



Durham Budget

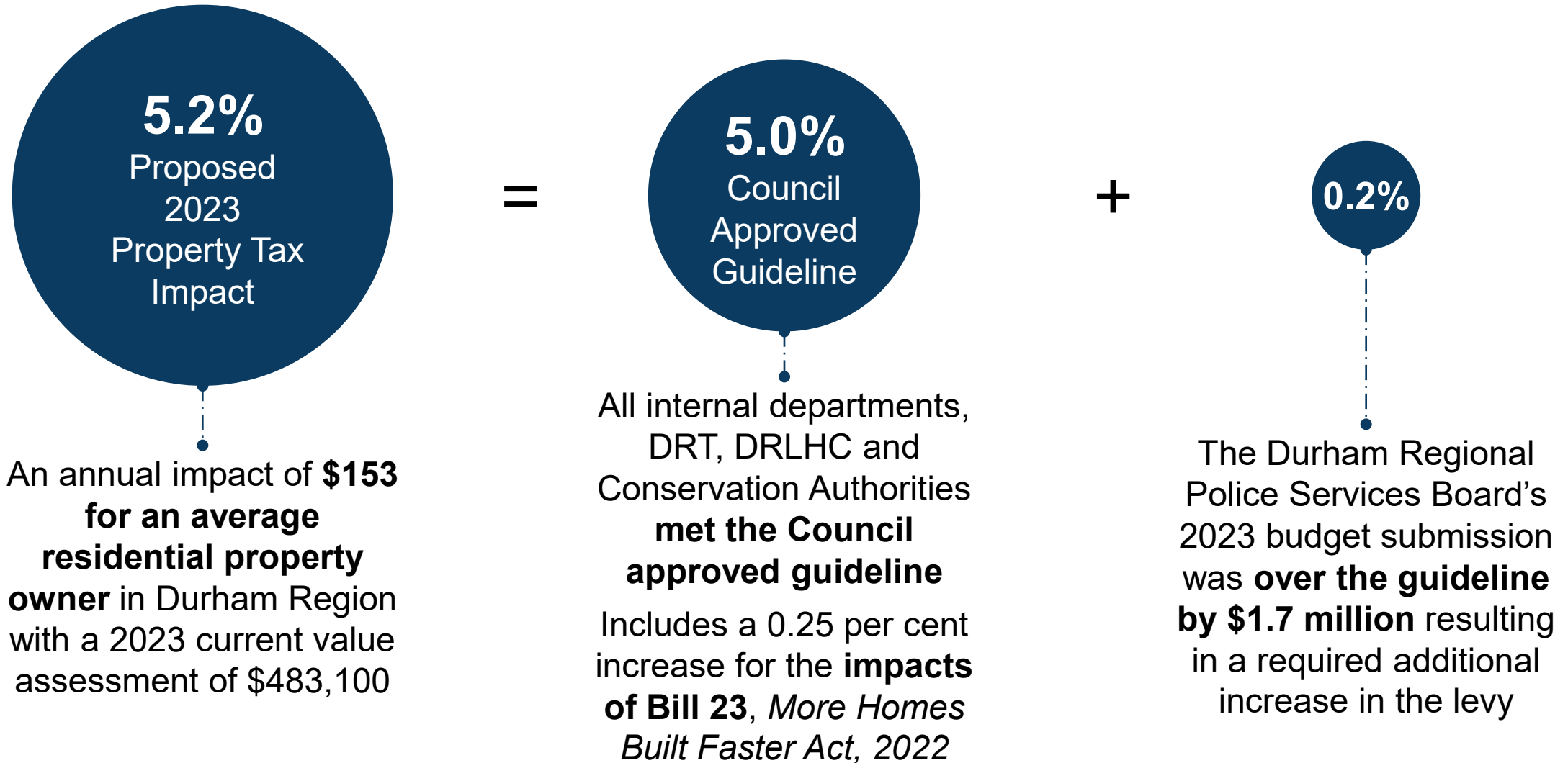
2023

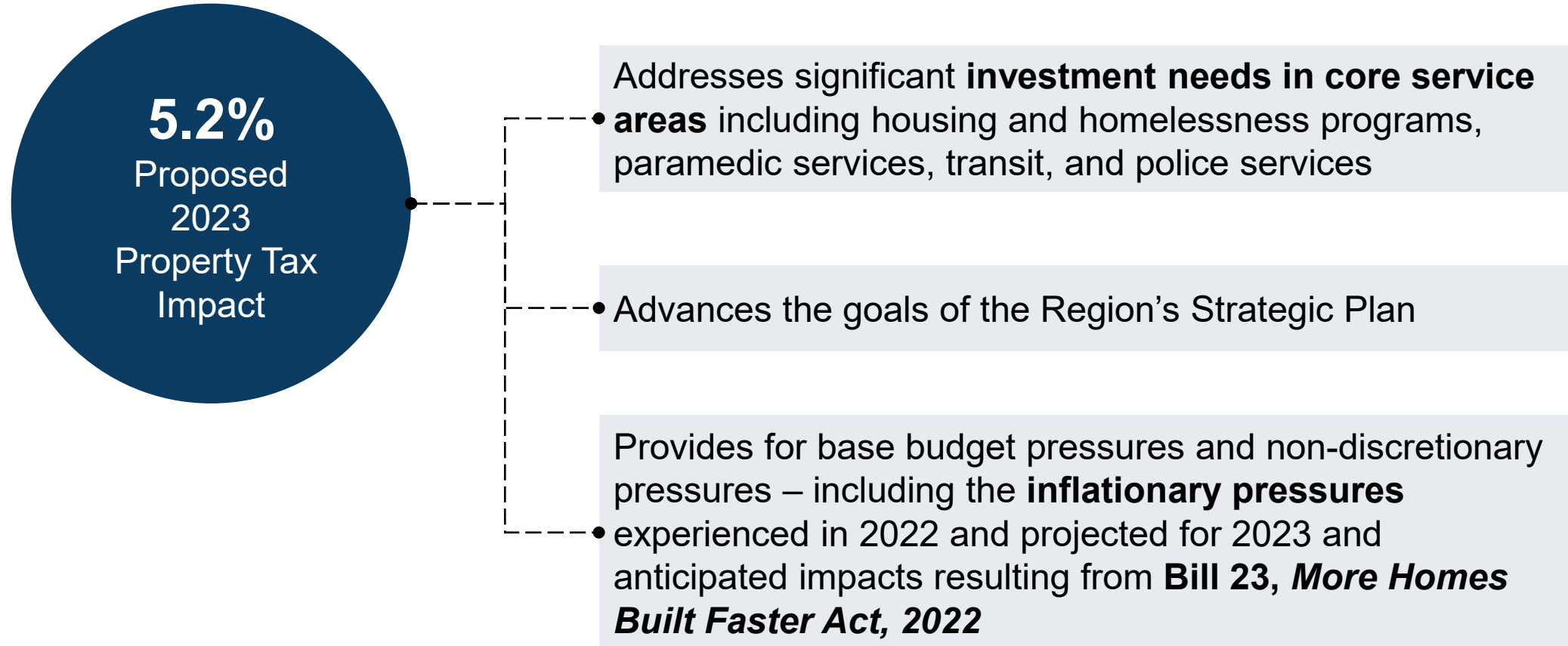
2023 Property Tax Supported Business Plans and Budgets

Finance and Administration Committee

March 21, 2023

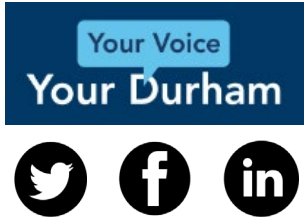
Proposed 2023 Property Tax Increase



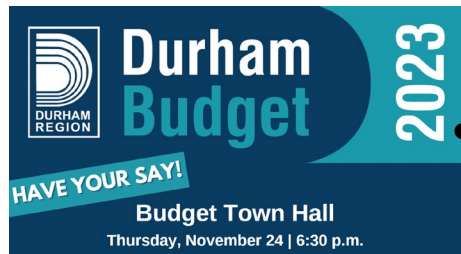


The proposed budget has identified and included the sustainable use of reserves and reserve funds, development charges, provincial and federal gas tax and debenture financing to fund one-time items and major capital expenditures to mitigate property taxation impacts and deliver on Council priorities

The Budget Modernization Project continues to focus on engaging with more residents and businesses in new and different ways to encourage their input on the Region’s Business Plans and Budget including:



Updating the Region’s online presence and social media campaign to allow residents to ask questions and provide comments online in a **convenient and intuitive manner**



Hosting a **Virtual Town Hall** on Thursday November 24, 2022 where more than 14,000 Durham Region residents joined over the phone and online to provide over 125 questions, comments and feedback on key priorities - a 25% increase from the prior year

Highlights of the areas of focus include:
