

# ***2023 Municipal Study Haldimand County***

February 2024

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**BMA**  
Management Consulting Inc.

Municipal Study  
2023



**BMA**  
MANAGEMENT CONSULTING INC.

## Presentation

- Review Highlights of 2023 Municipal Study
  - ✓ Socio-Economic Indicators
  - ✓ Financial Indicators
  - ✓ Cost of Service and Affordability Indicators
- 121 municipalities participated in the study, representing in excess of 88% of the population
- Comparisons provided to 9 Ontario municipalities – selected by either geographic location or population

<i>Populations</i>	<i>Number of Municipalities</i>
100,000 or greater	30
30,000 - 99,999	29
15,000 - 29,999	27
0 - 14,999	35
<b>Total</b>	<b>121</b>

# Financial Condition Assessment - Key Indicators

## ***Growth and Socio-Economic Indicators***



Population  
Employment Statistics  
Building Construction Activity  
Property Assessment  
Household Income

## ***Municipal Levy, Property Taxes & Affordability Indicators***



Municipal Levy  
Municipal Property Taxes as a % of Income  
Water/WW Costs

## ***Financial Position Indicators***



Reserves & Reserve Funds  
Debt  
Municipal Financial Position  
Taxes Receivable

## Peer Municipal Comparators

Municipality	2023 Population	Land Area (sq. km.)	Population Land Density (per sq. km.)
Norfolk	71,281	1,598	45
Chatham-Kent	108,878	2,452	44
Brant	42,038	818	51
Greater Sudbury	174,355	3,186	55
Belleville	58,663	247	237
Kingston	141,622	452	314
Niagara Falls	101,805	210	484
Hamilton	613,259	1,118	548
Brantford	111,444	99	1,130
<b>Haldimand</b>	<b>52,285</b>	<b>1,250</b>	<b>42</b>

Source: 2023 Manifold Data Mining

- Haldimand challenge: a large geographic area with a low population density
- Requires more infrastructure funded by fewer people
- Analysis also includes study averages of all municipalities



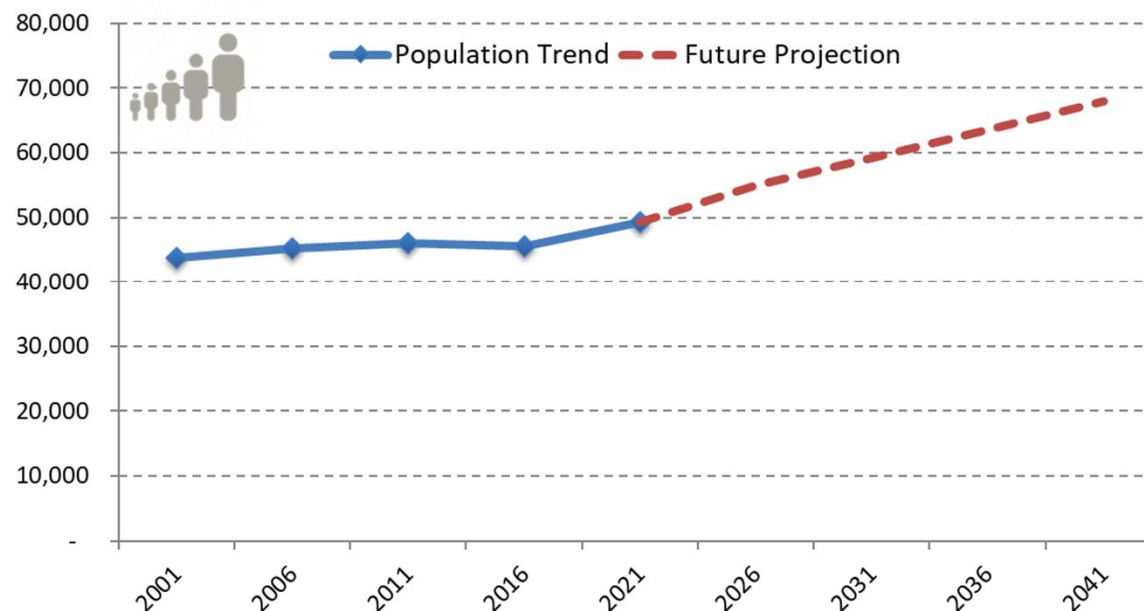
## Section 1: Growth and Socio-Economic Indicators

# Growth and Socio-Economic Indicators

- Socio-economic characteristics factor heavily into economic analysis
- Provides insight into the municipality's ability to generate revenues relative to the demand for public services



## Population Trend



Source: Haldimand Growth Analysis, Watson and Associates

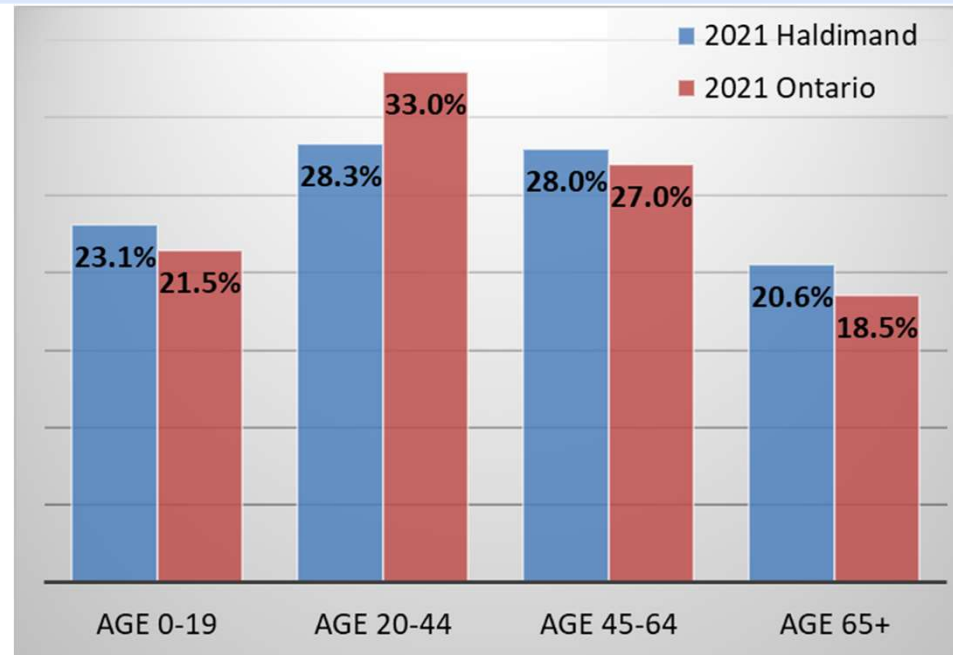
### Findings:

- Population projected to increase from 52,285 in 2023 to 68,000 by 2041

### What does this mean?

- Strong population growth drives the economic health of a municipality
- Growth will lead to increased demand for services and new capital infrastructure

## Age Demographics



### Findings:

- Haldimand's 65 + population is higher than the Provincial average and is the fastest growing segment
- Residents age 65+ increased 2.4% over a five-year period (2016-2021)

