



Information Update

TO:	Council
DATE:	November 27, 2016
SUBJECT:	Operating Budget Background Information
SUBMITTED BY:	Mike Kirkopoulos CAO

Council has discussed the need to look at data and what is driving growth and the budget process. This information is being provided in advance of Wednesday's meeting inform Council of various factors being considered as staff prepare the 2017 Budget in alignment with Council priorities.

We remain committed to providing Council options to lower the impact to residents, while also ensuring the budget passed addresses the necessary investment in our community.

The data below will show we are growing, and growing at a rate amongst the fastest in Niagara. This growth started in 2011 and will continue this term and next.

Council has begun to invest in the needed services, while taking into account regard for taxpayer affordability and their willingness to increase taxes and prepare for the future.

Total population: Currently sits at 22,487 and increasing by approx. 50% to over 32,000 in the next 15 years. (*Places to Grow, Ministry of Municipal Affairs*)

Age breakdown:

- 0-19: 5,530 (25%)
- 20-44: 6,235 (28%)
- 45-64: 6,410 (28%)
- 65+: 4,310 (19%)

Population increase avg. from 2011-2015: 5.3%; and this is compared to Niagara/Hamilton average of 4.2%. The number of families also increased by 6.4% from 2006-2011; and this is compared to national growth rate of 5.5%.

The following chart lays out a comparator of average household income in the most recent BMA study. Lincoln continue to see to be near the mid-to-high end, being the 4th highest at \$100,592.

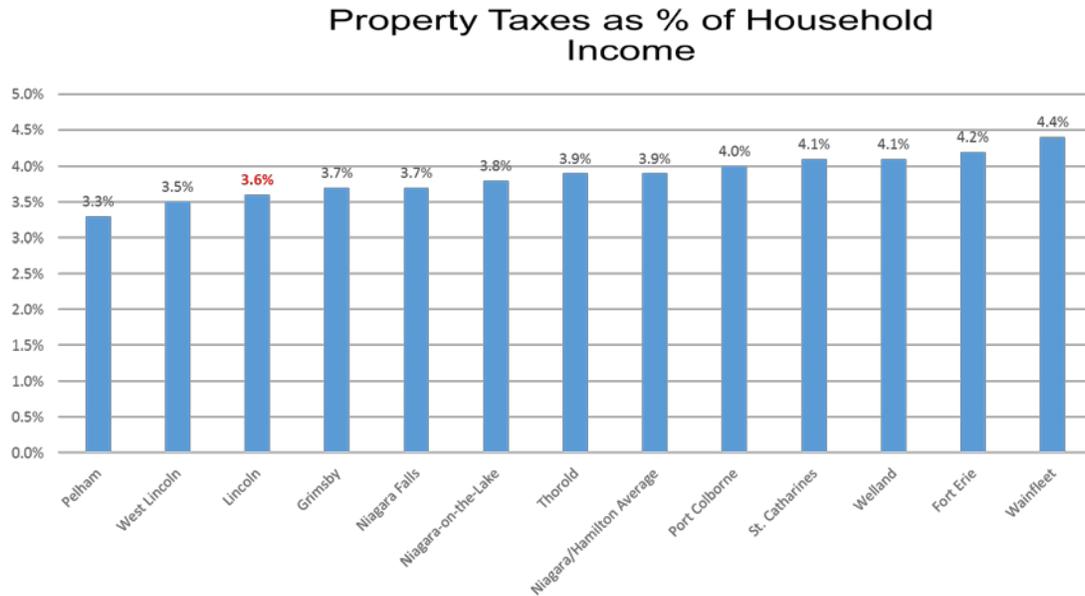
Municipality	2014 Est. Avg. Household Income	Income Ranking
Welland	\$ 70,279	low
Fort Erie	\$ 72,724	low
Port Colborne	\$ 73,563	low
Niagara Falls	\$ 74,458	low
St. Catharines	\$ 76,032	low
Thorold	\$ 78,932	low
Hamilton	\$ 85,886	mid
Wainfleet	\$ 86,930	mid
West Lincoln	\$ 96,516	mid
Lincoln	\$ 100,592	mid
Grimsby	\$ 102,827	mid
Niagara-on-the-Lake	\$ 105,166	high
Pelham	\$ 121,542	high
Niagara/Hamilton Avg.	\$ 88,111	

This chart below highlights building construction value across the Niagara and Hamilton Regions. As you can see on a per capita basis, we are faring very well.

