



SUBJECT: 2023 budget review and approval

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

FROM: Finance Department

Report Number: F-01-23-1

Wards Affected: All

File Numbers: 435-01

Date to Committee: February 6, 2023

Date to Council: February 14, 2023

Recommendation:

Approve the 2023 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 \$217,352,545; and

Approve the 2023 Capital Budget for the City of Burlington, with a gross amount of \$72,572,264 with a debenture requirement of \$5,500,000, and the 2024-2032 capital forecast with a gross amount of \$805,460,537 with a debenture requirement of \$35,725,000 as outlined in report F-01-23 and as amended by the Corporate Services, Strategy, Risk & Accountability Committee; and

Approve that if the actual net assessment growth is different than the estimated 0.60%, 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 \$5,500,000 in 2023 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.

Background and Discussion:

In July 2022, Council received the 2023 Budget Framework Report. This report provided Council with the parameters and assumptions on which the 2023 budget would be prepared and outlined key budget pressures the City was anticipating.

On January 9, 2023, the Corporate Services, Strategy, Risk and Accountability (CSSRA) Budget Committee received finance department report F-01-23 providing the 2023 budget overview. This report also included the multi-year simulation. Committee members received the proposed 2023 budget book which will be required for consideration at the meeting on February 6, 2023.

Appendix A provides a summary of Council Budget Motions, Appendix B contains all Council Budget Motion Memorandums and Appendix C provides a consolidation of budget related questions and answers from Members of Council.

If more time is required for review of the 2023 budget, the CSSRA Budget Committee meeting will continue February 7, 2023, and February 9, 2023. Final approval of the 2023 budget will take place at the February 14, 2023, City Council meeting.

Financial Matters:

Budget Financial Summary

For 2023, the net tax levy consists of a proposed base amount of \$212,003,541 plus recommended key investments of \$5,349,004 for a total proposed net tax levy of \$217,352,545. This net tax levy represents 69.5% of total operating revenues in 2023.

The 2023 proposed budget maintains service levels while recognizing higher than average inflation; addresses the continued financial impacts of COVID-19; dedicates funding to ensure our assets are maintained in a state of good repair; includes strategic community investments for the next 50 years; stabilizes and enhances city services and confirms a compensation program that reflects the council approved market position.

All of this will ensure residents continue to receive the programs and services that provide for the high quality of life in Burlington.

2023 Overall Tax Impact

The overall tax increase for 2023 is proposed at 7.08%. This is the impact to the property tax bill, a result of the City of Burlington, Halton Region, and Boards of Education and is equivalent to \$56.74 per \$100,000 of residential current value assessment (CVA). Burlington's portion of the overall increase is 5.90%.

Climate Implications

In 2019, City Council declared a climate emergency, prioritizing the fight against climate change by applying a climate lens to the City's plans, actions and the budget. The City now has three related plans to take action on climate change:

- The Corporate Energy and Emissions Management Plan (2019) with a target for City operations to be net carbon neutral by 2040
- The Climate Action Plan (2020) with a target to become a net carbon neutral community by 2050, and
- Climate Resilient Burlington – A Plan for Adapting to Our Warmer, Wetter and Wilder Weather (2022)

There are many foundational initiatives in the city's Vision to Focus (V2F) that will require significant funding to achieve the city's aspirational climate goals.

Engagement Matters:

The City is continuously looking for ways to improve and increase transparency with the public. Staff will 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 September 9 to December 6. In addition, on September 17, the city hosted its second Food for Feedback event. The budget was one of the key topics for which staff were seeking public feedback. The event was very successful with approximately 675 people attending. A total of 494 surveys were completed between the Get Involved website and at the Food for Feedback event. A summary of the survey responses can be found in Appendix C.

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

In addition, a revised version of Burlington Open Budget, on the city's website, is available to the public to allow residents to view the city's 2023 budget data in an intuitive and illustrative form.

A virtual budget townhall was held on January 19, 2023, from 7:00 – 8:30 pm.

A budget overview was provided to the Corporate Services, Strategy, Risk & Accountability Committee on January 9, 2023. The minutes and video from this meeting are available to the public at [Burlington.ca/calendar](https://www.burlington.ca/calendar).

Conclusion:

The proposed 2023 budget has been thoroughly reviewed by staff. Decisions considered as part of Council's 2023 budget deliberations need to be made in the context of the multi-year budget framework to avoid deferring a known financial impact to a future year. 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 2023 tax levy.

The proposed 2023 budget and 2024 forecast are "catch-up" budgets focused on planning ahead and protecting our city's future by making key community investments that improve service to residents. While our community has continued to grow, our investments in enhancing City services and amenities have not kept pace.

Burlington is growing and changing, and strategic community investments are required now to meet the future needs of this growing community.

Respectfully submitted,

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Appendices:

- A. Summary of Council Budget Motions
- B. Council Budget Motion Memorandums
- C. 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.