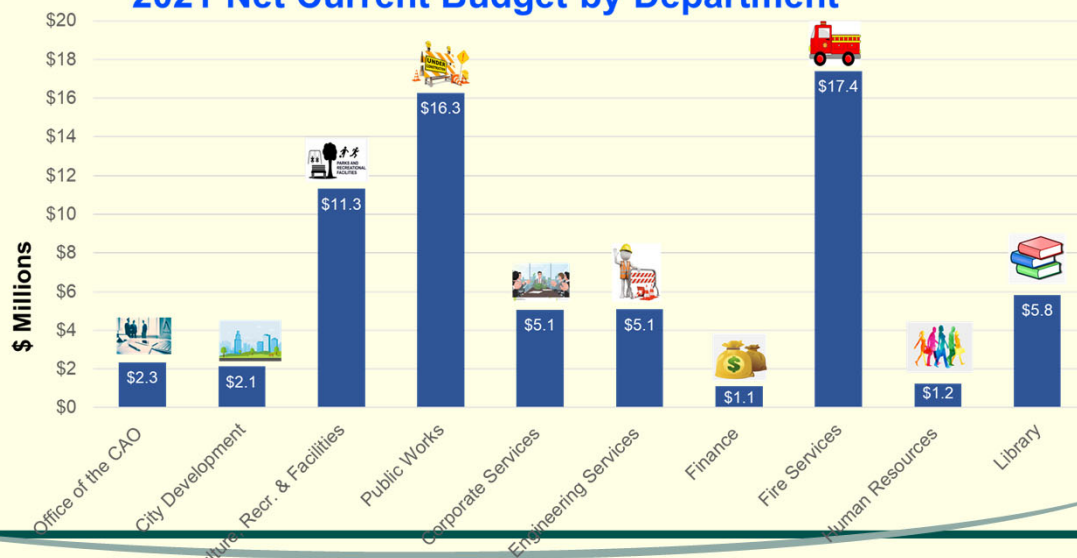
2021 Recommended Current Budget



2021 Recommended Capital Budget



2021 Net Current Budget by Department



2021 Budget Snapshot

	2020 Budget	Increase (Decrease)	2021 Draft Budget	
A Total City Revenues	(\$44,173,039)	(\$2,831,265)	(\$47,004,304)	-4.05%
B Total City Expenditures	115,501,660	6,116,140	121,617,800	8.76%
C Net City (Line A Minus B)	\$71,328,621	\$3,284,875	\$74,613,495	4.70%
One-Time Funding				
D Rate Stabilization Reserve	(\$1,500,000)	0	(\$1,500,000)	0.00%
E Provincial Restart Funding (Phase 1 & 2)		(2,802,100)	(2,802,100)	-4.01%
F Sub Total (Lines D to E)	(\$1,500,000)	(\$2,802,100)	(\$4,302,100)	-4.01%
G Base Budget (Line C Minus F)	\$69,828,621	\$482,775	\$70,311,395	0.69%
Growth Related Increases				
H 3 Fire Fighters For New Seaton Fire Hall		\$283,000	\$283,000	0.41%
Service Level Increases				
I Waterfront By-law Enforcement		51,000	51,000	0.07%
J Investment to Meet Accessibility Compliance		121,300	121,300	0.17%
K Community Investment Fund		75,000	75,000	0.11%
L Sub Total (Lines H to K)		530,300	530,300	0.76%
M Budget Levy Increase (Line G + L)		\$1,013,075	\$70,841,695	1.45%

