



SUBJECT: Mayor's Budget 2024

TO: Mayor and Members of Council

FROM: Office of the Mayor

Report Number: MO-02-23

Wards Affected: ALL

File Numbers:

Date to Committee: NA

Date to Council: November 2, 2023

Recommendation:

Receive the Mayor's 2024 Operating Budget with a proposed net tax levy amount of \$243,400,298, and present the budget to the Nov. 21 and Nov. 23 (if required) CSSRA - Budget Committee for review and any amendments made by Council; and

Receive the Mayor's 2024 Capital Budget with a gross amount of \$88,556,830, a debenture requirement of \$6,900,000, and the 2025-2033 capital forecast with a gross amount of \$859,123,570, and a debenture requirement of \$24,950,000 as outlined in the 2024 Financial Needs and Multi-Year Forecast (F-35-23) as amended by Council; and

Administer the debenture in the amount of \$6,900,000 in 2024 as tax supported debt; and

Incorporate the 2024 financial needs and multi-year forecast overview (F-35-23) and accompanying reference document into the Mayor's 2024 Budget, as amended and noted; and

Approve that any surplus or deficit resulting from a difference between the actual net assessment growth and the estimated 0.75% net assessment growth be transferred to/from the Tax Rate Stabilization Reserve Fund; 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:

- Increase economic prosperity and community responsive city growth
- Deliver customer centric services with a focus on efficiency and technology transformation

Executive Summary:

New legislation from the Province of Ontario now requires mayors of a municipality to present a budget. This responsibility cannot be delegated.

The Mayor's Budget was publicly released Oct. 30 and will be presented on Thursday, Nov. 2 at the Burlington City Council meeting.

The budget is focused on three priority areas, that are aligned with community and council priorities:

1. **Essentials** – This area will cover operating expenditures and revenues, projects and items the City of Burlington must address and/or have already committed to, such as inflation, approved service delivery standards and necessary capital projects and infrastructure renewal.
2. **Frontline Services** – This area will cover enhanced customer facing/front line services that directly improves the quality of life of Burlington residents.
3. **Planning for Growth** – This area will plan for and prepare for the expected increase in population, our Multi-year Community Investment Plan, and allow us to catch up and prepare for the future.

To support the budget and Council deliberations, staff have prepared a 2024 Financial Needs and Multi-Year Forecast Reference Document (hereinafter referred to as the "Financial Needs" book). Where recommendations from staff are supported in full or part in the Mayor's budget, these items have been brought forward and incorporated into the Mayor's budget, where noted. The variations between the Mayor's budget and the Financial Needs reference document are itemized in Appendix A.

Council will have the opportunity to bring motions to modify the Mayor's budget on Nov. 21 and (if needed) Nov. 23. There are multiple opportunities for the public to share their input, as noted in the engagement section.

Background and Discussion:

Providing for Essentials:

Given inflationary pressures and increasing affordability concerns facing our city and country, a growing segment of the community has asked council to continue to focus on “need to haves” versus “nice to haves”. This budget does that by accommodating essentials first. These include accounting for inflation, which affects expenditures on goods and services, honouring existing contracts for approved capital projects and accounting for non-union and unionized staff wage adjustments and collective agreements.

There are several variances from the staff prepared Financial Needs overview (F-35-23) and reference document (see Appendix A), as follows, with rationale:

- **Reduction of non-union salaries by \$1.020 million.** This adjustment aligns non-union compensation adjustments more closely to the negotiated union contracts, at roughly 3%, which is currently below inflation/cost of living. The non-union adjustment is a combination of both a market-based adjustment (to maintain Council’s approved market competitiveness) and a merit-based adjustment tied to employee performance. (pg 722 in Financial Needs Book)
- **Reduction to the provision for tax write offs by \$50,000.** Tax write offs are typically in the \$300k-\$500k range. Tax write offs spiked during the years dominated by COVID (\$500-\$800k) but seem to have returned back to a more normal range. Year to date is \$348k, in line with the approved 2023 budget of \$400k. I am recommending that the budget remain at \$400k. (pg 723 in Financial Needs Book)
- **Maintain Hydro revenue recovery of \$250,000.** This amount is a provision to the operating budget to reduce the tax impact. Given the existing pressures on the budget this year, this is proposed to remain for now. (pg 723 in Financial Needs Book)
- **Reduction of Enterprise Business Service Support from \$527,496 to \$0** (2024-031 pg 57). This request is related to the implementation of Workday which is already underway. The request is for four additional staff, including a product manager and application analyst for Workday/EAMS and a training coordinator and HR Analyst for Workday, which are not accommodated. There is a request for four additional staff under Burlington Digital Services (2024-030 pg 48) for a total of eight positions. It is acknowledged that some of these staff will

be necessary. Rather than pre-determine which of the eight have highest priority, none of the positions have been added to allow time to hear from staff, and for council to determine which have priority and how many should be accommodated in this budget.

