

Memorandum

To: Budget Standing Committee

Cc: Shelley Chemnitz, CAO; Kristine Douglas, Director of Financial Management Services

From: Kristine Douglas, Director Financial Management Services

Date: November 15, 2017

Subject: Estimated Tax Rate Increase for 2018

On October 2, 2017 the Draft 2018 City Departmental Expenditure Budget was presented to the BSC. As presented the draft budget had an overall increase in City Departmental expenditures of 2.77%. Since October 2, 2017, the BSC has met on four occasion and heard presentations from all City departments and the City's Boards and Commissions. The chart below summarizes the changes to the City's total expenditures based on these meetings and direction from the BSC.

Description	Amount	% Increase from 2017
City Operating Budget Expenditures (Oct 2/17)	(\$96,644,976)	2.77%
Transit Commission – per Nov 1 st Presentation	(\$10,790,743)	3.09%
Library Board –per Nov 1 st Presentation	(\$5,628,960)	2.51%
Niagara District Airport – Operating Budget only – per Nov 1 st Presentation	<u>(\$207,853)</u>	0.00%
Total 2018 Expenditures	<u>(\$113,272,532)</u>	<u>2.78%</u>
Changes:		
North St. Catharines Splashpad operating costs	(\$65,000)	
Communications Division – Advertising Revenues	\$43,000	
PRCS – additional revenues related to the Museum operations	\$32,000	
PBS offered expense reduction	\$6,000	

First Ontario PAC – Federal/Provincial/Other Municipal Grants	\$196,500	
First Ontario PAC – grant expenses	(\$196,500)	
Cost increase for Election voting equipment	<u>(\$15,485)</u>	
Total revised 2018 Expenditures	(\$113,272,017)	2.78%
Non-Tax Revenues	<u>\$12,487,697</u>	
Net Tax Levy	<u>(\$100,784,320)</u>	

Based on the median residential home in St. Catharines assessed at \$238,000 the following chart shows the estimated tax impact for the City portion of the tax bill.

	2018	2017	\$ Change	% Change
CVA	<u>\$238,000</u>	<u>\$230,000</u>	<u>\$8,000</u>	<u>3.48%</u>
City	\$1,452.86	\$1,424.46	\$28.40	1.99%
Hospital	<u>\$31.77</u>	<u>\$32.09</u>	<u>(\$0.32)</u>	<u>(0.99%)</u>
Sub-Total City	\$1,484.63	\$1,456.55	\$28.08	1.93%
Infrastructure Levy	\$14.06	\$13.88	\$0.18	1.29%
Total City	<u>\$1,498.69</u>	<u>\$1,470.43</u>	<u>\$28.26</u>	<u>1.92%</u>

Therefore based on the net tax levy amount for 2018 of \$100,784,320 the median household in St. Catharines will experience an increase of \$28.26 or 1.92% on the City portion of their 2018 taxes. The main pressure on the 2018 operating budget is the increase in minimum wages and debt payments.

At this time the other two components of the tax levy related to the Region of Niagara and the Provincial Education rate are unknown. There are a few factors that need to be determined to fully estimate these rates related to tax ratios, tax policy and how the City's assessments compares to the rest of the Province. However, staff would estimate that when these other two components are factored in the total tax impact for the median household in St. Catharines for 2018 would be an increase equal to or slightly less than the City total expenditure increase of 2.78%.