

Town of Oakville 2024 Draft, Staff-prepared Budget Overview

October 17, 2023

Agenda

- Budget Process
- Operating Budget
- Operating Forecast
- Capital Budget
- 10-year Capital Forecast
- Rates & Fees

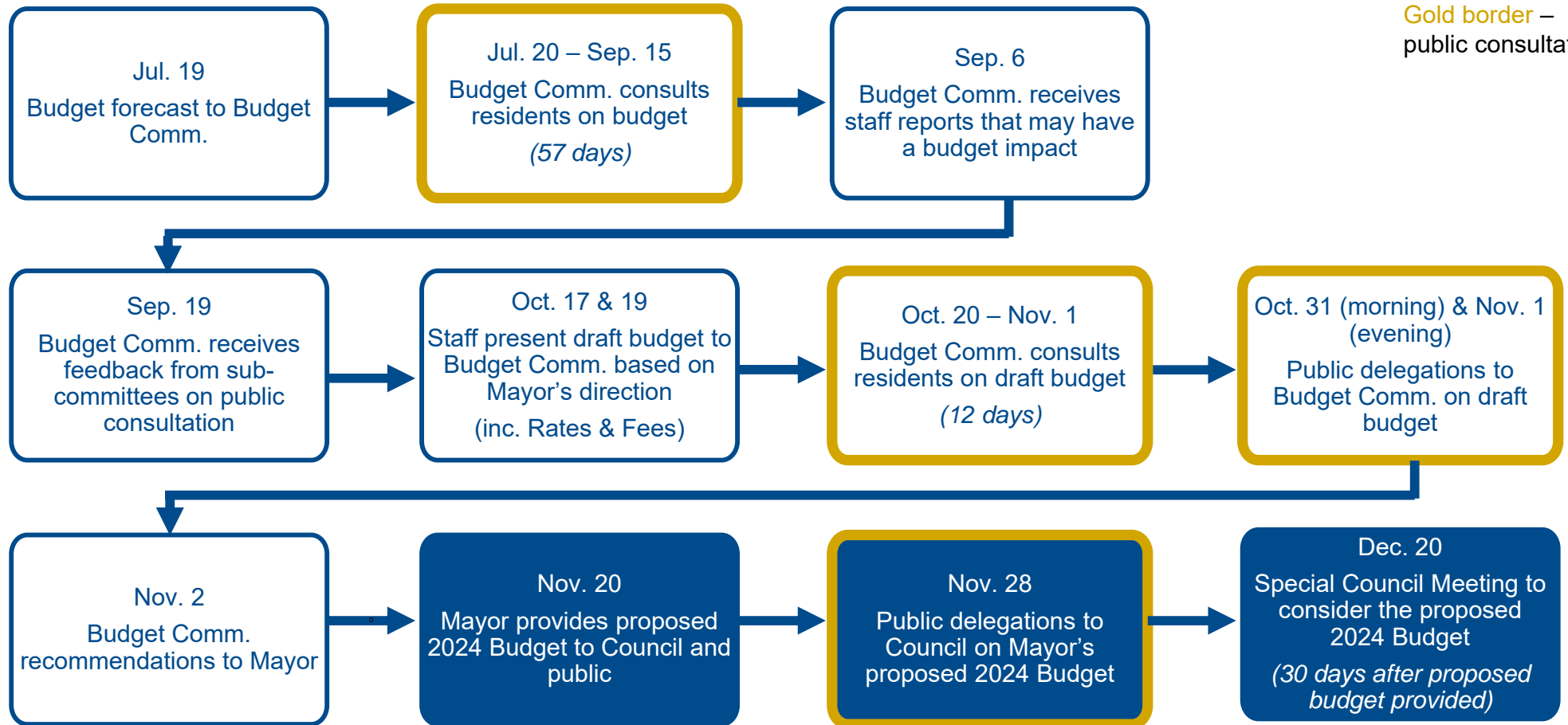
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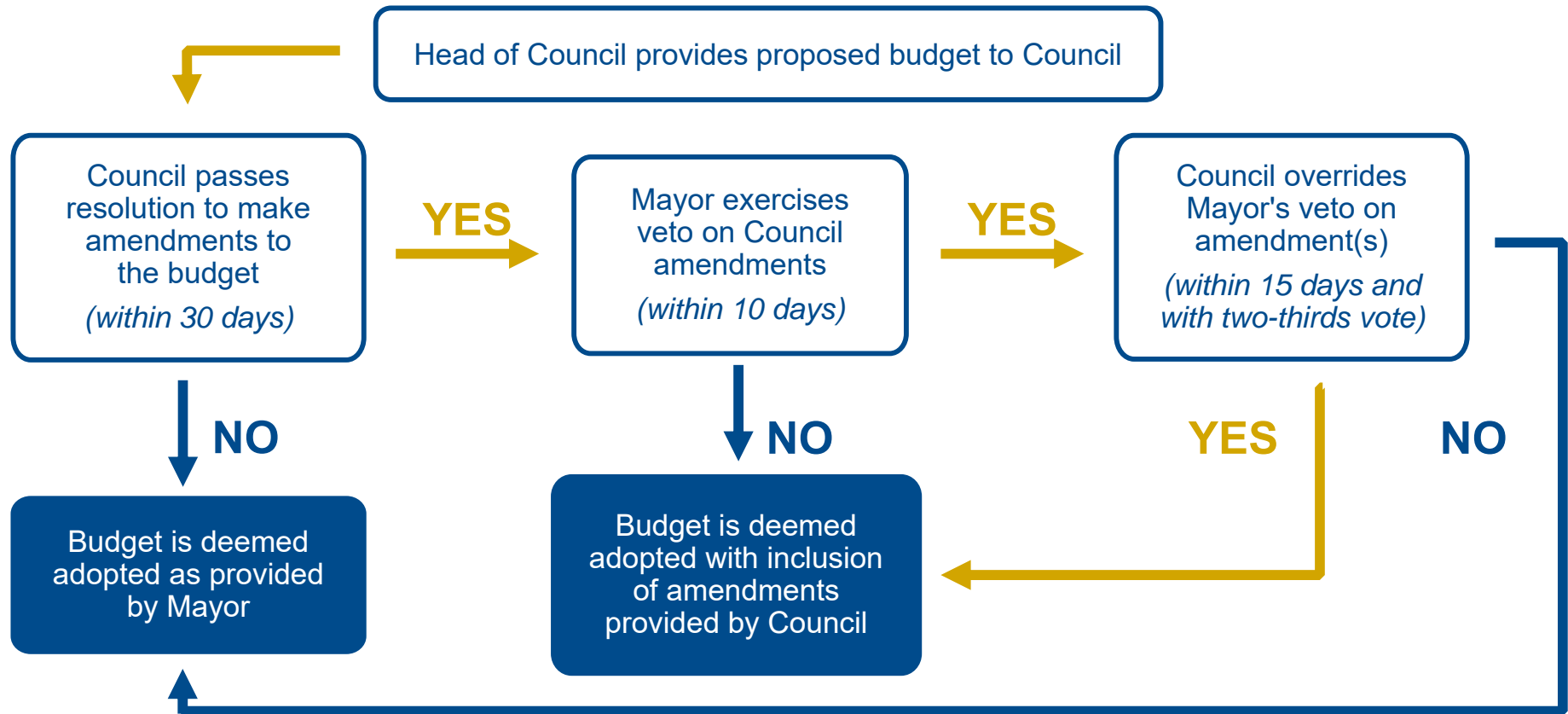
Budget Approval Process

Legend:

All Blue – Council
Blue border – Budget Committee
Gold border – public consultation



Budget Decision Flowchart



Budget Principles

- Council's strategic priorities
- Mayoral direction
- PB2 methodology
- Service levels
- Town's sound financial position
- Infrastructure & asset management
- Impacts of growth

Strategic Priorities Areas



Strategic Priorities & Programs



GROWTH MANAGEMENT

- ✓ Planning Services
- ✓ Building Services
- ✓ Development Services
- ✓ Economic Development
- ✓ Infrastructure Planning
- ✓ Infrastructure Maintenance
- ✓ Transit
- ✓ Municipal Enforcement
- ✓ Parking



COMMUNITY BELONGING

- ✓ Recreation & Culture
- ✓ Oakville Library
- ✓ Emergency Services
- ✓ Political Governance
- ✓ Facility Services



ENVIRONMENTAL SUSTAINABILITY

- ✓ Parks & Open Space
- ✓ Harbours
- ✓ Cemeteries
- ✓ Storm Water Capital
- ✓ Green Fleet & Energy Management Capital