Additional notes (items unchanged):

The following items remain unchanged from the Financial Needs overview, with the following additional rationale:

- **Infrastructure levy \$4.348 million.** Council is committed to keeping community assets, including roads, parks, community centres, in a state of good repair, and has been increasing the contribution to infrastructure over the last decade. Still, the infrastructure deficit is close to \$500 million – which is the gap between investments required and funding available. With new assets coming online, and increased costs due to inflation, labour and supply chain issues, the gap is growing. This increase will be the highest investment by any council in the last decade towards closing the infrastructure deficit. More details can be found in F-20-23. (pg 723 in Financial Needs Book)
- **Financial Sustainability \$337,000.** Earlier this year, council received a report on the state of our reserve funds (BMA F-19-23). Some reserves were adequately funded, and others were flagged as in need of additional investments. This funding provides investments to the following reserve funds:
 - Provision to the Vehicle Depreciation Reserve Funds - \$162,000.
 - Provision to Strategic Land Reserve Fund- \$100,000
 - Provision to Planning Policy Reserve Fund - \$75,000(pg 723 in Financial Needs Book)
- **Contribution to local boards of \$289,000.** The city provides a grant to local boards and partnered corporations including the Burlington Public Library, Art Gallery of Burlington, Museums of Burlington, Burlington Performing Arts Centre, Burlington Economic Development and Tourism Burlington. This contribution has been increased by 1.75% which is below inflation. (pg 723 in Financial Needs Book)
- **Corporate infrastructure and software growth of \$958,000.** Most of this increase is related to implementation of Workday which has already occurred. There are also cost savings from decommissioned software (pg 724 in Financial Needs Book and further details per the chart below).

Corporate Infrastructure & Software Growth	
Total software growth costs	\$1,528,650
Total software decommissioning savings	\$ (570,875)
Net Impact	\$ 957,775

- **Operating Impacts of various new infrastructure (prior capital) \$314,000.**
 These costs relate to operating impacts of new parks, trails, roads and sidewalks (pg 724 in Financial Needs Book and further details per the chart below).

Operating Impacts of Prior Capital	
City View Park	\$ 70,000
Community Garden Development	\$ 10,000
Lansdown Park	\$ 50,000
Millcroft Community Path Maintenance	\$ 3,800
Plains Road Bike Lanes and Rain Garden	\$ 135,000
Sherwood Forest	\$ 35,000
Waterdown Road Widening	\$ 10,500
Total Impact	\$ 314,300

Investing in Frontline Services:

Investments in frontline services in this budget are in direct response to feedback from community members to maintain or improve quality of life. These services include free transit for seniors (pg 723), investments in recreational assets (pg 723), winter maintenance of park parking lots and paths leading to schools (2024-020 and 2024-042), community gardens staffing (2024-022) and bylaw compliance staffing (2024-027). One variance recommended is to phase the four fire fighters for Station #8 (2024-015) over two years, two in 2024 and two the following year in 2025.

Not accommodated

Additional investments are outlined in the Financial Needs report but have not been accommodated in this budget, to allow time for staff to present additional information at the Nov 6 and 7 council workshops, and for council deliberation and motions on Nov. 21 and 23. The following items require additional deliberations:

- Burlington Digital Services \$677k for four new positions (2024-030)
- Enterprise Business Services Support \$527k for four new positions (2024-031)
- New Facilities and Environment department position \$229k (2024-025)
- Human capital investments various \$2.070 million (19 full time less 1.9 part time). (2024-032)
- Only one of the two Bylaw Compliance Department Phase 2 positions (2024-027)

Planning for Growth:

Burlington City Council has unanimously accepted the province's housing pledge to enable building permits for 29,000 units by 2031, as Burlington's share of the province's goal to ensure 1.5 million units province wide. Accepting this pledge enables Burlington to qualify for a portion of the \$1.2 billion Building Faster Fund announced by the province. Enabling new housing units will also allow us to benefit from new population, in terms of labour, cultural diversity and affordability, so people at all ages and stages can call our city home.

We have a plan to accommodate growth within our urban area, around our three GO stations, along major transportation corridors, in aging retail plazas, and select strategic growth nodes. As we work to accommodate growth, we want to maintain high quality of life for current residents and future residents.

We are planning for more than housing units – we are enabling complete communities with parks, community amenities, jobs, and services.

The following investments enable us to plan quality of life now and for the future:

- New Bateman community hub and learning centre (pg. 724)
- Additional funding for the Burlington Lands Partnership (2024-035) and Multi-year Community Investment strategy (2024-015), to enable the city to acquire/invest in land, partnerships or other opportunities for jobs, affordable housing and community amenities.
- Additional staff for the community housing initiative (2024-028), and growth planning at the Major Transit Station Areas (2024-033).

Currently included are fee-funded staffing requests (2024-023; 2024-024; 2024-026). I look forward to hearing more about workload and financial sustainability of these fee-funded positions as part of the Nov 6 and 7 council workshops.

What has not been accommodated is the \$500,000 for Bill 109 refunds and reduced revenues (2024-004). It is expected that staff will complete their work within legislated timelines based on development review process changes implemented since the passing of the legislation.