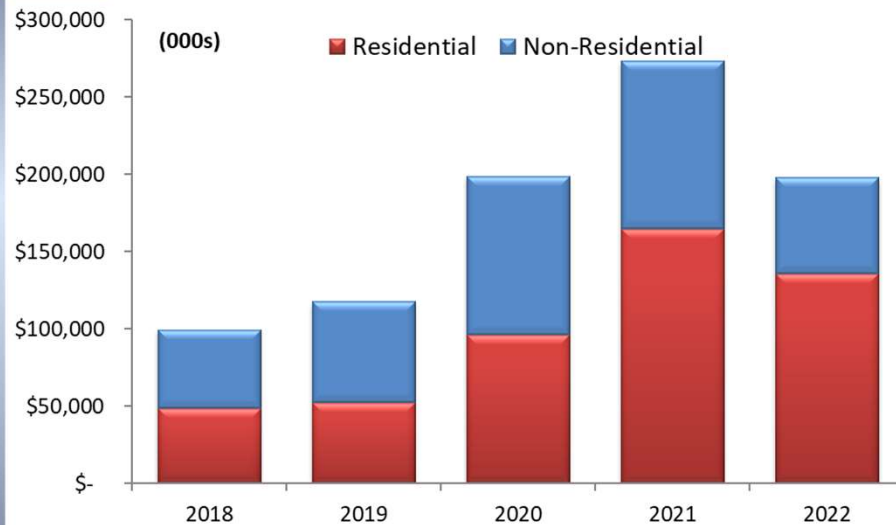
Source: 2016 and 2021 Census Stats Canada

### What does this mean?

- These demographic changes may put pressure on the County to provide services that reflect the changing demographic needs while still keeping taxes affordable

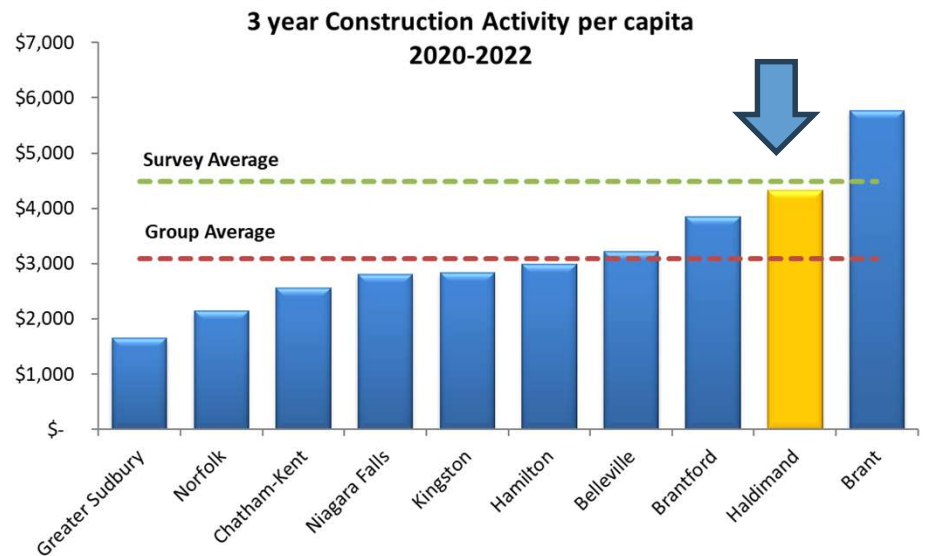


## Building Activity – Construction Value (000's)



### Findings:

- Over the past 5 years, res./non-res. average construction activity is a 54/46 split in the Haldimand County representing a **good balance**
- The County's activity is 2<sup>nd</sup> highest in relation to peer municipalities



### What does this mean?

- Building activity impacts factors such as employment base, income and property values
- Ideal condition is to have sufficient ICI development to offset the net increase in operating costs associated with residential development
- Higher construction activity reflects higher assessment growth

## Assessment Composition – Haldimand County Trend

Year	Residential	Multi-Residential	Commercial	Industrial	Pipelines	Farmlands	Forests
2018	69.8%	6.5%	17.9%	5.5%	0.2%	0.1%	0.0%
2019	69.8%	6.7%	17.8%	5.3%	0.2%	0.1%	0.0%
2020	70.8%	6.9%	17.2%	4.8%	0.2%	0.1%	0.0%
2021	71.4%	6.8%	16.9%	4.7%	0.2%	0.1%	0.0%
2022	71.2%	6.6%	17.4%	4.5%	0.2%	0.1%	0.0%
Difference 2018-2022	1.4%	0.1%	-0.6%	-1.0%	0.0%	0.0%	0.0%

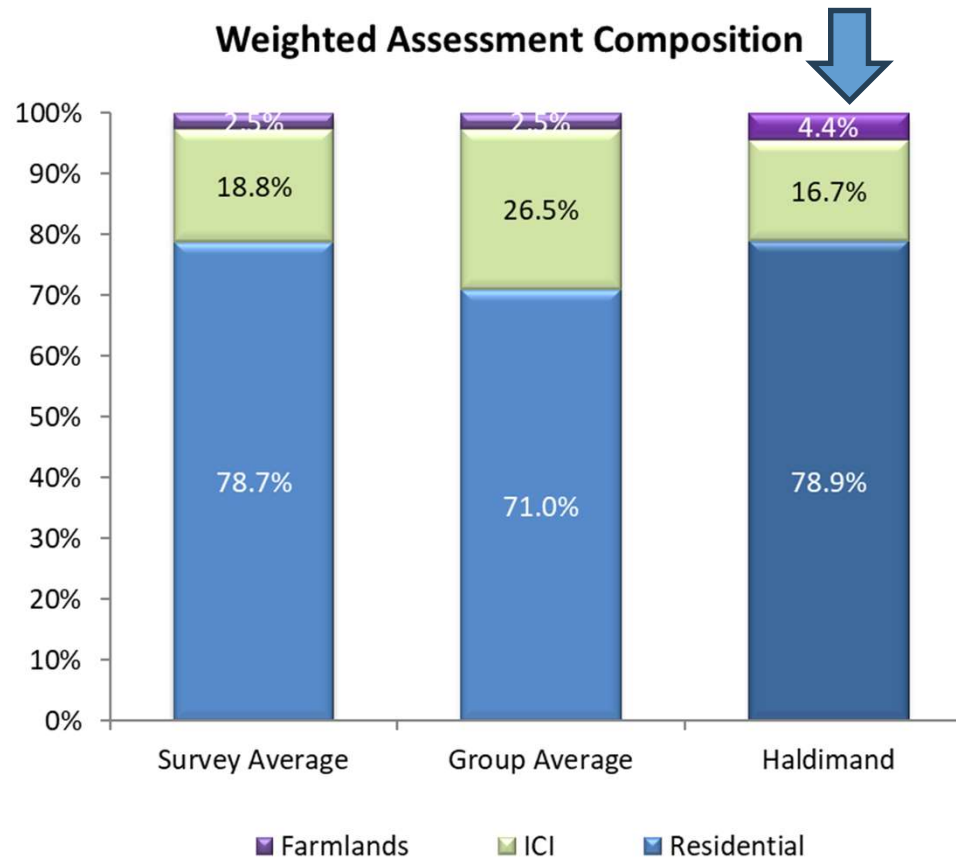
### Findings:

- The proportion of taxation from Residential assessment increased from 69.8% in 2018 to 71.2% in 2022

### What does this mean?

- It is more desirable to have a larger share of non-residential assessment as the municipal cost of service is generally lower than residential