ACCOUNTABLE GOVERNMENT

- ✓ Administrative Executive Leadership
- ✓ Strategy, Policy & Communications
- ✓ Corporate Asset Management
- ✓ Regulatory Services
- ✓ Corporate Support (HR, Finance, Legal, ITS)
- ✓ Strategic Business Services

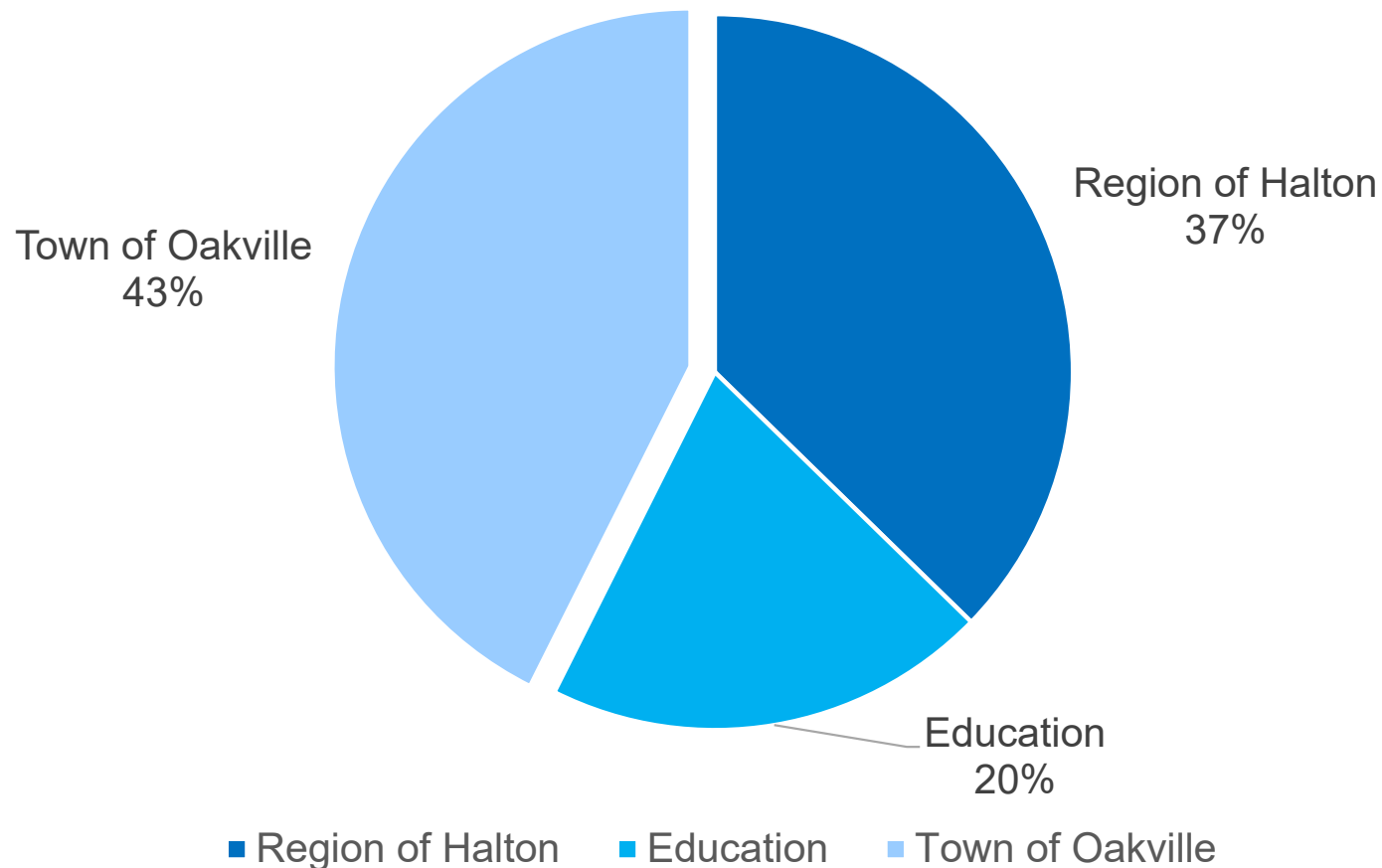
Mayoral Direction

2024 Budget:

- a. Preparing an operating budget with spending levels predicated on an overall tax levy increase of 4.5% and the use of Performance Based Program Based budgeting methodology to identify efficiencies
- b. Advising the Oakville Public Library to prepare its budget submission to the town based on an overall increase not to exceed 4.5%
- c. Preparing the capital budget and 9-year forecast predicated on ensuring long-term financial sustainability and the continuance of the capital levy
- d. Maintaining frontline town services and increasing user fees in line with the User Fee Policy
- e. Input from consultation with the Budget Committee and Public

Town's share of the tax bill

Share of Tax Bill



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Gross Budget

\$593M Gross Investment in Services

\$405M

2024 Operating Budget

\$188M

2024 Capital Budget

Strategic Priorities & Programs – Budget Investment

| (millions)* | Growth Management | Community Belonging | Environmental Sustainability | Accountable Government |
|---|-------------------|---------------------|------------------------------|------------------------|
| Gross Operating Investment* | \$142.6 | \$121.9 | \$35.5 | \$41.9 |
| Capital Investment | \$59.8 | \$29.2 | \$83.3 | \$15.6 |
| Total Gross Investment* | \$202.4 | \$151.1 | \$118.8 | \$57.5 |
| Net Tax Levy | \$81.1 | \$88.2 | \$23.8 | \$36.6 |
| *Excludes Corporate Revenue and Expenses which includes items not related to specific town programs | | | | |

Tax Levy Impact

- Total Tax Levy of \$260.5M
- Town increase of \$20.7M before growth and \$15.7M after growth
- Town increase of 6.54%, or \$21.19 per \$100,000 of assessment
- Overall increase of 4.28% or \$32.54 per \$100,000 of assessment*

*based on Region/Education assumptions

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| Service Enhancements | | \$ 1.29 | 0.54% | 0.23% | \$ 1.75 |
| Annualization of 2023 approved items | | \$ 1.59 | 0.66% | 0.28% | \$ 2.15 |
| Prior Years Assessment Growth | | | 0.00% | 0.00% | \$ - |
| Capital Levy | | \$ 2.40 | 1.00% | 0.43% | \$ 3.24 |
| Total Base Operating Budget | | \$ 20.69 | 8.63% | 3.68% | \$ 27.96 |
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| Assessment Growth | | \$ (5.01) | -2.09% | -0.89% | \$ (6.77) |
| Total Town of Oakville* | 42.6% | \$ 15.68 | 6.54% | 2.79% | \$ 21.19 |
| Region of Halton** | 37.3% | | 4.00% | 1.49% | \$ 11.35 |
| Education | 20.1% | | 0.00% | 0.00% | \$ - |
| Total* | | | | 4.28% | \$ 32.54 |

*Exclusive of reassessment impacts

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Budget Additions – Capital and Growth

| Description | 2024 Budget Impact | 2024 FTEs | Additional Details |
|---|--------------------|-------------|---|
| Operating impacts from capital | \$6.27M | 5.6 | Personnel and other costs primarily for specialized Transit electric vehicle expansion and Sixteen Mile sportfields maintenance |
| Operating impacts from growth | \$0.15M | 2.7 | Maintenance and operating costs for new infrastructure |
| Additional impacts to maintain service levels | \$0.48M | 9.2 | 2.0 FTEs Corporate Services Commission; 1.3 FTEs Community Services Commission; 5.9 FTE Community Infrastructure Commission |
| Total | \$6.90M | 17.5 | |

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Budget Additions – Service Enhancements

| Description | 2024 Budget Impact | 2024 FTEs | Additional Details |
|--|--------------------|-------------|--|
| Impacts from legislative changes | \$0.17M | 6.0 | Building Services, Development Services and Strategic Business Services partially funded from fees |
| Strategic planning, coordination, and implementation | \$0.20M | 4.0 | To support with planning, coordination, and implementation of corporate priorities |
| Support various corporate objectives | \$0.84M | 9.0 | 3.0 FTEs for research, continuous improvement, communications and customer experience capacity 2.0 FTEs for corporate web editing 2.0 FTEs for cybersecurity program 1.0 FTE for security master plan 1.0 FTE for access and privacy |
| Parking enforcement | \$0.08 | 4.0 | Primarily funded from fine revenue |
| Building Services Energy Coach/Advisor | \$0.00 | 1.0 | Fully funded from Building reserve |
| Total | \$1.29M | 24.0 | |

