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**Date** January 10, 2024 **Report No.** 2024-13  
**To** Chair and Members  
Estimates Committee  
**From** Joelle Daniels  
Commissioner of Corporate Services/City Treasurer

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### 1.0 Type of Report

Consent Item   
Item For Consideration

**2.0 Topic** 2024-2027 City Services Budget [Financial Impact – 2024 - \$130,304,316 Operating and \$138,131,076 Capital]

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### 3.0 Recommendation

A. THAT Report 2024-13, 2024-2027 City Services Budget, BE RECEIVED.

### 4.0 Executive Summary

The 2024-2027 City Services Budget is staff's recommended budget for services under direct control of City Council, and is presented to the Estimates Committee to provide the opportunity to review the budget and make recommendations to the Mayor for consideration in The Mayor's proposed budget. Pressures in the 2024-2027 budget include City services historically not keeping pace with inflation, reduced funding from other levels of government, salary and benefit increases guided by collective agreements, and operating impacts from capital and growth in our community. To partially offset some of these pressures, staff have reviewed revenues, increased fees and found efficiencies.

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The proposed 2024 City services operating budget is \$130,304,316, which represents a 4.99% budget increase after proportionate assessment growth. The 2025-2027 proposed City services operating budget increases after assessment growth are 3.79%, 3.79% and 3.73% respectively, which utilizes contributions from the tax stabilization reserve in 2025 and 2026 to smooth out fluctuations and repays the amount back to the reserve in 2027.

Strategic budget investments have been included in the 2024-2027 City services operating budget which are mostly related to the pressures from increased growth. Staff have ensured that the financial impact of these investments in any year does not exceed the amount of revenues generated from the City's proportionate share of assessment growth in each year.

When compared against other municipalities that have proposed or adopted their 2024 operating budgets, the City services proposed budget increase of 4.99% is on the lower end of Ontario municipal increases.

For 2024, the proposed operating increase of 4.99% would translate into a \$116.83 annual increase to the average residential taxpayer, or \$9.74 per month. These amounts do not take into consideration the Tax Ratio Reduction Policy, which if it is implemented for 2024, would result in an additional impact of \$11 annually on the average property in the residential class.

The proposed 2024-2027 City services capital budget is \$656,565,671 containing both growth and non-growth projects. This capital plan is affordable and funded through the use of the City's existing reserve/reserve funds, expected grants and keeping within Council's imposed debt limit.

With the introduction of Strong Mayor Powers, it is now the Mayor who brings forward the budget to Council; however the Mayor directed staff to prepare a budget for the purpose of Council providing recommendations on the draft City budget for consideration prior to the Mayor submitting the Mayor's proposed budget on February 1, 2024. The Estimates process to propose recommendations to the Mayor will start with a series of meetings beginning on January 10, 2024 and ending on January 17<sup>th</sup> (3 meetings) with the City services budget. Following the City Services budget, the Local Boards will present their budgets on January 22, 2024. Recommendations of the Estimate Committee will be presented to City Council on January 30, 2024.

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## 5.0 Purpose and Overview

The purpose of this report is to present the staff prepared City Services 2024-2027 operating and capital budgets, inclusive of all departments. This is the City's first multi-year budget spanning the four years 2024 to 2027, aligning resource requirements to the remaining years of Council's Strategic Priorities, and incrementally taking one more step in enhancing our financial management policies and practices.

## 6.0 Background

In April 2023 on report [2023-195](#), Council approved the Multi-Year Budget Policy which establishes guidelines and the approach for the planning and approval of multi-year budgets. The policy also outlines the process and time period to be covered by a multi-year budget. The City of Brantford has historically prepared and presented annual budgets, but with the adoption of the multi-year budget policy, is now preparing a multi-year budget for a period of four years to coincide with the term of Council.

Further in June 2023 on report [2023-399](#), Council received the 2024-2027 budget strategy for staff preparing a four year operating and capital budget that aligns with Council's priorities, and present the funding required in a multi-year budget. This report also outlined how strategic budget investments will be included to address Council's priorities, and provided information on inflationary indices used in budget development as well as some key dates.

On July 1, 2023, the Ontario government expanded the strong mayor powers to the Mayors of 26 large and fast-growing municipalities that have committed to a housing pledge as part of the province's work to build 1.5 million homes by 2031. The City of Brantford was one of the municipalities that the strong mayor powers were expanded to. Under the legislation and associated regulations (O. Reg. 530/22 and O. Reg. 580/22), the Mayor, as head of Council, is required to propose the budget by February 1. [Mayoral Direction 01-2023](#) was provided as direction to the CAO and City Treasurer for staff to prepare a draft City budget for 2024-2027 and schedule meetings of the Estimates Committee in January for the purpose of Council providing recommendations on the draft City budget for consideration prior to the Mayor submitting the Mayor's proposed budget on February 1, 2024.

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## 7.0 Corporate Policy Context

The multi-year budget process is guided by the 2023-2026 Council Priorities and Strategic Themes:

- Develop strategies to build trust amongst Council, while evolving the corporate culture.
- Focus on productive and collaborative partnerships.
- Move people more effectively.
- Create a vision and strategy for managing development and affordable housing.
- Develop a planning and implementation schedule and commit resources for various projects related to City assets.
- Effectively and consistently engage with the community.
- Invest in a long-term strategy and plan to manage the homelessness crisis, inclusive of related issues of mental health and addiction issues, and safety and security concerns.
- Create a vision statement for the long-term future of the City.
- Commit to and implement the downtown revitalization plan and vision.
- Build a greener Brantford.

Finance Policy 017 – Multi-Year Budget Policy establishes guidelines and the approach for the planning and approval of multi-year budgets to ensure greater certainty for future expenditures and revenue increases.

## 8.0 Input From Other Sources

All City departments have provided input into the multi-year budget.