affordability, housing and homelessness, roads, planning for growth and transit



Updating the award-winning **Value Stories Videos** which highlight the details of the Region’s Budget and the outcomes of these budget investments have on residents and businesses



Updating the **Budget Spotlight** to provide a visual summary of the service metrics and investments included in the approved budget

Housing and Homelessness Investments

	2023 Budget (\$,000's)			Increase Over 2022 Budget (\$,000's)		
	Regional Funding	Non-Regional Funding*	Total Funding	Regional Funding	Non-Regional Funding*	Total Funding
Homelessness Support Programs	\$6,269	\$15,071	\$21,340	\$4,935	\$3,950	\$8,885
Housing Programs	\$55,034	\$18,990	\$74,024	\$11,531	\$7,002	\$18,533
DRLHC**	\$14,185	\$7,721	\$21,906	\$166	\$184	\$350
Total Investment	\$75,488	\$41,782	\$117,270	\$16,632	\$11,136	\$27,768



Homelessness Support Programs



At Home Incentive Program



Social Housing Redevelopment



Rent Supplements



Community Housing Provider Payments

* Non-Regional Funding include provincial funding, federal funding, rents and other misc. funding

** Does not include one-time 2022 non-tax capital project financing of \$20.877 million towards major energy retrofit project. For clarity the \$1.363 million in tax levy funding for this project has been included.