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**Region of Halton 2024 Budget Directions report (July 12, 2023 meeting)

Tax Levy Impact

Combined
Increase

4.28%

Town Increase

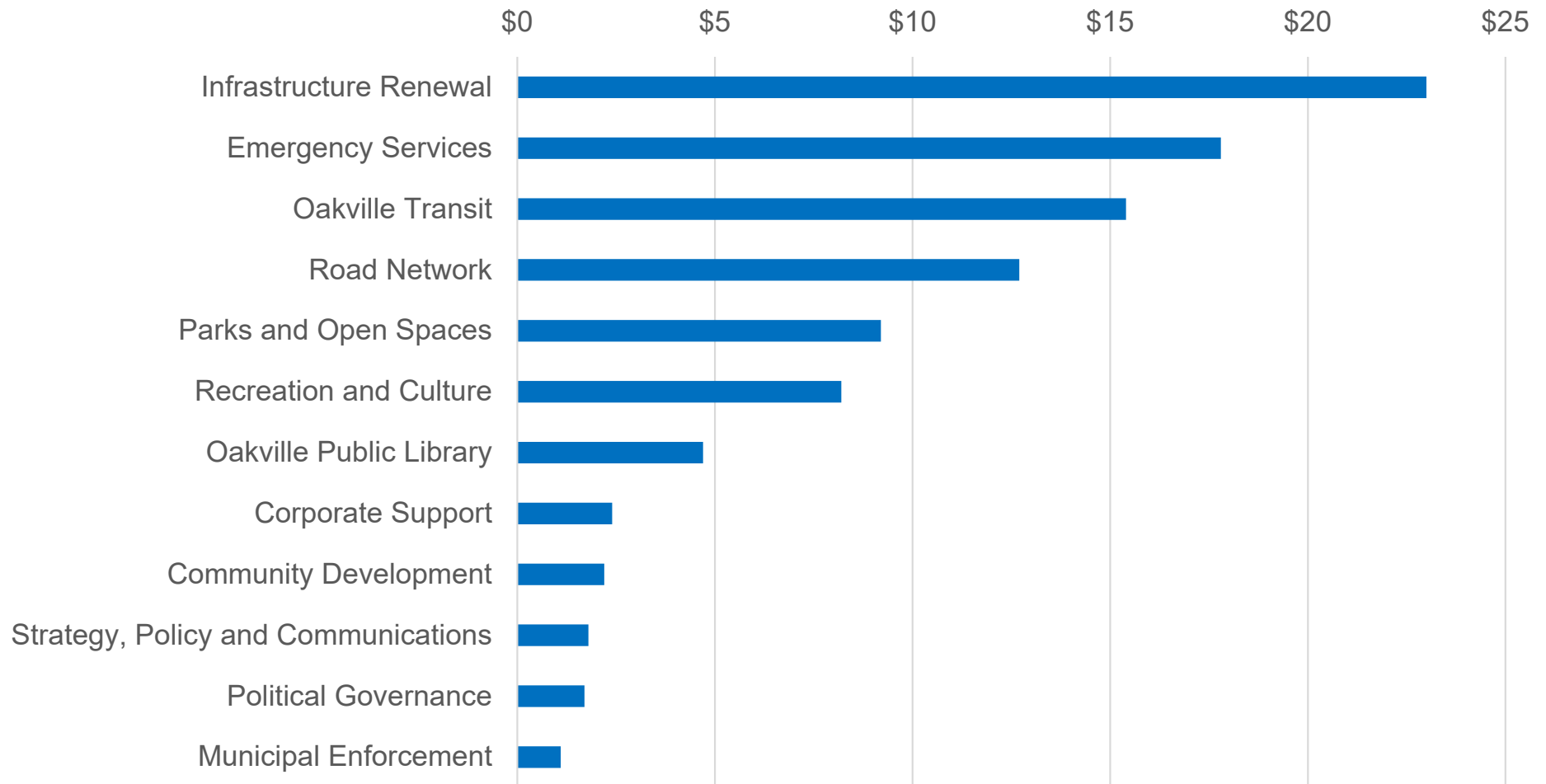
6.54%

Program Increase

(before assessment growth)

8.63%

2024 Budget - Per \$100 of taxes



Efficiencies and Improvements

- Importance
- Easy work is done
- No specific \$\$\$ in 2024
- Shift focus to processes and outcomes
 - Customer experience
 - Service levels
 - Future capacity

Corporate Expenses

| Corporate Expenses | 2024 Requested Budget | Additional Details |
|---------------------------------|-----------------------|---|
| Personnel Services & Benefits | \$456,100 | Corporate personnel related matters |
| Materials & Supplies | \$5,000 | Postage |
| Purchased Services | \$2,784,100 | Insurance costs, audit fees, etc... |
| Payments & Grants | \$9,277,200 | Tax assessment write-offs and debt payments |
| Internal Expenses & Transfers | \$95,378,400 | Transfers to reserves (including the capital levy - \$44M), transfers to reserves for investment income |
| Total Corporate Expenses | \$107,900,800 | |

Corporate Revenues

| Corporate Revenues | 2024 Requested Budget | Additional Details |
|---------------------------------|-----------------------|--|
| Supplementary Taxes | \$2,450,000 | Additional taxes added in year |
| Payments-in-lieu of Tax | \$4,474,700 | Funds collected from other governments |
| POA Halton Court Fines | \$369,400 | Town's share of collected fines |
| ASE Program Revenue | \$1,828,100 | Projected ASE revenues |
| Penalties & Interest on Tax | \$4,000,000 | Amounts earned on delinquent accounts |
| Interest Income | \$38,847,900 | <u>All</u> expected interest income |
| Hydro Dividend | \$6,100,000 | Dividend from OEC |
| Fund Transfers | \$10,994,100 | Funds from reserves/reserve funds |
| Internal Recoveries and Other | \$8,089,500 | Internal departmental recoveries and other |
| Total Corporate Revenues | \$77,153,700 | |
| Total Tax Levy | \$30,747,100 | Total Corporate Expenses – Revenues |

Agenda

- Budget Process
- Operating Budget
- **Operating Forecast**
- Capital Budget
- 10-year Capital Forecast
- Rates & Fees

Operating Forecast

| Budget Drivers | Overall Share of Tax Bill | 2025 Increase on Tax Levy | 2025 Impact on Total Tax Bill | 2026 Increase on Tax Levy | 2026 Impact on Total Tax Bill |
|---|---------------------------|---------------------------|-------------------------------|---------------------------|-------------------------------|
| Inflationary Impacts/Revenue Adjustments | | 1.09% | 0.46% | 1.04% | 0.44% |
| Capital and Growth Impacts | | 2.87% | 1.22% | 1.70% | 0.72% |
| Service Enhancements | | 0.00% | 0.00% | 0.00% | 0.00% |
| Annualization of 2023 approved items | | 0.00% | 0.00% | 0.00% | 0.00% |
| Prior Years' Assessment Growth | | -0.72% | -0.31% | 0.00% | 0.00% |
| Capital Levy | | 1.00% | 0.43% | 1.00% | 0.43% |
| Total Base Operating Budget | | 4.23% | 1.80% | 3.74% | 1.59% |
| Transit post-COVID Impact | | -0.08% | -0.03% | -0.09% | -0.04% |
| Tax Stabilization funding for Transit post-COVID Impact | | 0.08% | 0.03% | 0.09% | 0.04% |
| Total Operating Budget including Transit impact | | 4.23% | 1.80% | 3.74% | 1.59% |
| Assessment Growth | | -1.00% | -0.43% | -1.00% | -0.43% |
| Total Town of Oakville* | 42.6% | 3.23% | 1.38% | 2.74% | 1.17% |
| Region of Halton** | 37.3% | 3.00% | 1.12% | 2.70% | 1.01% |
| Education | 20.1% | 0.00% | 0.00% | 0.00% | 0.00% |
| Total* | | | 2.50% | | 2.17% |

*Exclusive of reassessment impacts

**Region of Halton 2024 Budget Directions report (July 12, 2023 meeting)

| | | | |
|-----------------------|--------------|--|--------------|
| Forecasted CPI | 2.10% | | 2.00% |
|-----------------------|--------------|--|--------------|