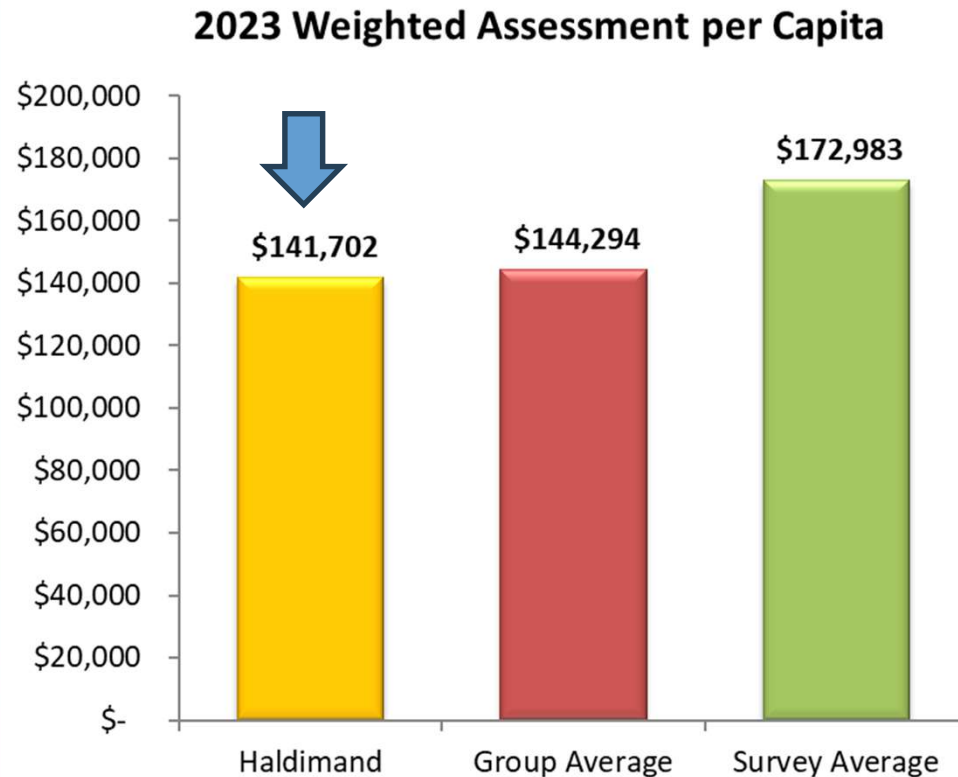
## 2023 Weighted Assessment Composition



- Weighted assessment composition is the basis upon which taxes are levied
- 78.9% of the total weighted assessment is attributed to the residential sector, which is close to the total survey average
- In relation to the peer comparators, Haldimand has a lower non-residential assessment base (ICI)

Source: BMA Study, levy by-laws

## Richness of the Assessment Base



Source: BMA Study

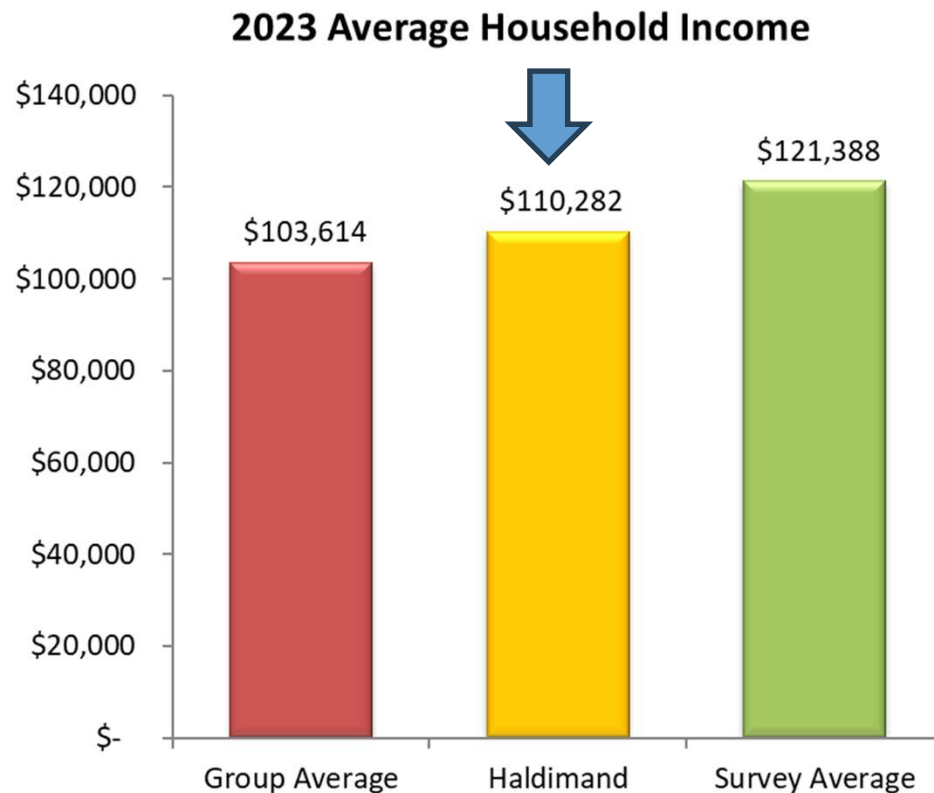
### Findings

- Haldimand's assessment per capita is lower than the survey average, but close to the group average

### What does this mean?

- Haldimand has a lower assessment base upon which to raise taxes

## 2023 Average Household Income



Source: BMA Study

### Findings:

- Household income is one measure of a community's ability to pay for municipal services
- Haldimand's average household income is higher than the group average however it is slightly below survey average

### What does this mean?

- While a higher relative household income is a positive indicator, it can also lead to greater expectations for quality programs and create additional budgetary challenges



## Section 2: Financial Indicators

## Municipal Financial Indicators

- The Municipal Financial Indicators section of the report includes a number of measures such as the financial position, operating surplus, asset composition ratio, reserves, debt and taxes receivables.
- A number of industry recognized indicators used by credit rating agencies and/or recommended by Government Finance Officers' Association (GFOA) and the Ministry of Municipal Affairs and Housing have been included.
- Indicators related to ***Sustainability, Flexibility and Vulnerability*** have been included.



## Municipal Financial Indicators

### *Sustainability*

The ability to provide and maintain service and infrastructure levels without resorting to unplanned increases in rates or cuts to services.

### *Vulnerability*

Addresses a municipality's vulnerability to external sources of funding that it cannot control and its exposure to risks.

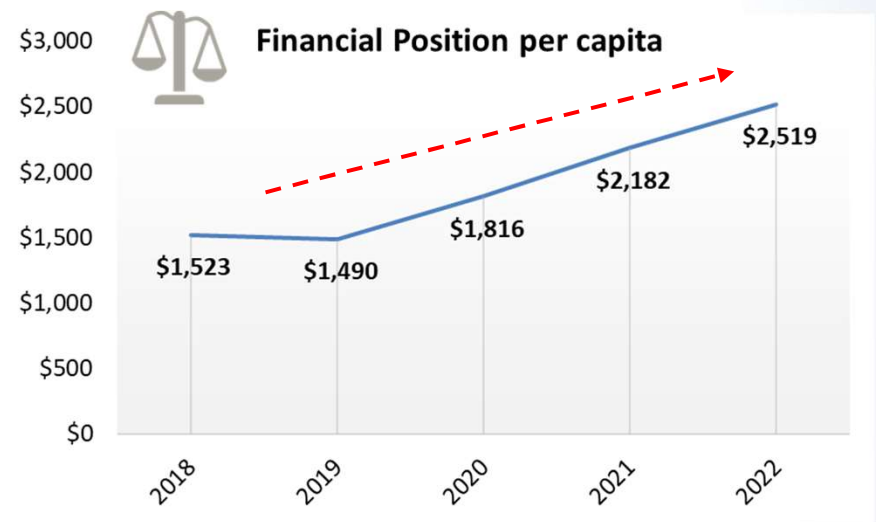
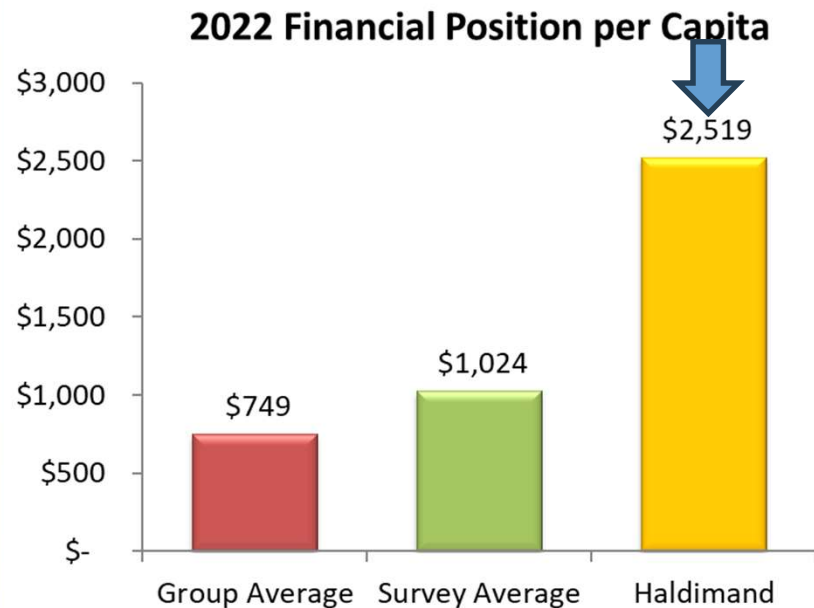
### *Flexibility*

