



**SUBJECT: 2018 Budget – Mitigation Opportunities**

**TO: Mayor and Members of Council**

**FROM: Finance Department**

Report Number: F-12-18

Wards Affected: All

File Numbers: 435-01

Date to Committee: January 29, 2018

Date to Council: January 29, 2018

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**Recommendation:**

Amend the net tax levy amount to reflect an increase in the annual operating budget draw from the Provincial Gas Tax Reserve Fund from \$942,100 to \$1,076,539 for a net tax levy amount of \$160,103,941.

**Purpose:**

- An Engaging City
    - Good Governance
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**Background and Discussion:**

The 2018 Proposed Operating Budget was reviewed at the Committee of the Whole – Budget meeting of January 18<sup>th</sup>, 2018. Including revised amendments recommended at committee, the 2018 proposed operating budget resulted in a net tax levy of \$160,238,380 or a 4.45% city tax increase (2.59% overall).

Committee asked staff to report back on options to mitigate this tax increase prior to Council approval of the budget.

**Strategy/process**

Two amendments were made to the 2018 Proposed Operating Budget at the Committee of the Whole – Budget meeting of January 18<sup>th</sup>, 2018 which resulted in a net increase to the budget:

- Add 5 additional transit operators at a cost of \$372,424 to increase the reliability of the service.
- Add holiday service on December 25 and January 1 where there is currently no transit service at a cost of \$20,600. As January 1<sup>st</sup> will occur in 2019 (part of the 2019 operating budget), the amount was amended to \$10,300.

## **Options considered**

The following option is recommended to mitigate the tax increase for 2018:

Increase the annual operating budget draw from the provincial gas tax reserve fund from \$942,100 to \$1,076,539 (\$134,439 increase). At the time of budget development the additional provincial dedicated gas tax to be received in 2018 of \$134,439 was not anticipated. The additional funding if not brought in to the operating budget would have been used to fund the transit capital program which is anticipated to enter a deficit position beginning in 2022. Staff have committed to reviewing transit capital budget funding including the federal gas tax split in advance of the 2019 budget.

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## **Financial Matters:**

The recommended option reduces the total net tax levy from \$160,238,380 to \$160,103,941 (\$134,439 reduction). As a result, the city tax increase would reduce from 4.45% to 4.36% and the overall tax increase would reduce from 2.59% to 2.55%.

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## **Public Engagement Matters:**

Staff will continue to use the city's website as a communication medium through videos, webcast and online surveys.

The City hosted a Telephone Town Hall on the 2018 Proposed Budget on Wednesday, October 18, 2017 for residents, businesses and community partners. Participants learned about and discussed the proposed 2018 budget priorities with Mayor Rick Goldring and senior staff.

A Ward 4 budget meeting was held on January 10, 2018.

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## **Conclusion:**

Approving the recommended option will mitigate the operating budget increase and result in a city tax increase of 4.36% and an overall tax increase of 2.55%.

Respectfully submitted,

Joan Ford

Director of Finance

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**Report Approval:**

All reports are reviewed and/or approved by Department Director, Director of Finance and Director of Legal. Final approval is by the City Manager.