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## 9.0 Analysis

### 9.1 Building the Budget

When building the budget, there are a number of influences at play including Council direction, legislation changes, general economic factors, and inflationary pressures. While the City looks to Council's Priorities to guide our initiatives and goals, there are also base everyday service obligations that the City must continue to deliver.

These base service obligations come in the form of compensation, contractual commitments, insurance, facility and fleet maintenance requirements, and debenture payments. Inflationary pressures on the City services base obligations including the capital plan are creating significant financial challenges, especially in our current high-inflation environment. Compensation is one of the largest expenditures for the City, as it relies on people to deliver the services that the community uses every day; and in an increasing tight labour market, attracting and retaining qualified staff to ensure continuity of service delivery is a high priority.

The City then needs to consider a funding strategy to maintain and replace the infrastructure asset inventory. The [2021 Asset Management Plan](#) identified a funding gap of approximately \$21.0M annually to adequately maintain the state of good repair for the City's core asset groups. As part of the long-term financing strategy, staff has included an annual, incremental increase to the capital funding envelope of 0.25% of the levy beginning in 2025 to begin addressing the gap in funding for infrastructure renewal sustainability.

Growth is also a cost pressure and it is important to manage the cost of growth with the revenues associated with growth over time. If managed effectively over the long-term, growth costs should be recoverable from growth revenues, resulting in a net zero impact on taxes or rates. The capital budget ensures all eligible growth related capital is financed from current or future development charges. On the operational side, property taxes generated from assessment growth contribute to paying for growth related costs such as additional staffing and facility requirements

Finally, we factor in considerations for adding new service delivery requirements either voluntarily or due to legislative changes. Some of these may be a result of Council direction in order to implement Council's Priorities, but there are always other factors outside the City's control that

also contribute to these expanding costs. Council also has the ability to reduce service levels where legislation does not guide the municipal responsibility.

## 9.2 Historical Budget Increases

The City services budget increases over the last four years have consistently been below 2%. When compared against inflation for the year, and focusing only on the services that the City has direct control over, the budget not been keeping pace with inflation, as shown in Table-1 below.

Table 1 - Historical Budget Increases

Year	Total Budget Increase	Local Boards	City Services	Inflation
2020	2.96%	5.18%	1.99%	2.20%
2021	2.19%	5.27%	0.81%	0.70%
2022	1.98%	3.63%	1.20%	4.80%
2023	2.73%	4.78%	1.75%	6.80%

Since 2019, City administration has also recommended to Council a series of organizational changes that have generated operational efficiencies and cost savings across the Corporation.

## 9.3 Funding from Other Levels of Government

Both the operating and the capital budgets include funding from other levels of government. Over time, however, provincial contributions have not kept up with inflation or have been eliminated altogether.

New funding pressures on the 2024-2027 capital budget include the elimination of the Ontario Community Infrastructure Fund (OCIF) contribution beginning in 2025. The City no longer meets the eligibility criteria for the program as its population now exceeds 100,000. The City has received \$28.7 million from this funding stream since its introduction in 2017, with the final 2024 contribution confirmed at \$6.9 million. OCIF has

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been used to finance a number of significant core infrastructure works including St. Paul Avenue reconstruction, Dundas Street East reconstruction, and the Ava Bridge rehabilitation. There is no similar funding stream for municipalities with populations greater than 100,000.

The province's approval of Bill 23 removed Housing as an eligible service for the collection of development charges (DC's). DC's were planned to be a significant source of funding for the development of the City's affordable housing stock; expected to contribute approximately \$45 million over the 10-year plan. Staff will continue to proactively apply for grant opportunities from other levels of government, however, these funding streams are not guaranteed and the City is selling assets to fund these new builds.

Operationally, the shared services budget has seen provincial contributions frozen and/or decreased for various funding envelopes. The Ministry of Children, Community and Social Services (MCCSS) has not increased the annualized Program Delivery Funding for Ontario Works to municipalities since 2018, increasing the total municipal contribution by \$613,000. Additionally, the Ministry of Education has advised that they will move forward with cuts to core administrative funding received by municipalities. Provincially set rent scales, and utility scales in rent calculations have not changed since 2001.

Other aspects of the City's budget also continue to be impacted by provincial funding that has not been adjusted for inflation, including core funding to the Business Resource Centre which has remained at \$89,000 since 2003. With inflation, this annual contribution would be \$45,000 higher. The 'Heads and Beds' levy on designation institutions has remained at \$75 per head/bed since 1987), and with inflation would be \$172 in today's dollars, providing approximately \$372,000 in additional revenues to the City.

## **9.4 Efficiencies and Revenue**

The City is committed to designing and delivering better service that drives efficiencies in the base budget. From 2020-2023, staff recommended a number of organizational changes to Council that realized significant savings and generated operational efficiencies. Opportunities to achieve additional savings in organizational design have been exhausted. Departmental staff continue to drive out efficiencies within their own operations, however, the efficiencies found each year are not able to

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completely offset inflationary pressures; especially in a year when the Canadian Inflation outlook<sup>1</sup> is posted above three per cent.

User fees and other revenues are critical for recovering expenses in certain business areas as well. In some cases, it's appropriate to have a user-pay operating model with taxation to help subsidize the service where appropriate. In September 2023 on report [2023-479](#), Council approved the 2024-2027 user fees and charges by-law for inclusion in the base multi-year operating budget, which was estimated for an additional \$622,000 revenue impact for the tax supported budget.

The approved Multi-Year Budget Policy also includes a requirement for core services to be reviewed by the Finance Committee, on a rotational basis, through each term of Council. These reviews will allow for a deeper dive into the level of services provided, and the manner in which these services are funded (i.e.: tax levy, user fees, grants, etc.). During 2024 staff is intending to facilitate a review of Parks, Recreation and Facilities and Economic Development, Tourism and Cultural Initiatives through this process.

