

HALTON REGION

Budget and Business Plan 2017



Council Information Session
November 9, 2016

Regional Taxes

| Property Tax Impact of Regional Government Services (Per \$100,000 CVA)** | | | | | | |
|---|---------------|---------------|-------------|--|--------|-------------|
| | 2016 | | 2017 | | Change | |
| | Actual | Budget | | | \$ | % |
| Regional Services | \$ 197 | \$ 200 | \$ 4 | | | 1.9% |
| Police Services* | 114 | 116 | 2 | | | 2.0% |
| Total Regional Taxes | \$ 310 | \$ 316 | \$ 6 | | | 1.9% |

Schedule may not balance due to rounding.

* Approved by Police Services Board

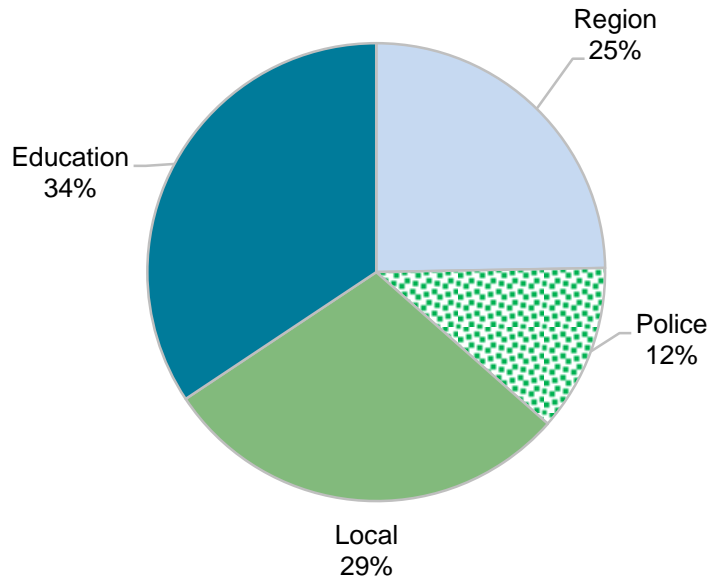
** Based on projected 1.7% assessment growth

Tax Budget Summary

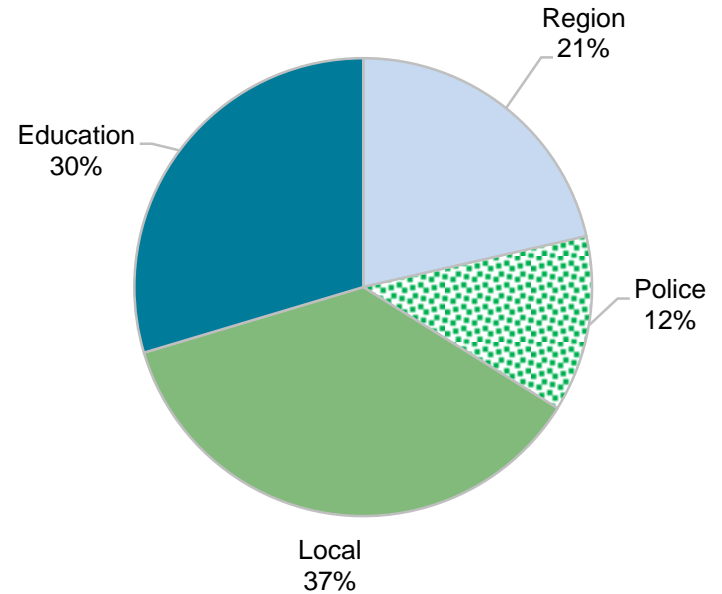
| Tax Supported Budget Summary | | | | | | | | | |
|------------------------------|-------------------|-------------------|-----------------------|-------------------|----------------------------|-------------|---------------------------------|-------------|--|
| (\$000's) | 2016 | 2017 | | | Change in Budget | | | | |
| | Approved Budget | Base Budget | Strategic Investments | Requested Budget | 2017 Base to 2016 Approved | | 2017 Requested to 2016 Approved | | |
| Regional Services | \$ 240,814 | \$ 246,470 | \$ 3,050 | \$ 249,520 | \$ 5,656 | 2.3% | \$ 8,706 | 3.6% | |
| Police Services | 139,715 | 143,356 | 1,584 | 144,940 | 3,641 | 2.6% | 5,225 | 3.7% | |
| Total Impact | \$ 380,528 | \$ 389,825 | \$ 4,634 | \$ 394,460 | \$ 9,297 | 2.4% | \$ 13,931 | 3.7% | |
| Assessment Growth | | | | | | | \$ (6,469) | 1.7% | |
| Net Impact | | | | | | | \$ 7,462 | 1.9% | |