»» Total investment of \$117.3 million – an increase of \$27.8 million (31.0 %) from 2022 approved budget

»» Total Regional investment of \$75.5 million – an increase of \$16.6 million (28.3%) from the 2022 approved budget

- \$62.3 million is funded from property taxes (approximately 8.1% of the overall Regional Levy)

Paramedic Services Service and Financing Strategy (2023 – 2032)



Endorsed by Regional Council on March 1, 2023
([Report #2023-COW-7](#))



To respond to population growth, increased calls for service, significant hospital offload delays, support employee wellness and sustained resilience and to improve current response times. 2023 investments include:

- 4 new 12-hour shifts providing 48 hours of additional paramedic services daily
- additional health and wellness supports for paramedics
- additional supervisory and support staff for a growing paramedic service
- capital investments including funding for the Clarington Station, new South Whitby Station and North Durham Station



Projected to require annual property tax increases of between half to three quarters of a per cent per year on the overall Regional tax levy over the term of the plan

Transit Service and Financing Strategy (2023-2032)



Endorsed by Regional Council on March 1, 2023
([Report #2023-F-5](#))



To enhance service, fully electrify the fleet by 2037, implement new infrastructure and passenger amenities and fare modernization. 2023 investments include:

- 27,178 additional transit service hours
- procurement of 22 electric buses
- strategic planning activities to support DRT's long-term planning and continuous improvement efforts



Projected to require annual property tax increases of approximately 2 per cent per year on the overall Regional tax levy over the term of the plan

In addition to investments in critical service areas there are a series of strategic investment required to deliver critical services and programs to a growing and diverse community of residents and businesses

Environmental Sustainability

- Investments to implement Corporate Climate Action Plan including deep energy retrofits
- Continue to implement the Durham Greener Homes Program
- Implement the Region's Long-term Waste Management Strategy

Economic Prosperity

- Continue to advance transit-oriented development opportunities
- Implement 2023 to 2027 Ready Set Future – A PLACE Blueprint for Durham, a five-year Economic Development and Tourism Strategy and Action Plan
- Complete Envision Durham – the Region's Official Plan Update

Service Excellence

- Implement the Works Depot Rationalization study
- Continue implementation of Service Durham, modernizing our customer service delivery and providing a seamless customer experience
- Investments to improve Regional locates program in alignment with recent study
- Advance the Technology and Cyber Risk Management program

Social Investment

- Implement provincial and federal government's Canada-Wide Early Learning and Child Care Plan
- Implement Provincial Integrated Employment Services Program
- Relocation of the Breast Feeding Clinic and creation of dedicated vaccination clinic space
- Support two new Regional operated childcare centres

Community Vitality

- Increase investment in Durham Regional Police Services
- Develop new Diversity, Equity and Inclusion Strategy
- Undertake an equity audit
- Identify areas for reconciliation and culture safety relevant to Indigenous residents and employees
- Support the Community Safety and Well-Being (CSWB) Plan
- Enhance the level of care and supports for residents of the Region's long-term care homes including additional resources to support 4.2 hours daily of direct nursing care on average across all homes
- New Regional long-term care home in North Pickering (Seaton)
- Expand Durham Vision Zero program by adding two new mobile and two new fixed automatic speed enforcement cameras and \$1.7 million in capital works
- Implement recommendations contained in the Regional Cycling Plan
- Engage stakeholders to implement the Durham Region Opioid Response Plan
- Improve access to oral health services for eligible low-income seniors through the Ontario Seniors Dental Care Program

The 2023 Budget responds to a number of base pressures that are required to continue to deliver the Region's existing programs and services including:

- ! Significant **inflationary pressures** in 2022 and projected for 2023
- ! Capital **cost escalations**
- ! Staff and service **contract cost** increases
- ! COVID impacts
- ! Transition of responsibility for prosecution of Part III and Part IX Provincial Offences to the Region from the province
- ! Changes in **provincial and federal funding**
- ! **Bill 23, More Homes Built Faster, 2022** impacts
- ! The **annualization** of 2022 budget decisions and **decisions approved in-year**

To accommodate these base pressures while investing in critical service areas all possible financing sources were taken into consideration to maximize opportunities for permanent base support such as the sustainable use of reserves and reserve funds

2023 Capital Budget and Nine-Year Forecast

	2022 Approved Budget	2023 Proposed Budget	Forecast					Forecast Total
			2024	2025	2026	2027	2028-2032	
Capital Expenditures								
Property Tax Supported Capital Expenditures	492,767	497,773	580,629	460,201	363,639	314,714	1,490,851	3,210,034
Capital Financing								
General Levy	29,533	35,793	53,938	82,949	95,298	108,669	405,755	746,609
Development Charges	69,645	78,435	71,296	91,812	96,641	80,712	389,213	729,674
Reserves and Reserve Funds	152,486	135,612	227,435	145,295	141,158	102,856	533,525	1,150,269
Debentures	134,300	129,549	55,390	126,504	30,538	21,475	153,315	387,222
Subsidy/Grant	102,345	103,749	168,883	13,525	-	-	-	182,408
Other Financing	4,458	14,635	3,687	116	4	1,002	9,043	13,852
Property Tax Supported Capital Financing	492,767	497,773	580,629	460,201	363,639	314,714	1,490,851	3,210,034

- ››› 2024 capital forecast to be updated to include most recent information on Bill 23 impacts, increased growth projections and updated DC Background Study and By-law
- ››› Region is entering into a period of significant investment in a number of major capital projects for which the Region has been accumulating financing in reserve and reserve funds over the last number of years
- ››› Need to continue to increase tax levy investment in capital for sustainable asset management work
- ››› Increase use of reserves, reserve funds and debenture financing projected over the ten-year capital plan



Investment /
Household
to Replace
all Assets
\$73,435

Based on current projections of planned investments – as well as known risks and pressures - the Region is facing a **tax levy increase of approximately 5% annually over the forecast period**



Strategic Investments Pressures

- Social Housing Redevelopment
 - Housing and Homelessness Supports
- Seaton Long-term Care Home
 - Two new Directly Operated Childcare Centres
- Achieving GHG emissions reduction target
- Advancing critical investments in DRPS
 - Lakeshore GO East Extension
 - Etc.



