
To: Mayor and Council

From: Jas Rattigan, Director of Finance

Date: February 15, 2023

Subject: Revised Proposed 2023/2024 Budget & Business Plan

Report Highlights

- The Proposed 2023 Consolidated Budget (excluding program changes) proposes gross operating expenditures in the amount of \$28.9M and gross operating revenues in the amount of \$28.4M, plus net capital in the amount of \$21.1M; \$10.2M of new requests for 2023 and \$10.9M of carry forward from 2022; hence, gross operating expenditures exceed gross revenues by \$529,431.
- The Proposed 2023/2024 Consolidated Budget was tabled at the January 16, 2023 special meeting of Council, which proposed a 3.13% increase over 2022 for the Township's portion (excluding Program Changes). With the County of Simcoe's approved budget increase of 3.5% and the Provincial Government remaining neutral on the education tax rate, the blended tax increase (excluding Program Changes) was estimated at 2.68%.
- Since the tabling of the budget, Council has held 3 (three) budget deliberation meetings whereby resolutions have been approved for consideration for inclusion in the revised Proposed 2023/2024 Multi-Year Budget.
- The revised Proposed 2023 Tax Based Operating Budget proposes a 3.91% blended property tax increase. This includes all motions forwarded by Council at their January 18, 20, and February 2 budget deliberation meetings.
- For an average residential property assessed at \$493,000, this would result in a blended property tax increase of \$161.95 or \$32.86 for every \$100,000 of assessment.
- The Proposed 2023 Water and Wastewater Operating Budgets have been updated with a recommendation including a 2% increase to water rates and a 5% increase to wastewater rates (similar to 2022).

Recommendation

That the report from the Director of Finance regarding the Revised Proposed 2023/2024 Budget & Business Plan, dated February 15, 2023, be received; and,

That the Proposed 2023 Tax Based Operating Budget, Proposed 2023 Water Operating Budget, Proposed 2023 Wastewater Operating Budget and Proposed 2023 Capital Budget be approved; and,

That a By-law to approve the Non-Union/Management Salary Grid, be presented for consideration at the February 15, 2023 meeting of Council for final approval; and,

That a By-law to approve the Water and Wastewater Rates for 2023 be presented for consideration at the February 15, 2023 meeting of Council for final approval; and,

That a By-law to approve the 2023 Fees and Charges Study be presented for consideration at the February 15, 2023 meeting of Council for final approval; and,

That the 2023 Tax Rate By-law be presented, including the County and Education Requisitions as soon as the Tax Ratios have been approved by the County of Simcoe.

Background

The purpose of this report is to provide an update on the amendments that Council approved for consideration to the 2023 Budget at its meetings held on January 18, 20, and February 2, 2023 and to establish a final 2023 Budget for the Township of Springwater.

Revised Proposed 2023 Consolidated Budget

The Proposed 2023 Budget was tabled on Monday, January 16, 2023 and included two (2) full days of Council one-on-one sessions scheduled on January 17 and 19, 2023, service partner presentations January 18, 2023 and two (2) meetings of budget deliberations scheduled on January 20, 2023 and February 2, 2023. The final adoption/approval is scheduled for February 15, 2023.

The Proposed 2023 Consolidated Budget (excluding program changes) proposes gross operating expenditures in the amount of \$28.9M and gross operating revenues in the amount of \$28.4M, plus net capital in the amount of \$21.1M; \$10.2M of new requests for 2023 and \$10.9M of carry forward from 2022; hence, gross expenditures exceed gross revenues by \$529,431. This includes a 1% or \$174,400 contribution for Capital Infrastructure, 3.26% for COLA for non-union members and 2% for union members, as well as the non-union /management salary grid, however, excludes any proposed program changes.