The ability to issue debt responsibly without impacting the credit rating. Also, the ability to generate required revenues.



## Financial Position Comparisons

Financial Position (financial assets less liabilities) is a key sustainability indicator of a municipality's financial health



Source: FIRs

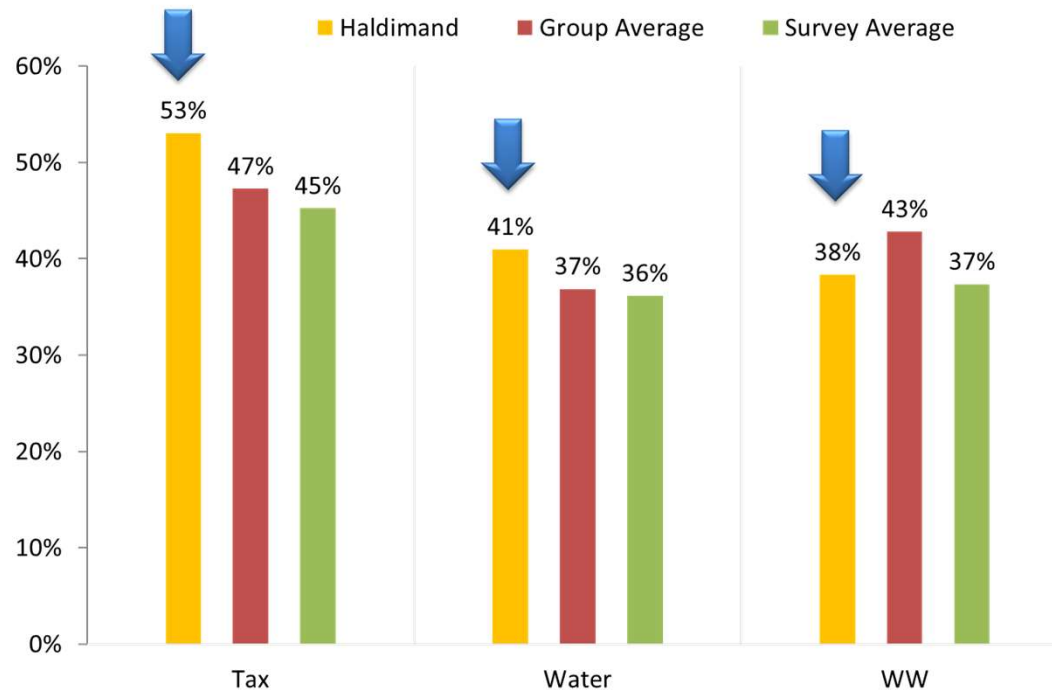
### Findings:

- Haldimand's per capita financial position is the highest in the peer average and well above total survey average

### What does this mean?

- It is important to monitor the trend of this indicator and to understand the factors that are driving the trend

## 2022 Asset Consumption Ratios



### Findings:

- Indicates how much of the assets' life expectancy has been consumed.
- Haldimand's asset age is higher than survey average for tax and water

### What does this mean?

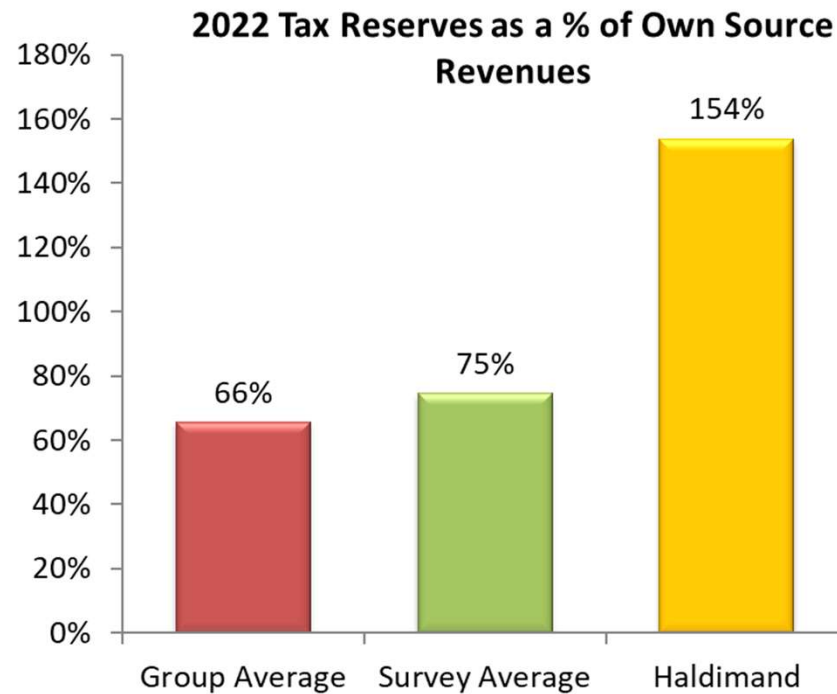
- Ministry of Municipal Affairs and Housing considers a ratio of over 50% to be moderately old
- The County's tax assets are relatively older and this indicates a need for healthier capital replacement reserves

## Reserves

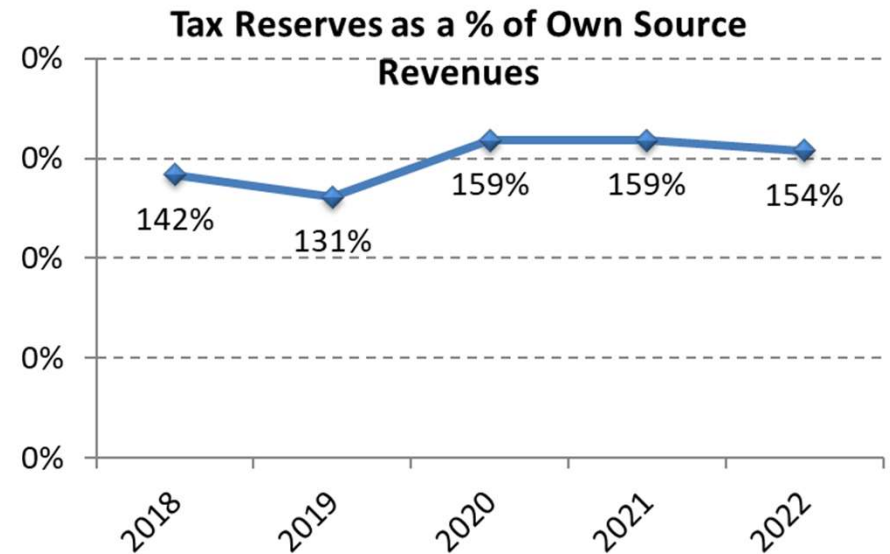
- Reserves are a critical component of a municipality's long-term financing plan. The purpose for maintaining reserves is to:
  - Provide stability of tax and user rates;
  - Provide financing for one-time or short term requirements;
  - Make provisions for replacements/acquisitions of assets/infrastructure;
  - Ensure adequate cash flows;
  - Provide flexibility to manage debt levels and protect the municipality's financial position.



