

2023 Operating Budget

Special Committee Meeting
February 23rd, 2023



A blue pen with a silver tip is positioned diagonally across the top left of the page. Below the pen, a bar chart with blue bars is visible on a white background with horizontal lines. The right side of the page has a dark blue background with a white grid pattern.

Agenda

- Introduction
- 2023 Operating Budget
- 2023 Municipal Tax Levy
- Operating Reserves
- Individual Business Unit Review

Introduction



Operating Budget and Property Taxes



Operating budget determines
municipal tax levy



Council sets tax policy and ratios

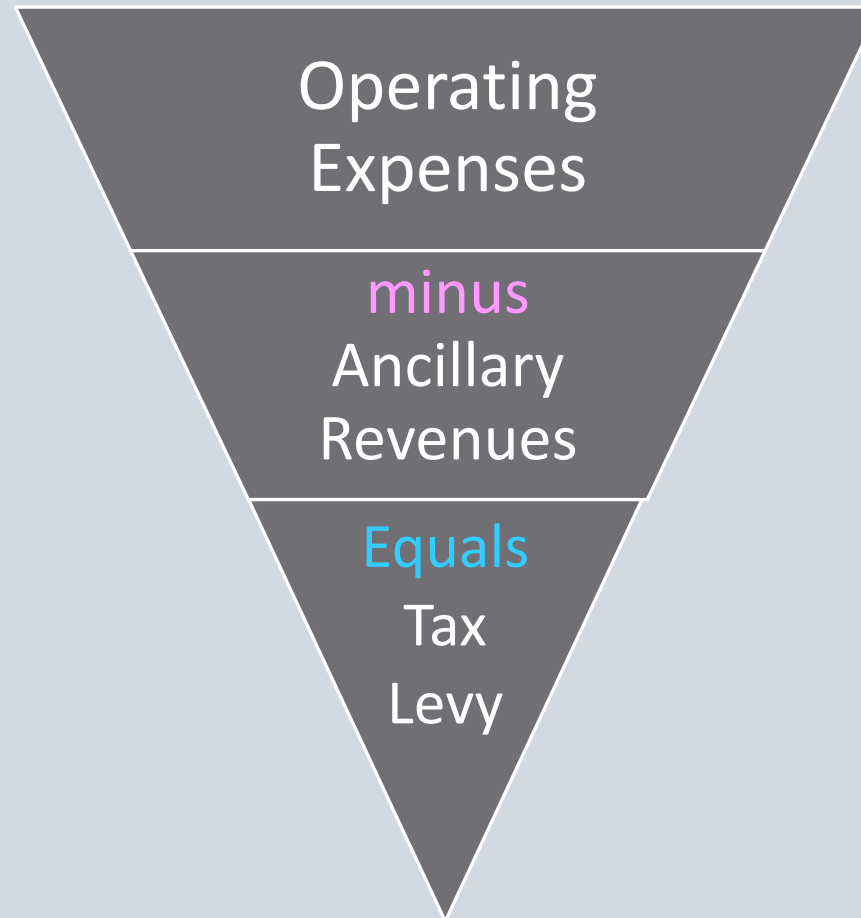


Tax rates are calculated and applied
to assessed values to calculate
municipal property tax bills

Terminology

Municipal Tax Levy

- Total revenue to be raised through municipal taxation/property taxes.
- The amount required to be collected through municipal property taxes to pay for the net operating expenses of each service area.
- Net operating expenses are calculated as gross operating expenses less ancillary revenues such as user fees, grants, etc.



Terminology (cont'd)

Municipal Tax Rate

- Percentage rate applied to the assessed value of each property in order to determine taxes payable.
- The rate is calculated by dividing the total weighted assessed value of all taxable properties by the municipal tax levy.

$$\frac{\text{Municipal Tax Levy (\$)}}{\text{Weighted Assessment Value}} = \text{Municipal Tax Rate}$$

Terminology (cont'd)

Municipal Property Tax

- Calculated by multiplying the municipal tax rate by the assessed value of the property.
- Interim tax bill is calculated as 50% of the previous year's total taxes. Interim bills are due last working day in February.
- Final tax bill is calculated by multiplying the tax rate by the assessed value. Final bill is due last working day in June.