Region's Share of Property Taxes

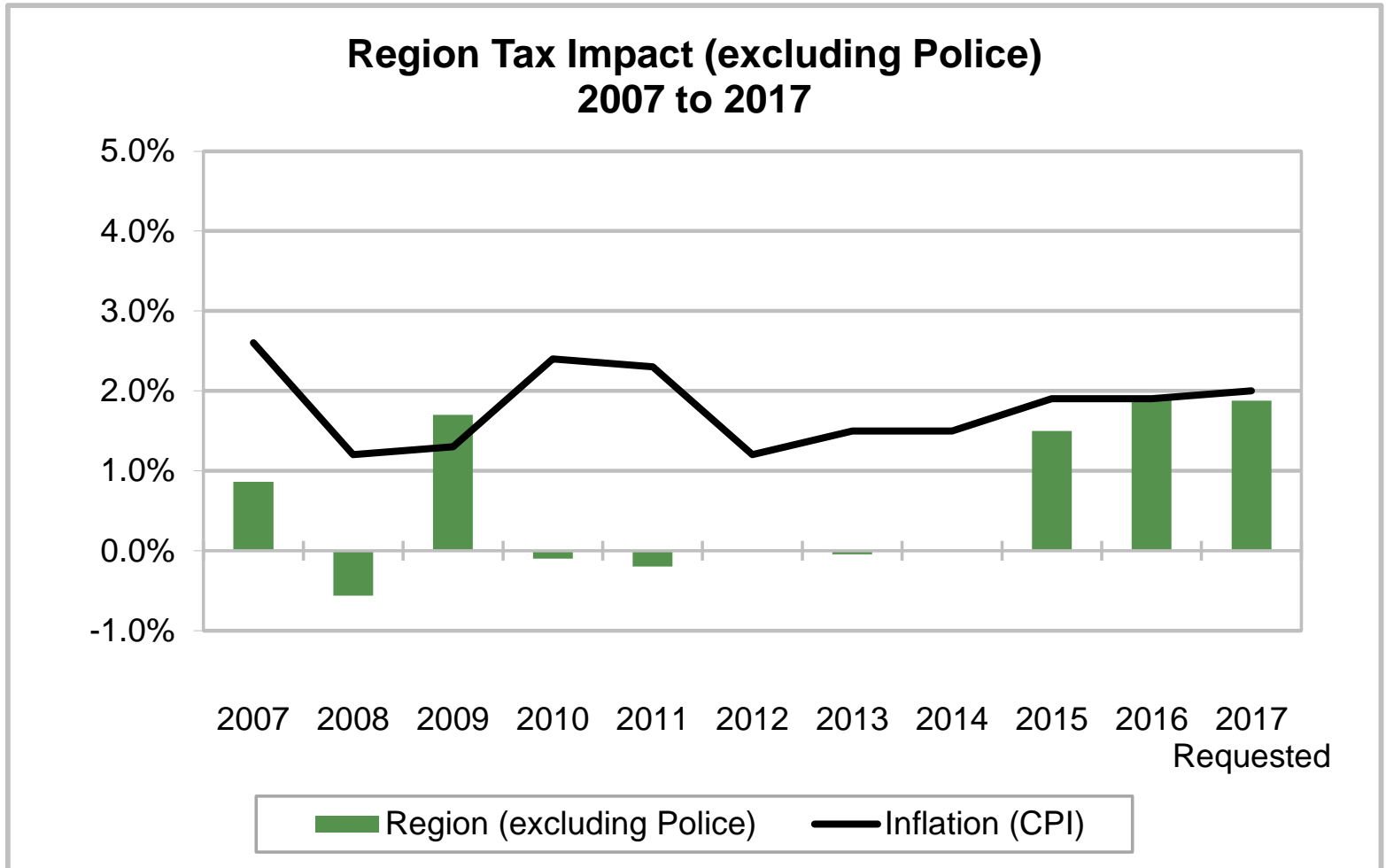
Percentage Share of 2007 Levy



Percentage Share of 2016 Levy

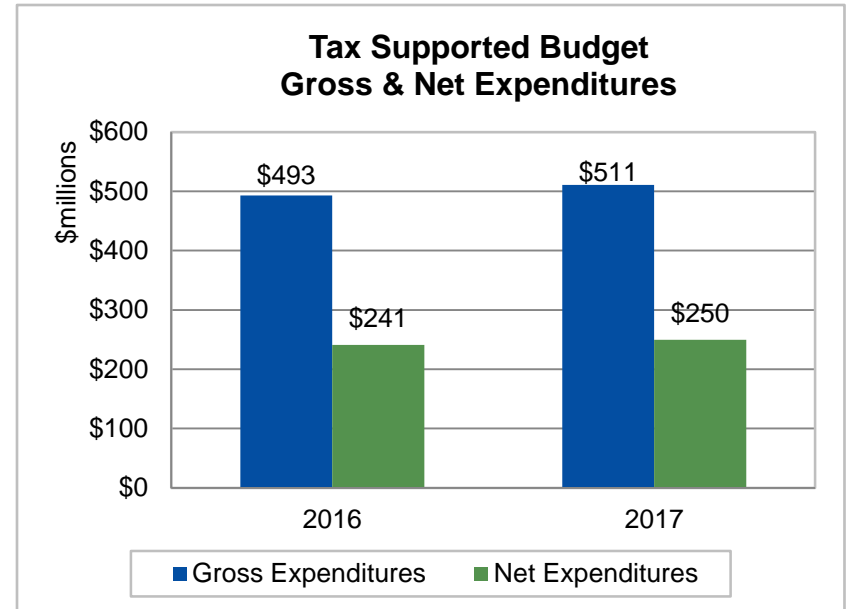


Regional Tax Impact (2007-2017)



2017 Tax Supported Budget

- Gross Expenditures increasing by \$18.1 million (3.7%)
- Net Expenditures increasing by \$8.7 million (3.6%)
- Assessment Increase is 1.7%
- Tax Impact is 1.9%



Utility Rates

Rate Impact *
of Regional Government Services
(Assumes 250m³ Annual Consumption)

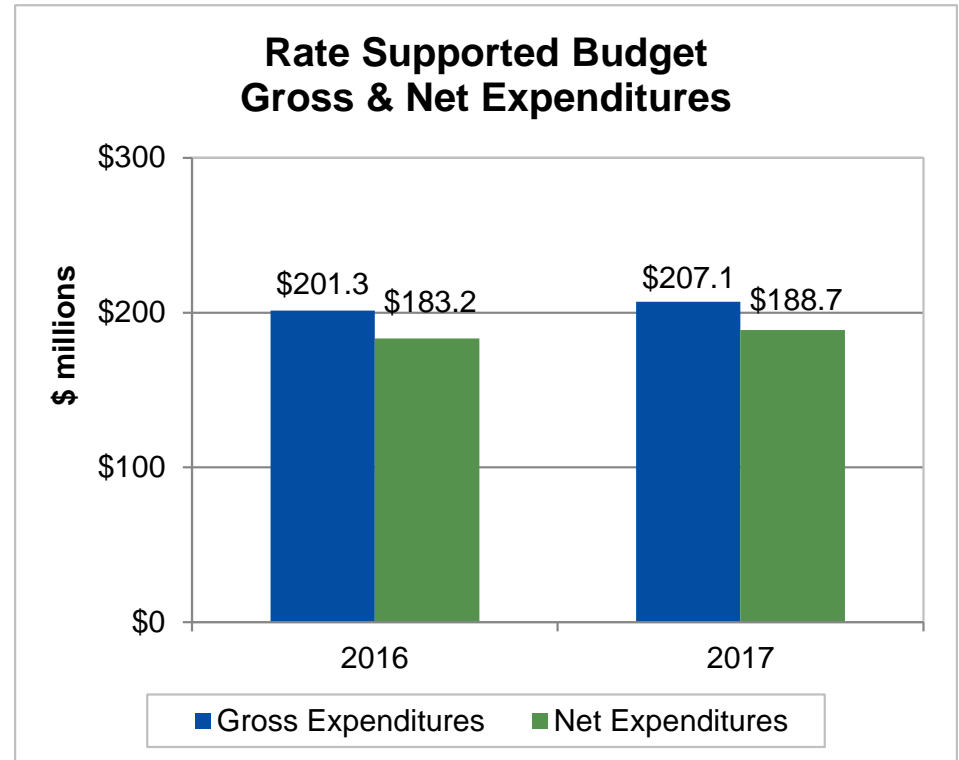
| | 2016 | 2017 | | |
|--------------------------|--------|--------|--------|------|
| | Budget | Budget | Change | |
| Water & Wastewater Rates | \$883 | \$929 | \$45 | 5.1% |

*Based on -3.5% consumption growth and 1.6% customer growth

- 5.1% increase includes a 1.6% increase in operating costs and an increase to support the state-of-good repair capital program and rate revenue/structure adjustments

2017 Rate Supported Budget

- Gross Expenditures increasing by \$5.8 million (2.9%)
- Net Expenditures increasing by \$5.5 million (3.0%)
- Consumption adjustment: -3.5%
- Customer growth: 1.6%
- Rate impact is \$9.4 million (5.1%)



2017 Budget Overview

- Maintain service level
- Strategic Action Plan priority
- AAA credit rating
- Tax rate increase at or below the rate of inflation
- Financing growth
- Asset Management Plan
- Service Based Budget