Implementing long-term service and financing strategies

- Paramedic Services Masterplan Review and Implementation Strategy
- Durham Region Transit's Long-Term Investment Plan



Bill 23, *More Homes Built Faster Act, 2022*

Significant resource requirements to plan for and implement the level of growth directed by the Province to achieve the home construction targets



Forecasted Pressures

Asset Management Pressures

Overview of 2023 Regional Budget

The annual Business Plans and Budget outlines the cost of delivering a wide range of essential programs and services. It ensures resource allocations are aligned with Regional Council’s strategic objectives and balance service, infrastructure and legislative requirements within a framework of financial stability and transparency.

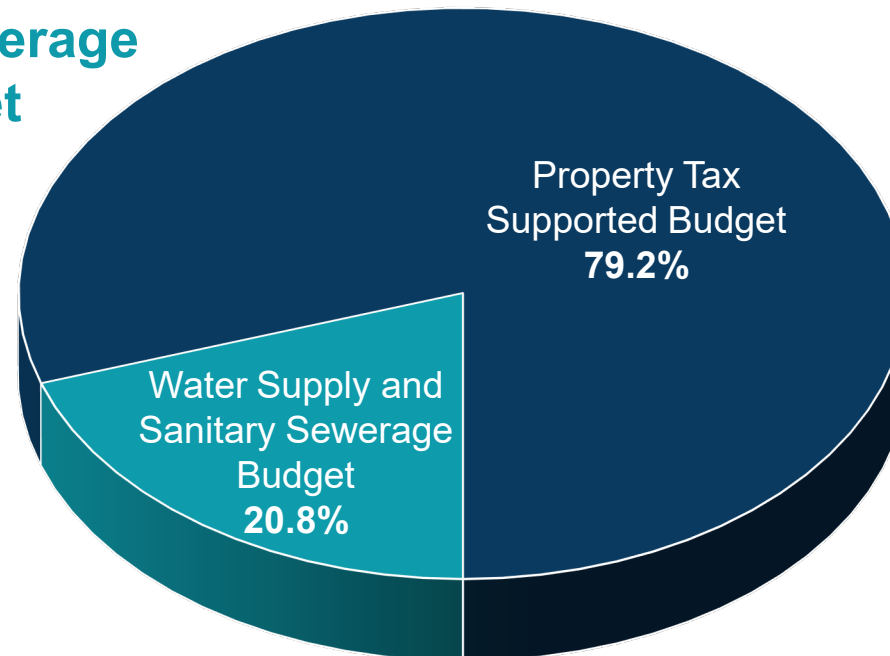
2023 Recommended Budget - \$2.4 billion

Water Supply and Sanitary Sewerage Business Plans and Budget
\$0.5 billion

Property Tax Supported Business Plans and Budget
\$1.9 billion

Water and Sewer Bill

THE REGIONAL MUNICIPALITY OF DURHAM		WATER AND SANITARY SEWER BILL	
PERIOD BILLED TO		SERVICE ADDRESS	
ACCOUNT NUMBER		Average Residential Customer	
<small>PLEASE QUOTE THE NUMBER WHEN INQUIRING CURRENT WATER METER READING</small> PREVIOUS WATER METER READING		DESCRIPTION Water Consumption \$61.60 Water Service Charge \$55.44 Total Water Charges \$117.04	AMOUNT Sanitary Sewer Usage Charge \$98.56 Sanitary Sewer Service Charge \$20.70 Total Sewer Charges \$119.26
<small>UNMETERED FIRE LINE SIZE</small>		AMOUNT DUE NOW \$236.30 2% LATE PAYMENT CHARGE EFFECTIVE AFTER AMOUNT DUE AFTER DATE SHOWN	