Agenda

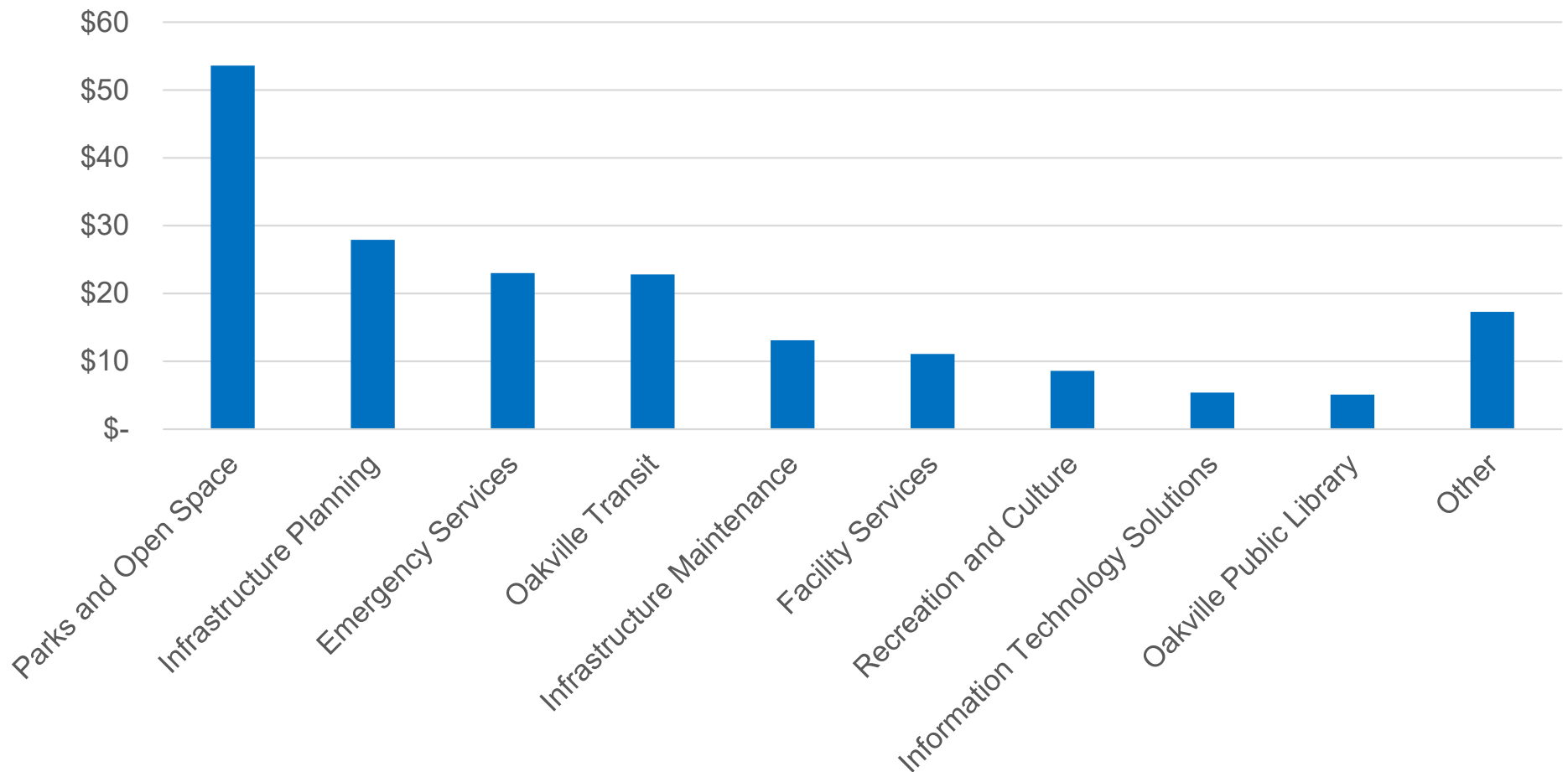
- Budget Process
- Operating Budget
- Operating Forecast
- **Capital Budget**
- 10-year Capital Forecast
- Rates & Fees

Key Capital Project Highlights

- Total of \$187.9 million
 - Growth (\$77.3 million)
 - Infrastructure Renewal (\$83.0 million)
 - Program Initiatives (\$27.6 million)

