



## **STAFF REPORT**

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**Meeting Date: January 9, 2023**

**Title: 2023 Draft Budget – Final**

**Prepared By: Steven Lansdell-Roll**

**Department:** Finance

**Report Number: Finance-2023-001**

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### **Recommendation:**

**THAT Council adopt By-Law 2023-1 for the 2023 Budget.**

### **Background:**

The annual budget process is mandated by Section 290 of the Municipal Act, 2001.

The 2023 Budget process began in March 2022, beginning with the finalization and presentation of the 2023 Budget Calendar.

The 2023 Budget Calendar calls for Council to pass the 2023 Budget (Operating and Capital) in January 2023.

Staff presented draft 2023 Budgets to Council in November 2022 and December 2022.

Direction was provided for staff to work with the Finance Committee on finalizing the 2023 Budget.

The Finance Committee agreed on the following:

1. Remove two Crossing Guard positions (effective Sept. 2023) based on the acceptance of two Automated Pedestrian Crossing Walk systems being installed in 2023.
2. Utilize \$50K from CCBF (Federal Gas Tax) funds for the Connecting Links Hwy 17 Road project.

## **Discussion:**

### 2023 Operating Budget

The Operating budget includes the following:

- No service level reductions
- ~\$390K (~2.65%) property tax levy increase
  - The Industrial Broad Class tax ratio exceeds the provincially set threshold of 2.63. Therefore, any levy increases are restricted to a maximum of 50% for the Industrial Broad Class.
  - The Industrial Broad Class (Industrial and Large Industrial) % increase is ~1.4%, with all other Tax Classes having a ~2.8% increase.
  - The weighted average levy increase is therefore ~2.65%
- ~\$1.09M in City funded Capital out of Taxation
- ~\$250K in anticipated labour (salary & benefits) inflation – Union and Non-Union
- ~\$85K (15%) in increased insurance premiums
- ~\$950K in allocations to Reserves/Reserve Funds from Operations
  - ~\$62K allocated to Reserve Funds based on anticipated Reserve Fund Interest
  - \$125K allocated to the General Operating Reserve related to Domtar Value Add \$s
  - \$10K allocated to the Election Reserve (Rate Stabilization)
  - ~\$238K allocated to the Waterfront Development Reserve Fund (source is MAT Revenue)
  - ~\$4K allocated to the Land Sale Reserve Fund (source is advertising revenue – final repayment of funds “borrowed” for the Highway Entrance Sign project)
  - ~\$5K allocated to the Sanitary/Wastewater Reserve Fund (source is Sewer Rate Revenue)
  - ~\$506K allocated to the Waterworks Reserve Fund (source is Water Rate Revenue)
- ~\$933K in draws from Reserves/Reserve Funds to Operations
  - ~\$579K drawn to offset DPS Disbandment (salary continuance costs)
  - ~\$6K drawn to offset Aaron Park upgrades (gate house improvements and new playground equipment)
  - ~\$348K in RATI Funding allocated to the Airport to balance the Airport’s 2023 Operating budget (received in 2021 and allocated to the Operating Reserve)
- ~1.05M in Debt Servicing costs

### 2023 Draft Capital Plan

The Draft Capital Budget, as presented, includes the following (above the line Capital projects):

- ~\$15.61M in Capital Spend
  - ~\$11.15M from External Sources (CCBF, ICIP, ACAP, Connecting Links, etc.)
  - ~\$2.33M from Reserves/Reserve Funds
  - ~\$1.09M from Taxation
  - ~\$0.36M from Sewer Rate Revenue
  - ~\$0.68M from Water Rate Revenue

**Attachments (Reference Material):**

- Schedule A - 2023 Operating Budget Summary
- Schedule B - 2023 Capital Plan