Additionally, the move to a multi-year budget process will significantly reduce the amount of staff time required to devote to the budget process in each of the subsequent confirmation years. In years two, three and four of the multi-year budget, staff is committed to shifting its focus from budget development to performance measurement. This includes the development of key performance indicators, benchmarking activities and process reviews; in addition to the service reviews to be undertaken by the Finance Committee. Financial savings from these opportunities will be used to mitigate against future budget increases.

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<sup>1</sup> <https://www.bankofcanada.ca/wp-content/uploads/2023/10/mpr-2023-10-25.pdf>

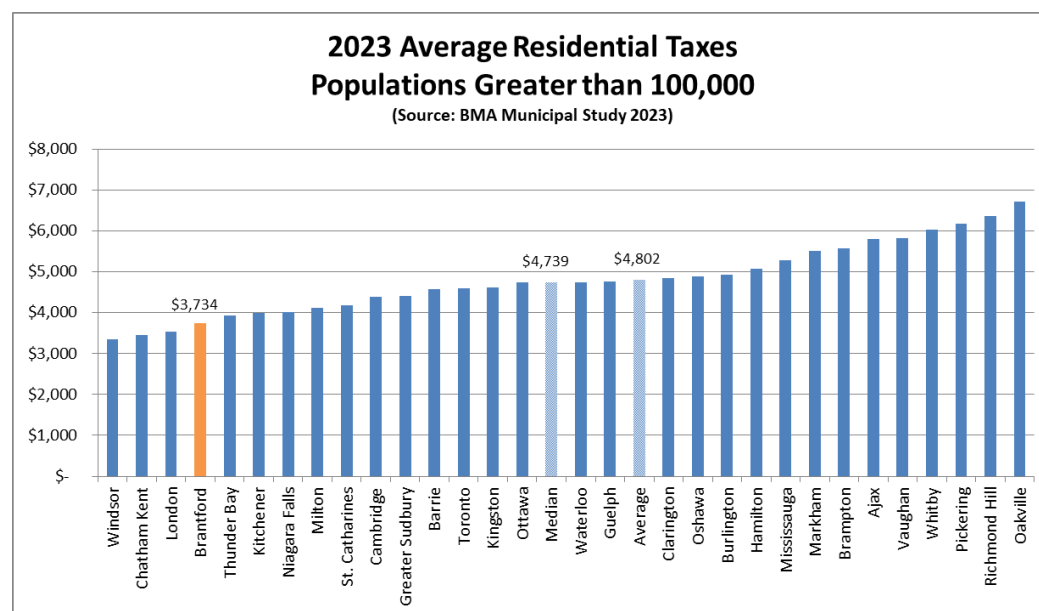


## 9.5 Municipal Financial Indicator Comparator Data

Prior to considering the multi-year budget it is important to consider how the City’s key financial indicators compare to those of other similar municipalities. The annual BMA Municipal Study for 2023 was released in December and provides a number of measures using information obtained from 2022 Financial Information Returns, and 2023 tax levy bylaws and current value assessment figures.

To compare the amount of relative taxes, the BMA Study provides 2023 average residential taxes for all participating municipalities. When comparing against other municipalities with a population greater than 100,000, Brantford is at the low end as shown in Figure-1.

Figure 1 - 2023 Average Residential Taxes

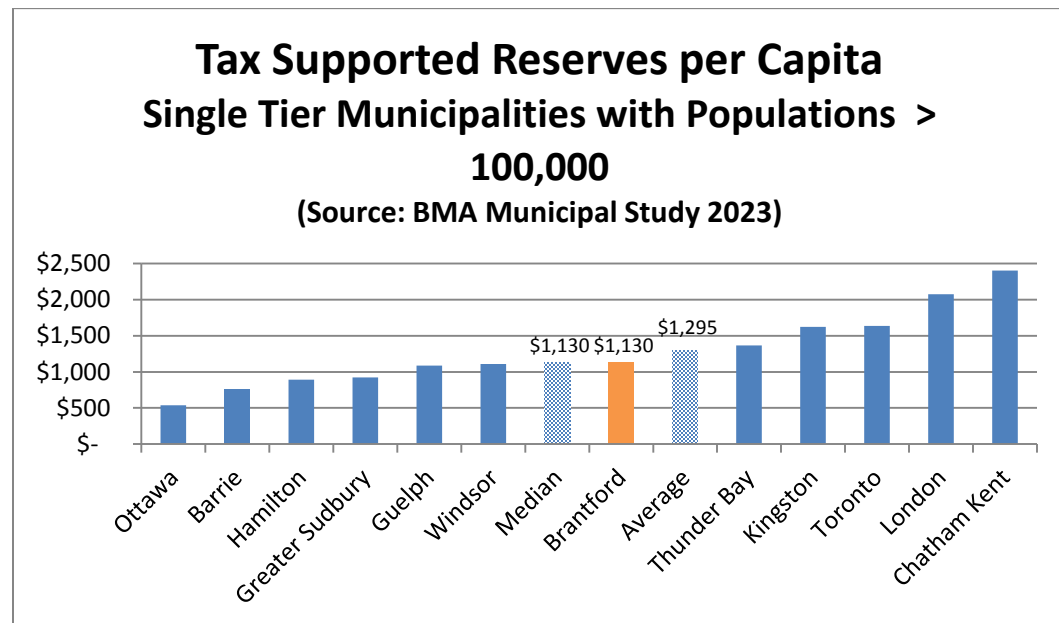


When comparing relative taxes, consideration should also be given to affordability. The BMA Study also calculates the burden that property taxes are as a percentage of household income. For the same comparator group, both the average and median percentages are 3.9%. Brantford is slightly lower than average at 3.8%.

Other financial indicators included in the BMA study include measures to compare reserves, debentures, and net financial position. Because a number of municipalities over 100,000 population are lower-tier and do not provide the full breadth of services the City does, the remaining comparator information will focus on single-tier municipalities only.