## Tax Reserve Comparative Analysis

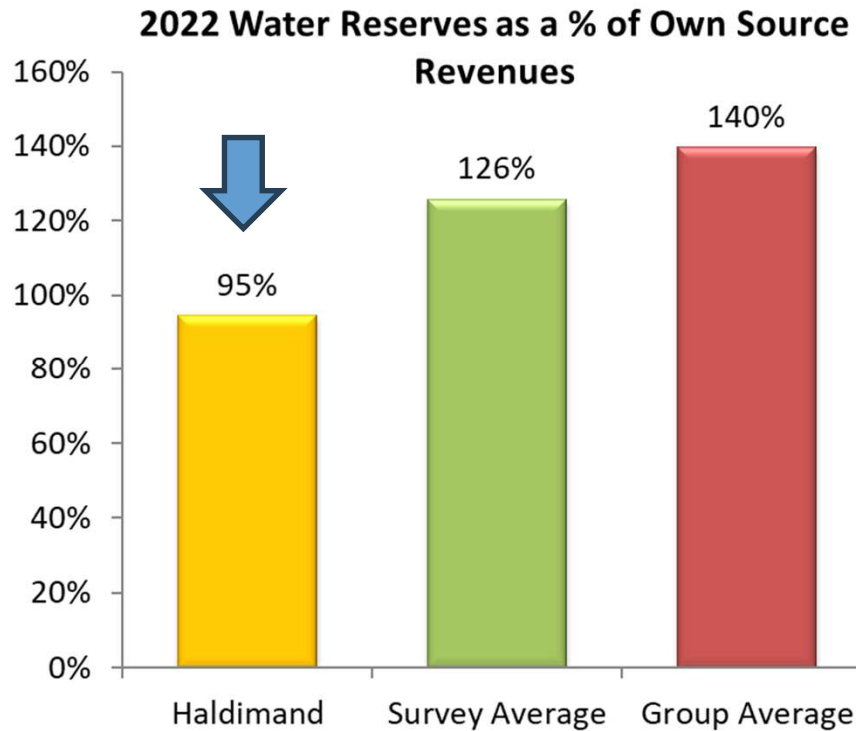


Source: BMA Study

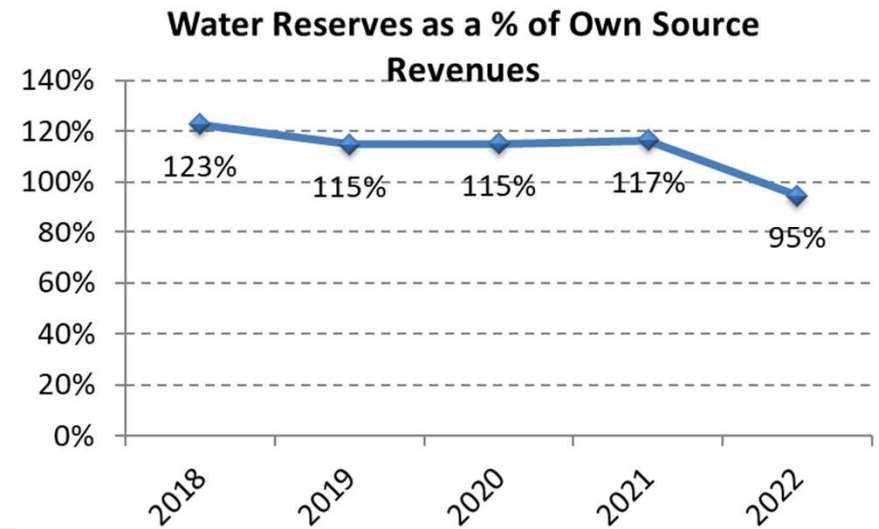


- Haldimand's Tax Reserve position is well above the group and survey average reflecting a strong financial position
- Haldimand's position is also the highest in the **total survey**

## Water Reserve Comparative Analysis

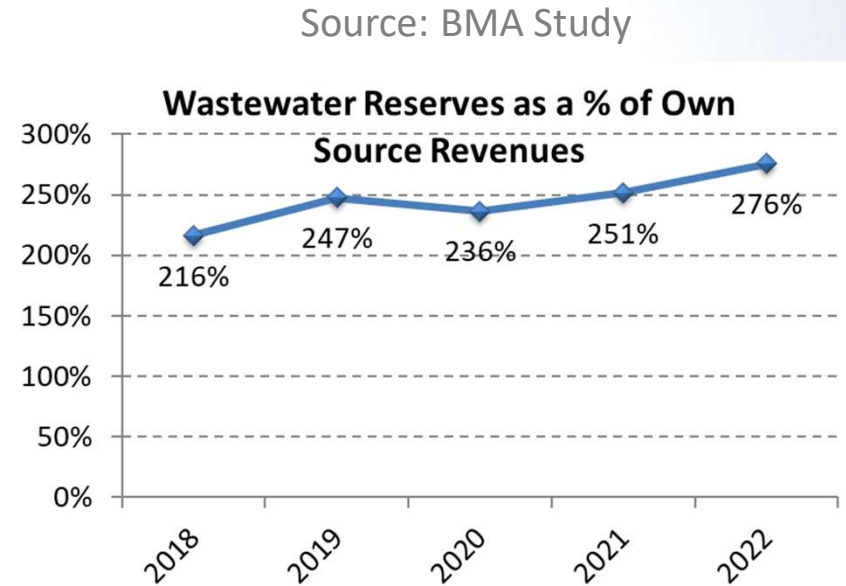
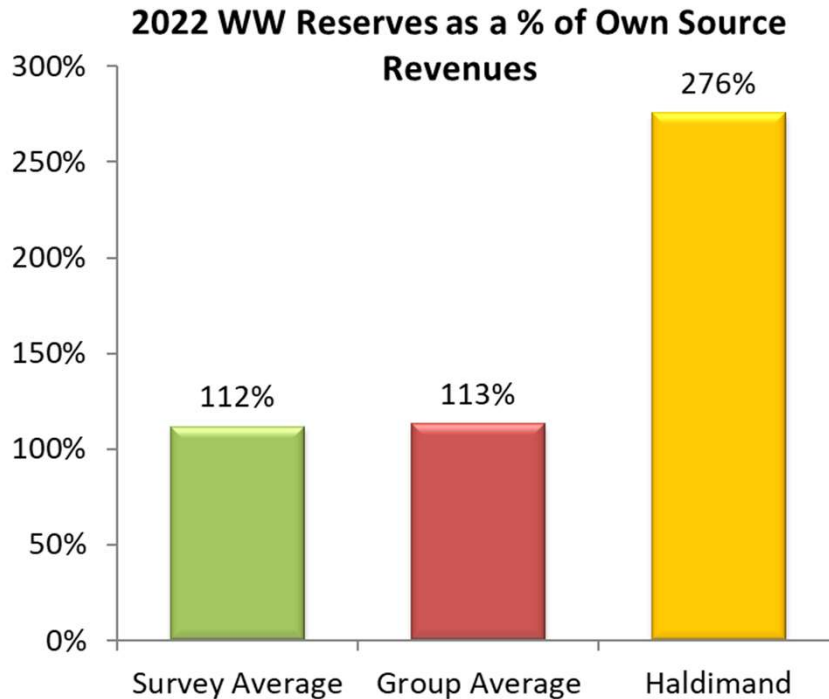