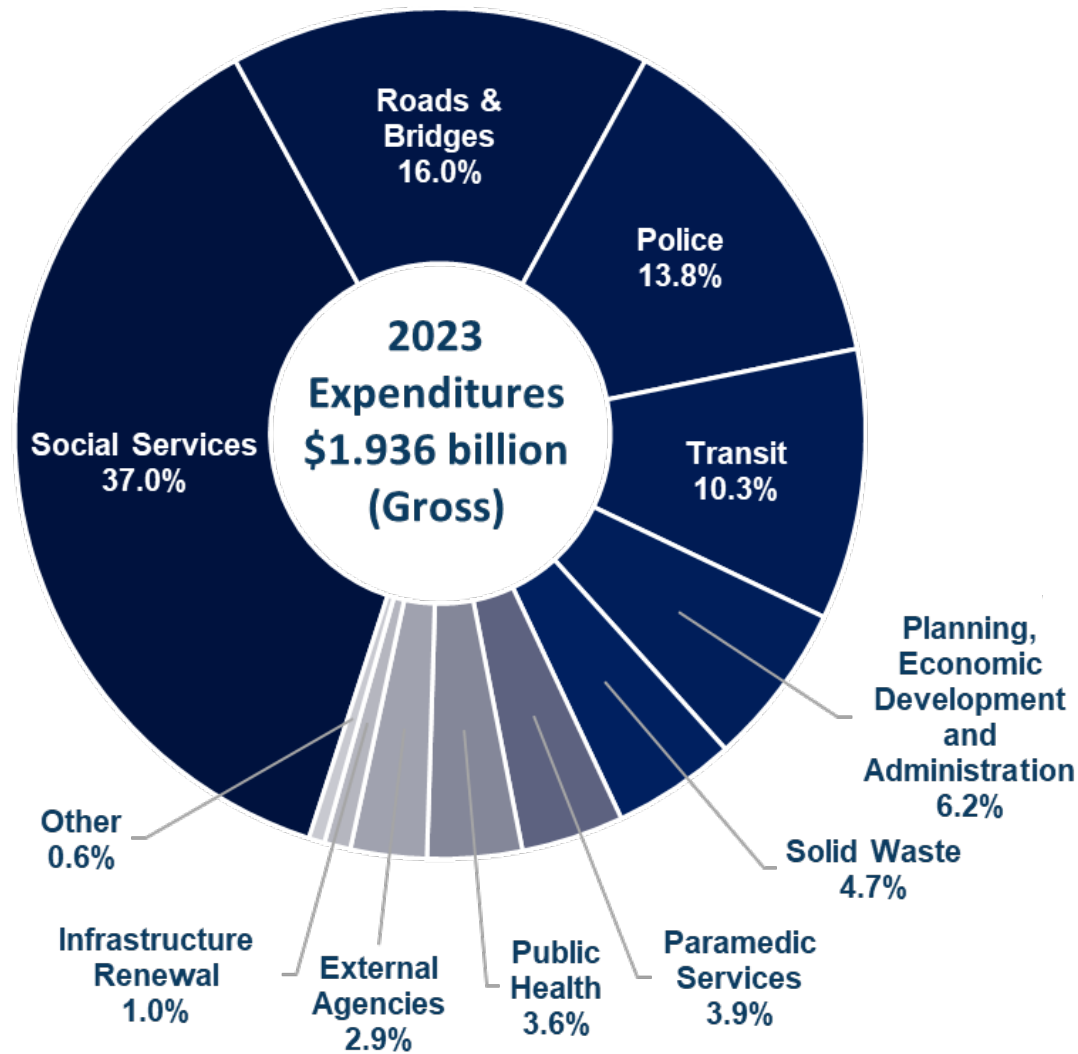
Property Tax Bill



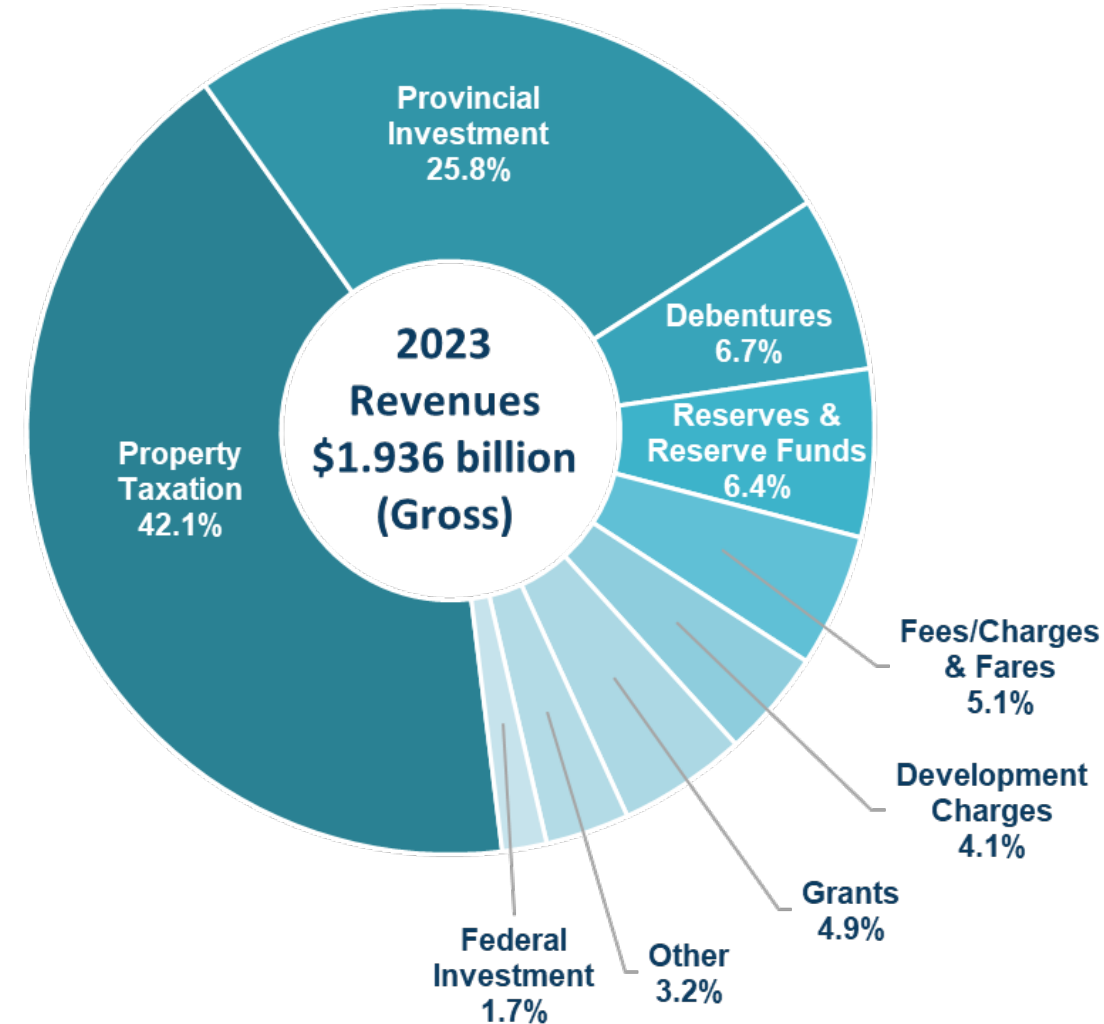
- ➔ Durham Region Municipal
- ➔ Local Municipal
- ➔ Provincial Education