\$100,000
Assessed
Value

X

Tax Rate
1.466120%
(2022 Rate)

=

\$1,466.12

2023 Operating Budget

2023 Operating Budget

- Covers day-to-day spending on services such as recreation, parks maintenance, landfill, city roads, garbage collection, transit, marina, and fire services.
- Also, supports the City's share of Operating Costs of Service Partners.
- The budget is a financial plan that describes how much money the City will raise through municipal property taxes, user fees and other sources of revenue required to deliver services to residents.
- Revenues and expenses outlined in the budget are determined based on:
 - Existing information, such as contracts in place, funding announcements, etc.
 - Historical trends
 - Legislated requirements
 - Expected future usage and requirements
- Amounts are estimated based on the best information available at the time the budget is established.

2023 Operating Budget Package

Approval of the Operating Budget determines the municipal tax levy amount to be collected



Page 5 of the budget package shows the year over year increase (decrease) in the municipal levy by department



Annual General Levy Summary 2023

YTD End Date: December 2022

Execution Date: February 8, 2023

	2021 Actuals	2022 Actuals YTD *	2022 Budget	2023 Council Review	Budget \$ Inc. / (Dec.)	Change %
Community Services						
ARENA SERVICES	1,429,765	2,313,715	2,145,325	2,518,693	373,368	17.40%
ARTS, CULTURE & REC SERVICES	1,004,043	910,725	1,122,452	1,238,099	115,647	10.30%
BUILDING	80,763	98,276	110,376	98,432	(11,944)	-10.82%
COMMUNITY SERVICES ADMIN	253,590	423,126	459,927	644,253	184,326	40.08%
ECONOMIC DEVELOPMENT	748,502	871,631	878,398	883,140	4,742	0.54%
FIRE DEPARTMENT	13,484,962	14,209,896	14,023,891	14,249,590	225,699	1.61%
PARKS REVENUES	(173,325)	(171,201)	(206,400)	(207,920)	(1,520)	-0.74%
PLANNING DEPARTMENT	377,437	519,185	461,115	508,236	47,121	10.22%
Total Community Services:	17,205,737	19,175,353	18,995,084	19,932,523	937,439	4.94%
Corporate Services						
COUNCIL SECRETARIAT	343,688	364,020	384,103	390,016	5,913	1.54%
CUSTOMER SERVICE CENTRE	280,097	318,403	316,756	328,701	11,945	3.77%
FINANCIAL SERVICES	1,511,167	1,518,347	1,624,753	1,580,240	(44,513)	-2.74%
HUMAN RESOURCES	831,184	1,080,963	1,112,129	1,249,598	137,469	12.36%
INFORMATION SYSTEMS	1,131,876	1,383,645	1,816,704	1,822,633	5,929	0.33%
LEGAL DEPARTMENT - GENERAL	494,089	434,096	433,693	646,191	212,498	49.00%
LEGAL DEPARTMENT - POA	(302,001)	99,904	(32,087)	86,985	119,072	371.09%
Total Corporate Services:	4,290,100	5,199,378	5,656,051	6,104,364	448,313	7.93%
General Government Activities						
FINANCIAL EXPENSES	21,752,906	20,500,056	21,425,472	21,711,157	285,685	1.33%
GENERAL REVENUES	(107,815,029)	(114,613,127)	(12,545,457)	(12,346,004)	199,453	1.59%
MAYOR & COUNCIL	412,323	444,665	530,280	567,953	37,673	7.10%
OFFICE OF THE CAO	481,851	519,372	497,918	484,150	(13,768)	-2.77%
Total General Government Activities:	(85,167,949)	(93,149,034)	9,908,213	10,417,256	509,043	5.14%
Infrastructure and Operations						
AQUATIC CENTRE	211,134	290,087	358,645	278,656	(79,989)	-22.30%
CITY HALL FACILITIES	812,584	959,631	799,457	832,197	32,740	4.10%
ENGINEERING SERVICES	796,874	1,133,851	940,291	946,543	6,252	0.66%
ENVIRONMENTAL SERVICES	693,278	867,005	919,026	961,328	42,302	4.60%
FLEET MANAGEMENT	0	41,363	0	0	0	0.00%
KINGS LANDING	1,879	6,970	1,138	2,252	1,114	97.89%
MARINA	0	2,651	0	0	0	0.00%
PARKING OPERATIONS	46,992	24,891	(108,374)	21,503	129,877	119.84%
PARKS - OPERATIONS	3,872,931	3,933,956	4,053,823	4,147,984	94,161	2.32%
ROADS DEPARTMENT	8,812,715	8,656,832	9,226,726	9,261,582	34,856	0.38%
STORM SEWERS	633,737	670,656	583,970	611,651	27,681	4.74%
TRANSIT	4,367,541	4,725,269	4,485,868	4,917,773	431,905	9.63%
WORKS DEPT ADMINISTRATION	658,889	734,890	765,161	747,043	(18,118)	-2.37%
Total Infrastructure and Operations:	20,908,554	22,048,052	22,025,731	22,728,512	702,781	3.19%
Service Partners						
INVEST NORTH BAY	140,000	25,000	25,000	10,000	(15,000)	-60.00%
SERVICE PARTNERS	42,623,559	44,407,848	44,489,533	47,744,057	3,254,524	7.32%
Total Service Partners:	42,763,559	44,432,848	44,514,533	47,754,057	3,239,524	7.28%
Levy Grand Total:	\$ 1	\$ (2,293,403)	\$ 101,099,612	\$ 106,936,712	\$ 5,837,100	5.77%