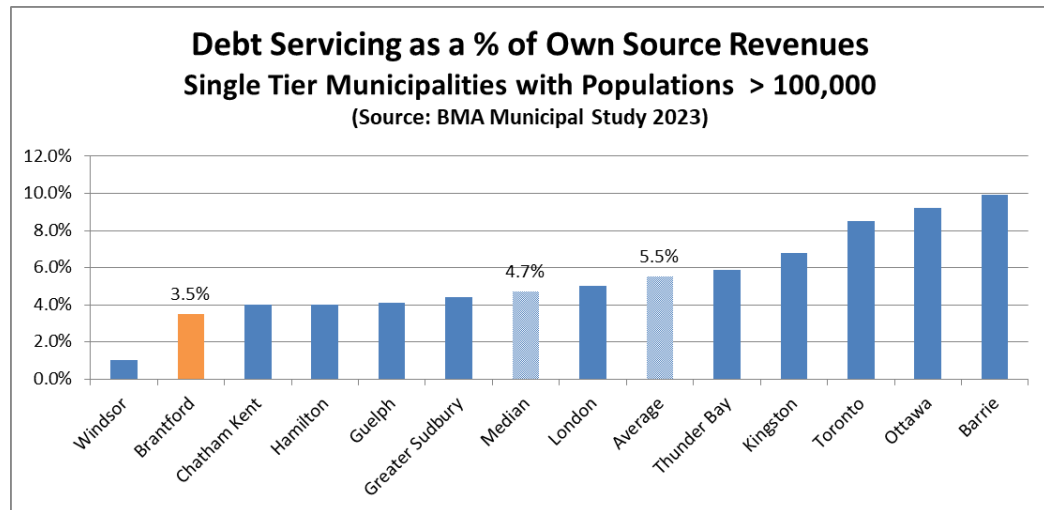
Monies held in reserves are used to make provisions for infrastructure replacement, one-time requirements, stability in tax rates, and ensure adequate cash flows. Figure-2 depicts a comparison of tax reserves per capita for single-tier municipalities greater than 100,000; and demonstrates the City is aligned with both the calculated median and averages.

Figure 2 - Tax Reserves per Capita



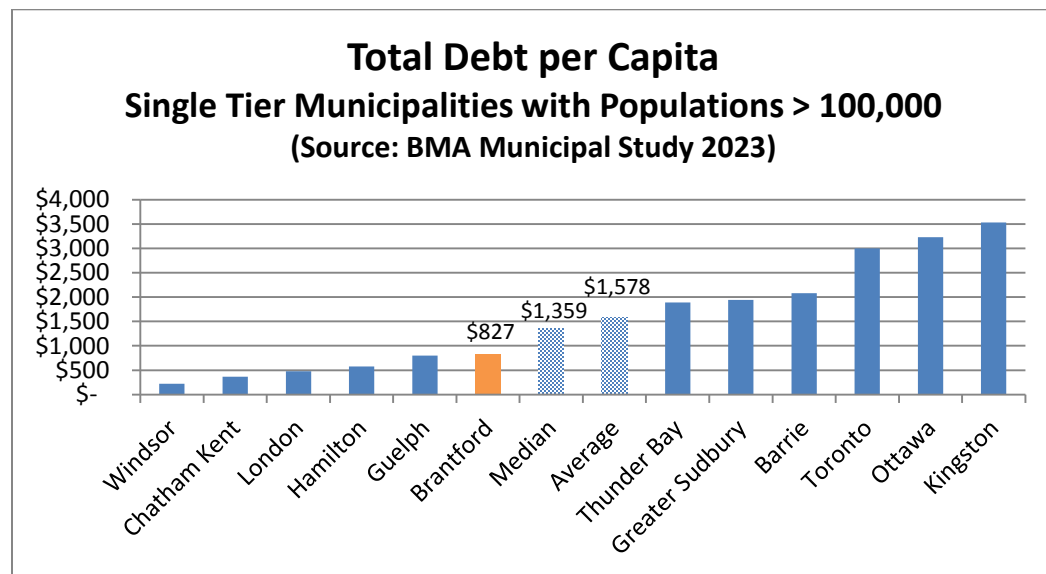
Long-term borrowing through the issuance of debentures is one way for a municipality to finance capital infrastructure requirements. Just like a mortgage, regular repayments of principal and interest to service the debt become a fixed cost of the municipality and are made as part of the annual tax levy or user rates for a number of years. The Province limits the amount of debt a municipality can incur by restricting annual servicing costs to 25% of own source revenues. As depicted in Figure-3, the City's current servicing costs as a percentage of own source revenues is at the low end of the comparator group.

Figure 3 - Debt Servicing as a % of Own Source Revenues



Total debt outstanding per capita is another measure of debt for municipalities provided in the study. Figure 4 depicts the total debt principal outstanding on a per capita basis, and calculates the City below both the median and average of the comparator group.