Source: BMA Study



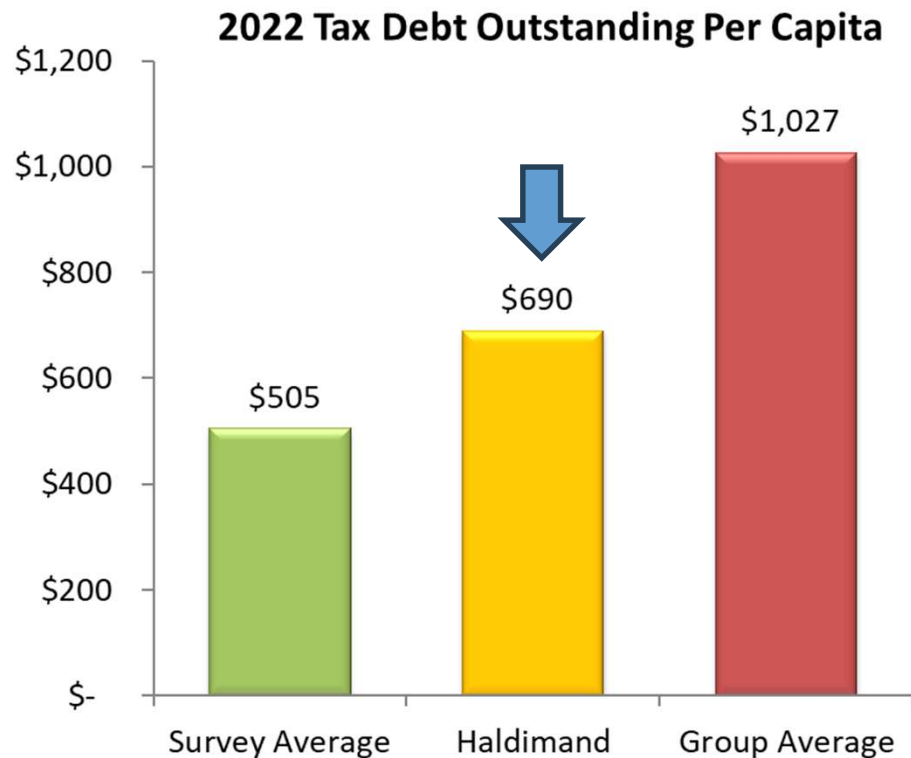
- Haldimand's Water Reserve position is below the group and survey average

## Wastewater Reserve Comparative Analysis

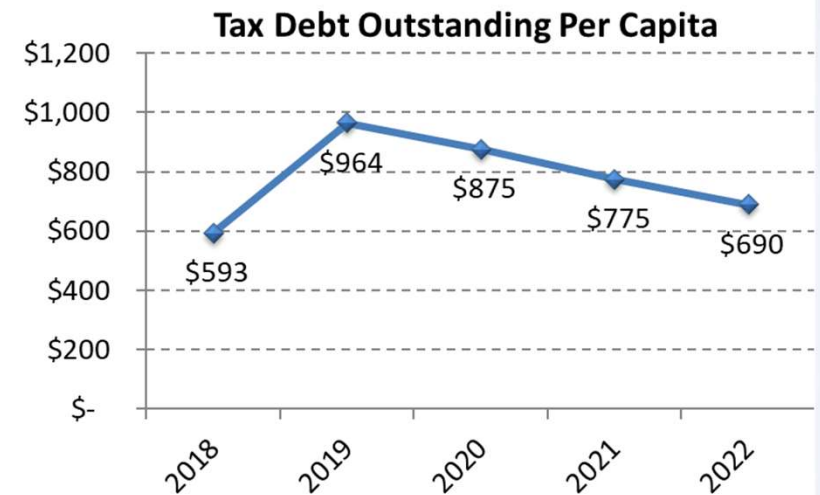


- Haldimand's Wastewater Reserve position is well above the group and survey average

## Tax Debt Outstanding per Capita



Source: BMA Study



- Tax debt outstanding per capita is higher than the survey and lower than group average and has been trending down since 2019

## Debt to Reserve Ratio

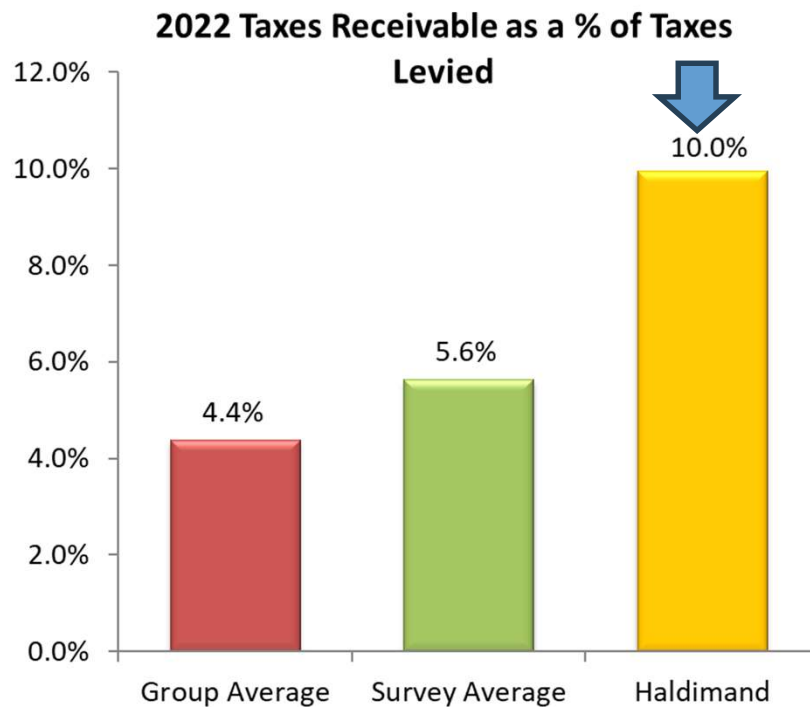
- Rating agencies consider a ratio of 1.0 to be financially prudent
  - For every \$1 of debt there is a \$1 of reserves
- Haldimand's ratio of 0.3 means that for every \$0.30 in debt there is \$1.00 of reserves
  - It is second lowest in the survey group

Municipality	2022 Debt to Reserve Ratio
Chatham-Kent	0.1
Brantford	0.4
Norfolk	0.5
Hamilton	0.5
Brant	0.6
Belleville	1.0
Kingston	1.4
Greater Sudbury	1.7
Group Average	0.8
Survey Average	0.6
Haldimand	0.3

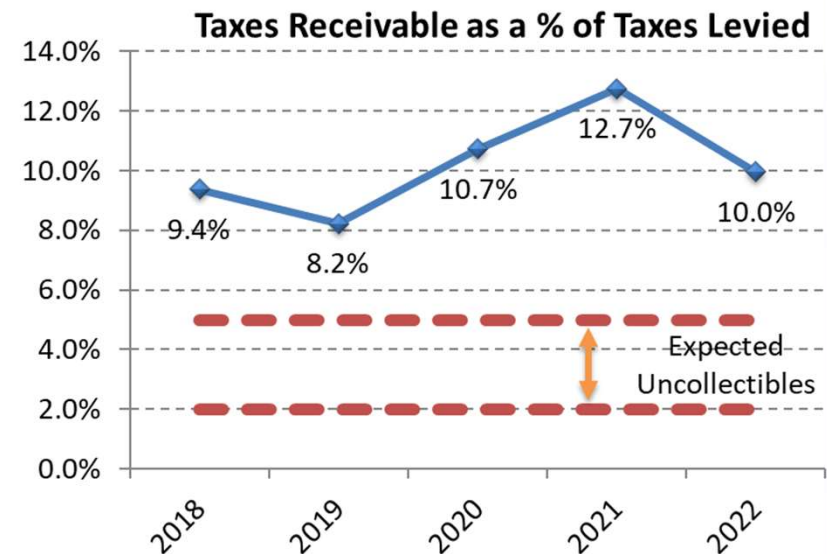
Source: FIRs



## Taxes Receivable as a % of Taxes Levied



Source: BMA Study



- Credit rating agencies assume that municipalities normally will be unable to collect 2%-5% of its property taxes within the year that taxes are due
- Haldimand's ratio has remained above the range and are higher than the group and survey averages, with a decrease experienced in 2022