2023 Operating Budget Package



Business Units (BUs):

Community Services
Corporate Services
General Government
Infrastructure and
Operations
Service Partners

- Operating Budget is presented by Business Unit (BU). Each BU section includes:
 - ✓ Summary of the departmental net levy
 - ✓ Overview of significant BU pressures
 - ✓ Activity summary for each department
 - ✓ Executive Report for each department showing departmental expenses, revenues and net municipal tax levy
- Service Level Changes (SLCs): options to either enhance or decrease the level of service currently offered by a department. May also include recommendations to introduce new fees.
- Community Requests: includes budget requests received from external parties for Council's consideration.

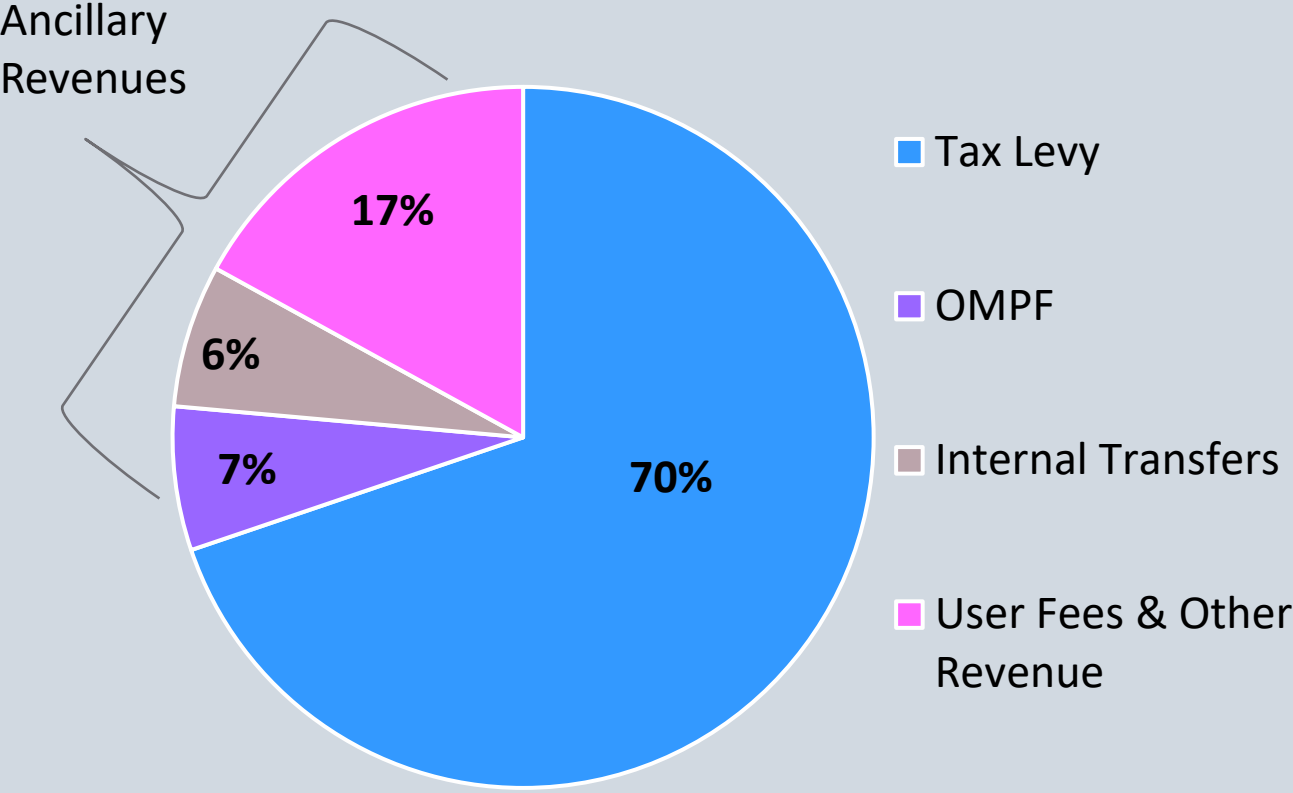


2023 Operating Budget Package

- Service Level Changes and Community Requests will be discussed as the associated BU is reviewed.
- Committee decisions to increase or decrease the levy will be tracked and the final levy will be brought forward for Council's approval.

2023 Gross Operating Revenue

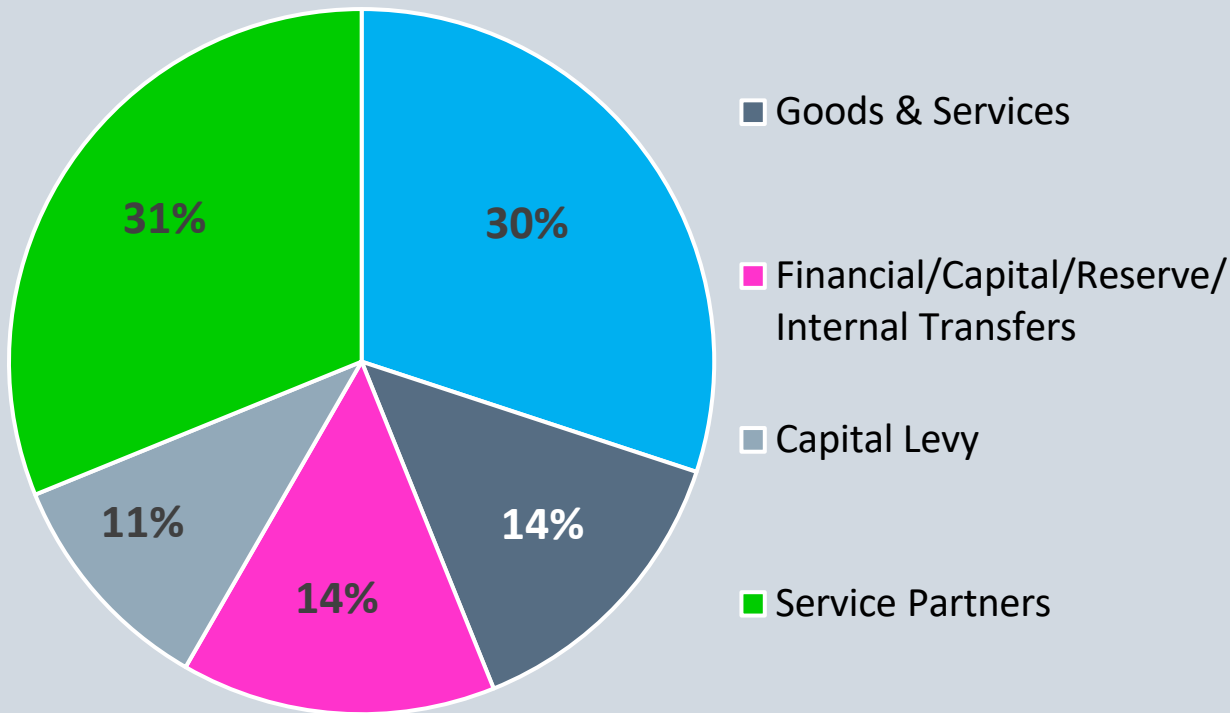
Revenue By Source



	\$ (in millions)
Tax Levy	106.9
OMPF	10.2
Internal Transfers	10.1
User Fees & Other Revenue	26.0
Total Revenue	153.2

