



SUBJECT: 2022 budget review and approval

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

FROM: Finance Department

Report Number: F-36-21-1

Wards Affected: All

File Numbers: 435-01

Date to Committee: November 30, 2021

Date to Council: December 14, 2021

Recommendation:

Approve the 2022 operating budget including any budget amendments approved by the Corporate Services, Strategy, Risk and Accountability Budget Committee to be applied against the proposed net tax levy amount of \$193,073,135; and

Approve the 2022 capital budget with a gross amount of \$77,324,020 with a debenture requirement of \$8,600,000, and the 2023-2031 capital forecast with a gross amount of \$752,172,369 with a debenture requirement of \$38,975,000 as outlined in finance department report F-36-21 and as amended by the Corporate Services, Strategy, Risk & Accountability Budget Committee; and

Approve that if the actual net assessment growth is different than the estimated 0.45%, any increase in tax dollars generated from the city portion of assessment growth from the previous year be transferred to the Tax Rate Stabilization Reserve Fund or any decrease in tax dollars generated from the city portion of assessment growth from the previous year be funded from the Tax Rate Stabilization Reserve Fund; and

Administer the debenture in the amount of \$8,600,000 in 2022 as tax supported debt; and

Declare that, in accordance with sis. 5(1)5 of the Development Charges Act, 1997 and s. 5 of Ontario Regulation 82/98, it is Council's clear intention that the excess capacity provided by the above-referenced works will be paid for by future development charges.

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
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Background and Discussion:

On November 3, 2021 the Corporate Services, Strategy, Risk and Accountability (CSSRA) Budget Committee received finance department report F-36-21 providing the 2022 budget overview. Committee members also received the proposed 2022 budget book which will be required for consideration at the meeting on November 30, 2021.

Appendix A provides Council Motion Memorandums, Appendix B contains a Consolidated Listing of Budget Action Requests (BAR), Appendix C contains Confidential Budget Action Requests and Appendix D provides a consolidation of budget related questions and answers from Members of Council.

If more time is required for review of the 2022 budget, the CSSRA Budget Committee meeting will continue on December 2, 2021 with final approval of the 2022 budget taking place at the December 14, 2021 City Council meeting.

Financial Matters:

The 2022 budget consists of a proposed base amount of \$191,855,939 plus recommended risk mitigation measures of \$1,217,196, for a total proposed net tax levy of \$193,073,135, outlined as follows:

- The city's base budget is presented with a 2.46% tax increase which reflects standard inflationary impacts.
- Estimated assessment growth (new residential units and businesses) of 0.45% as well as a one-time draw from the tax rate stabilization reserve fund of \$280,000 (0.15%) to achieve an overall 0.6% net assessment growth. This reduces the base budget tax impact to 1.86%.
- Additional budget pressures required to address labour market risk and a decrease in Halton Court Services revenues add 0.71%.
- Impacts of prior and pending Council decisions result in a tax increase of 0.48%.

- The operating impacts of previously approved capital projects result in an additional tax increase of 0.48%.
- The dedicated infrastructure levy of \$2.28 million results in an additional tax increase of 1.25%.

Total Financial Impact

The total proposed city tax increase is 4.78% before recommended risk mitigation measures. Included in the 2022 proposed budget are recommendations aligned to three categories of risk mitigation as follows:

- **Sustaining city services** (\$685,333) results in an additional tax increase of 0.37%;
- **Enhancing services** (\$199,130) results in an additional tax increase of 0.11%; and
- **Modifications to city services to address COVID** (\$332,733) results in a tax increase of 0.18%.

Inclusion of these categorized risk mitigation measures brings the total proposed city tax increase to 5.45%. When combined with the proposed Region of Halton increase and the Boards of Education, the overall tax increase is 3.18%, which is equivalent to \$24.76 per \$100,000 of residential current value assessment (CVA).

A report outlining the 2022 Multi Year Simulation (F-45-21) has been prepared as a companion report on this agenda. This report forecasts tax increases for the period of 2023-2027.

