

2023 Pre-Budget Presentation

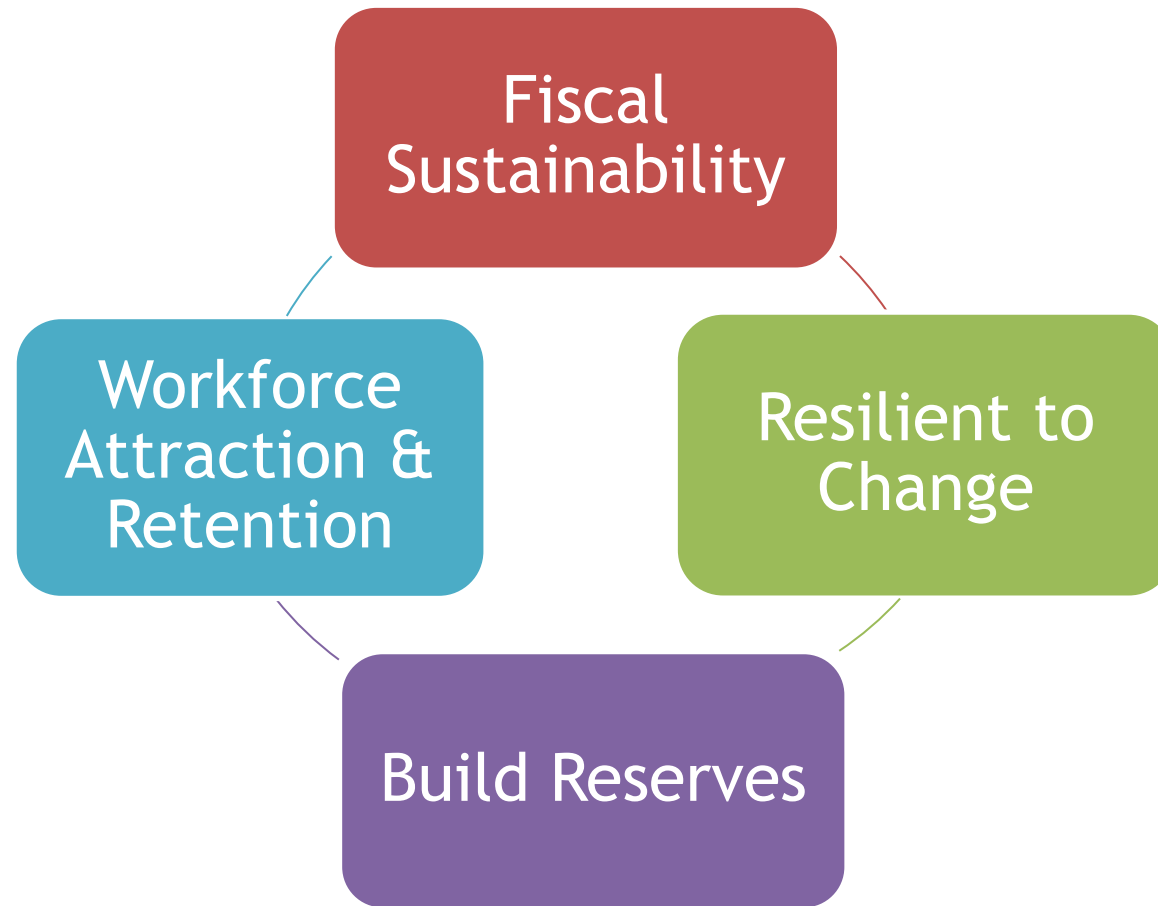
Plus 2024-2027 Forecasted Budget

2023-01-12