Program Changes

The revised Proposed 2023 Tax Based Operating Budget includes sixteen (16) program changes. The overall net impact for all sixteen (16) program changes is \$425,428 or 2.52%. In terms of staff complement impact, these changes would result in nine (9) new permanent full-time staff and one (1) new contract position for six months. The chart below provides the list of revised program changes:

Program Change	Department	Gross Costs	Revenue/ Cost Savings	Net Tax (\$)	Net Tax (%)
PC #1 – Community Engagement/Communications Officer	Office of CAO	-	-	-	-
PC #2 – GIS Coordinator	Information Technology	99,572	24,893	74,679	0.44
PC #3 – Fees and Charges Study	Finance	(205,484)	-	(205,484)	(1.22)
PC #4 – Water/Wastewater Rate Study	Finance	25,000	25,000	-	-
PC #5 – Fire Prevention Officer/Public Educator	Fire	88,289	-	88,289	0.52
PC #6 – Economic Development Officer	Planning	100,908	-	100,908	0.60
PC #7 – Junior Planner	Planning	74,357	74,357	-	-
PC #8 – Roads & Fleet Equipment Operators 2.0 FTE	Infrastructure & Operations	132,986	132,986	-	-
PC #9 – Roads & Fleet Engineering Technologist	Infrastructure & Operations	85,632	28,688	56,944	0.34
PC #10 – Building Maintenance Technician	Infrastructure & Operations	67,233	67,233	-	-
PC #11 – Parks & Facilities Operator	Infrastructure & Operations	67,233	67,233	-	-
PC #12 – Additional 1% Capital Infrastructure Reserve	Infrastructure & Operations	174,400	-	174,400	1.03

Program Change	Department	Gross Costs	Revenue/ Cost Savings	Net Tax (\$)	Net Tax (%)
PC #13 – Laptops	Library	12,000	12,000	-	-
PC #14 – Additional 1% Capital Infrastructure Reserve	Infrastructure & Operations	174,400	100,908	73,492	0.44
PC #15 – Increase to Council Discretionary Budget	Council	27,000	-	27,000	0.16
PC #16 – Hillsdale Pavilion – Pickleball Court Painting	Infrastructure & Operations	2,000	-	2,000	0.01
PC #16 – Hillsdale Pavilion – Basketball Net	Infrastructure & Operations	3,000	3,000	-	-
PC #17 – Economic Development Assistant – Farmer’s Market	Planning	33,200	-	33,200	0.20

Impact on Average Property Owner (including Program Changes)

As indicated earlier, the 2023 revised Proposed Budget suggests a base budget increase of \$529,431 over 2022 levels. The Township’s 2023 Base Budget will result in a \$63.10 property tax increase (Township portion only) over 2022 levels for an average home assessed at \$493,000.

The overall net impact for all sixteen (16) program changes is \$425,428 or 2.52%; hence the revised Proposed 2023 Tax Based Operating Budget proposes a 3.91% blended property tax increase. This includes all motions forwarded by Council at their January 18, 20, and February 2 budget deliberation meetings. For an average home assessed at \$493,000, this translates into a \$161.95 property tax increase over 2022 levels or approximately \$13.50 per month.

The County of Simcoe has approved its 2023 Budget with a 3.50% increase and the Provincial Government remains neutral on the education tax rate.

	2022	2023	Change (\$)	Change (%)
Township of Springwater	\$2,014.30	\$2,128.11	\$113.81	5.65%
County of Simcoe	1,375.64	1,423.78	48.14	3.50%
Education	754.29	754.29	-	-
Total	\$4,144.23	\$4,306.18	\$161.95	3.91%

Service Partner Program Changes

As part of the annual Budget process, the Township includes requests from its service partners, including: the Springwater Public Library Board; Nottawasaga Valley Conservation Authority (“NVCA”) and the Severn Sound Environmental Association (“SSEA”).

The Proposed 2023 Requested Tax Based Operating Budget includes one (1) program change proposal from the Township’s service partners. The Springwater Public Library Board is proposing one (1) program change that would add no additional net tax levy as the request is funded by the Library Capital Reserve Fund.