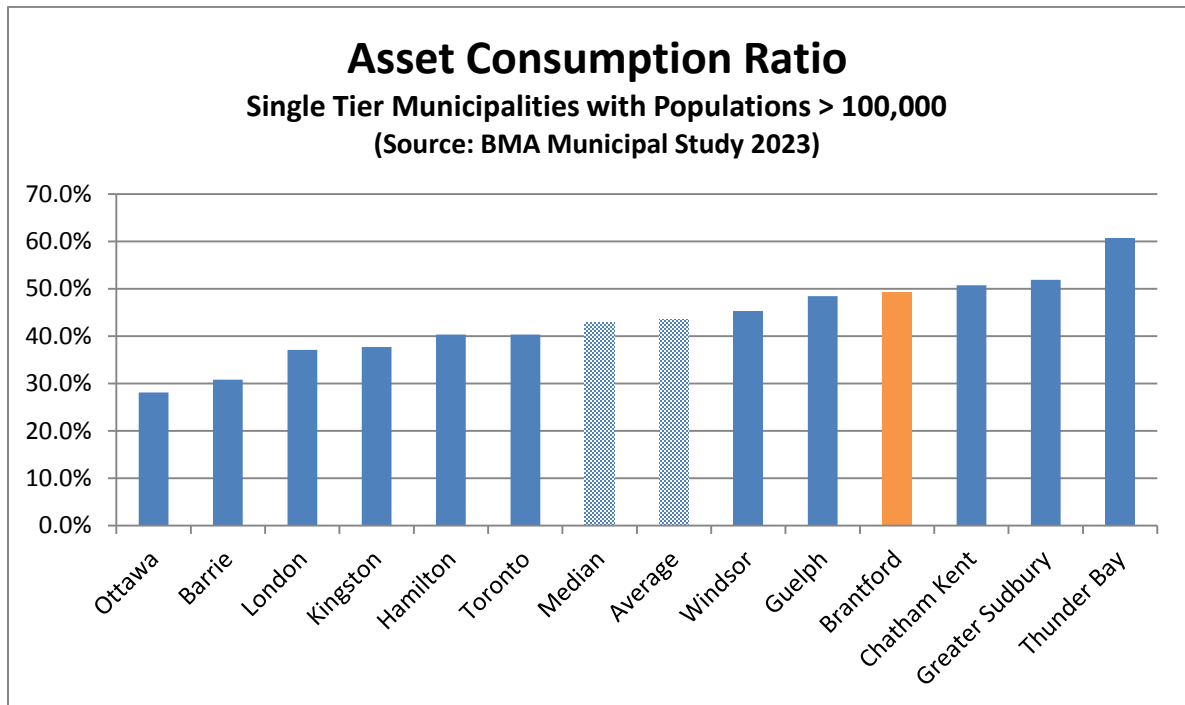
Figure 4 - Total Outstanding Debt Principal per Capita



While the City currently has low debt and average reserves in comparison to other single-tier municipalities, it does have some of the oldest infrastructure. The asset consumption ratio calculates the degree to which a municipality's tangible capital assets have been consumed, and a higher ratio can be an indicator of higher replacement needs. The City's Asset Management Plan (discussed previously in Section 9.1) indicates

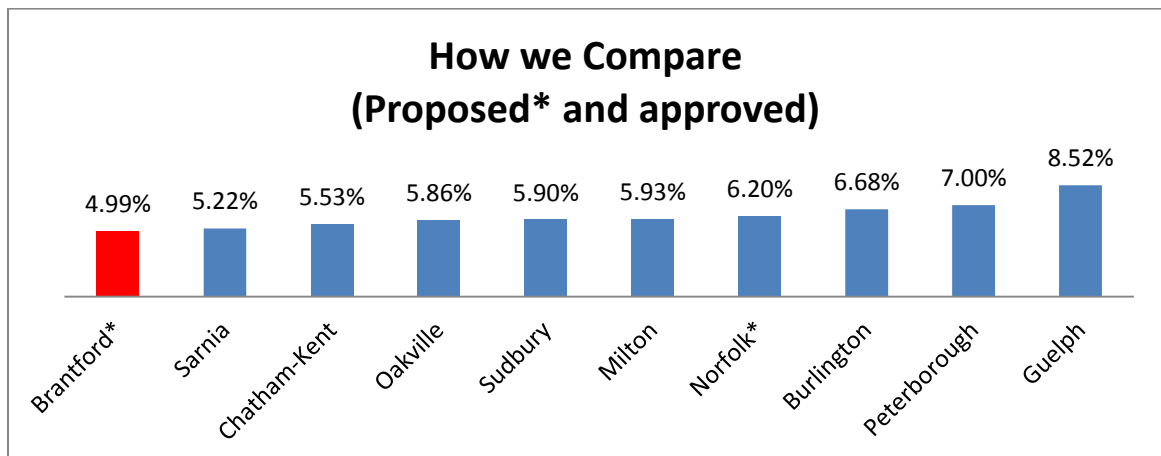
Brantford does have an infrastructure funding gap which is supported by Figure-5.

Figure 5 - Asset Consumption Ratio



After looking at how Brantford compares with other municipalities in some key financial indicators, it is evident Brantford is not out of line with others in most categories. As the City's budget moves into the Estimates process, the final comparison, as depicted in Figure-6 depicts the property tax increase of other municipalities who have either finalized or preliminary released their 2024 budgets.

Figure 6 - Property Tax Comparisons



## 9.6 2024-2027 City Services Operating Budget

The 2024-2027 City services operating budget includes investments to maintain core service delivery in a growing community, addresses underfunded maintenance and repair budgets as the City’s equipment and fleet age, invests in IT security and business continuity initiatives, continues to focus on waste diversion from the City’s landfill, continues to explore opportunities to expand partnerships and increase revenues, and further reviews streamlining opportunities in planning, building and development services.

This budget also includes the operating impacts from capital projects from previously approved projects, and in some cases, operating impacts from the 2024-2027 proposed capital projects that will be operational in this budget period.

The City services proposed 2024 budget drivers are presented below in Table-2.