Total tax supported impacts of planning for growth are \$5.89 million. This is partially offset by assessment growth, which is additional property tax revenue from new housing units and non-residential buildings. Assessment growth of 0.75%, equivalent to \$1.6 million reduces the overall tax impact. As such, new growth through assessment does not pay for growth to cover the full costs related to services required by new population.

Additional Revenue Offsets:

There are additional revenues from ice rentals, penalties and interest, and payment in lieu of taxes. This budget also includes an increase of \$75,000 of provincial gas tax funding to support Transit operations (from \$880k to \$955k). This increased draw from the Provincial Gas Tax reserve fund is recommended considering reduced transit fare revenues primarily resulting from users transitioning to Presto fare cards (\$1.90 fare) versus cash (\$3.50 fare).

Process:

It is expected changes will occur, once council receives the staff report on Financial Needs, receives information at the council workshops Nov. 6 and 7, reviews public input and receives additional input at the Nov. 7 telephone town hall and committee delegations, and brings motion memorandums forward to Nov. 21 and 23 committee meetings. There is also still time for the public to provide input and influence the budget. After considering all information, council will collaboratively determine the final 2024 budget, which is expected to differ from both staff's Financial Needs reference book, and the Mayor's Budget.

Financial Matters:

The residential tax bill is made up of three components: City of Burlington (51%), Region of Halton (32%) and School Board (17%). Council's deliberations will focus on the city portion, as school board tax rates are established by the province, and Halton Region tax rates are decided by Halton Regional Council (where Burlington City Council makes up 7 of the 24 members).

The 2024 Financial Needs and Multi-year Forecast overview prepared by staff would require an increase of 6.28% to the city's portion of the tax bill. Including the Region of Halton at 1.33% and no change to education. The total potential tax impact to residents would have been 7.61%.

The Mayor's budget proposes a 4.99% tax increase to the city's portion of the residential tax bill. Including the Region of Halton and education portions the total proposed 2024 Mayor's budget results in a total tax impact to residents of 6.33%.

Organization	2024 % Impact on Tax Bill
City of Burlington	4.99%
Region of Halton	1.33%
School Board	0.00%
TOTAL	6.33%

*Numbers may not add due to rounding

Climate Implications

The Operating Investment for the Healthy and Greener City is proposed at \$51,809,000 (pg. 24 of F-35-23). Additional climate implications are as noted on pages 27-28 of the same report.

A further \$42,947,000 in Green infrastructure is included in the 2024-2033 capital program (pg. 22, F-35-23).

Engagement Matters:

Members of the public can provide their feedback at any time between the release of this report and approval of the budget in the following ways:

- At any time via phone, or email to the Mayor and Council members:
 - Mayor@Burlington.ca
 - Ward1@burlington.ca
 - Ward2@burlington.ca
 - Ward3@burlington.ca
 - Ward4@burlington.ca
 - Ward5@burlington.ca
 - Ward6@burlington.ca
- At scheduled budget meetings hosted by the Ward Councillor (Check dates with your councillor)
- At the telephone town hall Nov. 7, 7-8:30pm. Residents can join the call starting at 7 p.m. to ask questions about the 2024 proposed budget. The telephone town will be hosted by Mayor Meed Ward and run until 8:30 p.m. Visit www.getinvolvedburlington.ca/2024-budget for details.
- By delegating (in person, virtually, or in writing) to the Nov. 2 council meeting
- By delegating (in person, virtually, or in writing) to the Nov. 21 or Nov. 23 Committee and council meetings reviewing council amendments.

- Residents can register to delegate to the above noted Committee and Council meetings as follows:
 - Register to speak at a meeting by completing a [delegation registration form](#) or by emailing the request to clerks@burlington.ca. Register by noon the day before the meeting. If the meeting is on a Monday, register by noon on the Friday before.
 - Standing committee and Council meetings are held using a hybrid format, providing the option of speaking in-person at City Hall, 426 Brant St., or virtually via Zoom.
 - Delegates have the option to submit written delegations.

For more information on the 2024 budget, visit burlington.ca/budget or www.getinvolvedburlington.ca/2024-budget.

Hundreds of residents have already provided their feedback via an online survey and Food for Feedback event. The online survey results are provided via Appendix C of report F-35-23.

Additional feedback is being solicited via a telephone Community Survey that will be available to council prior to decision-making.

Conclusion:

This proposed budget focuses on need to have essentials, front line services that enhance quality of life, and planning for growth, and results in a city-only tax increase of 4.99%. Modifications are expected, as council, staff and the public continue deliberations over the next month.

Residents also incur taxes from Halton Region which add 1.33% to the tax increase. There is no increase to school board taxes this year. These rates are not set by council but are collected by the city and distributed to these agencies.

The blended tax impact – city, region and education – is 6.33%.

Respectfully submitted,

Marianne Meed Ward

Mayor of the City of Burlington

905-335-7600 ext. 7607

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.