



Staff Report

To: **Council**

Department: Corporate Services

Report Number: **CS - 2024-35**

Meeting Date: March 21, 2024

Subject: 2024 Second Draft Operating and Capital Budget

Recommendation

That Item CS-2024-35 regarding the 2024 Second Draft Operating and Capital Budget be received; and

That the 2024 Draft Operating and Capital Budget be approved and;

That the appropriate tax rate by-law be brought forward to a future meeting following receipt of the finalized external rates.

Executive Summary

The budget process was undertaken with knowledge that Council was looking to find efficiencies where possible to meet a target rate increase of 5% or less.

The initial budget proposed requires funding through taxation in the amount of \$9,842,298 for use by Tay Township, and \$1,832,737 funding for policing. The operating budget funds required from municipal purposes for 2024 are an increase of \$579,370 over 2023, and \$105,664 over 2023 from policing. This represents a proposed blended tax increase for residential properties estimated at 3.8%.

In 2024 Tay Township realized 2.25% growth in assessment base, which resulted in an increase in assessed property values of \$36,241,500. As it was not a reassessment year, the growth in assessment base can be attributed to supplementary, omitted, and other changes in assessment. The growth experienced would attribute an additional \$194,945 in taxes levied based on the

2023 tax rate. Given the increase in assessment for properties within Tay Township, a 1% increase in the residential tax rate generates an increase in revenue of \$96,300.

After council input, and additional staff review the second draft budget being proposed requires \$9,849,986 funding through taxation. This represents a proposed blended tax increase for residential properties estimated at 3.76% increase, with the proposed blended Tay Township increase being a 4.56% increase (3.91% increase due to policing, and 4.68% increase for Tay Township's own purposes).

Background/Analysis/Options

The first draft budget proposed requires funding through taxation in the amount of \$9,842,298 for use by Tay Township, and \$1,832,737 funding for policing. The operating budget funds required from municipal purposes for 2024 are an increase of \$579,370 over 2023, and \$105,664 over 2023 from policing. This represents a proposed blended tax increase for residential properties estimated at 3.71%.

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Municipal Property Assessment Corporation (MPAC) has released that the median single family detached residence in Tay Township is assessed at \$219,000. The proposed budget today would see the median single-family detached residence have an estimated property tax increase of \$93.86 annually, or \$42.86 per \$100,000 of assessment.

Schedule 1 attached provides the draft operating budget. Schedule 2 attached provides the draft capital budget. Schedule 3 attached provides a reserve balance projection. Details of the council and staff modifications included within the second draft budget can be found below.

Library Budget

The Head Librarian and the Treasurer met in December to discuss the Library budget, and forecast of various revenue and expense accounts. The 2024 budget from the Tay Township Library Board has been presented to council earlier in the meeting.

Staff have reviewed the 2024 draft budget, which provides for a total municipal grant request of \$480,183. Of this amount, \$76,746 is a direct flow through from the Township to the Library for support services and the rental charge on Township owned buildings. The remaining municipal grant to the library for operating and capital expenses of \$403,437. This represents a decrease of \$8,388 or 2.0% over the municipal contribution request for 2023.

It is proposed that the library board increase the contribution from unrestricted reserves to operations from \$5,500 in 2022 to \$35,000 as the library has posted a surplus in previous years and recorded higher than expected interest returns. The increased contribution from unrestricted reserves will aid to reduce the municipal contribution funding request.

At the end of 2023, the estimated balance of the General Reserve for the library, which includes interest and prior years surplus, is estimated to be \$238,733.

Cemetery Budget

The initial budget presentation noted that cemetery management and operations were not included at that time due to a forthcoming staff report regarding options for management and maintenance activities. At the March 6, 2024 Council meeting, it was decided to move forward with internal administration activities, internal grounds maintenance activities, and external internment service for all three active cemeteries Tay Township now currently operates.

In consultation with Operations staff, it is estimated that the annual cost for provision of these services will be \$10,000 annual grass cutting, and an additional \$5,000 for additional landscaping & tree limbing trimming, and removal where necessary.

Operations will be moving all revenue earned for these activities into the Municipal Fleet Reserve.