Table 2 - 2024 City Services Budget Drivers

Budget Drivers	\$ millions	% increase/ (decrease)
2023 Budget	\$121.80	
Fees and Charges	(2.7)	(2.26%)
Efficiencies	(0.6)	(0.48%)
Investment Income	(0.5)	(0.41%)
Supplemental Taxes	(0.5)	(0.41%)
Contractual	3.9	3.20%
CIP and BFTIP Grants	0.2	0.14%
Strategic Investments	0.5	0.44%
Operating Impacts from Capital	1.1	0.91%
Contingencies	1.3	1.07%
Base Wages/Benefits (including annualization of previously approved positions)	4.0	3.27%
Inflationary Pressures	1.8	1.51%
<b>2024 City Budget</b>	<b>\$130.3</b>	<b>6.98%</b>
<b>2024 City Budget After Proportionate Share of Assessment Growth</b>		<b>4.99%</b>

## 9.7 Strategic Budget Investments

As previously indicated, the City has several competing service-enhancement needs that require strategic budget investments as part of the 2024-2027 Budget. To assist with this prioritization process, Senior Leadership Staff have considered these service enhancements through the lens of strategic plan goals, as well as the impact of these decisions on our service delivery. For 2024, the following positions have been prioritized for inclusion in the budget:

Table 3 - 2024 Strategic Budget Investments

Department	Description	FTE Impact	Tax Supported Financial Impact
Communications, Community Engagement & Customer Services	Social Media Specialist	0.50	\$30,000
Finance Department	Finance Coordinator-Budgets	1.00	\$88,538
Finance Department	Financial Analyst-Budgets	1.00	\$0 (funded through development fees)
By-Law, Security & Animal Control	By-Law Enforcement Assistant	1.00	\$61,979
By-Law, Security & Animal Control	Co-op Student	0.33	\$7,134
By-Law, Security & Animal Control	Part-Time Municipal Law Enforcement/Property Standards positions to Full-time	0.67	\$51,692
Parks, Recreation & Facilities	Parks Weekend/Evening Staffing Requirements	1.70	\$97,457
Environmental Services	Building Maintenance Technician	1.00	\$0 (funded through rates)
Environmental Services	Environmental Services Technologist	1.00	\$0 (funded through rates)
Engineering Services	Supervisor of GIS	1.00	\$106,294

Department	Description	FTE Impact	Tax Supported Financial Impact
Engineering Services	Two Project Managers (Structures & Stormwater)	2.00	\$4,075 (funded from capital)
Finance Department	Customer Service Temporary High Billing Representative – Contract Extension	1.00	\$0 (funded through user rates)
Parks, Recreation & Facilities	Aquatics/Arena Operator	1.00	\$64,996
<b>Total</b>		<b>13.20</b>	<b>\$532,879</b>

A total of 52.59 FTE’s have been included as strategic budget investments over the 2024-2027 planning horizon that are a combination of tax supported positions and rate or capital funded positions. Table-4 below outlines the number of positions per year along with the tax supported impact per year for these investments.

Table 4 - Strategic Budget Investments Multi-Year

Year	Number of Tax Supported FTE’s	Number of Rate/Capital Funded FTE’s	Tax supported Financial Impact
2024	7.20	6.00	\$532,879
2025	10.03	3.66	\$946,548
2026	13.35	3.00	\$1,216,320
2027	9.35	0.00	\$1,010,537
<b>Total</b>	<b>39.93</b>	<b>12.66</b>	<b>\$3,706,284</b>

As a majority of these strategic budget investments are related to the pressures from increased growth, staff have ensured that the financial

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impact of these investments in any year does not exceed the amount of revenues generated from the City's proportionate share of assessment growth in each year. Details on the remainder of the multi-year strategic budget investment positions can be found within each departments section of the 2024-2027 budget package.

## **9.8 Use of Reserves in the 2024-2027 City Services Operating Budget**

In conjunction with the adoption of the multi-year budget policy was the creation of a tax stabilization reserve, which is intended to assist with phasing in any permanent tax pressures in budget confirmation years.

Council approved through report [2023-401](#) to fully fund the reserve to its target level of an average of 0.50% of the full multi-year operating budget, using general operating surplus funds from 2022.

The prudent allocation and strategic utilization of this reserve stands as a pivotal component in shaping the fiscal landscape of the 2024-2027 operating budget.

Strategic Budget Investments have been presented in the years they are required, which in addition to various other budget factors, result in budget fluctuations from one year to the next. The average of the budget increases for City services from 2025-2027 is an increase of 3.77%. In order to provide reliable and predictable increases to tax payers over the final three years of the operating budget, staff have utilized half of the balance in the tax stabilization reserve (RF0577) to reduce the budget impact in 2025 and 2026, and the replenishment of the balance in 2027 to allow for a more even distribution of the budget allocation.

## **9.9 2024-2027 City Services Capital Budget**

The City services portion of the 2024-2027 Capital Budget totals \$656,565,671 and is funded through a variety of sources including tax supported reserves, rate supported reserves, developer contributions, grants and gas tax as well as debenture financing.

Key capital project highlights in the 2024-2027 Budget are:

- Reconstruction of Mount Pleasant Street from Tutela Heights Rd to Clench Ave to prepare for future growth



- Rehabilitation of the Brant’s Crossing Pedestrian Bridge
- Relocation of POA Court Administration to 220 Colborne St
- Relocation of Robert Moore Park, including installation of a splash pad
- Ball Diamonds at Catherine Ave and Gilkison and Brooklyn

The proposed capital budget for 2024 is \$138,131,076 and can be found in Appendix A. The 2024 capital budget is comprised of growth and non-growth projects that are funded through a variety of sources as outlined in Table-5 below.

**Table 5 - 2024 Capital Budget**

	<b>2024 Cost</b>	<b>DCs and Other Developer \$</b>	<b>Gas Tax</b>	<b>3<sup>rd</sup> Party</b>	<b>Cash Reserves</b>	<b>Debt</b>
Growth	38,250,251	22,471,967	149,500	-	9,038,283	6,590,501
Non-Growth	99,880,825	1,490,000	11,010,227	11,146,773	75,233,825	1,000,000
<b>Total</b>	<b>\$138,131,076</b>	<b>\$23,961,967</b>	<b>\$11,159,727</b>	<b>\$11,146,773</b>	<b>\$84,272,108</b>	<b>\$7,590,501</b>

The funding sources to fund the full 2024-2027 capital program are outlined in the financial implications section. The staff proposed capital plan is affordable and funded through the use of the City’s existing reserve/reserve funds, expected grants and keeping within Council’s imposed debt limit.