Regional Property Tax Supported Budget

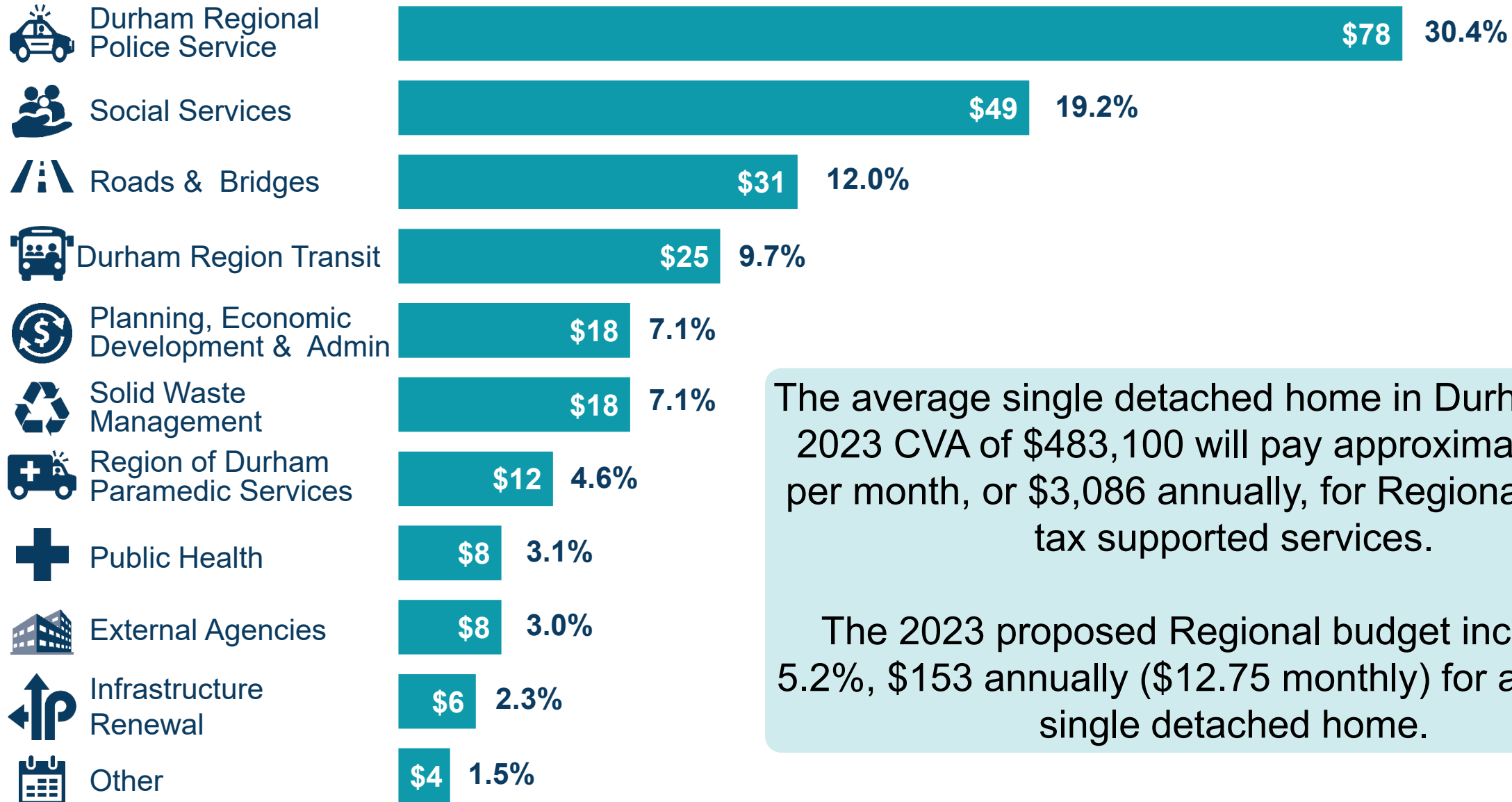
2023 Recommended Gross Expenses



2023 Recommended Gross Funding



2023 Regional Property Taxes: Average Home



The average single detached home in Durham, with a 2023 CVA of \$483,100 will pay approximately \$257 per month, or \$3,086 annually, for Regional property tax supported services.