Tax Budget Highlights

- Paramedic Service resources – Total \$1.5 million (Net \$782,000) for the new East Milton station with dedicated 24/7 staffing and logistic support
- Oakville Seniors Citizen's Residence - \$689,000 to operationalize new governance arrangements
- Halton Region Community Investment Fund – \$600,000 (from \$1.4M to \$2.0M) to address increasing demand, solidify funding for the food security program, and address emerging needs from community safety and well-being planning

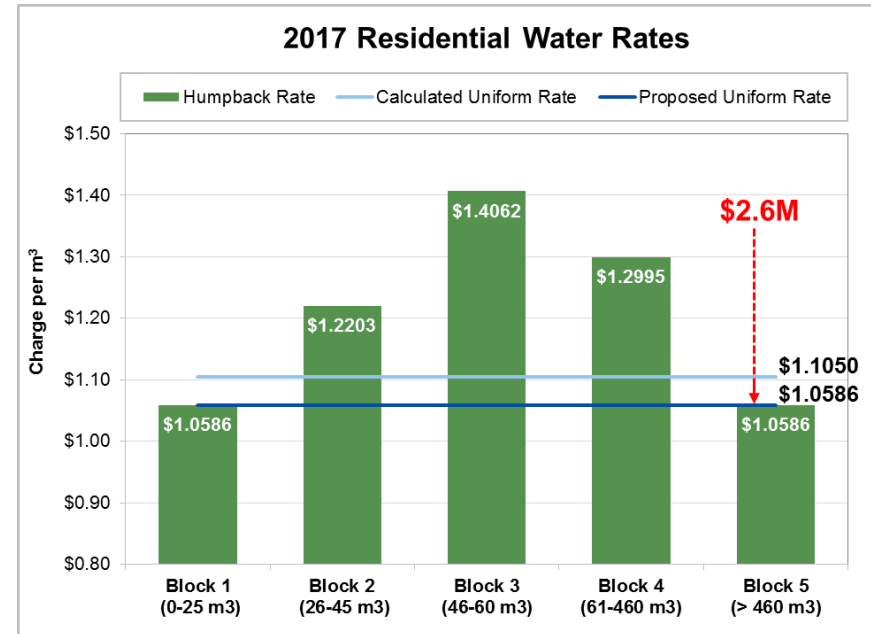
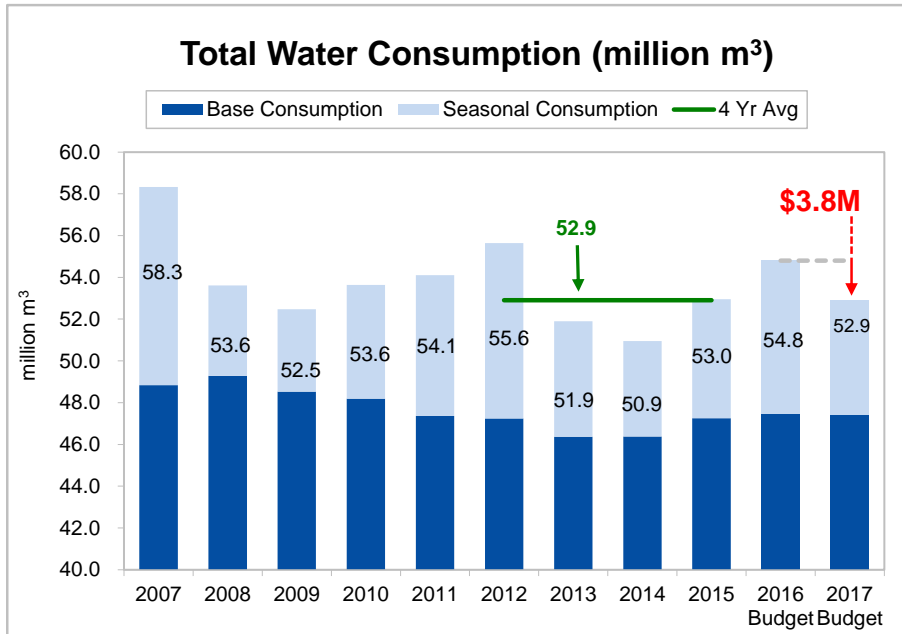
Tax Budget Highlights (cont'd)

- Waterfront Master Plans - \$1.0 million in support of the master plan implementation as approved by Council (LPS54-15)
- Prevent and Address Homelessness - \$1.3 million to provide housing subsidies for survivors of domestic violence and help prevent homelessness (funded by subsidy)
- Road Resurfacing Program – \$1.0 million to provide sustainable funding for the 10-year program
- Internship and Apprenticeship Program – \$200,000 to expand the program from 12 to 16 interns/apprentice positions
- Landfill Sunday opening - \$60,000 as approved by Council in PW-40-16