Draft 10-Year Capital Plan and 2023 Capital Budget

The revised 10-Year Capital Plan includes gross expenditures in the amount of \$184.4M, with sources of funding coming from reserves, reserve funds, development charges, grants, debt, other levels of government and taxation (operating budget). Of the \$184.4M in gross capital expenditures, \$127.8M is allocated towards growth related capital expenditures and \$56.6M is for renewal/rehabilitation of existing capital infrastructure.

At the January 20 and February 2, 2023 budget deliberation meetings a few changes were proposed by Council to the 2023 Capital Budget:

- i) Defer project #2022-50 – Elmvale Library Branch Renovation 2023 to 2024 in the amount of \$125,000;
- ii) Correct project #2023-108 – Grenfel Community Center updated to \$75,000 in 2023 from \$15,000;
- iii) New project #2023-109 – Stonemanor Park – Outdoor Storage Shed to be funded by developer contributions in the amount of \$20,000;

Proposed 2023 Capital Budget

The Revised Proposed 2023 Capital Budget is comprised of carry forward projects from 2022 in the amount of \$10.9M, as well as new capital requests for 2023 in the amount

of \$10.2M, for a total Proposed 2023 Capital Budget of \$21.1M. It contains funding sources as follows:

Funding Source	Amount
Development Charges (some of which will require debt)	\$13.9M
Debt	1.1M
Water/Wastewater Reserve Fund	2.1M
Reserves	1.0M
Grants/Contributions	1.6M
Gas Tax	0.6M
Taxation (Operating)	0.6M
Library Capital Reserve Fund	0.5M

Some of the major capital projects being proposed in 2023 are as follows:

Project	Gross Expenditure
Fire Station 2 – Construction and Furnishings	\$7,700,661
Craig Road	4,567,446
Facility Condition Assessment Program	190,000
Phase 1 & 2 Multi-Purpose Complex Development (2022 Carry Forward)	626,399
Golf Course Road	639,600
Wilson Drive	832,000
Mill Street West – Old Second North to Penetanguishene	175,000
Aerial Platform Ladder Truck (2022 Carry Forward)	702,000
New Tandem	265,000
New Loader	325,000
Replace #7 Tandem	290,000

Project	Gross Expenditure
Township-wide Transportation Master Plan	250,000
Watermain/Distribution System Upgrades	325,000
Water/Wastewater Master Servicing Plan	496,496
Gravity Sewer Replacement/Repair Work	372,500
CityView Planning Module	75,000

Proposed 2023 Water & Wastewater Operating Budgets

The impacts of the rate study included a 2% increase in Water Rates and 5% increase in Wastewater Rates for 2021 and 2022. Staff are recommending similar increases in 2023 and have requested a new Water/Wastewater Rate Study be conducted in 2023. The new rates will be effective February 15, 2023.

Not all residents of Springwater are connected to municipal water and/or wastewater services; only those benefitting properties are charged the water and/or wastewater rate.

Financial Implications

The implications of the Proposed 2023 Budget, as presented, are as follows:

- a) Tax Rate Operating Budget Impact – with the County of Simcoe approving a 3.50% increase to their 2023 Budget and the education rate remaining revenue neutral, the overall (blended tax increase), including program changes, would be 3.91%, which translates to a \$161.95 increase or approximately \$13.50 per month on an average home assessed at \$493,000.
- b) Program Changes – there are sixteen (16) program changes being proposed in the Proposed 2023 Tax Based Operating Budget. Staff are seeking Council’s consideration of all program changes.
- c) Water & Wastewater Operating Budget Impacts – A 2% increase in Water Rates and 5% increase in Wastewater Rates are being proposed for 2023 (similar to 2022 rate increase) and staff have requested a new Water/Wastewater Rate Study be conducted in 2023.

Pillars of Commitment

The above initiative supports the following Strategic Pillars of Commitment:

- Infrastructure, Financial Management & Service Delivery

Approvals

Submitted by: Jas Rattigan, CPA, CGA, Director of Finance

Approved by: Jeff Schmidt, CPA, CGA, Chief Administrative Officer

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