### **9.10 Tax Ratio Reduction Policy**

Tax ratios determine how the approved Operating Budget is levied across the different property tax classes. Tax ratios are always applied as a factor of the residential tax class, which is legislated to have a tax ratio of 1.00.

In 2015, Council approved a Tax Ratio Reduction Policy which reduces the tax ratios for the commercial, industrial and multi-residential tax classes based on the amount of assessment growth in these corresponding tax classes. The goal of this policy is to reduce these tax ratios to 1.50.

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The Tax Ratio Reduction policy was implemented for the following reasons:

- To comply with Provincial legislation
  - The Province established the following tax ratio ranges of fairness for the business classes:
    - Commercial 0.6 – 1.1 (Brantford = 1.7457)
    - Industrial 0.6 – 1.1 (Brantford = 2.2482)
    - Multi-Res 1.0 – 1.1 (Brantford = 1.8628)
- To achieve property tax fairness between the property classes
- To encourage increased business class development in Brantford.

From 2016 to 2021, the commercial tax ratio has been reduced from 1.8755 to 1.7457, the industrial tax ratio has been reduced from 2.4730 to 2.2482 and the multi-residential tax ratio has been reduced from 2.0472 to 1.8628 to reflect the percentage increases in assessment growth for these tax classes.

For the 2022 and 2023 tax years, City Council approved to pause the Tax Ratio Reduction Policy and therefore, the Commercial, Industrial and Multi-Residential tax classes were not changed for 2022 and 2023.

In 2024, in accordance with the approved tax ratio reduction policy, the commercial tax ratio will not be reduced as there was no assessment growth in this tax class. Unless Council again elects to not implement the policy for 2024, the industrial tax ratio will be reduced from 2.2482 to 2.1816 and the multi-residential tax ratio will be reduced from 1.8628 to 1.8489 to reflect the percentage increases in assessment growth for these tax classes.

In 2024, the impact on the average property in the residential class will be that the taxes will be \$11 higher as a result of this policy.

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### **Option to Waive Policy**

Should Council want to pause the Tax Ratio Reduction Policy for 2024, then the following resolution would be required:

*THAT Report 2024-13, 2024-2027 City Services Budget be amended to add clause B as follows:*

*B. THAT no tax ratio reduction policy BE IMPLEMENTED for 2024.*

## **9.11 Strong Mayor Legislation**

Prior to Strong Mayor legislation, the Estimates Committee deliberated and amended the City's budget prepared by staff. The Committee was responsible for making amendments to the budget and recommending the final budget to Council for adoption. With the introduction of Strong Mayor powers, it is now the Mayor who is required to bring forward the budget to Council. In order to maintain a similar process as in prior years, the Mayor provided direction to staff to schedule meetings of the Estimates Committee in January for the purpose of the Committee to provide recommendations to the Mayor prior to the submission of the Mayor's proposed budget on February 1, 2024.

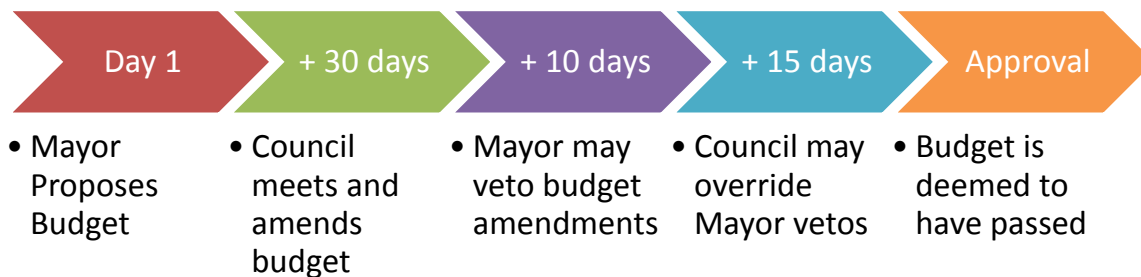
With the enactment of the Strong Mayor powers, the statutory process for the approval of municipal budgets begins with the presentation of the Mayor's proposed budget, followed by opportunities for amendments of the proposed budget by City Council. After all amendments have been made, the legislation allows for the veto of amendments by the Mayor, followed by an opportunity for the override of vetoes by City Council.

The general timelines for the approval of the municipal budget are summarized below:

- By February 1, the Mayor must prepare and propose a budget to Council for consideration
- Council has 30 (calendar) days to meet and pass budget amendments. This 30-day period can be shortened by Council resolution.

- Following the amendment period, the Mayor has 10 (calendar) days to veto budget amendments passed by Council. The Mayor can shorten the veto period via a Mayoral Decision. If veto power is not exercised, the budget is deemed to have passed.
- Within 15 days of the veto period ending, Council may meet to attempt to override Mayoral vetoes. This requires 2/3 super majority to pass.
- After the process of amendments, vetoes and overrides has passed, the budget is deemed to have been adopted.
- Council no longer needs to vote on the budget in its entirety.

The following graphic outlines the key budget process steps:



## 9.12 Estimates Timeline

The Estimates process begins on January 10, 2024 with the Treasurer’s Presentation, followed by delegations and then the commencement of the budget worksheet to review departmental operating and capital budgets. Table-6 below outlines the agenda in order to complete the Estimates process prior to the Mayor presenting the budget on or before February 1, 2024.