Staff Initiated BAR Items:

Since the 2022 Proposed Budget documents were prepared, additional items have come to our attention and as such, staff wish to propose the following amendments to the 2022 Proposed Budget:

Financial Impact of increased minimum wage

As announced by the Provincial Government on Nov 2, 2021, the minimum wage will increase from \$14.25 to \$15.00 effective Jan 1, 2022. This results in an estimated \$40,000 financial impact to the City's 2022 budget.

Gypsy Moth Control Program

Business case 2022-065 proposed a \$110,000 budget one-time impact for the Gypsy Moth Aerial Spray Program. An external consultant contracted by the City has recently advised that aerial spraying will not be required in 2022 based on current egg mass

counts. As such, the Gypsy Moth Control Program will use ground-based control methods and will only require \$35,000 of one-time funding.

Active Screening and Enhanced Vaccine Certificate Requirements

Recently, the province shared in their reopening plan that the requirement for the vaccine certification will extend into at least late January, and active screening will continue until March. This results in a \$377,000 increase in COVID one-time costs for Recreation, Community, and Culture to support active screening and continued implementation of the enhanced vaccine certificate until March 2022. Funding will be used to ensure proof of vaccination and active screening is conducted on patrons and participants entering recreation facilities, in compliance with public health guidelines.

Burlington Beachway Parking Program

Report TS-12-21 (CPRM December 7, 2021) will provide a Parking Program update at Beachway and Lowville Park. This report recommends the continuation of the reservation system at Lowville Park and paid parking at Beachway. The 2022 Proposed Budget includes one-time COVID funding to continue these programs including parking ambassadors. However, the budget did not include the cost of paid duty officers. This would require a further \$21,000 of one-time funding for 2022.

Climate Implications

There are several ways in which climate change can impact the budget. For example, an increasing number of extreme weather events such as wind, freezing rain, extreme heat and cold can result in operational expenditures due to clean-up costs, potentially requiring a review of the Severe Weather Reserve Fund and impacts to infrastructure resulting in unbudgeted expenses to repair and/or replace.

Similarly, efforts to mitigate climate change can have a budgetary impact. Investments in renewable energy and electric vehicle charging infrastructure to help reduce greenhouse gas emissions require higher upfront investments but save the city on operating costs in the longer-term.

Council approved a Climate Action Plan in 2020 with a target to become a net carbon neutral community by 2050 and the climate goals identified in the city's Vision to Focus will require significant funding through future budgets.

Engagement Matters:

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

A budget survey was available on the city's Get Involved Burlington website from July 5, 2021 to September 30, 2021 with a total of 539 responses received.

The "Budget Basics" video continues to be available on the website which explains how the city develops its budgets.

This year, the city again used the budget simulation tool Balancing Act to educate the public on the city's budget and highlight the challenge of maintaining and improving services to the public, with limited sources of revenue. In addition, a revised version of Burlington Open Budget is available on the city's website to allow residents to view the city's 2022 budget data in an intuitive and illustrative form.

Finance staff provided a budget presentation at a Ward 3 meeting on September 27, 2021 and a virtual budget townhall was held on November 22, 2021 using the TEAMS live format.

A comprehensive report outlining the 2022 budget engagement process (report F-37-21) has been prepared as a companion report on this agenda.

Conclusion:

The proposed 2022 budget has been thoroughly reviewed by staff. Decisions considered as part of the 2022 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 2022 tax levy. The 2022 proposed overall property tax increase of 3.18% is slightly lower than was outlined in the 2022 budget framework report.

Respectfully submitted,

Lori Jivan

Coordinator of Budgets and Policy

Lori.Jivan@burlington.ca

Appendices:

- A. Council Motion Memorandums
- B. Consolidated Budget Action Request (BAR) Forms
- C. Confidential Consolidated BAR Forms
- D. Consolidated Budget Question and Answers

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.