Strengthen the Foundation of our Core Services

CAO'S MESSAGE

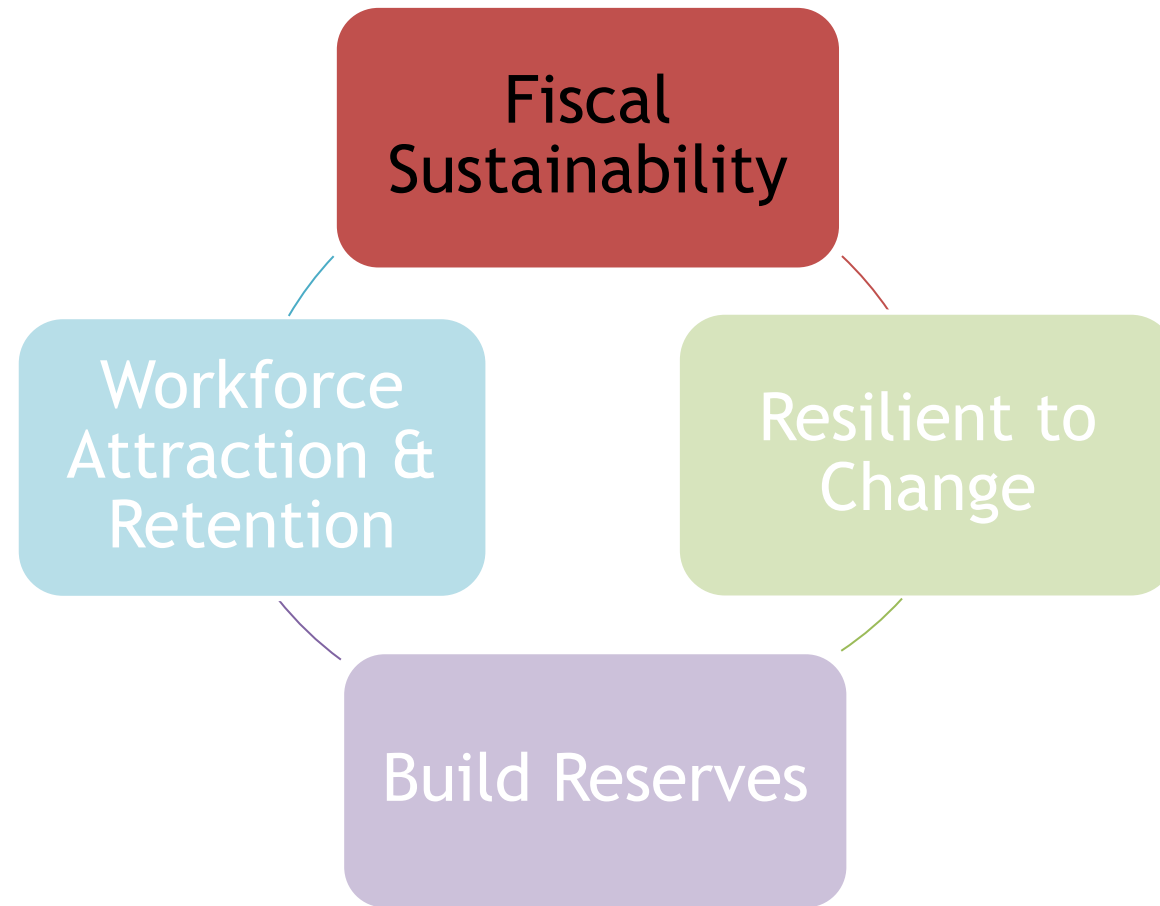
Strengthen the Foundation of our Core Services