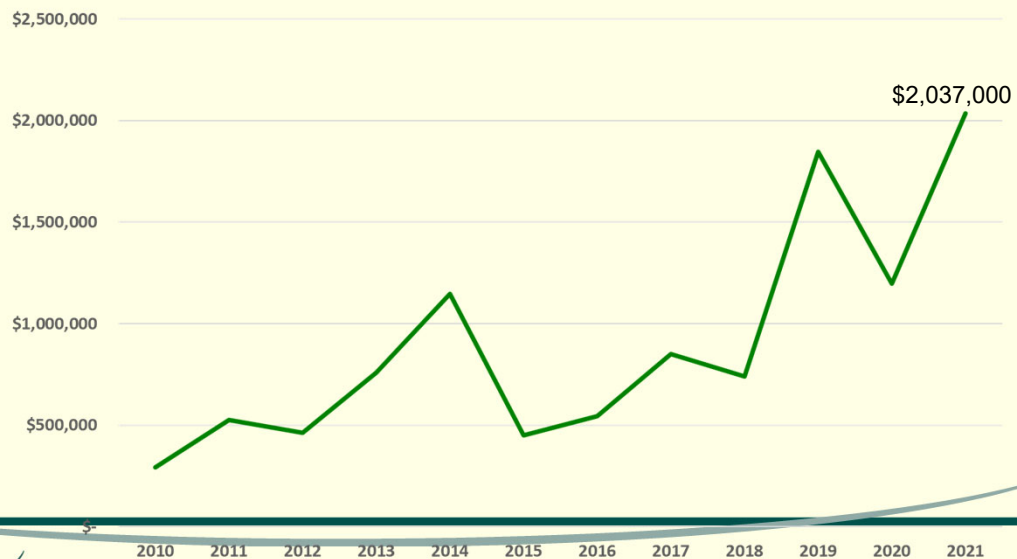
City of
PICKERING

2021 Impact on Residential Tax Bill

0.44%

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Assessment Growth



City of
PICKERING

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Fire Services Overtime & Seaton Staffing Strategy



**24 Hour Shifts
Start
Jan 1, 2015**

Council Approved Hiring
Cumulative

2017 2018 2019 2020

**Budget
2021**

**Projected
2022 2023**

2

2

2

3

3

4

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4

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9

12

16

20

2021 Other Key Current Budget Highlights

\$50,000- Mechanical harvesting of Eurasian Water-Milfoil (weeds in Frenchman's Bay)

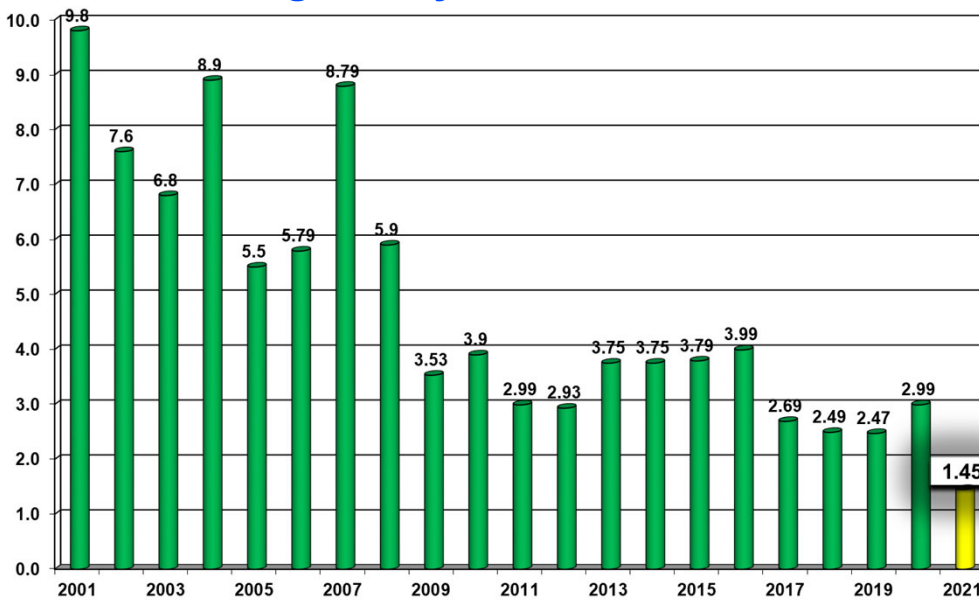
\$25,000 – Concrete gaming structures for 3 City parks

\$85,000 – Diversity & Inclusion consultant to facilitate the completion of a Diversity & Inclusion strategy