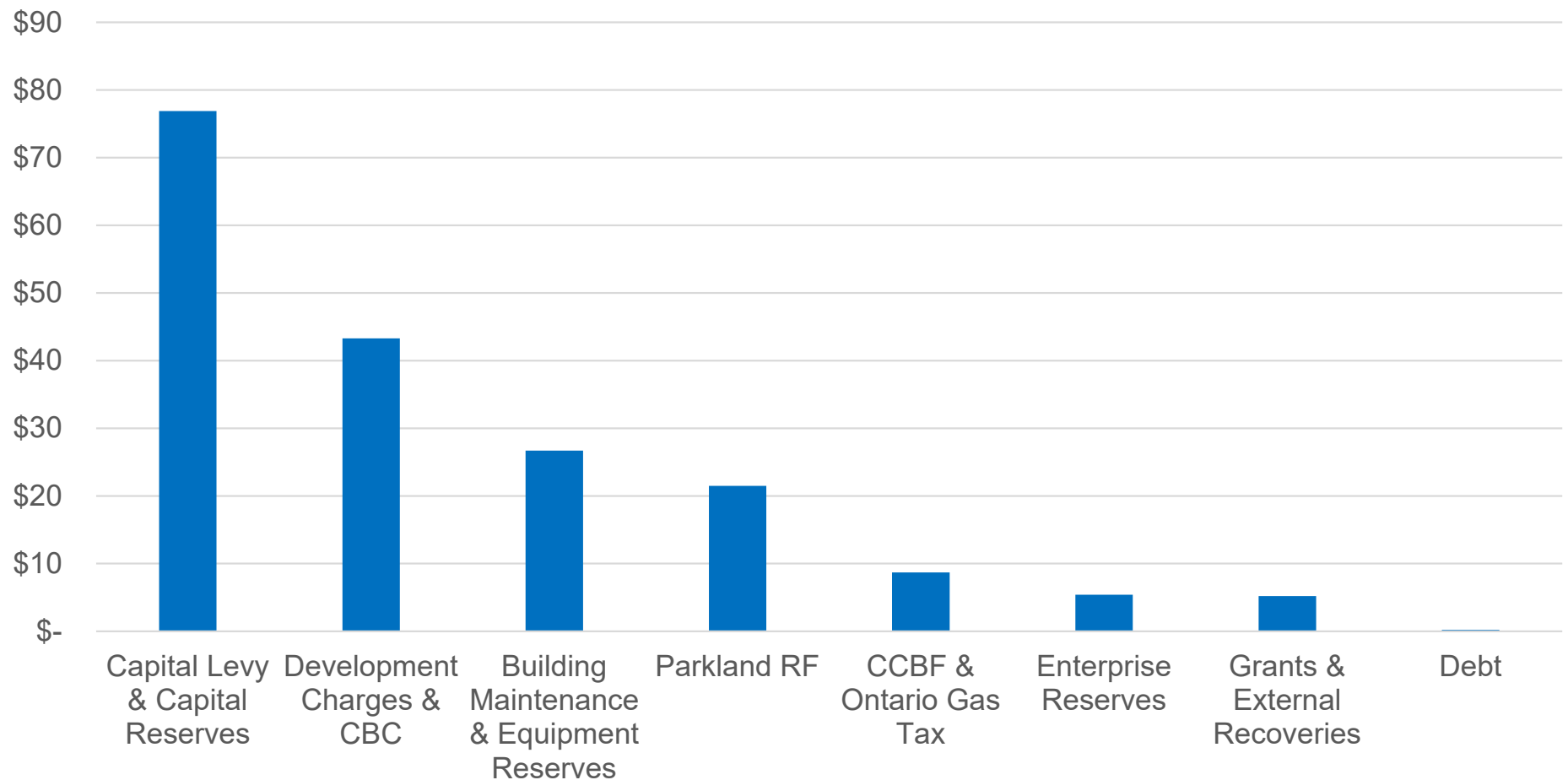
Capital Budget - Program

2024 Capital Budget (millions)



Capital Budget - Funding

2024 Capital Budget (millions)



Agenda

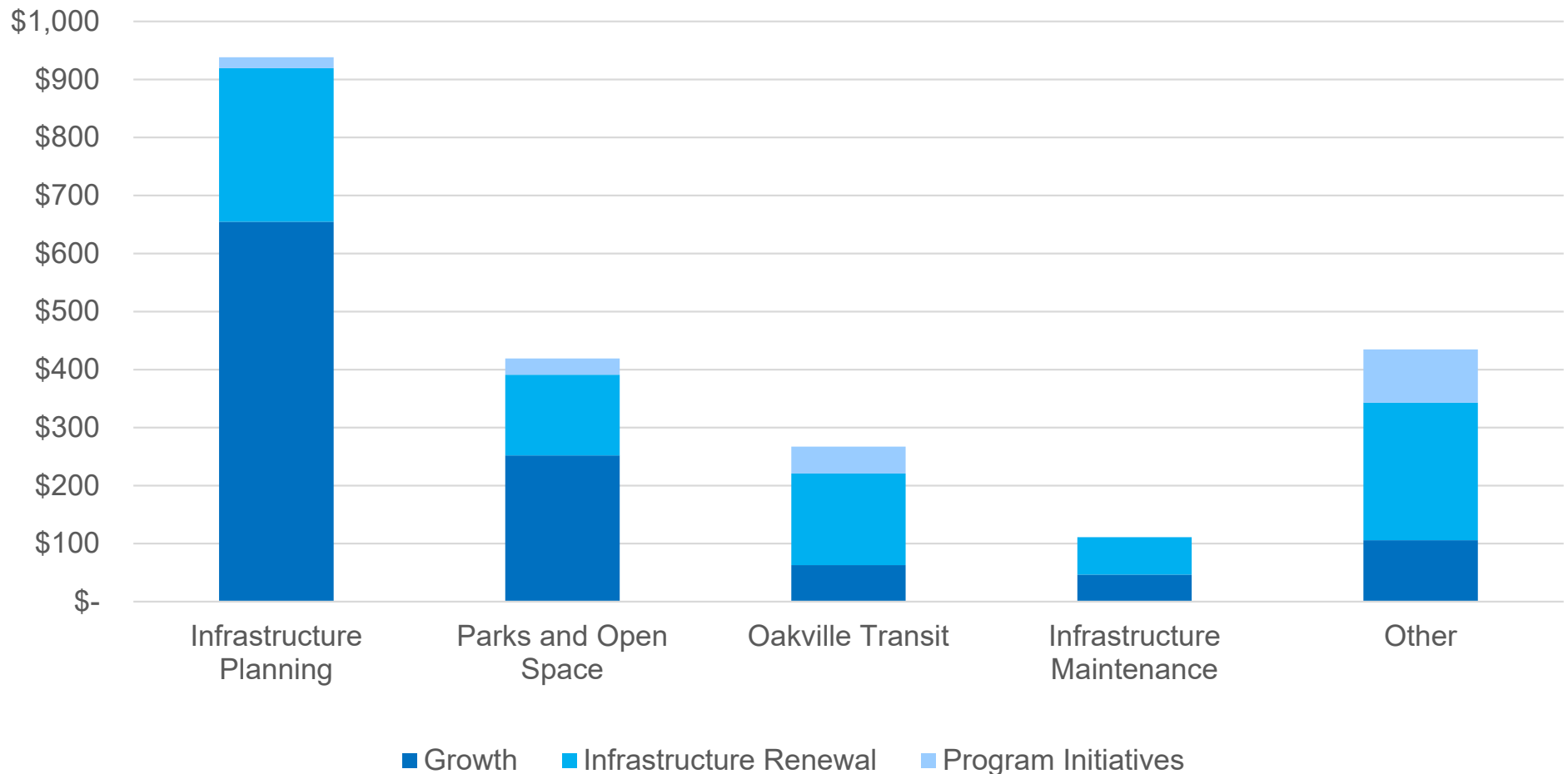
- Budget Process
- Operating Budget
- Operating Forecast
- Capital Budget
- **10-year Capital Forecast**
- Rates & Fees

Key Capital Forecast Highlights

- Total of \$2.2 billion
 - Growth (\$1.1 billion)
 - Infrastructure Renewal (\$863 million)
 - Program Initiatives (\$186 million)

Capital Budget - Program

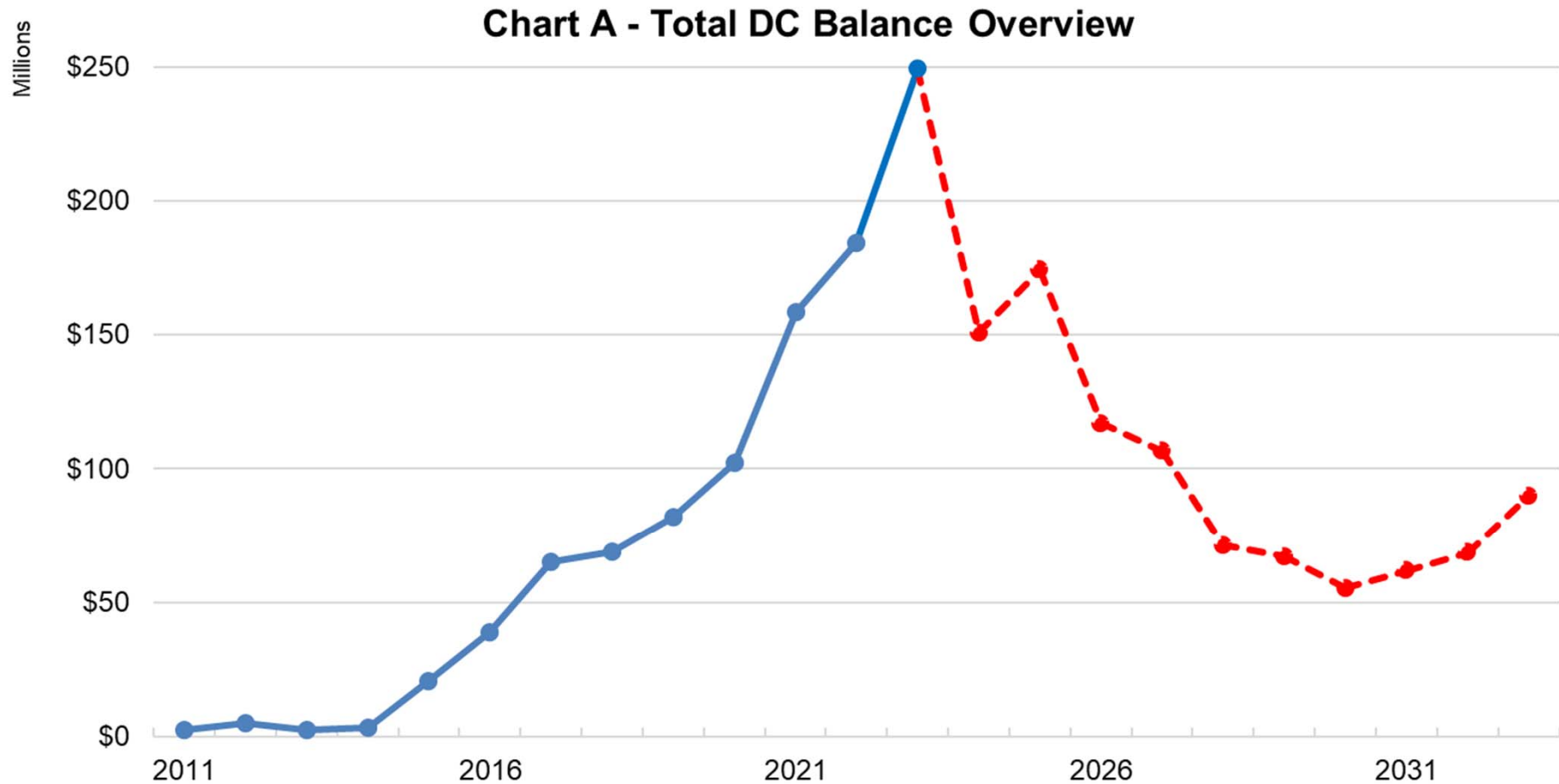
2024 Capital Forecast (millions)