2023 Gross Operating Expenses

Expenses by Type



	\$ (in millions)	%
Service Partners	47.7	31%
Personnel Costs	46.1	30%
Financial/Capital/Reserve /Internal Transfers	22.1	14%
Goods & Services	21.2	14%
Capital Levy	16.1	11%
Total Expenses	153.2	100%

2023 Municipal Tax Levy

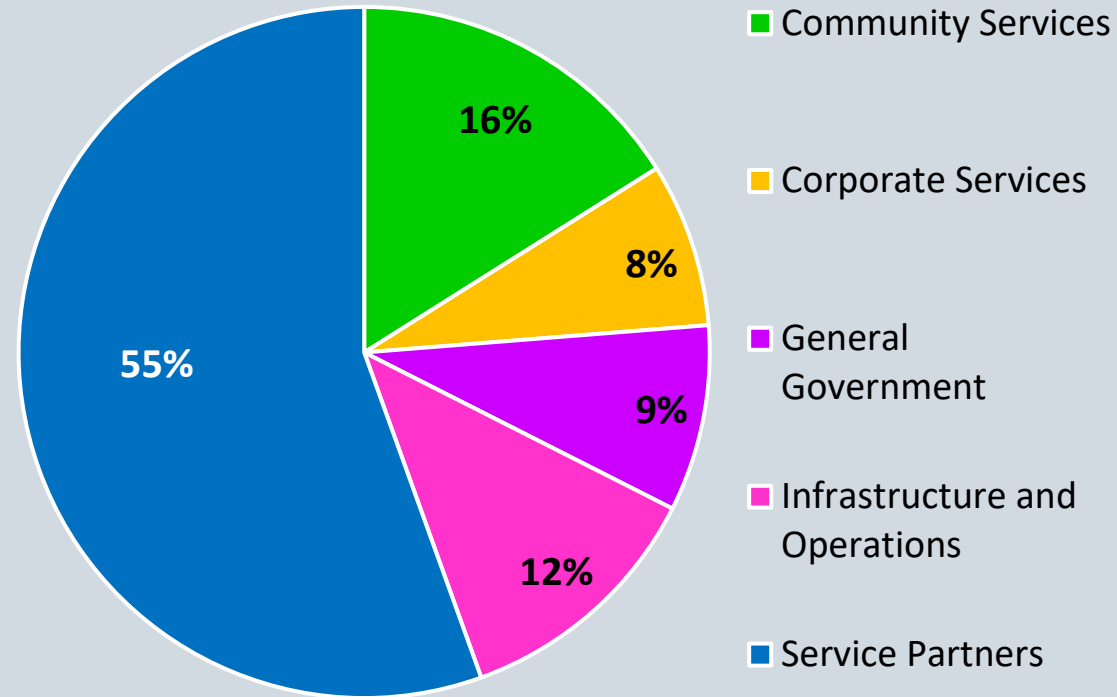
2023 Municipal Tax Levy

2023 Municipal Tax Levy	106,936,712	
2022 Municipal Tax Levy	101,099,612	
Increase in Levy	5,837,100	5.77%

Levy Increase by Business Unit

		% of Prior Year Levy
Community Services	937,439	0.93%
Corporate Services	448,313	0.44%
General Government	509,043	0.50%
Infrastructure and Operations	702,781	0.70%
Service Partners	3,239,524	3.20%
Net Increase in Levy	5,837,100	5.77%

\$5.8 million Increase in Levy by Business Unit



2023 Municipal Tax Levy Pressures

City Operating Departments	2,597,576	2.57%
Service Partners	3,239,524	3.20%
Net Increase in Levy	5,837,100	5.77%

Personnel Costs	2,025,298
Goods & Services	1,175,650
Other Expenses	51,427
Ancillary Revenues	(654,799)
Net Increase in Levy - City Departments	2,597,576



Operating Reserves



Utilization of Reserves

The 2023 Operating Budget includes \$3.6 million in reserve funding.