Target Hiring Date Q2 - For a full time coordinator, Diversity & Inclusion Position

\$746,000 - Increase in Contribution to reserves & reserve funds

Budget Levy Increases 2001 to 2021



Term	Average Property Tax Increase Per Term
2006 to 2009	6.0%
2010 to 2014	3.4%
2015 to 2018	3.2%
Current	2.3%

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2021 Budget Levy Increase Comparison with Our Durham Lakeshore Neighbours

	City/Town Share (%)	Total Residential Tax (%)
Oshawa	1.41	NA
Pickering	1.45	0.44
Whitby	1.61	0.55
Clarington	2.04	0.67
Ajax	3.07	0.95

How is the Residential Tax Bill Allocated?

Pickering	30.60%
Durham Region	55.03%
School Boards	14.37%



Residential Tax Bill

Pickering Share

Budget Levy Impact on Total Residential Property Taxes

Proposed 2021 Levy Inc.

Percentage of Allocation

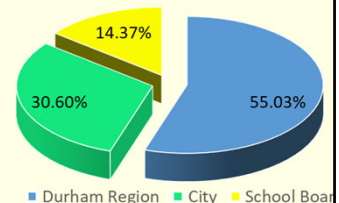
Increase on Total Tax Bill

City
Share

1.45%

30.60%

0.44%



Budget Levy Impact on Total Residential Property Taxes



Financial Impact of Budget Levy Increase

Residential Assessment	\$ 100,000	\$ 530,000	\$ 612,000	\$ 900,000
Increase over Last Year	\$ 4.72	\$ 25.02	\$ 28.89	\$ 42.48

The residential assessment value is based on a market valuation date of January 1, 2016.

Impact of **Delayed** Reassessment on Residential Property Taxes

Last Year

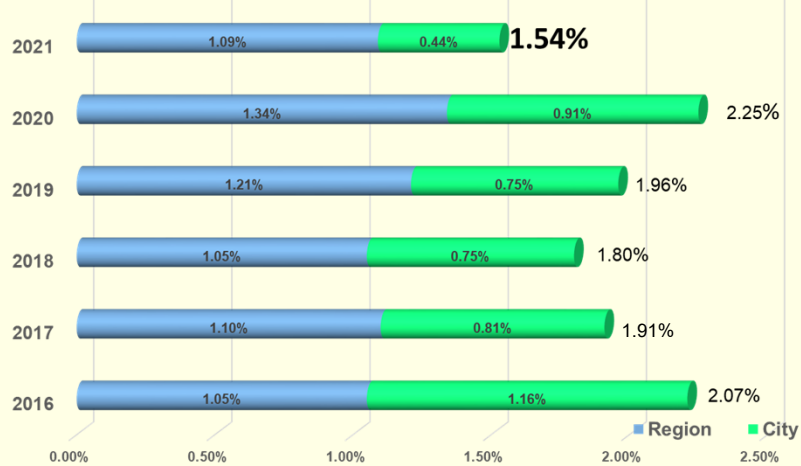
Explanation of Tax Changes From 2019 to 2020 Residential, Farmland, Pipelines & Managed Forests	
Final 2019 Levies	5,396.17
*2019 Annualized Taxes	5,396.17
2020 City Levy Change	48.16
2020 Region Levy Change	69.15
2020 Prov. Education Levy Change	0.00
2020 Tax Change due to Reassessment	9.14
**Final 2020 Levies	5,522.62
Total Year-Over-Year Tax Change	126.45

For 2021, the reassessment is being delayed to 2022. Therefore, there should be no financial impact due to reassessment.

The highlighted line should be ZERO for 2021.