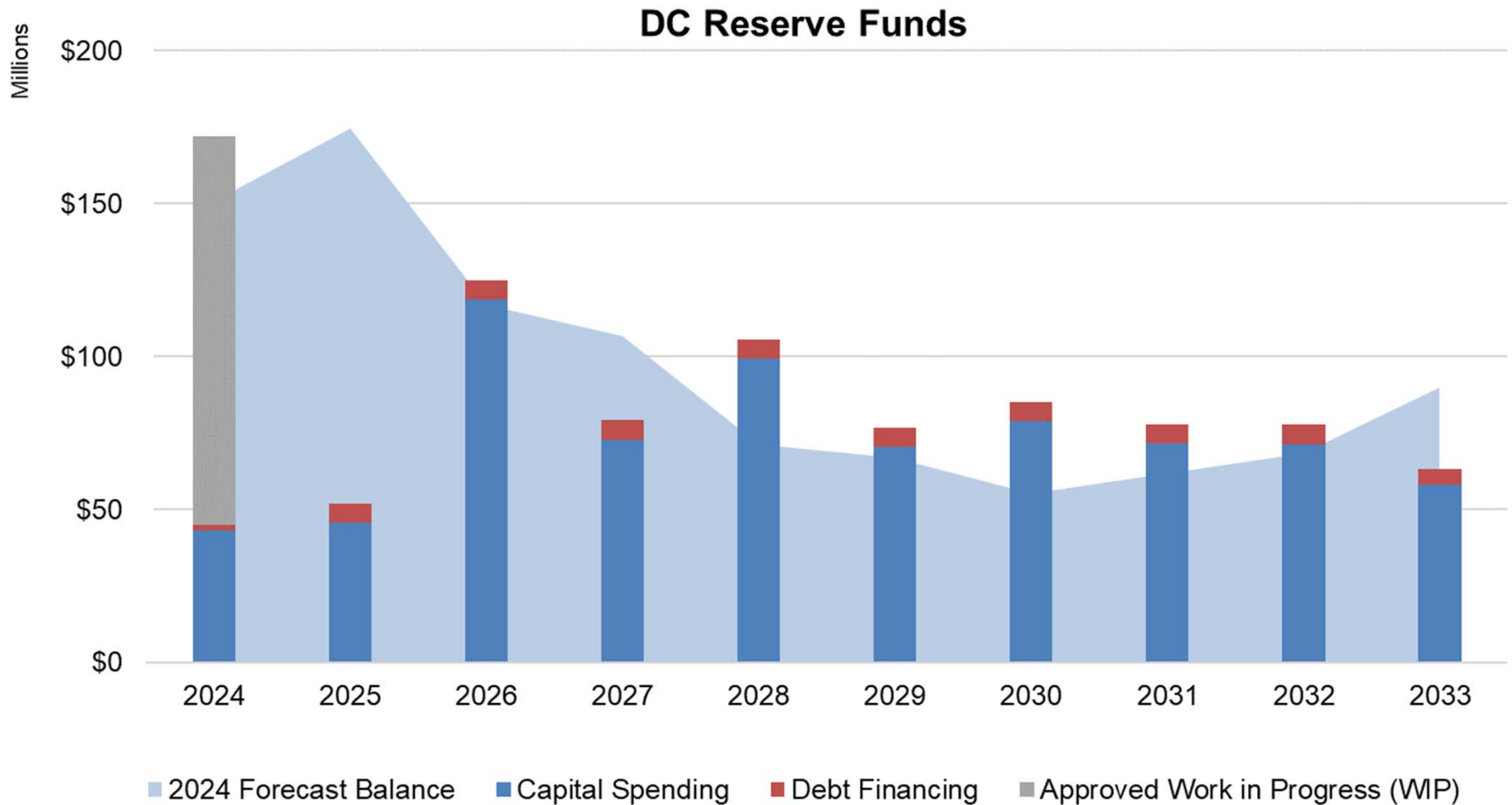
Growth Funding Tools

- Development Charges
- Community Benefits Charges
- Parkland Dedication

DCs – historical and projected



DCs – spending & balances



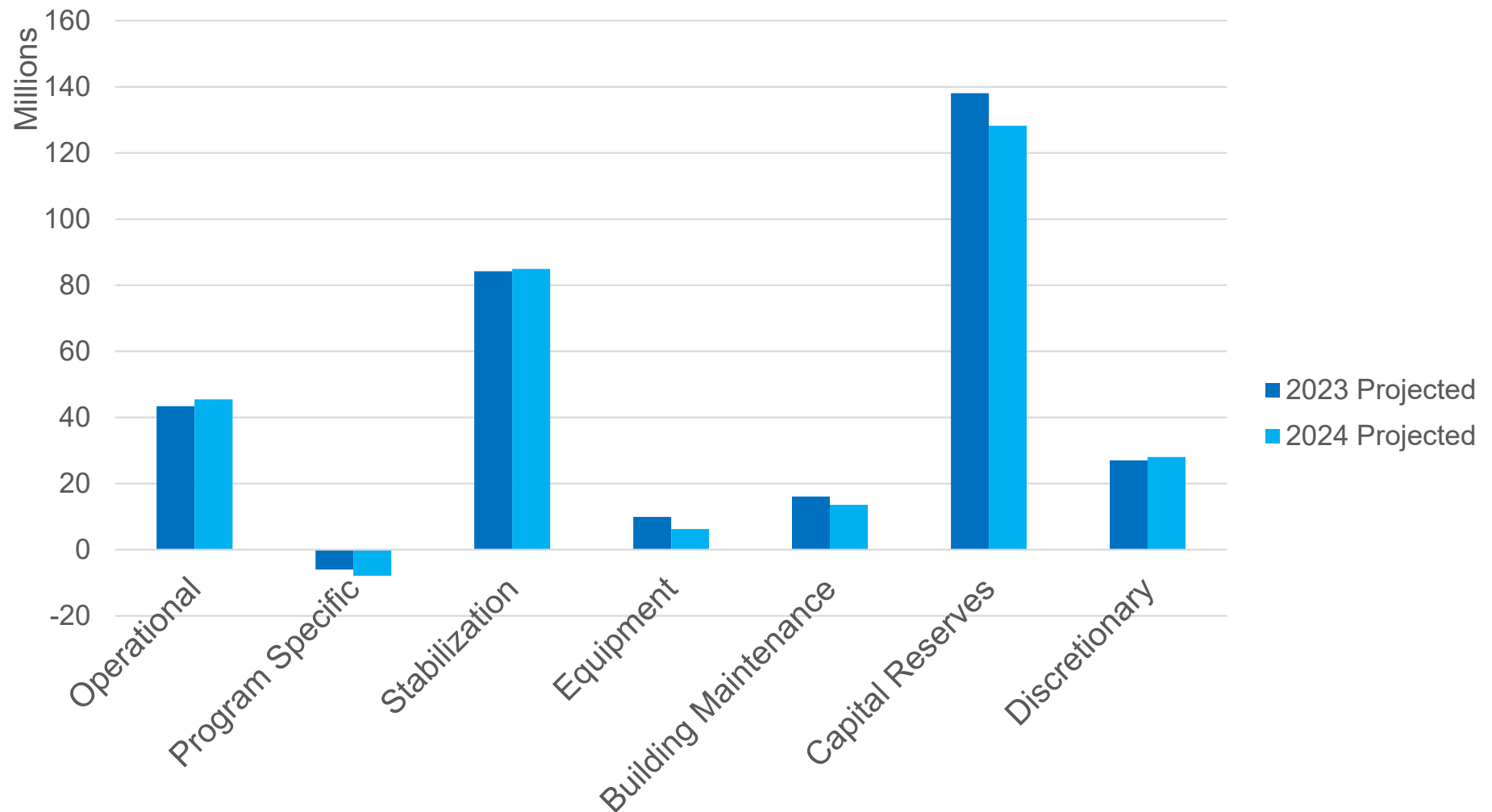
Costs of Growth – impact

| GROWTH FUNDING TOOLS REVENUE LOSS | | | | | | |
|---|--------------------------------------|---|-----------------------------------|--|----------------------------------|-------------|
| Life to Date Impact | DEVELOPMENT CHARGES | | | COMMUNITY BENEFITS CHARGE ² | PARKLAND DEDICATION ² | |
| | Bill 23 By-law Phase-in ¹ | Bill 23 Discounts and exemptions ² | Bill 108 Rate Freeze ³ | | | |
| April 2023 (cumulative) | \$ 1,441,594 | \$ - | \$ 4,811,211 | \$ - | \$ - | \$ - |
| May 2023 | \$ 1,205,518 | \$ - | \$ 183,792 | \$ - | \$ - | \$ - |
| June 2023 | \$ 792,982 | \$ - | \$ 1,601,704 | \$ - | \$ - | \$ - |
| July 2023 | \$ 64,225 | \$ - | \$ 179,691 | \$ - | \$ - | \$ - |
| August 2023 | \$ 117,090 | \$ - | \$ 42,534 | \$ - | \$ - | \$ - |
| Total Impact | \$ 3,621,410 | \$ - | \$ 6,818,932 | \$ - | \$ - | \$ - |
| ¹ Phase-in of DC By-law 2022-068 over 4 years. Currently in Year 2 (85% of full rate) ² DC, CBC and Parkland dedication exemptions for affordable and attainable residential units are pending regulation ³ DC rate freeze at time of planning application and not current DC rate (in force 2020) | | | | | | |