## Section 3: Cost of Service and Affordability Indicators

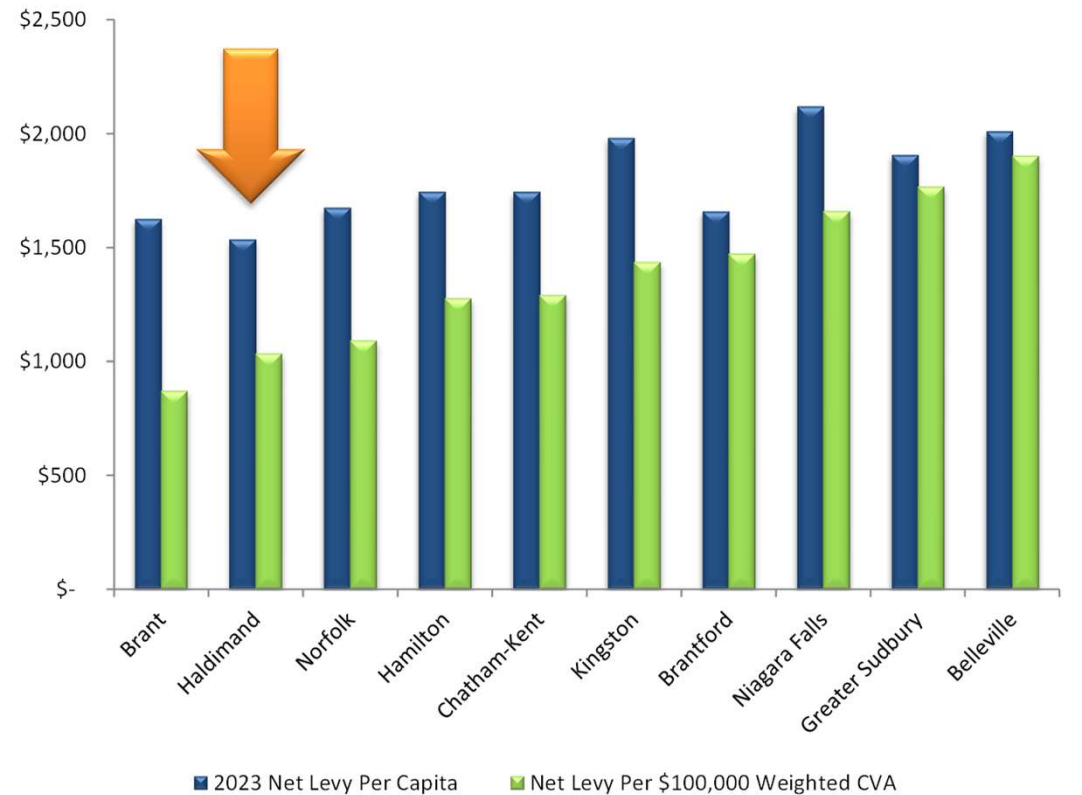
## Net Municipal Levy per Capita

- Levy per capita does not indicate value for money or the effectiveness in meeting community objectives. Net municipal expenditures per capita may vary as a result of:
  - Different service levels
  - Different methods of providing services
  - Different residential/non-residential assessment composition
  - Socio-economic differences
  - User fee policies
  - Age of infrastructure
  - What is being collected from rates as opposed to property taxes
- As such, this is not an “apples to apples” comparison. Further analysis would be required to determine the cause of differences

## Levy per Capita and per \$100,000 Weighted CVA Comparison

### Findings:

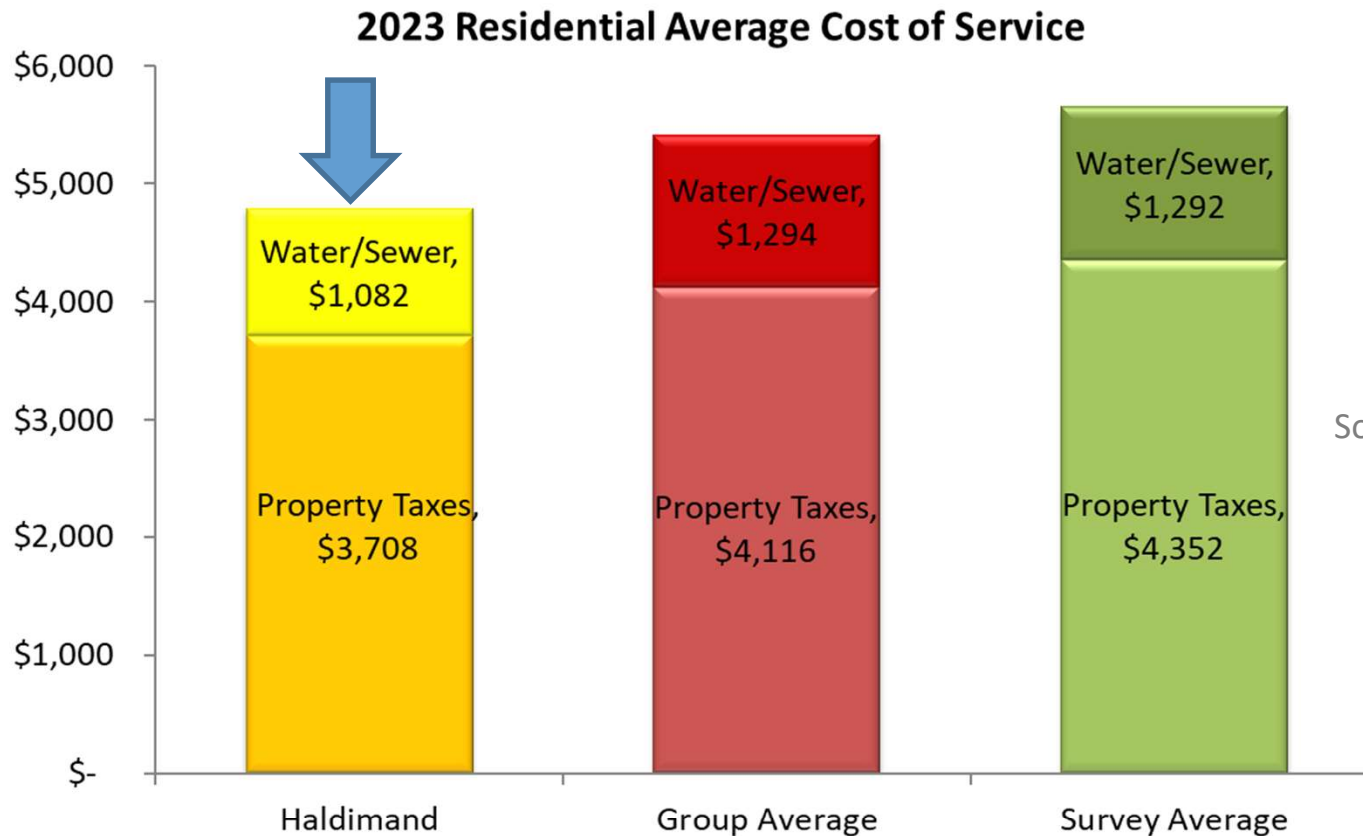
- Haldimand's net levy per capita is amongst the lowest in the peer group and also lower than the total survey average
- Haldimand's net levy per \$100,000 of weighted assessment is lower than the survey and the group average



