

2023 Budget Deliberations: Treasurer's Update



January 24, 2023
Finance and Labour Relations Committee

Objectives

- Review a few concepts from earlier conversations and highlights from the draft budget package
- Hear from remaining departments for capital requirement overviews (Infrastructure and Development Services and Community Services)
- Begin a discussion around the proposed expansion requests, beginning with a review of the Cooper site project
- Hear presentations from our outside Boards regarding their proposed workplans and budget requirements, which are already captured in the draft budget figures
- The next scheduled meeting is February 7th, where we will pick up expansion requests and review the operating budgets, ideally leaving February 24th for discussions, before moving the final product for Council approval



Operating Budgets vs Capital

- The 'Capital Program' consists of identifying project costs and funding sources (revenues) including grants, reserve funds (sometimes multiple reserve funds) so it makes sense to refer to Capital as a Program, where expenditures are defined as are the revenues
- The Capital Program does not have a direct tax levy impact
- Rather, the impact of the Capital Program to taxpayers is indirect- because it is the 'Transfers to Reserves' that impact the net budget, which are then used to pay for the Capital projects
- Capital typically refers to tangible assets only, or expenditures required to make an asset ready for use (which can include consulting fees, etc.)



Expansion Requests

- Because draft budgets are prepared based on maintaining current service levels, items that reflect additional resource requirements related to services that are beyond the current level are captured in this part of the budget for consideration
- Examples of items that might appear in expansion requests include:
 - Additional equipment required to meet service demand
 - Computer software to streamline or improve processes
 - Items related to new initiatives identified by staff or previous council
 - Staffing requirements to deliver additional services, meet legislative requirements, and/or strategic priorities that have been identified
- In these requests, staff attempt to outline for Council the benefits of the expansion to residents or to operational processes, as well as risks to service delivery of not pursuing the requests



Considerations for Budget

To control the 'net budget', or to influence the tax rates that translate into what residents pay, there are two main options within Council's control:

- 1) Increase non-taxation revenues, reducing reliance on taxation
 - Primary source is user-fees for services
 - This is transferring the burden from taxation to a specific user set

- 2) Decrease costs to deliver the services
 - This will result in a reduced service level in some form
 - Whether dollars are cut from materials purchased, contracted services, consultants or staffing, all will have the result of a decrease in the ability to provide the service to the standard established

- 3) Increasing service levels or adding initiatives will increase pressures on taxation (operating costs, and potentially capital investment)



Considerations for Budget

4) Decreasing service levels will reduce pressure on taxation (operating costs, and potentially capital investment)

- Reminder: everything you have seen (and will see in the coming meetings) is in draft form
- There is still time to discuss, influence and/or amend these presented estimates and if required, additional meetings can be added for further discussions
- Once finalized, the budget represents the work plan, and the financial estimates to deliver that work plan – making significant changes to it after this is more challenging



Considerations for Budget

- To effect a 1% change in the net budget (this is decreasing or increasing) means \$682,482
 - That is, to decrease the proposed budget requirements by 1% would need to decrease operating expenses or increase revenues by \$682,482
 - Similarly, increasing expenditures, or reducing revenues by \$682,482 would have the effect of increasing the budget requirements by 1%
- Due to the complex relationship between the tax levy requirements (net budget) and the tax rate calculations, changing the net budget by 1% would translate into a 0.88% change in the tax rate (\$44 annually on a \$350,000 assessed home).



Tax Supported Operating Budget

Since our last meeting, there have been a few minor amendments, minor in nature overall, that result from adjusting revenues and expenditures

	4,130,038	Revised Increase to draft budget January 10 resolution	6.05%
19	(260,825)	Amend POA budgeted revenues	-0.38%
20	271,689	Amend POA budgeted expenses	0.40%
21	8,251	Huron Perth Public Health change from preliminary estimates	0.01%
22	(187,600)	Add Interfunctional recovery from Landfill to WW-no levy impact 330-4100-1903	-0.27%
23	187,600	Tsf above to WW Reserve Fund no levy impact 330-4100-7820	0.27%
	-	Account chg only- \$187,600 expense for leachate in Waste 360-4425-3047 s/b 360-4425-790	0.00%
	19,115		
	4,149,153	Revised Increase to draft budget January 25	6.08%