Costs of Growth – impact

- 2024 10-year capital forecast impact
- Questions from consultation:
 - Budget impact from reduction in DCs
 - Additional costs be communicated to taxpayers
 - Tax bill question

Reserves and Reserve Funds



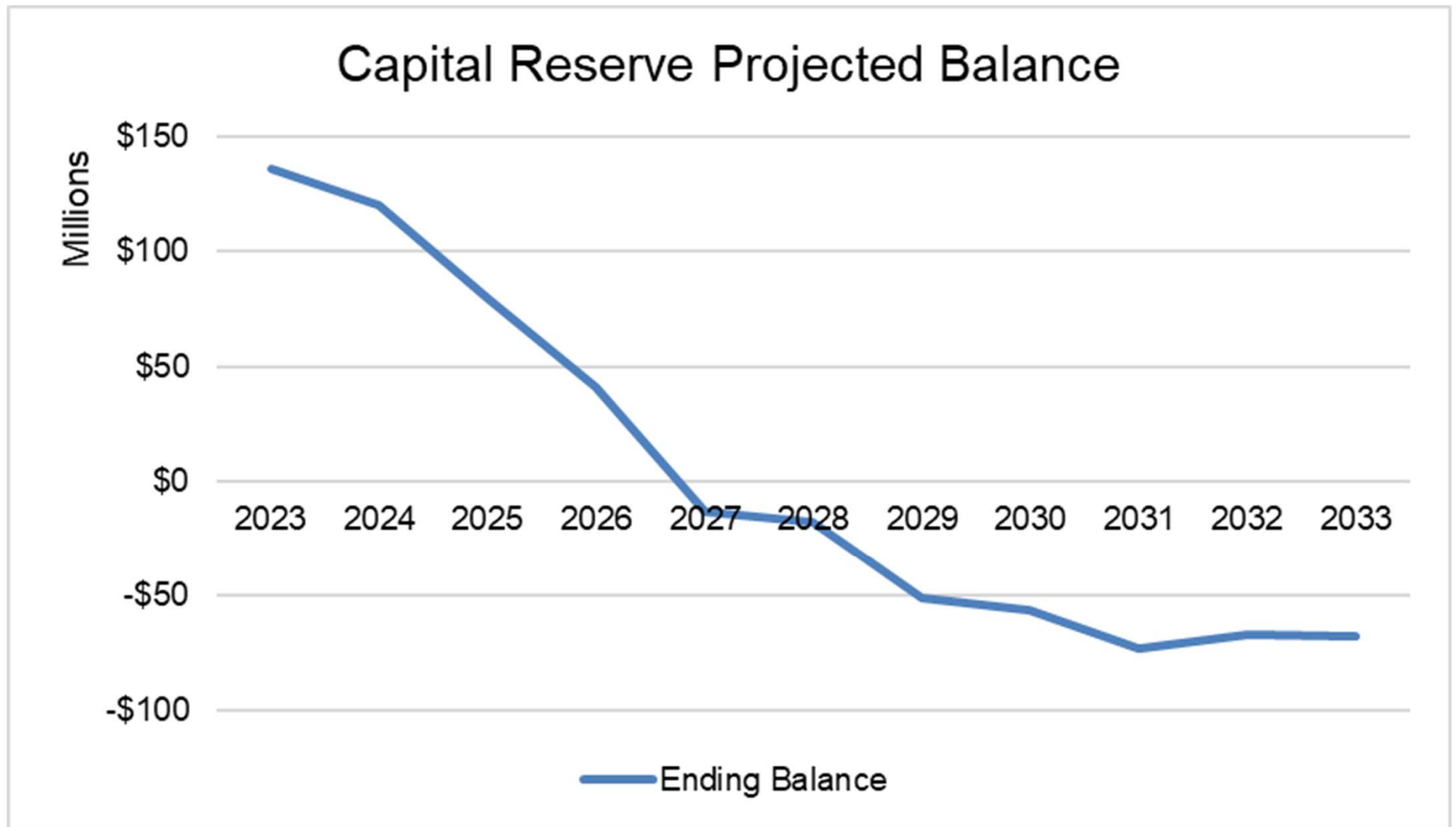
Capital Reserve Forecast

- Key funding source
- Strong balance to start 2024
- Balance decreasing
- Factors:
 - Importance of Asset Management
 - Stormwater
 - Climate Change
 - Inflation
 - New Initiatives

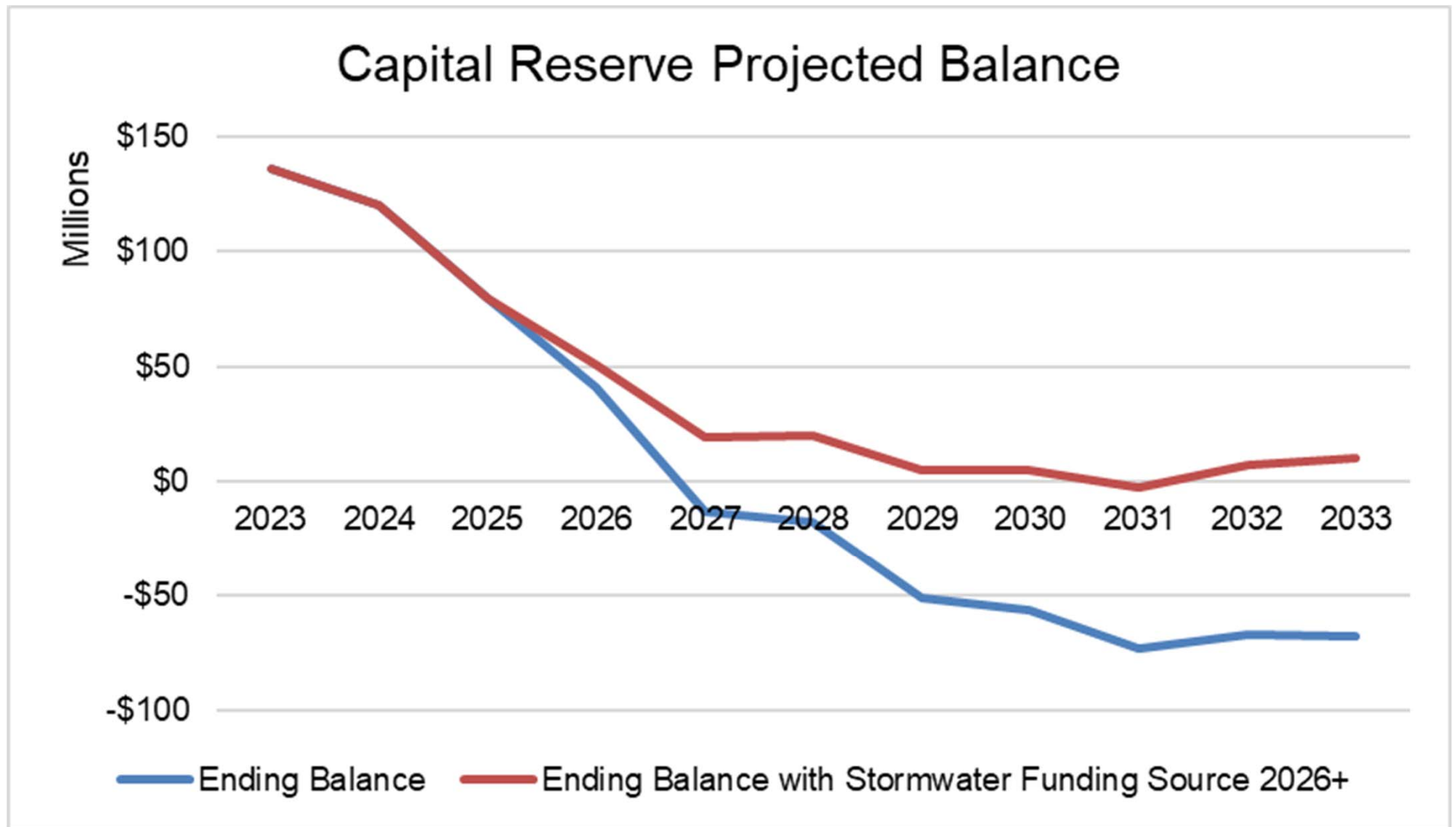
Capital Reserve Forecast

- Options:
 - New sources of revenue
 - Increases to current revenues through taxation
 - Deferral or removal of certain projects
 - Combination of the above