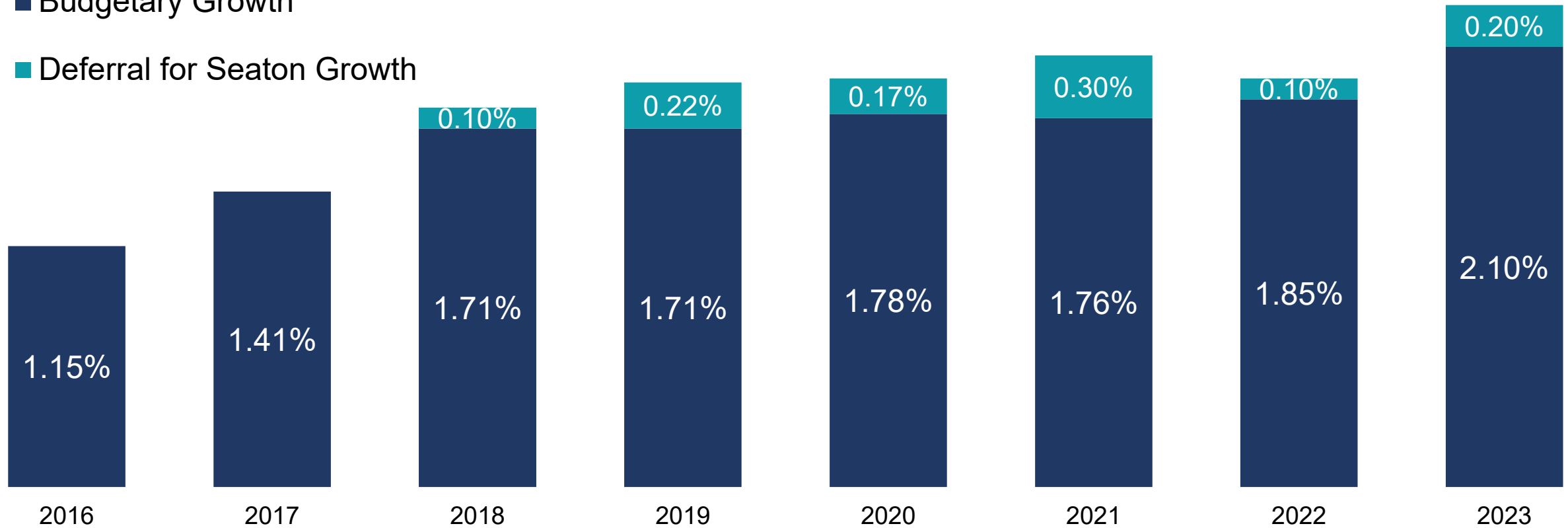
The 2023 proposed Regional budget increase is 5.2%, \$153 annually (\$12.75 monthly) for an average single detached home.

Assessment Growth



■ Budgetary Growth

■ Deferral for Seaton Growth



Seaton Growth

- Ensure continued financial sustainability by matching required Regional operations expenditures with assessment growth
- Estimated 2023 assessment growth related to Seaton is 0.20%

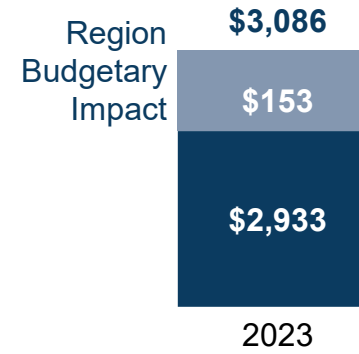
2023 Property Tax Impacts: Regional



Residential Regional Budgetary Increase



Average Region-Wide Residential Home 2022 CVA = \$483,100

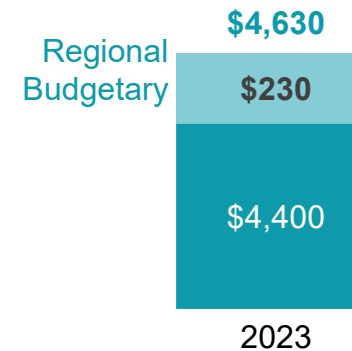
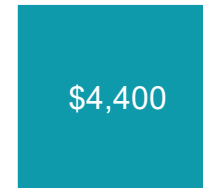


No change in Residential Education Property Taxes

Commercial Regional Budgetary Increase



Based on Occupied 2022 CVA = \$500,000

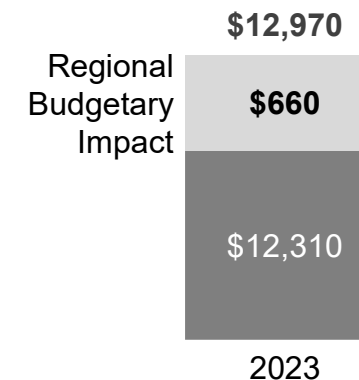
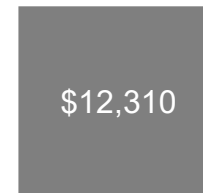


Province maintaining reduced 2021 education tax rates Reduction approx. 10% or \$500 from 2020 level

Industrial Regional Budgetary Increase

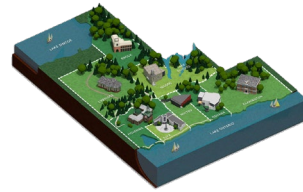


Based on Occupied 2022 CVA = \$1,000,000



Province maintaining reduced 2021 education tax rates Reduction approx. 28% or \$3,500 from 2020 level

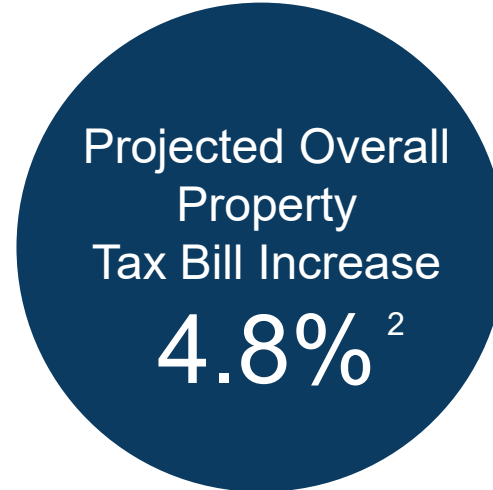
2023 Property Tax Impacts: Overall



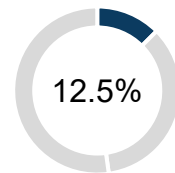
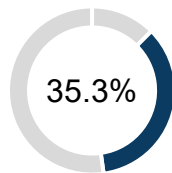
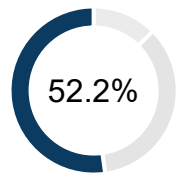
Average Local Municipality

