



Subject: 2024 Municipal Budget

Department: Corporate Services

Division: Finance

Report #: CPS-2023-089

Meeting Date: 2023-11-27

Recommendations

That report CPS-2023-089, regarding the 2024 Municipal Budget, be received.

Background

On August 14, 2023, staff provided Report CPS-2023-050 “Budget 2024 Schedule and Direction” to Council, seeking direction and approval for some key assumptions used in preparing the budget. Since that time, staff have worked collaboratively on bringing forward a 5-year Operating Budget and a 10-year Capital Budget for consideration and deliberation.

Approval of the Capital Budget and endorsement of the 10-year capital forecast will be sought at a meeting to be held on December 4, 2023. The operating budget and consolidated budget will be presented for consideration and approval on December 5, 2023.

Analysis

Guiding Principles assist in the process of formulating the annual budget, overseeing its implementation, and ensuring its alignment with strategic goals. The following principles were established for the 2024 Budget:

1. Accountability and Transparency
2. Fiscal/Asset Management
3. Inflationary Pressures
4. Balance Property Tax vs Rate-Based
5. Growth pays for Growth
6. Modernization and Efficiency

Improvements to Budget 2024

In preparing the 2024 Municipal Budget, several improvements were made in an effort to provide greater clarity to Council and the community on cost drivers. Those improvements include the removal of inter-departmental charges for all tax levy funded divisions, the centralization of IT costs, the reallocation of General Manager and Executive Assistants salaries to the Administration division, and the reallocation of Customer Service Representative salaries to the Finance division.

Key Budget Pressures

A number of factors are included within staff analysis and projections throughout the budget process. Below is a list of key budget pressures that were considered in developing projections for the current year, and across the multi-year budget.

1. Inflation – While the global inflationary increases seem to be slowing down, the impacts are still being felt. The latest CPI data release remained in excess of 3% with the October calculation showing 3.1%. Having said that, the majority of the Town's budget is allocated to infrastructure costs which has seen a significantly higher inflation rate than the traditional consumer price index.
2. Staffing resources – the Town is undergoing an organizational review. New staffing requests have been provided for within the corporate allocations division, pending the outcome of the review.
3. External government funding – We are seeing fewer government funding programs available for municipalities. Municipalities are being forced to become more reliant upon own-source revenues.
4. Service level expectations – Service level expectations from the community are growing faster than resources (financial and human) can support, creating a gap in service delivery.
5. Capital funding increases – significantly more funding is required in order to maintain existing infrastructure to a safe and reliable state, and to build capacity for future initiatives.

Key Budget Assumptions

The projected levy adjustment has been achieved inclusive of the following key assumptions:

1. Reduction in OPP billing – As projected at its inception, the end of the 3-year transition period has resulted in significant annual savings of approximately \$4.0M
2. Stable, reliable and predictable funding via the Canada Community Building Fund (CCBF) and Ontario Community Infrastructure Fund (OCIF) will continue for 2024
3. Market adjustments in the 10-15% range for insurance and commodity pricing (fuel, hydro, natural gas)

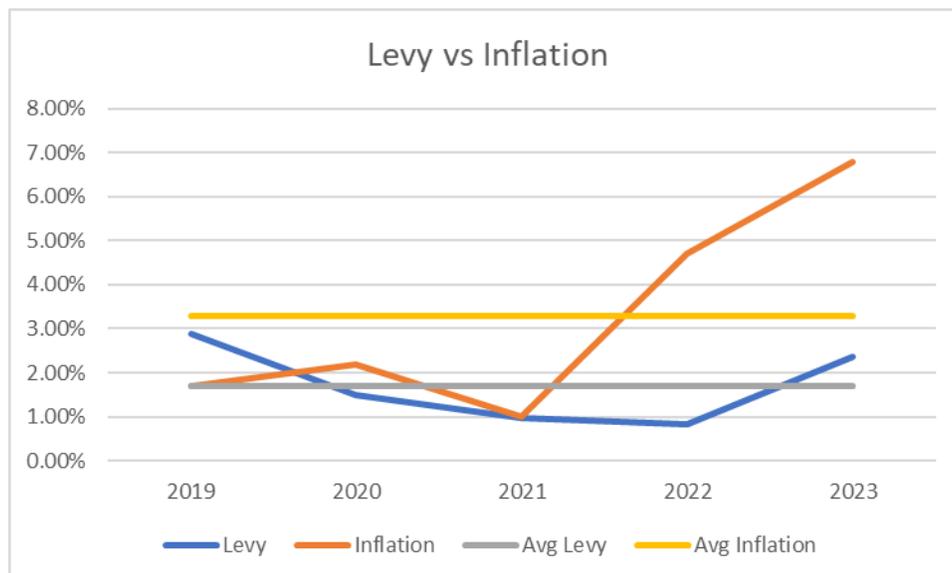
- 4. Modest assessment growth projected at 0.5%, generating an additional \$199,510 in funding.

