



SUBJECT: 2021 operating budget review and approval

TO: Corporate Services, Strategy, Risk & Accountability Cttee.

FROM: Finance Department

Report Number: F-04-21-1

Wards Affected: All

File Numbers: 435-01

Date to Committee: February 23, 2021

Date to Council: March 3, 2021 (Special Council)

Recommendation:

Approve the 2021 operating budget including any budget amendments approved by the Corporate Services, Strategy, Risk and Accountability Committee to be applied against the proposed net tax levy amount of \$183,768,566.

PURPOSE:

Vision to Focus Alignment:

- Improve integrated city mobility
- Support sustainable infrastructure and a resilient environment
- Deliver customer centric services with a focus on efficiency and technology transformation

Background and Discussion:

On January 21, 2021, the Corporate Services, Strategy, Risk and Accountability (CSSRA) Committee received finance department report F-04-21; the 2021 operating budget overview. Committee members also received the proposed 2021 operating budget book which will be required for consideration at the meeting on February 23, 2021.

Appendix A provides responses to questions raised at the January 21, 2021 CSSRA Committee meeting or subsequently posed by a member of Council.

Appendix B responds to staff direction SD-05-21 approved at the January 21, 2021 CSSRA Committee meeting requesting a list of 2021 operating budget reduction items for Council's consideration that could decrease the overall proposed tax impact (city, region, education) from 2.88% to 2.43% (representing a city tax increase of 3.99%).

Appendix C provides a consolidated summary of the proposed amendments provided by members of Council to facilitate the operating budget review at the February 23, 2021 meeting. This consolidated listing will be used to ensure that the appropriate staff and information are available during the review and will be used as the format for the budget review.

If more time is required for review of the 2021 operating budget, the CSSRA Committee will reconvene on February 25, 2021 with final approval of the 2021 operating budget taking place at the March 3, 2021 Special Council meeting.

Financial Matters:

The 2021 operating budget consists of a proposed base amount of \$182,555,894 plus recommended risk mitigation measures of \$1,212,672 for a total proposed net tax levy of \$183,768,566, outlined as follows:

- The city's base budget is presented with a 3.65% tax increase.
- Assessment growth (new residential units and businesses) of 0.34% as well as a one-time draw from the tax rate stabilization reserve fund of \$450,000 (0.26%) to achieve an overall 0.6% net assessment growth. This reduces the base budget tax impact to 3.05%.
- The dedicated infrastructure levy of \$2.18 million (temporarily redirected to address short-term COVID impacts) results in an additional tax increase of 1.25%.

This brings the total proposed city tax increase to 4.3% before recommended risk mitigation measures. The recommended risk mitigation measures are aligned to 4 categories as follows:

- Sustaining city services (\$1.1 million) results in an additional tax increase of 0.63%;
- Managing community growth (\$155K) results in an additional tax increase of 0.09%;
- Enhancing services (\$117K) results in an additional tax increase of 0.07%; and
- Modifications to city services to address COVID (\$168K savings) results in a tax decrease of 0.10%.

Inclusion of these categorized risk mitigation measures brings the total proposed city tax increase to 4.99%. When combined with the proposed Region of Halton increase and the Boards of Education, the overall tax increase is 2.88%, equivalent to \$21.89 per \$100,000 of residential current value assessment (CVA).

Climate Implications

The budget includes items that work towards achieving the city's Vision to Focus (V2F), including those that contribute to a low carbon energy pathway as identified in the city's Climate Action Plan.

Engagement Matters:

Committee received report F-05-21 providing details about the 2021 budget engagement process on February 3, 2021.

Since that time, Finance staff provided budget presentations for:

- Ward 1 meeting – Monday, February 8th
- Ward 3 meeting – Tuesday, February 9th
- Ward 2 meeting – Thursday, February 11th

Finally, city staff participated in a broadcast of The Issue on YourTV.

Conclusion:

The proposed 2021 budget has been thoroughly reviewed by staff. Decisions considered as part of the 2021 budget deliberations need to be made in the context of the multi-year budget framework. This includes consideration of the operational and financial implications related to deferrals, use of one-time revenues, and service level revisions that may be associated with achieving the desired 2021 tax levy. The 2021 proposed overall property tax increase of 2.88% is consistent with the 2021 budget framework report.

Respectfully submitted,

Georgie Gartside

Committee Clerk

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Appendices:

- A. Follow up budget questions
- B. Budget reduction items responding to staff direction
- C. 2021 consolidated operating budget action request forms
- D. Confidential budget action request items

Report Approval:

All reports are reviewed and/or approved by Department Director, the Chief Financial Officer and the Executive Director of Legal Services & Corporation Counsel.