Strengthen the Foundation of our Core Services

DIRECTOR OF CORPORATE SERVICES

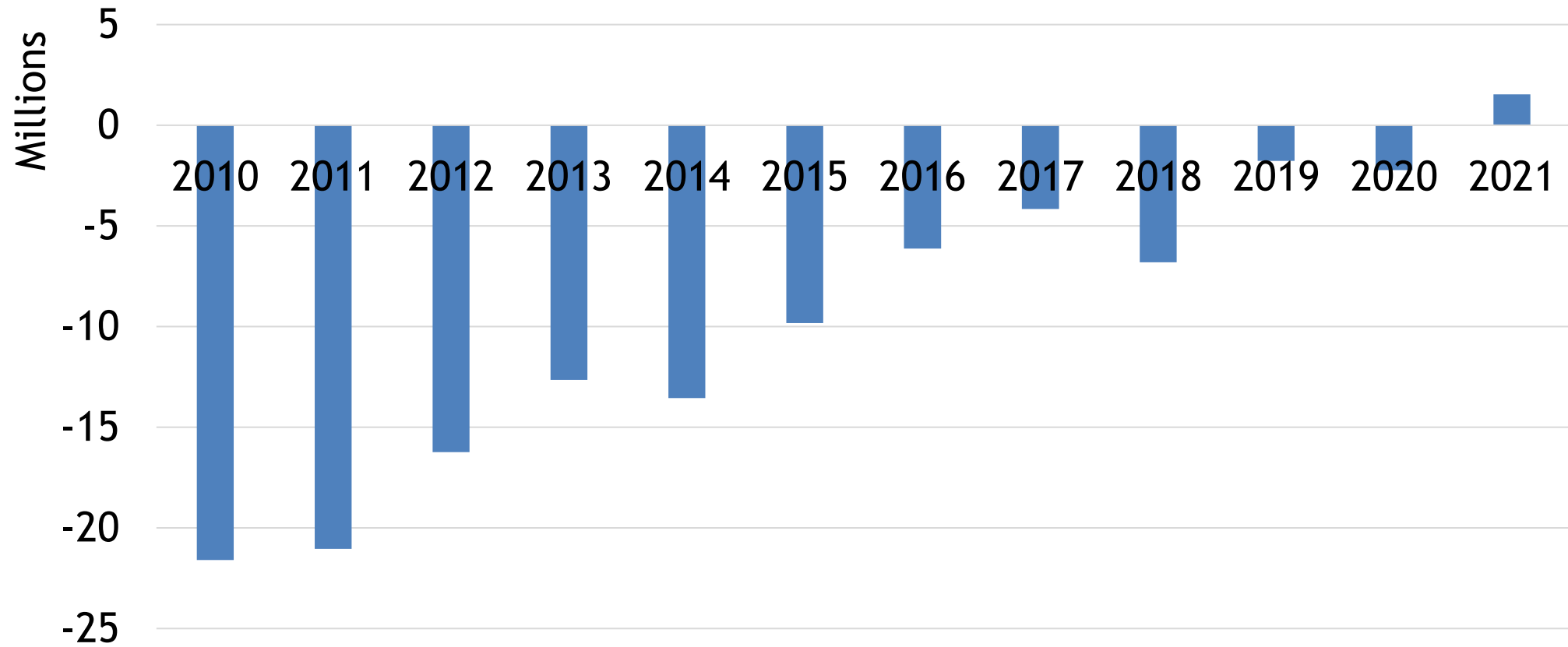
Strengthen the Foundation of our Core Services



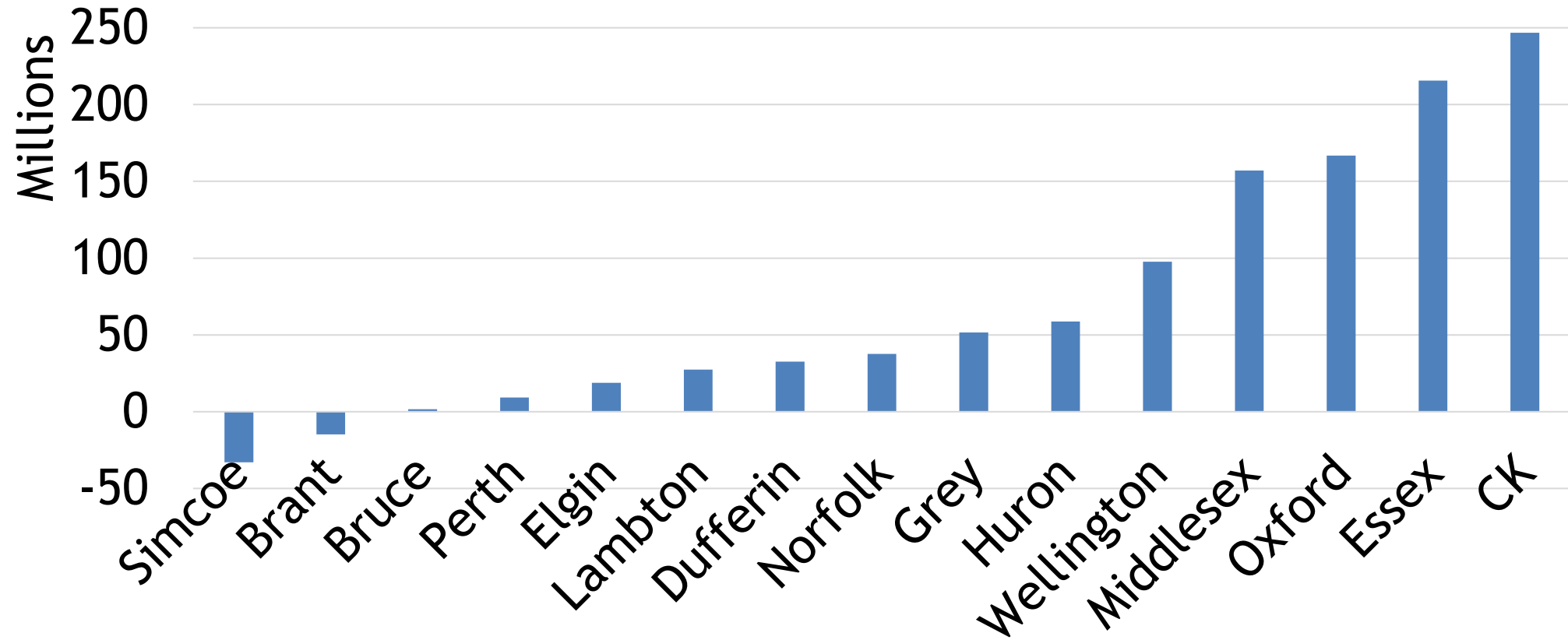
Change the Course Towards Fiscal Sustainability