Tax Levy Increase

Staff have proposed a net levy increase of 4.50%, or \$1,793,967, for Council’s consideration. It is critical for Council and the community to note that in an effort to maintain a “reasonable” tax levy increase, staff have deferred a significant number of service level changes (staffing), deferred or recalibrated numerous capital initiatives, and deferred program service level enhancements, such as a stormwater management program, road resurfacing program, watermain rehabilitation program and other recreational facility upgrades.

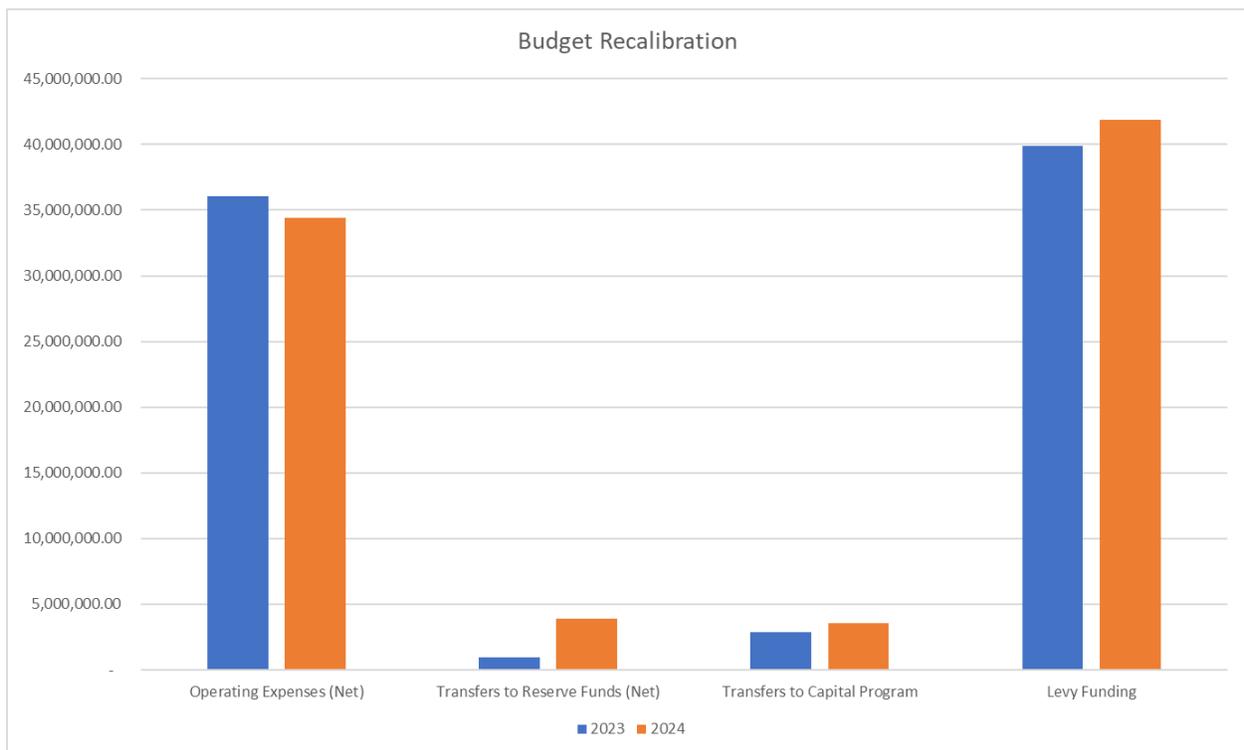
The table and graph below detail the historical 5-year Town levy adjustment compared with CPI inflation rates. As the data depicts, the Town has historically maintained low levy adjustments, on average 1.5% below the inflation rate.

Year	Levy Adjustment	Inflation*
2019	2.89%	1.70%
2020	1.50%	2.20%
2021	0.97%	1.00%
2022	0.83%	4.70%
2023	2.35%	6.80%
Average	1.71%	3.28%



The proposed levy adjustment for 2024, coupled with savings generated from the OPP cost model, have enabled the Town to recalibrate some previous budget decisions that had relied upon non-sustainable revenue streams, such as the rate stabilization reserve funds and higher than typical yields of investment.

As outlined within the chart below, efficiencies and cost savings have resulted in an overall reduction in net operating expenses, allowing for reserve and capital program commitments to begin climbing back to levels that promote long-term fiscal sustainability.



This report and the attached budget book are being presented for information purposes as a formal tabling of the budget. Budget deliberations will occur at the meetings planned for December 4 and December 5, 2023.

Strategic Alignment

Strategic Plan

Strategic Goal: Future-Readiness

Objective: Sustainability – Secure the financial viability of the municipality

Sustainable Neighbourhood Action Plan

Theme: Corporate and Fiscal

Strategy: Encourage and support inter-departmental collaboration and communication to facilitate the adoption of sustainable practices in the municipality

Notice Provisions

None

Financial Impact

Staff have proposed a net levy increase of 4.50%, or \$1,793,967, for Council's consideration, resulting in an impact on the average property owner of \$145.02 (\$12 per month).

Council will have the opportunity to deliberate this levy increase at the December 4th and December 5th Budget meetings.

Respectfully submitted

Patrick Kelly, CPA, CMA
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Attachment(s): 1. Budget 2024 Document