Rate Budget Highlights

- Rate Revenue and Structure Adjustment - \$5.1 million to ensure financial sustainability for investments and to promote fairness in revenue collection and water conservation
- Long-term Water Meter Strategy - \$4.1 million to accelerate water meter replacement to support for more accurate water bills and to reduce the number of meter reading issues that result in lost revenue

Rate Revenue & Structure Adjustment



Rate Revenue & Structure Adjustment

| | | 2017 | 2018 | 2019 | 2020 |
|------------------------|---------|-------------------|-------------------|--------------------|--------|
| Monthly Wastewater Cap | Budget | No Cap | | | |
| | Billing | 80 m ³ | 90 m ³ | 110 m ³ | No Cap |

- 2017 Budget includes the removal of the wastewater cap in 2017 - \$1.3 million additional revenue
- For billing purpose, staff recommends to phase-out wastewater cap – any shortfalls will be interim financed from rate stabilization reserve at year-end

Rate Revenue & Structure Adjustment

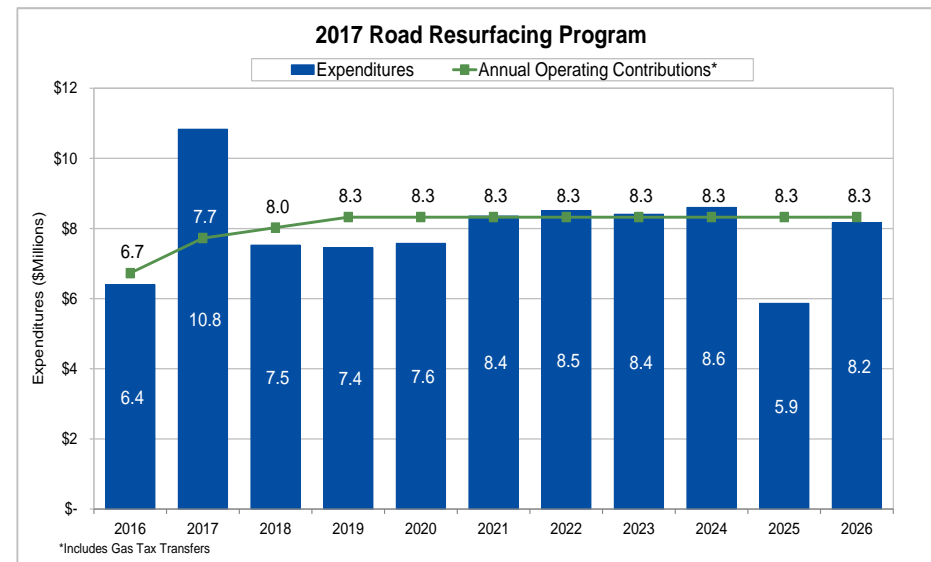
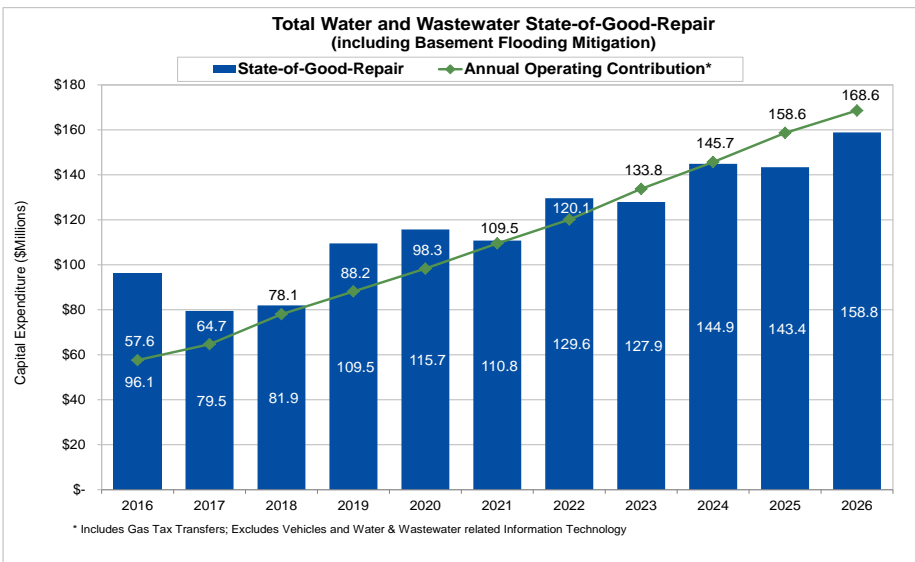
| | 2017 |
|------------------------------------|---------------------|
| Adjustments: | |
| Water Consumption Budget (million) | 52.9 m ³ |
| Consumption Charges | Uniform Rate |
| Wastewater Cap | Cap removed |
| Budget Impact (\$000's): | |
| Consumption Adjustment | \$ 3,826 |
| Uniform Rate | 2,585 |
| Wastewater Cap Removal | (1,341) |
| Total | \$ 5,071 |