Pickering's 2021 Budget Levy Increase On The Total Residential Tax Bill



Average Daily Cost of Municipal Services: \$5.55*

22.82% Fire Services 	\$1.27	17.86% Roads 	\$0.99	7.53% Library 	\$0.42	7.72% Parks & Property 	\$0.43
6.76% Debt Services 	\$0.37	5.77% Community & Rec. Centres 	\$0.32	4.99% Corporate Services 	\$0.28	4.97% Culture & Recreation - Other 	\$0.28
2.74% City Development 	\$0.15	1.54% Mayor, Council & Council Support 	\$0.09	1.23% Streetlights 	\$0.07	1.14% Recreation Programs 	\$0.06
0.68% Animal Services 	\$0.04	0.64% Customer Care 	\$0.04	1.10% Museum 	\$0.06	0.51% Crossing Guards 	\$0.03
1.63% Arenas 	\$0.09	0.33% Community Grants 	\$0.02	0.91% By-law Services 	\$0.05	9.12% All Other Areas 	\$0.51

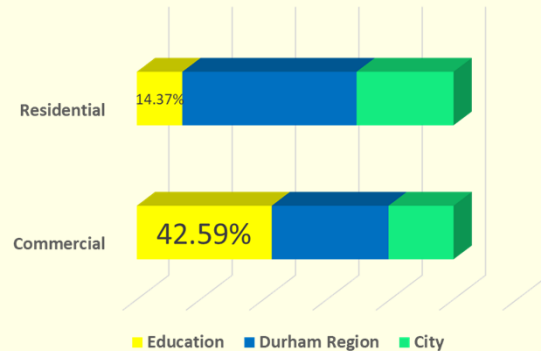
* Calculated based on the average of \$612,000 for a single detached residential property.

Budgetary Impact on Commercial/Industrial Property Owner

In November 5, 2020 Budget Statement, the Provincial Government announces significant reductions in the Business Education Tax Rate.

The tax reductions are significant because the "Education Share" is the largest component of the property taxes.

	2020 Education Tax Rate	2021 Education Tax Rate	Percentage Decrease
Commercial	0.0098	0.0088	10.20%
Industrial	0.0125	0.0088	29.60%

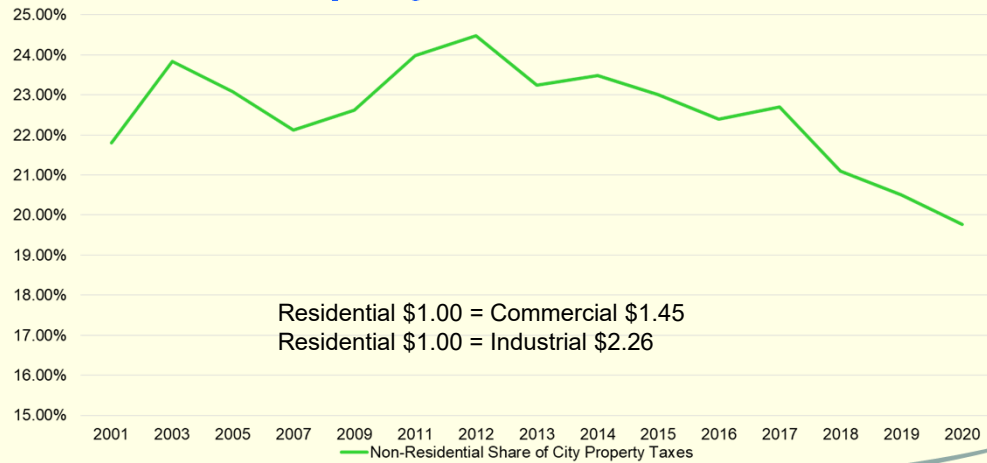


Budgetary Impact on Commercial/Industrial Property Owner

Example	2020 Total Property Taxes	Est. 2021 Total Property Taxes	Savings	Percentage Change
A Stand Alone Fast Food	\$ 42,179	\$ 40,779	\$ 1,399	3.31%
B Strip Plaza	\$ 84,496	\$ 81,695	\$ 2,800	3.31%
C Industrial Building	\$223,388	\$ 199,063	\$24,325	10.89%

Reduction is due to the Provincial initiative to reduce the education taxes.