Municipal Budget Update

During Council’s initial budget deliberations, the following changes were requested:

Budget Impact

Details

\$ -15,000

- Removal of \$15,000 Grant to Georgian Bay Forever
 - Operating - Taxation

\$ -60,000	<p>Removal of \$60,000 Municipal contribution to EDCNS due to withdrawal of other municipal partners and status of the organization unknown at this time</p> <ul style="list-style-type: none"> • Operating – Taxation
\$ +12,500	<p>Additional municipal contribution to Georgian Bay General Hospital for ongoing physician recruitment</p> <ul style="list-style-type: none"> • Operating - Taxation
	<p>Restriction of municipal contribution to SSEA to an increase equivalent to the increase that council approved for Township purposes.</p>
	<p>Staff have used the municipal increase presented at the first draft of 4.49%, as changes in the SSEA contribution will change the realized tax levy increase.</p>
\$ -8,679	<p>The restriction on increase has been applied only to the municipal core funding.</p>
	<p>Contributions to Sustainable Severn Sound and to SSEA regarding intake monitoring, source water protection have been left as requested</p> <ul style="list-style-type: none"> • Operating – Taxation
\$10,000	<p>Purchase of additional Heritage designation signage</p> <ul style="list-style-type: none"> • Heritage Committee Reserve/Prior years surplus

After the initial budget presentation, staff have proposed and incorporated the following changes:

All Departments/Division:

Budget Impact

Details

\$+ 13,447	<p>Enhancements to extended health and dental program</p> <ul style="list-style-type: none"> • Operating – Taxation
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Corporate Services:

Budget Impact

\$ +53,000

Details

Network Upgrade has been increased based on most recent estimates received

- Capital – Modernization Funding

Tay Public Library:

Budget Impact

\$ -8,888

Details

Reduction in Municipal Grant for library reserves, previously budgeted at 2023 contribution

- Operating – Taxation

Cemeteries:

Budget Impact

\$ + 15,000

Details

Cemetery grounds maintenance activities

- Operating – Cemeteries

\$ -15,000

Revenue from cemetery activities (plot sales, internments, interest)

- Operating – Cemeteries

Protective and Development Services:

Budget Impact

\$ +35,000

Details

Update 10 year Fire Master Plan is required, item was in the long term plan and previously could have been funded from development charges, studies can no longer be funded through the use of development charges

- Operating - Tax Rate Stabilization Reserve

\$ +5,000

Creation of annual contribution for future Fire Master Plans, as plans can no longer be funded from Development Charges

- Operating – Taxation

\$ +50,000

Unsuccessful in Emergency Preparedness Grant, 50,000 to be funded from municipal building reserve

- Capital – Municipal Building Reserve

Operational Services – Parks, Recreation and Facilities:

Budget Impact

Details

- \$ +70,000 Completion of Tay Rink changeroom and storage addition, balance of project funded by Trillium Grant
 - Capital – Future Capital Reserve
- \$ +12,000 Oakwood facility exterior door replacement
 - Capital – Municipal Building Reserve

Operational Services – Fleet

Budget Impact

Details

- \$ +45,000 Loader/Backhoe requires refurbishment
 - Capital – Municipal Equipment Reserve
- \$ +25,000 Vac Truck requires refurbishment of pumps
 - Capital – Municipal Equipment Reserve
- \$ +15,000 Cemetery ground maintenance activities, revenue to be earned from activities for Operations and moved to the municipal fleet reserves (\$10,000 for grass cutting, \$5,000 for other maintenance activities. Total for all active cemeteries)
 - Operating/Reserves – no budget impact
- \$ -15,000
- \$ +50,000 Stormwater/catch basin collection repairs and maintenance
 - Operating – Taxation
- \$ +10,000 Establishment of stormwater maintenance reserve
 - Operating – Taxation
- \$ -18,000 Tractor Replacement has been deferred to 2028
 - Capital – Municipal Fleet Reserve
- \$ -18,000 Mower replacement has been deferred to 2025
 - Capital – Municipal Equipment Reserve
- \$ +12,000 Replacement of stolen radar sign
 - Capital – Municipal Equipment Reserve
- \$ +6,000 Compressor for Operations garage
 - Capital – Municipal Equipment Reserve

- \$ +20,000 Additional cost for operations vehicle replacement to include plow and sander to previously budgeted pickup replacement
 - Capital – Municipal Equipment Reserve – Operations

Operational Services – Water:

Budget Impact

Details

- \$ +105,000 Roof repair at Tay Water Treatment Plant
 - Capital – Water Capital Reserve

- \$ +45,000 Bell Street water main replacement
 - Capital – Water Capital Reserve

Operational Services – Wastewater:

Budget Impact

Details

- \$ +30,000 Televising Sewer to look for infiltration
 - Operating – Wastewater Rates
- \$ -30,000

- \$ -50,000 Remove stormwater/catch basin collection repairs and maintenance
 - Operating – Wastewater Rates

- \$ -10,000 Remove Establishment of stormwater maintenance reserve
 - Operating – Wastewater Rates

- \$ +20,000 Asbestos abatement activities at pump/booster stations
 - Operating – Wastewater Rates

Attachments

- Schedule 1 - Proposed 2024 Operating Budget
- Schedule 2 - Proposed 2024 Capital Budget
- Schedule 3 - Projected 2024 Reserve Balances

Prepared By Emmie Carlson, Treasurer

Approvals

Date

Andrea Fay, Chief Administrative Officer/Deputy Clerk March 18, 2024