- Comparator - Net Financial Position
- Action Plan - Asset Management Plan
- Net Financial Position = Net Financial Assets less Net Financial Debts
 - Assets minus Liabilities before adding in Tangible Capital Assets
 - Should be a strong positive number

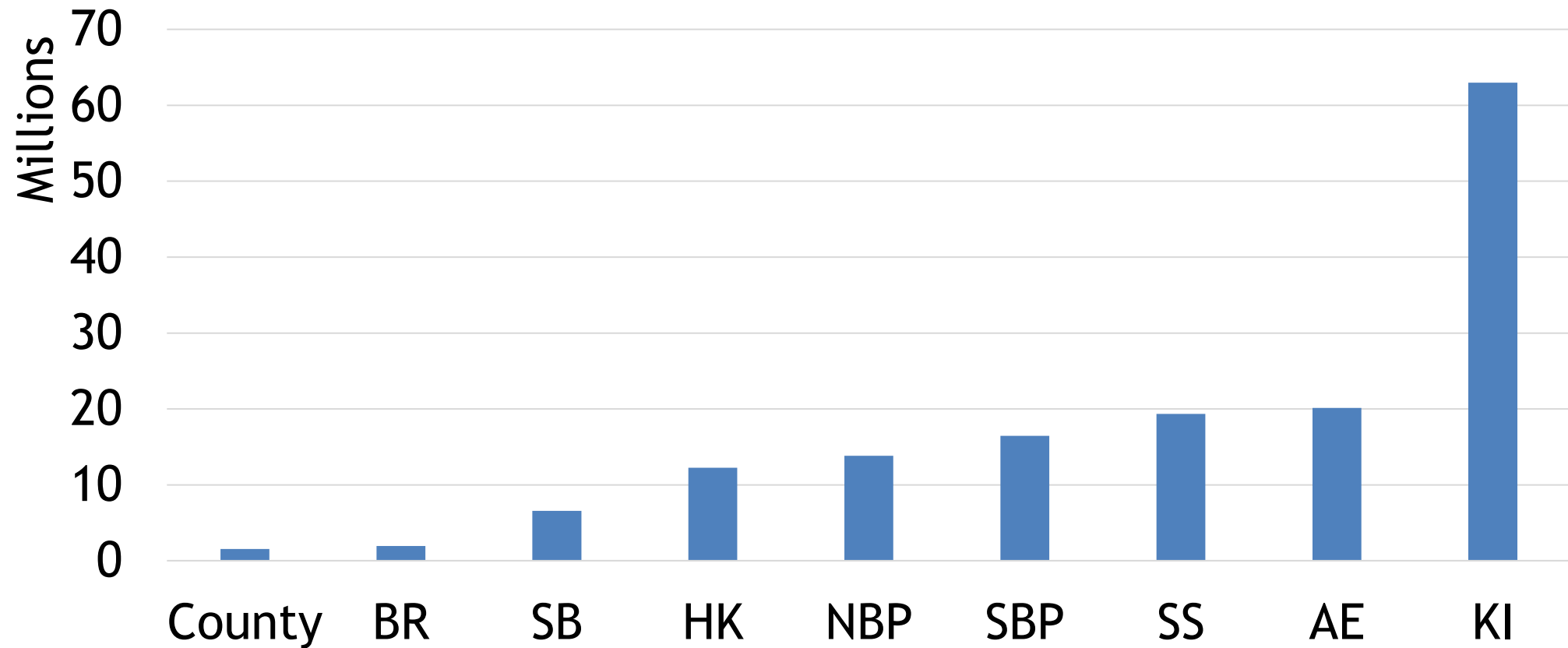
Slowly moving from Net Financial Debt to Net Financial Assets Position