Taxes and Tax Rates

	Starting Net Levy Budget in Dollars	Levy Increase in Dollars	Levy Increase % over Prior	Estimated Resulting Local Tax Rate	Estimated Education Rate	Estimated Total Tax Rate	Estimated Increase in Local Tax Rate	Estimated Increase in Total Tax Rate	Estimated Total Taxes on \$350,000 home
2023 Proposed	\$ 68,264,126	\$ 4,149,153	6.08%	0.01336924	0.00153	0.01489924	4.16%	3.80%	\$ 5,214.73
2022	\$ 64,714,288	\$ 3,549,838	5.59%	0.01283590	0.00153	0.01435390	5.70%	4.98%	\$ 5,023.87
2021	\$ 63,457,399	\$ 1,256,889	2.02%	0.01214359	0.00153	0.01367359	1.38%	1.22%	\$ 4,785.76
2020	\$ 62,200,510	\$ 2,980,290	5.03%	0.01197832	0.00153	0.01350832	-0.40%	-0.94%	\$ 4,727.91
2019	\$ 59,220,220	\$ 2,543,141	4.49%	0.01202594	0.00161	0.01363594	-0.31%	-0.93%	\$ 4,772.58
2018	\$ 56,677,079	\$ 1,613,217	2.93%	0.01206350	0.00170	0.01376350	-1.41%	-1.88%	\$ 4,817.23
2017	\$ 55,063,862	\$ 1,677,924	3.14%	0.01223654	0.00179	0.01402654	0.71%	-0.02%	\$ 4,909.29
2016	\$ 53,385,938	\$ 2,095,327	4.09%	0.01214987	0.00188	0.01402987	0.54%	-0.04%	\$ 4,910.45
2015	\$ 51,290,611	\$ 1,915,714	3.88%	0.01208509	0.00195	0.01403509	0.34%	-0.28%	\$ 4,912.28
2014	\$ 49,374,897	\$ 2,818,542	6.05%	0.01204462	0.00203	0.01407462	-0.68%	-1.21%	\$ 4,926.12

Cumulative increase to combined total tax rates over 10 years from above	5.86%
Cumulative increase to total taxes payable over 10 years due to tax rate increases	\$ 288.62
Change in total taxes payable compared to 2022	\$ 190.87
Monthly impact estimated in 2023 on average home valued at \$350,000	\$ 15.91



Tax Supported Operating Budget

- Also since our last meeting, there is additional information relating to expansion request for Active Transportation Bike Lanes.
- The City has learned we were not successful in the Active Transportation Fund grant application
- In the initial draft budget documentation (pages 23-25 of the Expansion section) the total project costs were projected as \$1,175,000 Without grant funding of \$705,000, the levy requirement would be the full project cost, as compared to the \$470,000 initially outlined.
- Alternatives include delaying the project until such time as alternative funding is available, and/or considering at a future budget (to be discussed when we get to Expansion Requests)



Tax Supported Operating Budget

- As noted in budget package under Expansions, the following projects and their implications are noted:

Expansion Request Impacts to Tax Levy		
125,000	Strategic Priorities (Strategic Plan) Including KPIs	
-	Cooper Site Next Steps (Environmental, Hub Fundraising, other) \$2.5M from GTCH reserve fund	
-	Social Services (Housing and Children's Services) 2 vehicles included in current reserve transfers	
-	Active Transportation Bike Lanes, Multi-Use Sidewalks \$1,175,000 less Grant \$470,000	
-	Water/Wastewater SCADA enhancements \$26,740 funded from user fee reserve fund no levy impact	
-	Cloud Permitting Software \$15,000 funded from user-fee reserve fund no levy impact	
22,000	Cemetery Utility Vehicle	
147,000	Total Project-type expansions (levy impact) - adds consideration of	0.22%



Tax Supported Operating Budget

143,483	Deputy CBO (new)	
52,214	Planning Co-op Student (new)	
22,064	Seasonal Maintenance Worker (new)	
20,194	Supervisor of Waste Operations (replacement of prev Coordinator)	
58,170	Maintenance Worker- Fleet (increase from PT to FT)	
139,854	Supervisor Facility Operations (new)	
85,345	Clerk-Secretary (Facilities) (new)	
139,233	Supervisor Recreation Services (new)	
139,594	Drivers x 3 (net increase from PT to FT)	
35,027	Driver Parallel (increase from PT to FT)	
27,526	Legislative Coordinator (replacemnt of prev Customer Service Clerk)	
100,526	Council Committee Coordinator (new)	
963,230	Total Staffing-type expansions (levy impact)	1.41%
(481,615)	Total staffing -type expansions (net levy impact = 50% for each year)	-0.71%
4,777,768	FINAL IF ALL EXPANSION REQUESTS APPROVED	7.00%

(translates into 4.61% increase in tax rate, compared to 6.08% levy increase and 3.80% tax rate increase on previous slide)



Questions

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