Rate Budget Highlights

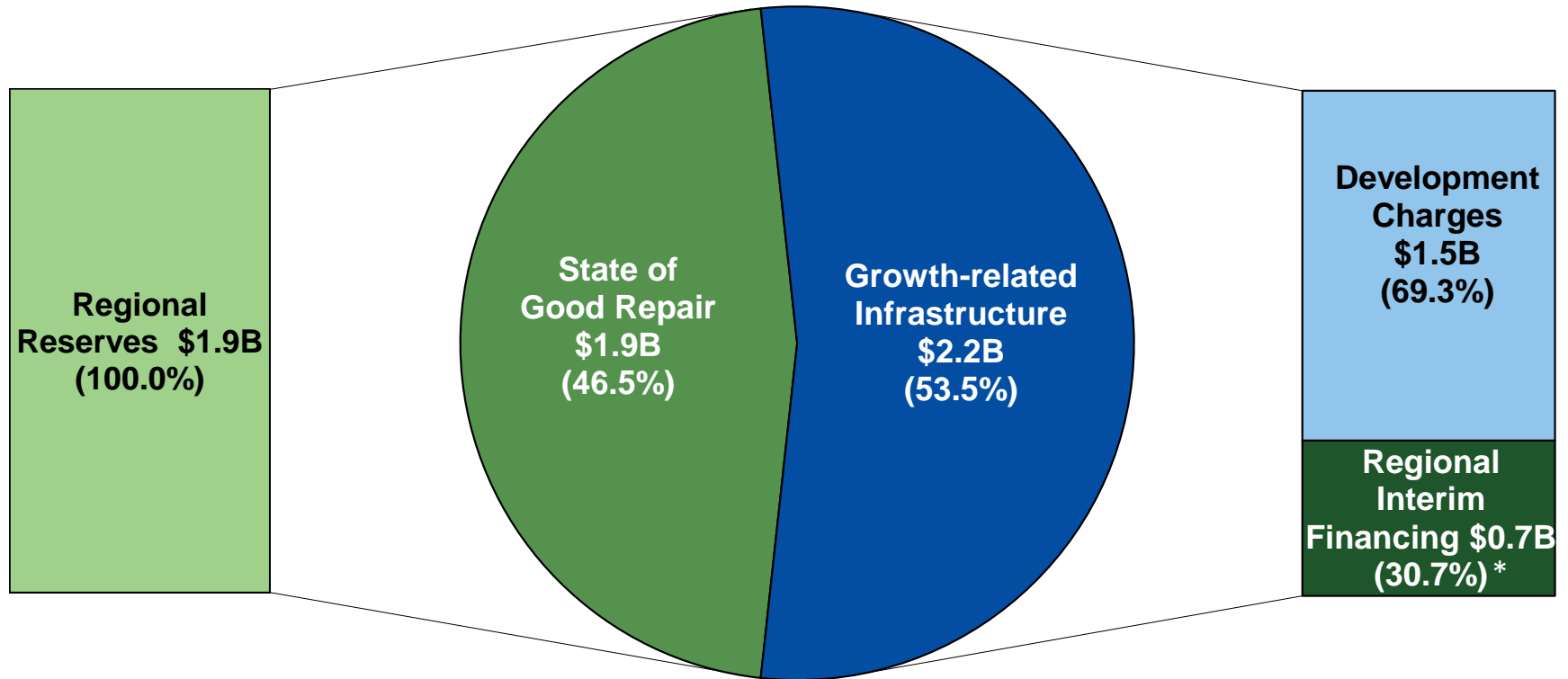
| (\$million's) | 2016 | | 2017 | | Change | |
|--|-----------------|--|------------------|---------------|-------------|--|
| | Approved Budget | | Requested Budget | | | |
| Operating Expenditures | \$ 95.2 | | \$ 98.5 | \$ 3.29 | 3.5% | |
| Capital Expenditures: | | | | | | |
| State-of-Good-Repair | 49.7 | | 57.0 | 7.3 | 14.6% | |
| Debt Charges | 38.3 | | 33.2 | (5.1) | -13.2% | |
| Total | \$ 183.2 | | \$ 188.7 | \$ 5.5 | 3.0% | |
| Adjustments to Rate Revenues & Structure | | | | 5.1 | 2.8% | |
| Customer Growth | | | | (1.1) | -0.6% | |
| Net Impact | | | | \$ 9.4 | 5.1% | |

