
To: Mayor and Council

From: Jas Rattigan, Director of Finance

Date: December 6, 2023

Subject: Proposed 2024/2025 Budget & Business Plan

Report Highlights

- The Proposed 2024 Consolidated Budget (excluding Program Changes) proposes gross expenditures in the amount of \$70.9M and gross revenues in the amount of \$71.2M; hence, gross operating expenditures are less than gross revenues by \$292,162, resulting in a net tax levy reduction.
- The Proposed 2024/2025 Consolidated Budget was tabled at the November 1, 2023 regular meeting of Council, which proposed a 1.43% decrease over 2023 for the Township's portion (excluding Program Changes). With the County of Simcoe's approved budget increase of 3.70% and the Provincial Government remaining neutral on the education tax rate, the blended tax increase (excluding Program Changes) was estimated at 0.95%.
- Since the tabling of the budget, Council has held four (4) budget deliberation meetings whereby resolutions have been approved for consideration for inclusion in the revised Proposed 2024/2025 Multi-Year Budget.
- The revised Proposed 2024 Tax Based Operating Budget proposes a 1.83% blended property tax increase. This includes all motions forwarded by Council at their November 22 budget deliberation meeting.
- For an average residential property assessed at \$497,000, this would result in a blended property tax increase of \$79.34 or \$15.97 for every \$100,000 of assessment.
- The Proposed 2024 Water and Wastewater Operating Budgets have been updated with revenue estimates pertaining to consumption increases/decreases.

Recommendation

That the report from the Director of Finance regarding the Proposed 2024/2025 Budget & Business Plan, dated December 6, 2023, be received; and,

That the Proposed 2024 Tax Based Operating Budget, Proposed 2024 Water Operating Budget, Proposed 2024 Wastewater Operating Budget, and Proposed 2024 Capital Budget be approved; and,

That a By-law to approve the Non-Union/Management Salary Grid, be presented for consideration at the December 6, 2023, meeting of Council for final approval; and,

That the 2024 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 2024 Budget at its meetings held on November 22, 2023, and to establish a final 2024 Budget for the Township of Springwater.

Revised Proposed 2024 Consolidated Budget

The Proposed 2024 Budget was tabled on November 1, 2023 and included five (5) full days of Council one-on-one sessions scheduled from November 6 to 10, 2023, service partner presentations November 13, 2023 and three (3) meetings of budget deliberations scheduled on November 15, 20 and 22, 2023. The final adoption/approval is scheduled for December 6, 2023.

The Proposed 2024 Consolidated Budget (excluding program changes) proposes gross expenditures in the amount of \$70.9M and gross revenues in the amount of \$71.2M; hence, gross revenues exceed gross expenditures by \$292,162, resulting in a net tax levy decrease. This includes a 1% contribution for Capital Infrastructure and 2% for cost-of-living adjustment.

Program Changes

The Proposed 2024 Tax Based Operating Budget includes fifteen (15) program changes. The overall net tax impact for all fifteen (15) program changes is \$522,395 or 2.77%. In terms of staff complement impact, these changes would result in two (2) new permanent full-time staff and one (1) new contract position. The chart below provides the list of revised program changes:

Program Change	Dept	Gross Costs	Reserve/ Contribution/ Council Discretionary	Net Tax (\$)	Net Tax (%)
GIS Coordinator	IT	98,007	22,824	75,183	0.40
Managed Security	IT	50,000	-	50,000	0.27
Service Springwater Contract	CAO	92,917	21,789	71,128	0.38
Communications Assistant	CAO	77,639	-	77,639	0.41
Ward Boundary Review	Clerk's	50,000	50,000	-	-

Program Change	Dept	Gross Costs	Reserve/ Contribution/ Council Discretionary	Net Tax (\$)	Net Tax (%)
Volunteer Firefighter Comp & Benefits Option 1 and Option 5	Fire	213,781	-	213,781	1.13
Hillsdale Batting Tunnel	RPF	23,200	23,200	-	-
Staff Recognition	CAO	2,000	-	2,000	0.01
Anten Mills Park Upgrades Basketball / Pickleball	RPF	5,200	4,000	1,200	0.01
Grenfel Hall Branded Sign & Flagpole	RPF	9,500	9,500	-	-
St. Vincent & Finlay Mill Flags	RPF	8,000	8,000	-	-
NVCA – Category 2 & 3	NVCA	26,464	-	26,464	0.14
Consultant – Policy Development & Health and Safety Learning	CAO	50,000	50,000	-	-
Library Strategic Plan	Library	5,000	-	5,000	0.03
Total Program Changes		\$711,708	\$189,313	\$522,395	2.77%

Impact on Average Property Owner (including Program Changes)

As indicated earlier, the 2024 revised Proposed Budget suggests a base budget decrease of \$292,162 over 2023 levels. The Township’s 2024 Base Budget will result in a \$33.31 property tax decrease (Township portion only) over 2023 levels for an average home assessed at \$497,000.

The overall net impact for all fifteen (15) program changes is \$522,395 or 2.77%; hence the revised Proposed 2024 Tax Based Operating Budget proposes a 1.83% blended property tax increase. This includes all motions forwarded by Council at their November 22, 2023 budget deliberation meeting. For an average home assessed at \$497,000, this translates into a \$79.34 blended property tax increase over 2023 levels or approximately \$6.61 per month.