Provincial Education

Proposed Budgetary Increase



Average Proportion of Residential Property Tax Bill:



Overall Impact

$$2.7\% + 2.1\% + 0.0\% = 4.8\%²$$

An annual impact of approximately \$153 for an average residential property owner in Durham Region with a 2023 current value assessment of \$483,100

¹ The Municipal proposed budget is an estimate based on currently available information regarding the projected 2023 budget increases for the local municipalities and is subject to amendment

² The overall property tax bill increase will vary subject to the local municipality in which the property is located

The Regional Municipality of Durham – like other municipalities in the province – faces a number of potential property tax challenges that have the potential to shift the property tax burden from non-residential property tax payers to residential property tax payers. Staff continue to closely monitor these pressures including:



Emergence of the New 'E'conomy

Increasing prevalence of online retail, remote work, new technologies and the decline in brick-and-mortar stores and office buildings decreases the non-residential share shifting the property tax burden to other property tax classes namely the residential tax class



Reassessment

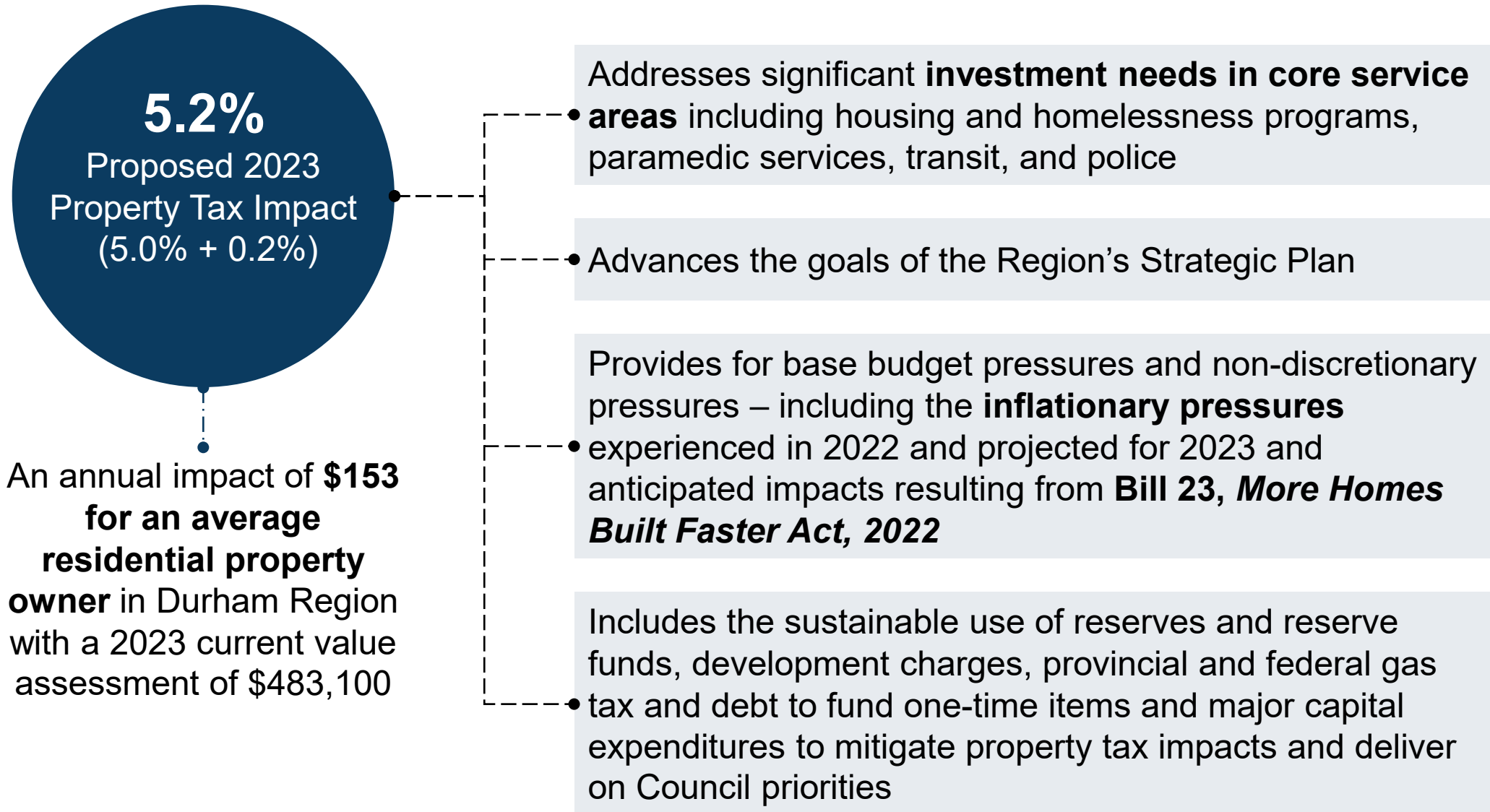
Although overall it is revenue neutral, reassessment does result in tax shifts between properties, within and across property tax classes, and in the total Regional taxes generated from individual local area municipalities



Multi-Residential Ratio

Province has committed to consulting with municipalities on approaches to reduce the current property taxation of multi-residential properties.

One of the options being considered is a reduction in the Multi-Residential Municipal Tax Ratio. This would shift the tax burden to the remaining property tax classes



Questions