Budget Highlights

- Investments to Maintain Existing Infrastructure

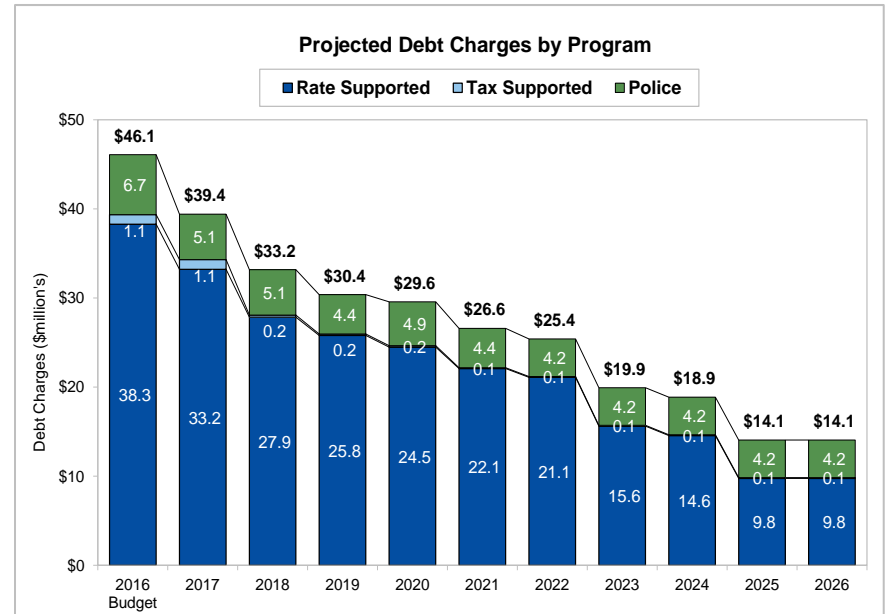
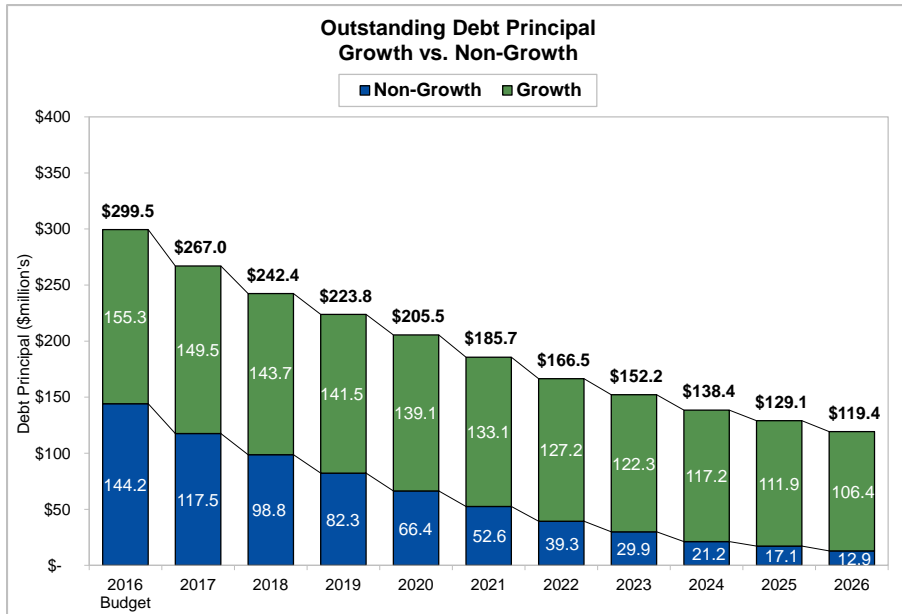


Ten-Year Capital Financing (\$4.1 billion)



* To be recovered from future development charges

Debt Financing



Service Based Budget

Waste Management

Waste Management is responsible for an integrated and sustainable waste management system of collection, processing and disposing municipal solid waste for approximately 205,300 residential dwelling units, eight designated Business Improvement Area areas, and 2,200 commercial locations as well as the operation and maintenance of the Halton Waste Management site (HWMS) and 11 closed landfills.

