



REPORT

ADMINISTRATION/FINANCE/FIRE COMMITTEE

DATE: February 20, 2024

REPORT NO: T-04-2024

SUBJECT: **2024 Operating and Capital Budget Update**

CONTACT: Donna DeFilippis, CPA CA, Interim CAO and Treasurer
Katelyn Repovs, CPA CA, Manager of Finance & Deputy Treasurer

OVERVIEW:

- At the February 5, 2024 Special Council Meeting, staff presented a Draft Operating and Capital Budget which required a base tax levy of \$9,943,950, which resulted in a tax levy increase of 9.14% after factoring in assessment growth. At the same meeting, Council passed the following resolution:

“That staff be directed to provide additional information on the following items at the Administration/Finance/Fire and Public Works/Recreation Committee meeting of February 20, 2024 where the 2024 Budget is being further reviewed:

*a) proposals to further reduce the tax increase by providing for 3 to 5 options from all departments recognizing impacts to the Township; and
b) review opportunities for cost savings at the library.”*

- This report recommends a revised base tax levy of \$9,799,910 which represents a decrease in the base levy of \$144,040 compared to the February 5th presentation. **This revised levy represents a 7.55% increase over 2023 after factoring in assessment growth**, a decrease of 1.59% from the February 5th presentation.
- Staff have estimated that the tax levy of \$9,799,910 will result in **an increase to the overall tax bill of 5.84%** after factoring in all three taxing authorities.
- Council will be presented with the Final 2024 Operating and Capital Budget Report, with all necessary attachments at the February 26, 2024 Council meeting.

RECOMMENDATION:

- That, Recommendation Report T-04-2024, regarding the “2024 Operating and Capital Budget Update”, dated February 20, 2024, be received; and,
- That, a 2024 tax levy of \$9,799,910 which represents a 7.55% tax levy increase after factoring in assessment growth, be approved; and,
- That, staff prepare the Final 2024 Operating and Capital Budget report, with all necessary attachments for presentation and approval at the February 26, 2024 Council Meeting.

BACKGROUND:

At the February 5, 2024 Special Council meeting, Report T-03-2024 was presented to Council, which outlined the 2024 Draft Operating and Capital Budget. That draft budget required a 2024 General Tax Levy of \$9,943,950, which represented a 9.14% increase over the 2023 levy. Council requested that staff review the draft budget with the intention of further reducing the 2024 levy requirement.

CURRENT SITUATION:

The following adjustments have been made to the initial 2024 Operating and Capital budget that was presented at the February 5, 2024 Special Council meeting. These adjustments have resulted in a **decrease to the levy of \$144,040**. This results in an overall tax levy increase over 2023 of **7.55%** after growth. Staff have prepared a presentation outlining the changes to the 2024 Draft Operating and Capital Budget, which is attached as **Schedule B** to this report.

\$33,000 Decrease to the Transfer to the Library Reserve

The Library Board met on February 8, 2024 to discuss the 2024 budget and provided three options. Treasury staff have included all three options in the revised budget, resulting in a decrease of \$33,000 to the levy. This is a decrease of 3.72% compared to the initial Library budget presented to Council at the February 5th Special Council Meeting. Staff was able to decrease the Library Budget by lowering the transfer to the Library Reserve by \$33,000. The Library Board approved the following adjustments:

Project	Expenditure	Budget Impact
Project 1155 Caistor Library Outside Improvements	\$40,000	Moved from 2026 to 2028
Project 1153 Smithville Library Garden/Sun Shade	\$40,000	Removed
Project 1154 Library Digital Signs	\$25,000 \$25,000	Moved from 2025 to 2028 Moved from 2026 to 2029
Project 1170 StoryWalks	\$6,000 \$6,000 \$6,000	Moved from 2025 to 2028 Moved from 2026 to 2029 Moved from 2027 to 2030
Project 1173 Addition to Makerspace	\$20,000	Moved from 2025 to 2025 and 2027
Project 588 Radio Frequency Identification	\$60,000 \$40,000	Moved from 2025 to 2028 Moved from 2027 to 2029
Project 590 Automated Sorter	\$25,000	Moved from 2027 to 2029

\$50,000 Decrease to Capital-Related Reserve Transfers

Members of Senior Management have reviewed their budgets and have made changes to the Capital and Special Projects Budgets. The changes to the Ten Year Capital Plan are highlighted in blue on **Schedule A** to this report. These changes have allowed Treasury staff to reduce the following reserve transfers:

- Facility Reserve Transfer, reduced by \$15,000
- Cemetery Reserve Transfer, reduced by \$10,000
- Fire Reserve Transfer, reduced by \$15,000

Respecting Our Roots, Realizing Our Future

- Planning Reserve Transfer, reduced by \$10,000

\$57,540 Net Decrease to Wages and Benefits Budget

The new position of Community Engagement and Events Coordinator represented a 1.0 FTE (full-time equivalent) increase in the 2024 Draft Budget presented to Council at the February 5th Meeting. Staff have once again reviewed the requirements of this position and have reduced the budget request to a 25-hour per week position, representing an FTE increase of 0.71, as opposed to 1.0.