Non Residential Assessment as a % of the Total Property Assessment Base



Pickering's Debt Picture

	Original Borrowed Amount (\$)	Outstanding Principal Balance
A Total "Issued" Debt Commitments-Dec. 31, 2020	\$45,528,000	\$ 30,575,692
Add:		
B Debt Funded Projects from Prior Year's Budgets		13,482,180
C 2021 Debt Funded Projects		<u>12,999,400</u>
D Estimated City Debt Commitments - December 31, 2021		<u>\$ 57,057,272</u> *

Pickering's Debt & Debt Capacity

The Province through O. Reg 403/02 establishes the municipality's debt limit. Using the 2019, Council approved financial statements, the Province has calculated, that the Upper City's debt repayment limit cannot exceed \$23.4 million.

	Interest Rate	4.00%	4.50%	5.00%
	Term	20 Year	20 Year	20 Year
Upper Borrowing Capacity Limit		\$317.00	\$305.00	\$292.00
Less:				
2021 Est. Debt Commitments		<u>57.06</u>	<u>57.06</u>	<u>57.06</u>
Available Debt Capacity		<u>\$259.94</u>	<u>\$247.94</u>	<u>\$234.94</u>

5 Year Financial Strategic Plan

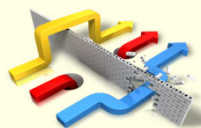
Cost Inputs



Revenue Inputs



Options

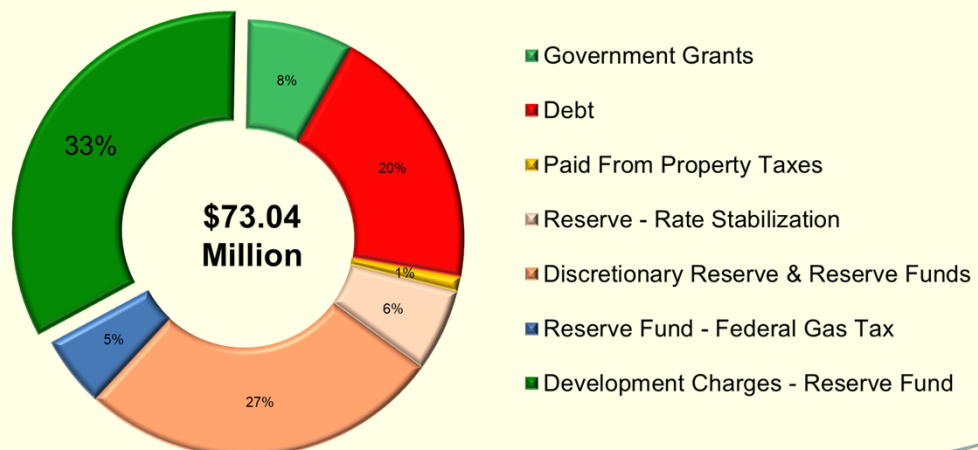


Capital Budget Summary

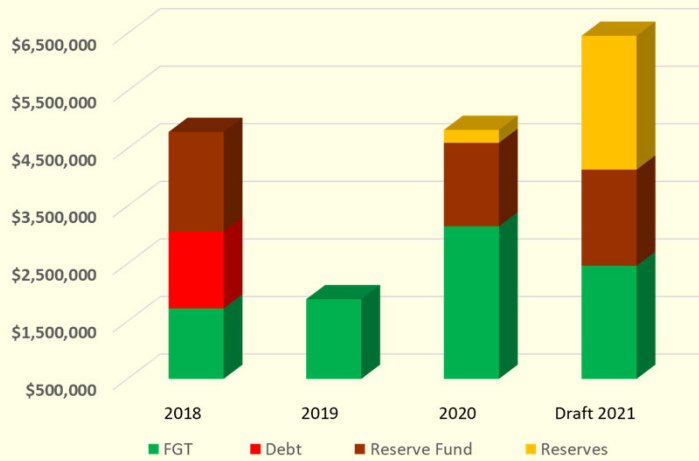
Major Capital Projects of Interest:

- Pickering Heritage & Community Centre
(Combined Museum, Community Centre and Library Archives)
- Waterfront Trail Land Acquisition
- Whitevale Road & Drainage Improvements
- Frenchman's Bay West Park
(Pedestrian Walkway & Washroom Facility)