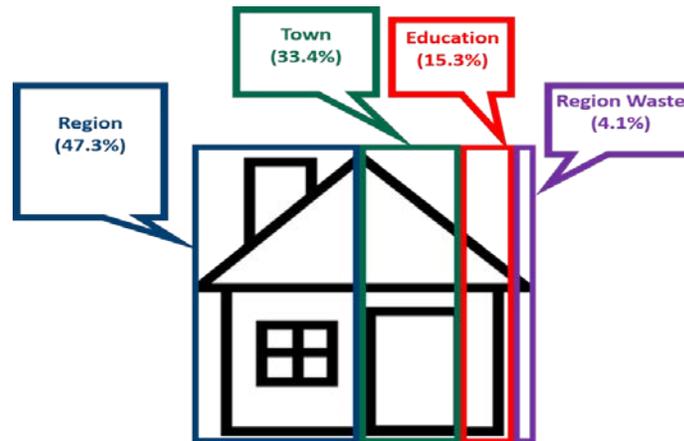
That said, what this implies is that service demands are being driven by construction value and new business and residents.

Municipality	2012 Building Construction Value (\$000)	2013 Building Construction Value (\$000)	2014 Building Construction Value (\$000)	2014 per Capita	2014 per Capita Ranking
Port Colborne	\$ 22,701	\$ 14,029	\$ 16,194	\$ 862	low
St. Catharines	\$ 95,757	\$ 219,796	\$ 142,521	\$ 1,060	low
Fort Erie	\$ 46,319	\$ 37,864	\$ 34,331	\$ 1,117	low
Welland	\$ 69,952	\$ 61,716	\$ 66,755	\$ 1,281	low
Wainfleet	\$ 12,582	\$ 11,345	\$ 9,819	\$ 1,539	mid
Pelham	\$ 22,926	\$ 19,736	\$ 29,901	\$ 1,730	mid
Thorold	\$ 42,284	\$ 37,126	\$ 36,111	\$ 1,982	mid
Hamilton	\$ 1,499,628	\$ 1,025,786	\$ 1,143,193	\$ 2,107	mid
West Lincoln	\$ 18,690	\$ 30,486	\$ 33,075	\$ 2,266	mid
Lincoln	\$ 37,271	\$ 78,824	\$ 76,181	\$ 3,239	high
Grimsby		\$ 71,572	\$ 102,100	\$ 3,807	high
Niagara-on-the-Lake	\$ 96,586	\$ 184,948	\$ 150,907	\$ 9,264	high
Niagara/Hamilton Avg.				\$ 2,521	
Niagara/Hamilton Median				\$ 1,856	

The following graph illustrates Property Taxes as a percent of Household Income. What this speaks to is the level of taxation in the community. We are the 3rd lowest in Niagara while the 3rd fastest growing.



Last week, we also spoke at length about the Blended Rate and how that applies to the portion of taxes the Town is responsible for versus the Region and the Province – through the education taxes levied.



Property tax rates are calculated by multiplying the assessed value of your property by the tax rate set for your property class. Our municipal tax rates are set based on our local budget each year. School board rates are set by the province

MPAC is responsible throughout the Province of Ontario for setting property assessments. This in turn then provides the foundation on which municipalities base property taxes. In other words:

- Each municipality determines how much it costs to provide all the services in a community - such as parks, fire protection, roads and sidewalks
- Once that's done, the municipality takes all of the property values and determines tax rates for different property types to secure enough funds to provide these services.
- This tax rate is then used to calculate how much property tax residents will pay to The municipality.
- In addition to the municipal tax rate, the Province of Ontario sets the education tax rate, which determines the education tax portion of the property tax bill.

So why do property taxes change year over year?

Taxes may change due to one or a combination of these factors:

- a change in the annual budget or requirements for municipal operations, Regional operations or education and waste management amounts
- a particular property assessment (market value) changed more or less than the average

Therefore, taking us back to this chart below and what was presented last Wednesday.

Residential Assessment \$333,000		2016 Actual	2017 Proposed	\$ Change	% Change
Town	33.4%	1,366.22	1,488.09	121.87	8.92%
Region	47.3%	1,936.61	1,955.98	19.37	1.00%
Region Waste	4.1%	166.12	164.13	(1.99)	-1.20%
Schools	15.3%	626.04	626.04	-	0.00%
	100%	4,094.99	4,234.24	139.25	3.29%

* less growth

* assumes 0% increase in education taxes

Niagara Region collects the largest portion of taxes, \$1936.61 in 2016 and \$1955.98 in 2017 assuming the current scenario.

That said, since our portion is smaller, any increases have a larger percentage impact versus overall dollars.

For example, even in the current scenario, the Town was only responsible for \$1366.22 in 2016 and \$1488.09 in the 2017 proposed.

As you can see, in both the Town and overall instances the increase is less than \$200, sitting currently at \$139.25.

I have highlighted this to make Council aware that there is a tax deferral program with the Region. Qualified individuals can defer their property taxes if their increase is greater than \$200 in the given year.

The Region has identified the \$200 threshold as a factor to affordability.

I hope you find this information useful as you prepare your thoughts for next Wednesday's meeting. Staff and I are available should you have any questions.