The County of Simcoe has approved its 2024 Budget with a 3.70% increase and the Provincial Government remains neutral on the education tax rate.

	2023	2024	Change (\$)	Change (%)
Township of Springwater	\$2,145.98	\$2,172.22	\$26.24	1.22%
County of Simcoe	1,435.34	1,488.44	53.10	3.70%
Education	760.41	760.41	-	-
Total	\$4,341.73	\$4,421.07	\$79.34	1.83%

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 2024 Requested Tax Based Operating Budget includes two (2) program changes from the Township’s service partners. The Springwater Public Library Board is proposing one (1) program change to fund a strategic plan in 2024 and Council requested staff include a program change for the NVCA items category 2 and 3.

Draft 10-Year Capital Plan and 2024 Capital Budget

The revised 10-Year Capital Plan includes gross expenditures in the amount of \$257.8M, with sources of funding coming from reserves, reserve funds, development charges, grants, debt, other levels of government and taxation (operating budget). Of the \$257.8M in gross capital expenditures, \$201.6M is allocated towards growth related capital expenditures and \$56.2M is for renewal/rehabilitation of existing capital infrastructure.

At the November 22 budget deliberation meeting a few changes were proposed by Council to the 2024 Capital Budget:

- i) Project 2020-22 - Rainbow Valley Rd, be removed from the 2024 Capital Budget, with the funds apportioned to it in the amount of \$98,800 from the Tax Rate Stabilization Reserve be re-allocated to the following projects:
 - project 2028-031 - Flos Rd 7 E from Cty Rd 27 to Victoria Rd
 - project 2019-27 - Hardtop conversion of Victoria Rd
 - hardtop of Flos Rd 8 W from Crossland to Vigo Rd

- ii) Project 2019-57 – Replace/Rebuild Elmvale Tennis Courts and Replacing of Lights be included in the 2024 Capital Budget and the courts be constructed as a Multi-Purpose Sports Court, within Elmvale, at a total cost of \$150,000; and, that the additional \$35,000 required for the project be funded from the Tax Rate Stabilization Reserve.
- iii) Project 2020-46 – Replace Homer Barret Park Rink Boards, remain in the 2025 Capital Budget and that the remaining funds for the Hedbern Park Development Fund be allocated to the project.

Proposed 2024 Capital Budget

The Revised Proposed 2024 Capital Budget is comprised of carry forward projects from 2023 in the amount of \$20.9M, as well as new capital requests for 2024 in the amount of \$19.3M, for a total Proposed 2024 Capital Budget of \$40.2M. It contains funding sources as follows:

Funding Source	Amount
Development Charges (some of which will require debt)	\$21.1M
Debt	4.0M
Water/Wastewater Reserve Fund	6.0M
Reserves	2.7M
Grants/Contributions	0.4M
CCBF/OCIF	4.2M
Taxation (Operating)	0.9M

Some of the major capital projects being proposed in 2024 are as follows:

Project	Gross Expenditure
Fire Station 2 – Construction and Furnishings	\$9,866,006
Craig Road	8,567,446
WWTP – Filter Upgrades	2,600,000
WWTP - Bar Screens Replacement	1,900,000
Kerr Street	1,774,764

Project	Gross Expenditure
Replace Pump 31	1,200,000
Mill Street West	1,051,703
Wilson Drive	810,985
WWTP – Replace UV Modules	800,000
Phase 1 & 2 Multi-Purpose Complex Development	700,000
Golf Course Road	628,153
Gravity Sewer replacement/repair	537,500
Watermain/Distribution System Upgrades	520,000
Facility Condition Assessment Program	374,485
Water/Wastewater Master Servicing Plan	351,270
Replace #7 Tandem	290,000

Proposed 2024 Water & Wastewater Operating Budgets

In 2023, Township staff received Council support to conduct an update of the water and wastewater rate structure through the assistance of Watson & Associates Economists Ltd. Analysis and scenarios have been conducted and a Public Information Session was held on November 21, 2023. Any impacts of the rate study have not been included in the 2024 Proposed Water and/or Wastewater Rate Based Operating Budgets. Staff have included revenue estimates pertaining to consumption increases/decreases.

A presentation from Watson & Associates will be provided on December 6, 2023, at a Special Meeting of Council to recommend 2024 rates. The new rates will be effective February 1, 2024.

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 2024 Budget, as presented, are as follows:

- a) Tax Rate Operating Budget Impact – with the County of Simcoe approving a 3.70% increase to their 2024 Budget and the education rate remaining

revenue neutral, the overall (blended tax increase), including program changes, would be 1.83%, which translates to a \$79.34 increase or approximately \$6.61 per month on an average home assessed at \$497,000.

- b) Program Changes – there are fifteen (15) program changes being proposed in the Proposed 2024 Tax Based Operating Budget. Staff are seeking Council’s consideration of all program changes.
- c) Water & Wastewater Operating Budget Impacts – Increase in Water and Wastewater Rates are being proposed at the December 6, 2023 Special Meeting of Council.

Strategic Priorities/Goals

The above initiative supports the following Strategic Priorities/Goals:

Goal 5 – Corporate Actions.

Approvals

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

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

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