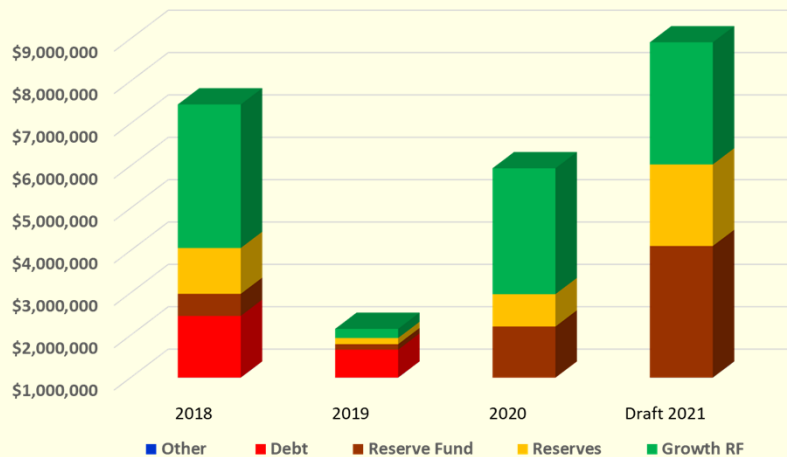
City of Pickering 2021 Capital Budget by Financing Source



Roads & Bridges Program 2018 to 2021



Parks Program 2018 to 2021



User Fees

Goal

To charge comparable fees where there are other comparable municipal comparisons. User Fees are reviewed every year as part of the budget process.

The User Fee schedule provides a summary of the City fees including all proposed changes.

Deferral of Sports Field user permit fees from seasonal to hourly.
User Fees proposed to be set at November 2019 rates.

Community & sports groups will save approximately \$170,000 per year.



2021 Budget Communication Statistics

- Capital budget posted on the website on Feb 5th.
- Current budget posted on the website on Feb 22nd.
- Community Page ad ran four times starting February 4th.

Social Media

Posted to corporate Facebook, Twitter and Instagram
Available @CityofPickering

Facebook

- 13,136 people reached

Twitter

- 3,715 impressions

Instagram

- 1,666 people reached

2021 Budget Report (Housekeeping)

Recommendations will include the following:

1. Council to confirm that the budget was developed using the cash basis of accounting as per Ontario Regulation 284/09.
2. Any committee decisions to be re-allocated to their proper cost centre for accounting and expenditure control purposes.
3. Grant housekeeping recommendations – change application deadline to October 29th.
4. Increase seniors grant amount from \$375 to \$450.
5. The budget report will seek Council's approval to establish an Excess Indemnity Reserve Fund.

Measuring Pickering's Social Conscience



Residential Property Tax Deferral Program

Program approved by Council on January 25, 2021 (FIN 02-21).

Program will defer property tax payments that were due at the end of February and April to the end of May. **(3 Month deferral)**

To qualify for the program, your property taxes had to be in good standing from February 29, 2020 or up-to-date by December 31, 2020.

Provide verifiable documentation to demonstrate financial hardship related directly to the COVID-19 pandemic through prolonged suspension of pay, reduction in pay, or loss of employment

Update on Residential Property Tax Deferral Program

Communication Strategy

Advertised in the Community Page (February 11 & 18)

Promoted in Interim Property Tax Brochure (approximately 16,000 copies)

Promoted on Social Media using Facebook, Twitter and Instagram

Social Media Statistics

Facebook - 10,029 reached (the number of individuals who saw the ad)