This is a reduction of approximately \$0.9 million from 2022 as the use of reserves for COVID related revenue losses is being phased out.

	2023 Budget	2022 Budget	Increase (Decrease) in Use of Reserves
Reserves Used for Regular Operations (i.e. building, marina, provincial gas tax)	1,534,658	1,521,625	13,033
One-time/Specific Purpose (i.e. COVID related revenue losses, hardship program, etc.)	2,052,539	2,943,167	(890,628)
Total Reserves	3,587,197	4,464,792	(877,595)

Reserve funding included in the 2023 budget of \$3.6m includes the use of funds from operating, capital and obligatory reserves.

Operating Reserve Balances

- The chart to the right shows a breakdown of the City’s Operating Reserves.
- “2023 Proposed Net Reserve Transfers” is a net number that includes both transfers to and from reserve as per the 2023 Proposed Budget.

Reserve Policy Targets:

Operating Fund Reserves:

- Reserves established by Council authority for specific purposes

Tax Rate Stabilization

- 5 to 10% of municipal levy
- 2023 Target Range is \$5.4m to \$10.7m

Operating Budget Contingency

- 1% of gross operating expenses
- 2023 Target is \$1.53m

		Projected Balances Based on Authorized Transfers	2023 Proposed Net Reserve Transfers	Projected Balances
Reserve Description				
99502R	Waterfront Purposes	\$ 176,555	\$ 3,621	\$ 180,176
99503R	Insurance Deductible	\$ 185,052	\$ -	\$ 185,052
99508R	Workplace Safety and Insurance	\$ 297,127	\$ -	\$ 297,127
99510R	Vested Sick Leave ... City	\$ 728,819	\$ 120,000	\$ 848,819
99511R	Vested Sick Leave ... Police	\$ (298,438)	\$ 150,000	\$ (148,438)
99526R	Election Costs	\$ 74,954	\$ 60,000	\$ 134,954
99530R	Library Beneficiary	\$ 87,164	\$ -	\$ 87,164
99531R	Winter Maintenance	\$ 207,562	\$ -	\$ 207,562
99539R	Hydro Owners	\$ 1,319,490	\$ (350,000)	\$ 969,490
99544R	Capital Financing	\$ 3,431,857	\$ -	\$ 3,431,857
99546R	ASO Benefits Reserve	\$ 347,250	\$ -	\$ 347,250
99556R	Community Improvement Program	\$ 248,715	\$ 70,000	\$ 318,715
99560R	Wellness Reserve	\$ 49,666	\$ (33,150)	\$ 16,516
99579R	Police Services WSIB	\$ (155,951)	\$ -	\$ (155,951)
99584R	Economic Purpose	\$ 2,636,687	\$ (23,500)	\$ 2,613,187
99587R	Library Operating Reserve	\$ 625,733	\$ -	\$ 625,733
99601R	Casino Revenue	\$ 1,265,364	\$ -	\$ 1,265,364
Total Operating Fund Reserves		\$ 11,227,606	\$ (3,029)	\$11,224,577
99529R	Tax Rate Stabilization	\$ 4,824,939	\$ (1,320,316)	\$ 3,504,623
Total Tax Rate Stabilization Reserves		\$ 4,824,939	\$ (1,320,316)	\$ 3,504,623
99557R	Operating Budget Contingency	\$ 1,106,474	\$ -	\$ 1,106,474
Total Operating Fund Contingencies		\$ 1,106,474	\$ -	\$ 1,106,474

Business Unit Review



Review of Individual Business Units

Community Services (excluding Fire Services) will be reviewed tonight

Additional Business Units to be Reviewed Feb 27th and March 1st.



Business Unit Summary

Budget Year: 2023

YTD End Date: December 2022

	2021 Actuals	2022 Actuals YTD	2022 Budget	2023 Council Review	Variance	Variance %
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Grand Total:	17,205,737	19,175,353	18,995,084	19,932,523	937,439	4.94 %

Pages 6 to 33 of budget package