Table 6 - Estimates Timeline

Date	Agenda
January 10, 2024	<ul style="list-style-type: none"> <li>• Treasurer’s Presentation</li> <li>• Delegations for City Services Budget</li> <li>• Commence Budget Worksheet – Departmental Operating and Capital Budgets</li> </ul>
January 15, 2024	<ul style="list-style-type: none"> <li>• Public Engagement Results Presentation</li> </ul>

Date	Agenda
	<ul style="list-style-type: none"> <li>Continuation of the Budget Worksheet for City Services</li> </ul>
January 17, 2024	<ul style="list-style-type: none"> <li>Finalization of the Budget Worksheet for City Services (if needed)</li> </ul>
January 22, 2024	<ul style="list-style-type: none"> <li>Delegations for Local Boards Budgets</li> <li>Local Boards Budget Presentations</li> </ul>
January 30, 2024	<ul style="list-style-type: none"> <li>Regular City Council Meeting to approve Estimates Committee report, including recommendations to the Mayor for inclusions/exclusions to the Mayor's budget</li> </ul>
February 1, 2024	<ul style="list-style-type: none"> <li>Mayor releases the Mayor's budget</li> </ul>

## 10.0 Financial Implications

The staff prepared City services budget for 2024 is \$130,304,316, which represents a 4.99% budget increase after proportionate assessment growth when compared to the 2023 operating budget. This increase would translate into a \$116.83 annual increase to the average residential taxpayer, or \$9.74 per month. The proposed levy includes the strategic budget investments required to reach many of the goals of Council's priorities and to assist with operational pressures related to growth in the City.

Table 7 - 2024 Net Operating Budget Summary

	2023 Budget	2024 Proposed Budget	\$ Variance	% Variance
All Commissions	112,749,114	120,834,239	8,085,125	7.17%
Corporate Financing	9,052,093	9,470,077	417,984	4.62%
Total City Services	121,801,207	130,304,316	8,503,109	6.98%
<b>City Services Net Impact after proportionate share of assessment growth (\$2,313,862)</b>				<b>4.99%</b>

As indicated in section 9.8, the tax stabilization reserve has been utilized in the proposed 2025 and 2026 budgets to reduce the budget impact, and is proposed to be repaid in 2027, resulting in an even distribution of the budget allocation across the remaining years.

**Table 8 - 2025 - 2027 Budget Summary**

	<b>2025 Proposed Budget</b>	<b>2026 Proposed Budget</b>	<b>2027 Proposed Budget</b>
Gross City Services Budget	\$138,449,823	\$146,894,494	\$153,175,518
Tax Stabilization Reserve Allocation	(\$500,000)	(\$850,000)	\$1,350,000
<b>City Services Total Net Expenditure</b>	<b>\$137,949,823</b>	<b>\$146,044,494</b>	<b>\$154,525,518</b>
<b>Budget Increase % After Assessment Growth</b>	<b>3.79%</b>	<b>3.79%</b>	<b>3.73%</b>

The 2024-2027 proposed capital budget totals 656,565,671. Table-9 below outlines the capital budget requests by growth and non-growth components for 2024 - 2027.

**Table 9 - 2024 - 2027 Capital Budget**

	<b>2024 Budget</b>	<b>2025 Budget</b>	<b>2026 Budget</b>	<b>2027 Budget</b>
Growth	38,250,251	101,558,350	98,949,849	82,339,603
Non-Growth	99,880,825	126,101,465	59,872,001	49,613,327
<b>City Services Total Capital Expenditures</b>	<b>\$138,131,076</b>	<b>\$227,659,815</b>	<b>\$158,821,850</b>	<b>\$131,952,930</b>

A variety of funding sources are utilized to fund the capital program, which is affordable through the use of reserves, expected grants, developer contributions and debt.

**Table 10 - 2024-2027 Capital Budget Funding Sources**

<b>Funding Sources</b>	<b>Growth</b>	<b>Non-Growth</b>	<b>Total</b>
Developer Contributions	127,894,899	7,556,000	135,450,899
Canada Community Building Fund (formerly Gas Tax)	1,441,463	33,602,227	35,043,690
3 <sup>rd</sup> Party Contributions (including grants)	1,229,000	16,849,273	18,078,273
Rate Reserves	40,618,563	91,499,000	132,117,563
Tax Reserves	6,683,780	116,711,118	123,394,898
Debt	143,230,348	69,250,000	212,480,348
<b>Total Funding Sources</b>	<b>\$321,098,053</b>	<b>\$335,467,618</b>	<b>\$656,565,671</b>

Debt is an important capital financing tool that is used to align the cost of significant long-lived infrastructure with those who receive the benefit of the service it provides. There are 17 projects in the 2024-2027 capital budget that require the use of debt, 12 growth related projects and 5 non-growth projects. The non-growth portion of the debt reaches a high of 6.10% in 2028, keeping within the Council imposed limit of 7%. With the addition of the growth debt proposed, the debt limit reaches a high of 9.48% in 2030, keeping within the Council imposed limit of 10%.

## **11.0 Climate and Environmental Implications**

There are a large number of projects that are presented through the Estimates Committee process that have climate and environmental implications. A separate report (2024-6) will be presented to the Estimates Committee providing

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information about the climate and environmental implications of projects included in the 2024-2027 capital budget.

## 12.0 Conclusion

This report presents the staff prepared City Services 2024-2027 operating and capital budgets. The Estimates Committee now has the opportunity to make recommendations on the budget to the Mayor before the presentation of the Mayor's budget on February 1, 2024. This is the City's first multi-year budget spanning the four years 2024 to 2027, aligning resource requirements to the remaining years of Council's Strategic Priorities, and incrementally taking one more step in enhancing our financial management policies and practices.



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Joelle Daniels  
Commissioner of Corporate Services/City Treasurer

Prepared By:

Judy Moore, Director of Finance

Attachments (if applicable)

Appendix A – 2024 Capital Budget-City Services

Copy to:

In adopting this report, is a by-law or agreement required? If so, it should be referenced in the recommendation section.

By-law required  yes  no

Agreement(s) or other documents to be signed by Mayor and/or City Clerk  yes  no

Is the necessary by-law or agreement being sent concurrently to Council?  yes  no