Instagram – 1,503 individuals reached

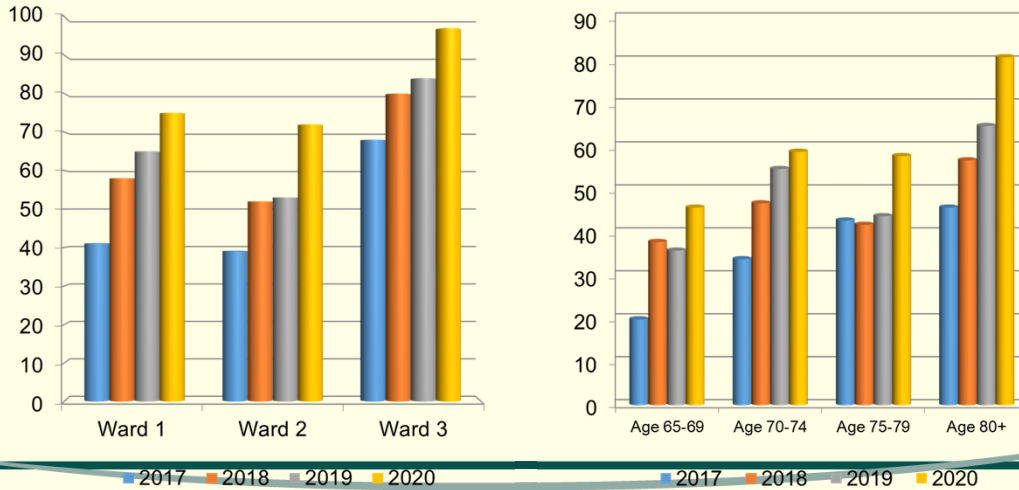
Twitter – 838 impressions

The Pickering News Advertiser ran a story on the Program in early February

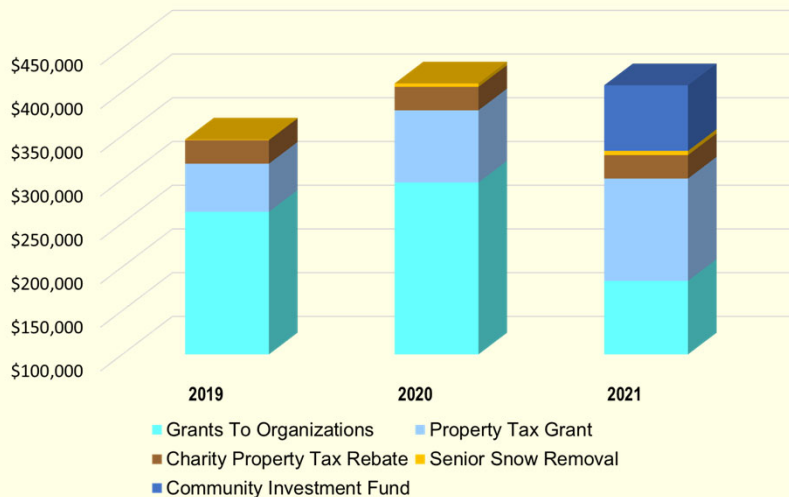
Next Step:

Promoted through mailing of Arrears Notices in March

Low Income Seniors/Persons with Disabilities Property Tax Grant Statistics



Social Conscience – A Financial Measure



Pickering's financial "giving" is equivalent to 0.58% levy

THANK
YOU

— City of —
PICKERING

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pickering.ca



2021 Draft Budget Average Daily Cost of Municipal Services

Average Daily Cost of Municipal Services: \$5.55*

22.82% Fire Services 	\$1.27	17.86% Roads 	\$0.99	7.53% Library 	\$0.42	7.72% Parks & Property 	\$0.43
6.76% Debt Services 	\$0.37	5.77% Community & Rec. Centres 	\$0.32	4.99% Corporate Services 	\$0.28	4.97% Culture & Recreation - Other 	\$0.28
2.74% City Development 	\$0.15	1.54% Mayor, Council & Council Support 	\$0.09	1.23% Streetlights 	\$0.07	1.14% Recreation Programs 	\$0.06
0.68% Animal Services 	\$0.04	0.64% Customer Care 	\$0.04	1.10% Museum 	\$0.06	0.51% Crossing Guards 	\$0.03
1.63% Arenas 	\$0.09	0.33% Community Grants 	\$0.02	0.91% By-law Services 	\$0.05	9.12% All Other Areas 	\$0.51

* Calculated based on the average assessed value of \$612,000 for a residential property.