**Note:** includes upper and lower tier taxes

Source: BMA Municipal Study using the 2023 Levy By-laws for each municipality

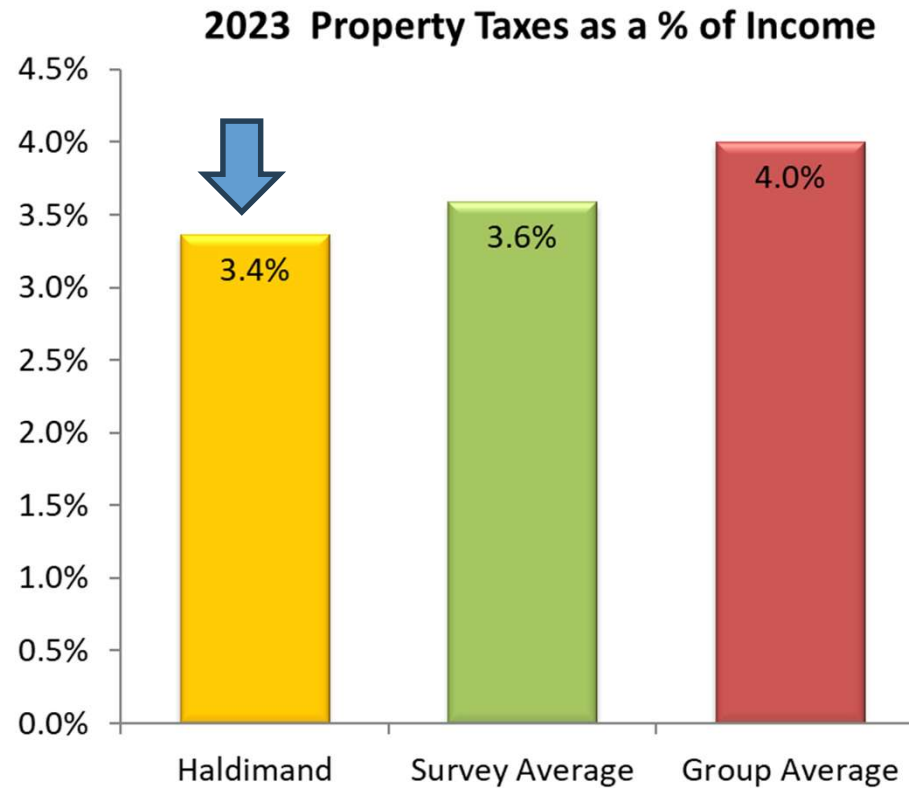
## Residential Average Cost of Service



Source: BMA Study

- Low municipal spending and relatively low water/sewer costs in Haldimand results in one of the lowest cost of services in the survey

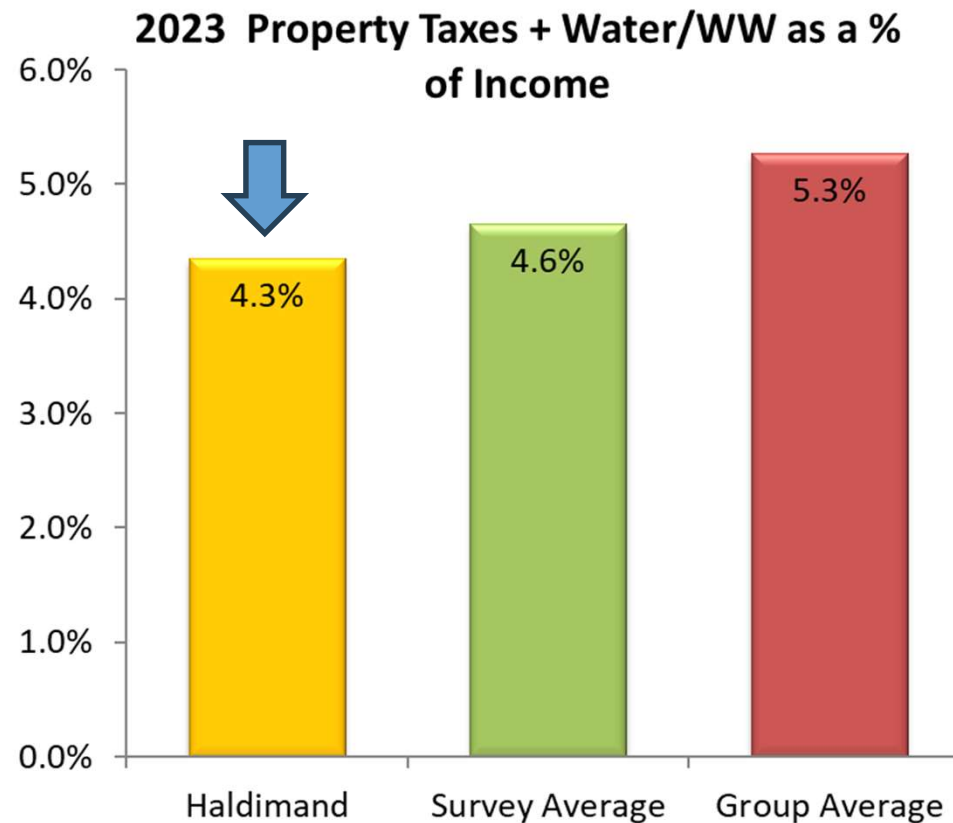
## Property Taxes as a % of Average Household Income



Source: BMA Study

- This chart compares the average residential property taxes in relation to income levels
- Property taxes as a % of income is below the group and survey average

## Property Taxes & Water as a % of Income

















Source: BMA Study

- The total municipal cost as a % of income is below the group and survey average



## Socio-Economic Summary













	<i>Socio-Economic Indicator</i>	<i>2023 Rating</i>
	<i>Population Growth</i>	
	<i>Population Density</i>	
	<i>Demographics</i>	
	<i>Construction Activity</i>	
	<i>Assessment Composition</i>	
	<i>Richness of the Assessment Base</i>	
	<i>Household Income</i>	



Trends that should be closely monitored to align programs and services with changes









## Summary – Financial Condition

	<i>Financial Condition</i>	<i>2023 Rating</i>
	<i>Financial Position</i>	
	<i>Tax Asset Consumption Ratio</i>	
	<i>Water Asset Consumption Ratio</i>	
	<i>WW Asset Consumption Ratio</i>	
	<i>Tax Reserves as a % of Own Source Revenue</i>	
	<i>Water/WW Reserves</i>	



Trends that should be closely monitored to align programs and services with changes






## Summary – Flexibility Indicators

	<i>Flexibility Indicators</i>	<i>2023 Rating</i>
	<i>Tax Debt Outstanding per Capita</i>	
	<i>Debt to Reserve Ratio</i>	
	<i>Taxes Receivables as a % of Taxes Levied</i>	



Trends that should be closely monitored to align programs and services with changes

## Summary – Affordability Indicators

	<i>Indicator</i>	<i>2023 Rating</i>
	<i>Municipal Levy Per Capita</i>	✓
	<i>Municipal Levy Per \$100,000 of Weighted Assessment</i>	✓
	<i>Water/WW Costs</i>	✓
	<i>Property Tax Relative Burden</i>	✓
	<i>Property Tax Water/WW as a % of income</i>	✓



# Questions & Answers