To further mitigate the impact of this additional FTE request, Treasury staff have removed a 0.5 FTE non-union position from the base budget (Part-Time Administrative Assistant to the Clerk's Department). This position has been vacant since April 2022 without any significant impact to service levels. There have been increases to the staffing level of the Clerk's Department since that time: Communications Specialist, Human Resources Coordinator and Legislative & Records Management Coordinator (this last position is a temporary contract position until the end of 2025, funded through the Capital Reserve). There may be a need to reinstate additional support in the future; however, this reallocation of staffing budget will be necessary for the years 2024 to 2026 in order to mitigate levy increases.

A summary of the staffing adjustment is noted below:

Position	Change	Levy Impact
Community Engagement and Events Coordinator	Reduced from 1.0 FTE (35 hours/week) to 0.71 FTE (25 hours/week)	Reduction of \$21,660
Part-Time Administrative Assistant to the Clerk's Department	Removed currently vacant position	Reduction of \$35,880

Furthermore, Staff have made some additional minor adjustments to the operating budget resulting in an additional **decrease of \$3,500**.

ADDITIONAL OPTIONS:

In addition to the above adjustments, staff have provided additional options to Council. If Council were to approve any of the options below, the result would be **an additional decrease** to the levy as outlined. **A separate resolution would be required to direct staff to make these changes to the 2024 Draft Operating and Capital Budget.**

Option 1: Defer Project 1025: Hard Topping of Vaughan Road from Wellandport Road to Heaslip Rd. to 2025.

The deferral of this project by one year would result in a one-year deferral to the payback of the Capital Reserve of \$70,000. The deferral of this project by one year would result in a **reduction of \$70,000 from the levy**. The \$70,000 would be added to the 2025 levy, so the increase would be deferred one year. Council could defer this project further out in the Ten Year Capital Plan. However, the cost of the project would likely increase. Deferral of this project would not result in a service level change, as this portion of road would continue to be maintained as is.

Option 2: Cancel Canada Day Celebrations, saving \$43,810.

This would result in a decrease in service levels currently provided to the public.

Option 3: Cancel the Farmer's Market, saving \$22,110.

This would result in a decrease in current service levels. In addition, if Council were to cancel the Farmer's Market, it may impact the hours recommended for the Community Engagement and Events Coordinator position.

Options 1 to 3 listed above have been offered to Council as they would not result in the elimination of any permanent staff. Council can direct staff to include one of the above options, or a combination of them. The inclusion of one of the above options would result in a new levy. Every reduction of \$90,800 would result in a 1% decrease to the base tax levy which represents an approximate decrease of \$15 to the property taxes paid by the average homeowner.

Staff will also be conducting a review of the delivery of Council meetings. In particular, the current process of live-streaming Council meetings through a third party vendor will be evaluated and alternatives will be considered. Staff are confident that a more cost-effective approach can be implemented that would provide savings in the 2025 budget. A staff report will be presented to Council once staff have completed their review.

2024 TAX LEVY AND ESTIMATED IMPACT ON PROPERTY TAXES:

The 2024 Operating and Capital Budget requires a tax levy of \$9,799,910, which represents a 7.55% tax levy increase, after factoring in assessment growth. Assessment growth results in a portion of the tax levy increase not impacting the actual taxes paid by property owners. For the 2024 budget, residential assessment growth is estimated at \$32,800 (0.36%). This means that of the \$718,360 increase in the required tax levy, the first \$32,800 of that increase does not increase the taxes paid by property owners.

The **estimated** impact to the total tax bill based on an average assessment of \$388,600 is outlined in the chart below. The base tax levy of \$9,799,910 will result in an annual municipal-portion property tax increase of \$116.53 or \$9.71 a month for an average residential property.

	2023 Total Taxes	2024 Total Taxes	\$ Change	% Change
Assessment	\$ 388,600.00	\$ 388,600.00	\$ -	0.00%
Municipal	\$ 1,549.25	\$ 1,665.78	\$ 116.53	7.52%
Hospital	\$ 30.07	\$ 38.50	\$ 8.43	28.03%
Total Township	\$ 1,579.32	\$ 1,704.28	\$ 124.96	7.91%
Total Region	\$ 2,712.33	\$ 2,878.60	\$ 166.27	6.13%
Education	\$ 594.56	\$ 595.00	\$ 0.44	0.07%
TOTAL	\$ 4,886.21	\$ 5,177.88	\$ 291.68	5.97%
Urban Service Area	\$ 74.14	\$ 72.26	\$ (1.88)	-2.54%
TOTAL WITH URBAN SERVICE AREA	\$ 4,960.35	\$ 5,250.14	\$ 289.80	5.84%

INTER-DEPARTMENTAL COMMENTS:

Department Heads have all been involved in the updating of both the Operating and Capital budgets pertaining to their area of responsibility. Department Heads worked with their staff to send in initial budget plans which are then reviewed and discussed with the Treasurer/Interim CAO resulting in the document as presented to Council. The Library Board approves the budget submitted for the Library.

CONCLUSION:

It is requested that the 2024 Operating and Capital Budget adjustment recommendations be approved as presented. Staff will be presenting the Final 2024 Operating and Capital Budget, with all attachments at the February 26th, 2024 Council Meeting.

SCHEDULE(S):

- A. 2024 Capital Ten Year Capital Plan – Expenditure by Department
- B. 2024 Budget Presentation for February 20, 2024

Prepared by:


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Submitted and Approved by:


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