Budget Impacts

The 2017 Waste Management Budget reflects a net increase of \$62,000 or 0.2%, which is required to maintain existing levels of service. Details are discussed below.

| \$000s | 2017 Budget | | | | 2016 Budget | Change |
|-------------------------|------------------|---------------------|-------------------------------|------------------|-----------------------|-------------------|
| | Gross Cost | Subsidies & Revenue | Corporate Charges & Financing | Net Tax Impact | | |
| Waste Management | | | | | Net Tax Impact | 2017-2016 |
| Collection | \$ 27,075 | \$ (4,714) | \$ 766 | \$ 23,127 | \$ 23,374 | \$ (247) -1.1% |
| Processing / Transfer | 9,009 | (202) | - | 8,807 | 8,655 | 152 1.8% |
| Residual Management | 11,411 | (2,038) | 97 | 9,470 | 9,312 | 157 1.7% |
| Total | \$ 47,495 | \$ (6,954) | \$ 863 | \$ 41,404 | \$ 41,341 | \$ 62 0.2% |

Halton's robust waste management strategy to reduce the amount of waste going to landfill each year is having an impact, and along with the efforts of residents, Halton Region continues to be a leader in waste diversion. The rising diversion rate is targeted at 60% in 2017 and has helped Halton extend the landfill lifespan and defer the significant capital investment required to expand the landfill capacity.



Service Based Budget

Collection services include residential pickup of garbage, blue box, organics, bulk waste, yard waste and Christmas trees. The 2017 Budget is decreasing by \$247,000 or 1.1%, largely driven by collection contracts savings of \$576,000 for residential and front-end garbage collections as a result of the new contract as approved in Report No. PW-05-15 (re: 2015 Budget Overview – Halton Regional Police Service) & Report No. PW-37-15 (re: Contract Award for Front-End Solid Waste Collection Services). As shown below, the total waste collection tonnages average 170,000 metric tonnes over the past 4 years. The collection costs per metric tonne are increasing due to the increase in the contract price along with the annual price adjustment for inflation. The customer satisfaction for the collection of garbage and recycled materials has been maintained at a high level as measured by the declining number of residential complaints.

| Collection | 2013 Actual | 2014 Actual | 2015 Actual | 2016 Projected | 2017 Projected |
|---|----------------|----------------|----------------|-------------------|-------------------|
| Number of Resident Complaints Received Regarding the Collection of Waste Materials per 1,000 Households | 76 | 66 | 51 | 65 | 60 |
| Metric Tonnes of Solid Waste Collected | 171 | 173 | 171 | 169 | 171 |
| Average Cost / Metric Tonne of Materials Collected | \$126 | \$123 | \$121 | \$130 | \$136 |

Processing/Transfer services represents the programs that support the diversion of waste material from landfills. The 2017 program budget is increasing by \$152,000 or 1.8% due to a combination of organic processing costs and modest increase in organic tonnes. The market price of recycled materials is expected to be stable in 2017. As shown in the following table, the cost to process recyclables (\$59/T) is much less than the cost to process green bin material (\$145/T). This is primarily due to the ability to recover revenue from the recyclables to offset the processing costs.

| Processing / Transfer | 2013 Actual | 2014 Actual | 2015 Actual | 2016 Projected | 2017 Projected |
|--|----------------|----------------|----------------|-------------------|-------------------|
| Market Price of Recycled Materials per Tonne | \$107 | \$117 | \$105 | \$112 | \$110 |
| Average Cost of Recyclables Processed (per Metric Tonne) | \$57 | \$60 | \$59 | \$58 | \$59 |
| Average Cost to Haul and Process Green Bin Material | \$117 | \$131 | \$136 | \$137 | \$145 |

Residual Management facilitates the operation, maintenance and repair of open and closed landfills within the Region. The 2017 Budget is increasing by \$157,000 or 1.7% to support financing of equipment and vehicle replacements. In 2016, the Region's landfill site was opened for a limited period as a pilot project. Based on the results of this pilot, the 2017 Budget provides a strategic investment of \$60,000 to open the landfill site on Sundays from May to June. As shown below, Halton's waste diversion rates continue to increase resulting in an extension of the life of the existing landfill. The original life expectancy of the landfill opened in 1992 was 20 years or until the year 2012. The landfill is now projected to last 48 years to 2044. The upward trends in the average cost of managing garbage at landfill are due mainly to the declining tonnages while the program cost remains relatively stable to maintain a state-of-good-repair of landfill assets.

| Residual Management | 2013 Actual | 2014 Actual | 2015 Actual | 2016 Projected | 2017 Projected |
|---|----------------|----------------|----------------|-------------------|-------------------|
| Tonnes of Waste (including Residual) Managed and/or Handled at Landfill | 90,585 | 90,459 | 88,905 | 85,825 | 86,620 |
| Halton Waste Management Site Tip Fee | \$152 | \$154 | \$157 | \$165 | \$165 |
| Residential Solid Waste Diversion Rate | 55.8% | 58.2% | 59.0% | 60.0% | 60.0% |



Budget Process

- Council Information Session – November 9
- Health & Social Services – November 29
- Planning & Public Works – November 30
- Administration & Finance – December 1
- Council Approval – December 14