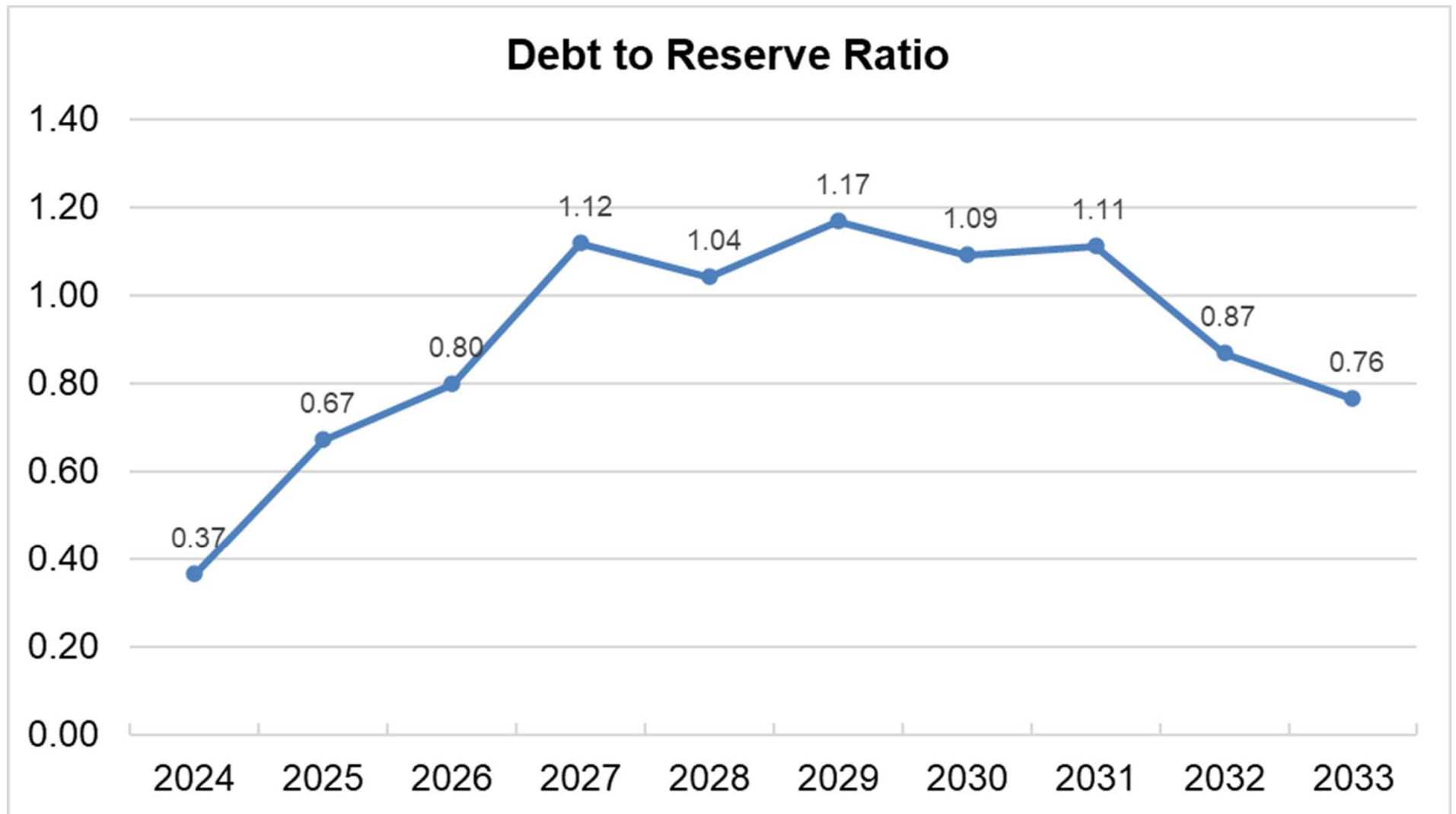
Capital Reserve Forecast



Capital Reserve Forecast



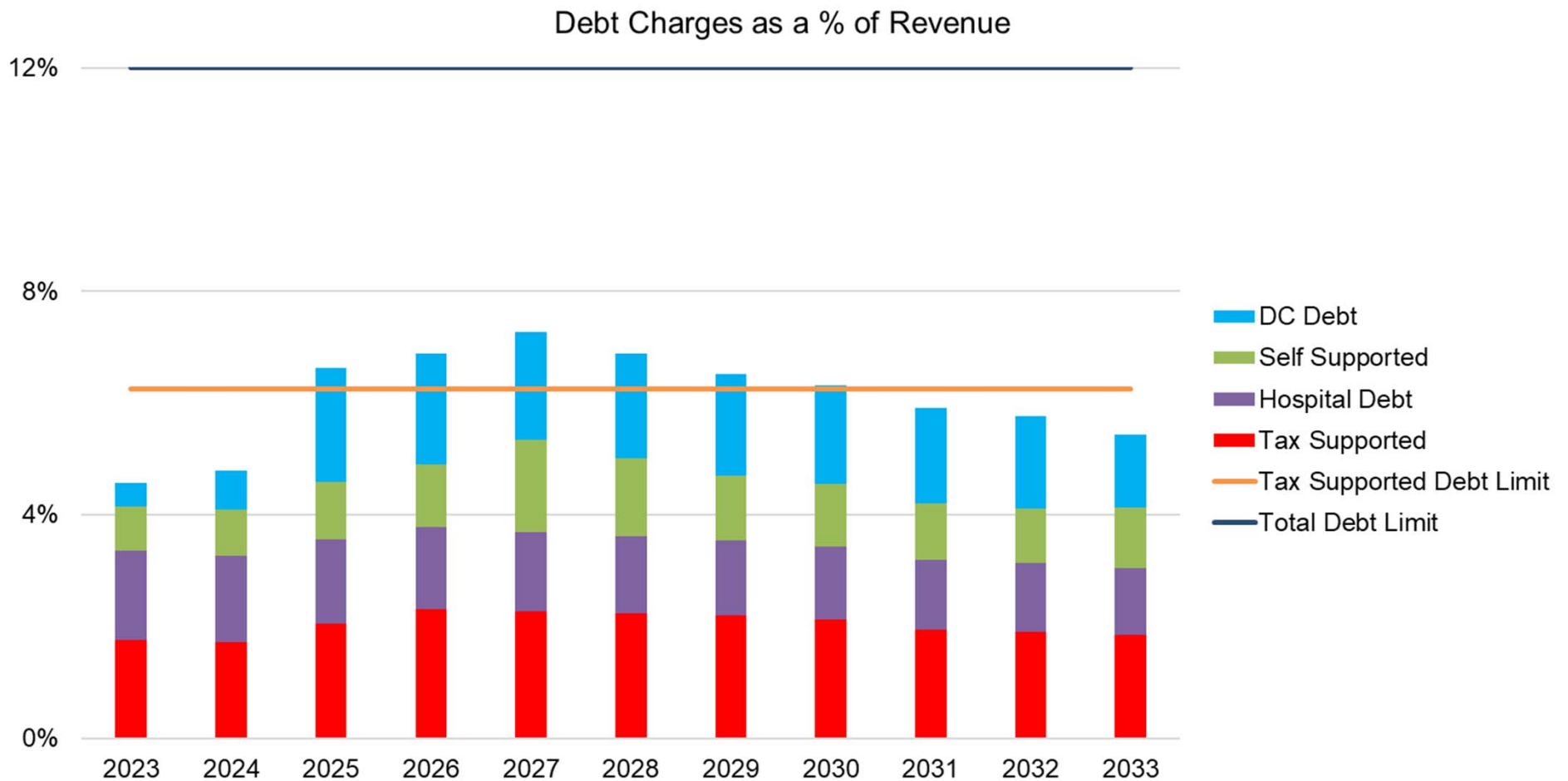
Debt to reserve ratio



Debt

- Funding tool
- Limits
 - Tax supported – 6.25% of own source revenue
 - Total corporate debt – 12% of own source revenue
 - DC Debt – 25% of average DC revenue

Debt Limits



Agenda

- Budget Process
- Operating Budget
- Operating Forecast
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- **Rates & Fees**

Rates & Fees

- Annual process
- User Fee Policy
- Updates in staff report and on town website
- Timing of increases vary depending on program
- Part of deliberations and approval by Council

Conclusion

- Key messages:
 - 2024 operating budget – 4.28%
 - 2024 capital budget – important projects; reserves healthy
 - 10-year forecast – lots of projects; financing concerns
- Budget books
 - Printed copies
 - Website
- Thank you to staff

Town of Oakville 2024 Draft, Staff-prepared Budget Overview

October 17, 2023