Net Financial Assets Compared to County Peers



Net Financial Assets in Bruce County



Financial Action Plan for Infrastructure Assets

- 2022 - Asset Management Plan developed
 - Plan covered Core and Non-Core Assets
 - Identified areas where data could be further improved
 - Province has additional requirements for 2024 and 2025
- June 2022 the Asset Management Plan was reviewed and approved by Council
- The 2023 budget includes an increase of the Infrastructure Capital Renewal levy to 2.1% for existing asset replacement

Financial Action Plan for Infrastructure Assets

- Recommended Annual Levy Increase (plus inflation) to close the Infrastructure Gap



Asset Management Plan - Key Data

Replacement cost of
asset portfolio
\$890.7 million

Replacement cost of
infrastructure per household
\$20,911

Annual capital
infrastructure deficit
\$18.3 million

Percentage of assets in fair
or better condition
78%

Percentage of assets with
assessed condition data
77%

Target reinvestment
rate
3.4%

Recommended timeframe
for eliminating annual
infrastructure deficit
15 Years

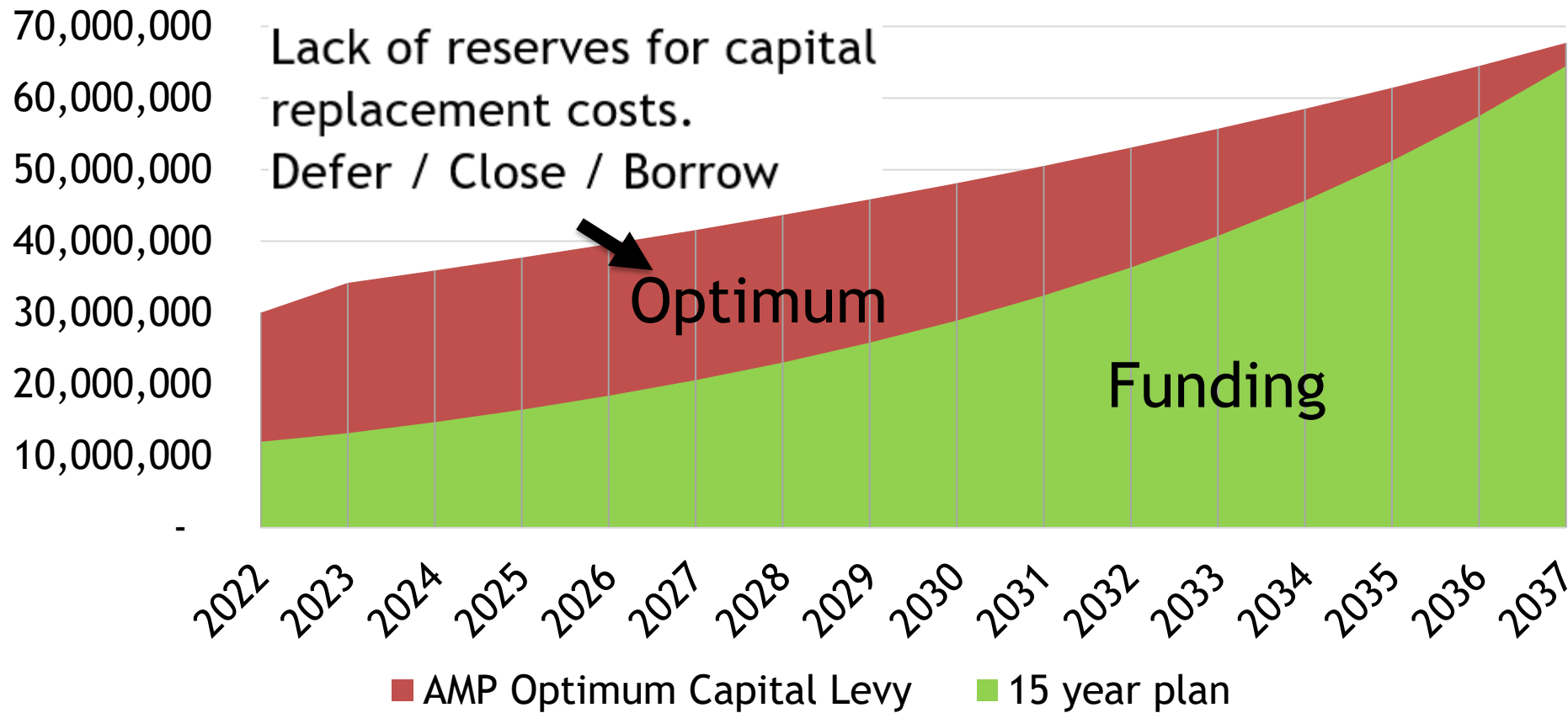
Actual reinvestment
rate
1.3%

Asset Management Planning

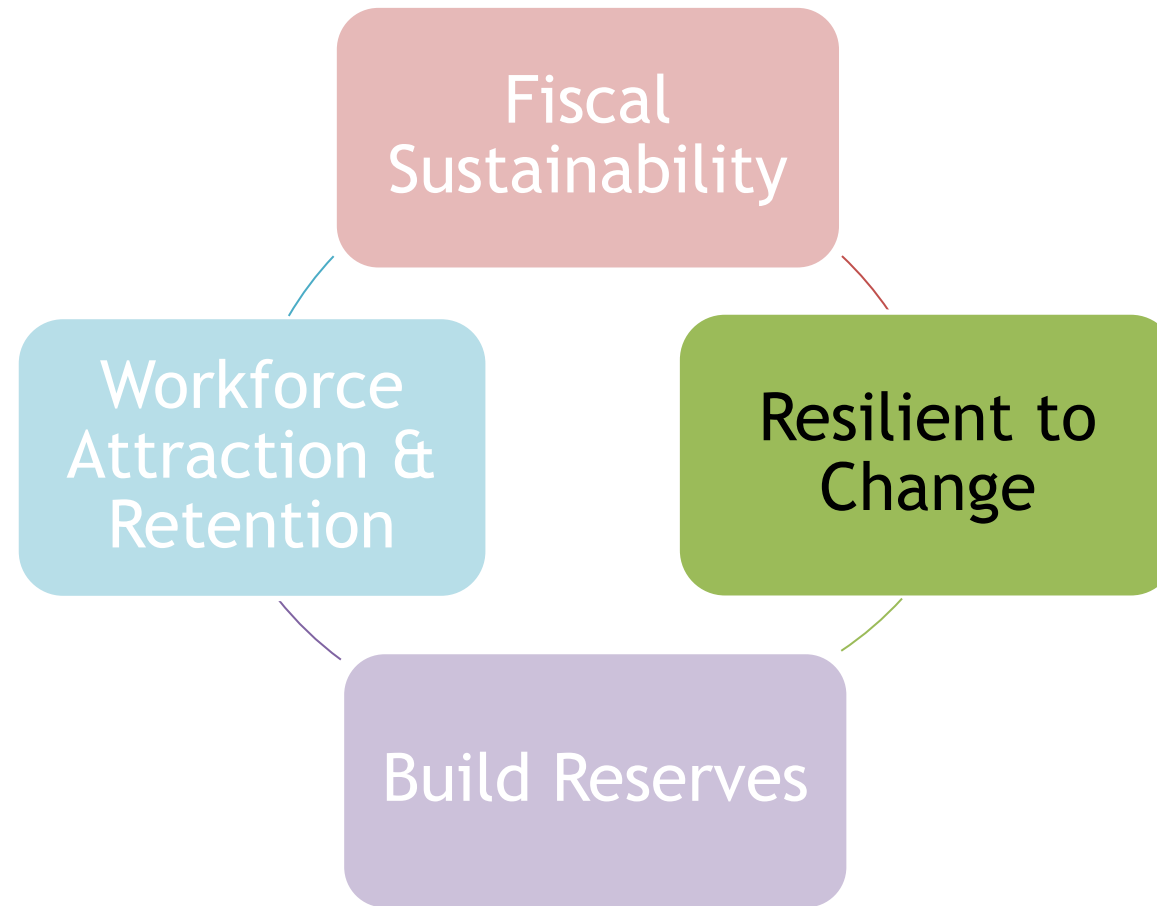
- **In 2018** - 100+ year old Oswald bridge (Chesley) fails. No money in reserves to replace. \$3M borrowed (+\$3.9M interest)
- **In 2020** - Council amended budget to reduce transfers to roads/bridges reserve
- **In 2022** - Established annual levy increase of 1.5% for \$20M+ Teeswater and Durham bridges 2022-2026
- Saves \$5M+ interest if had borrowed money



15-year plan to become sustainable still means 15 years of lack of funding



Strengthen the Foundation of our Core Services

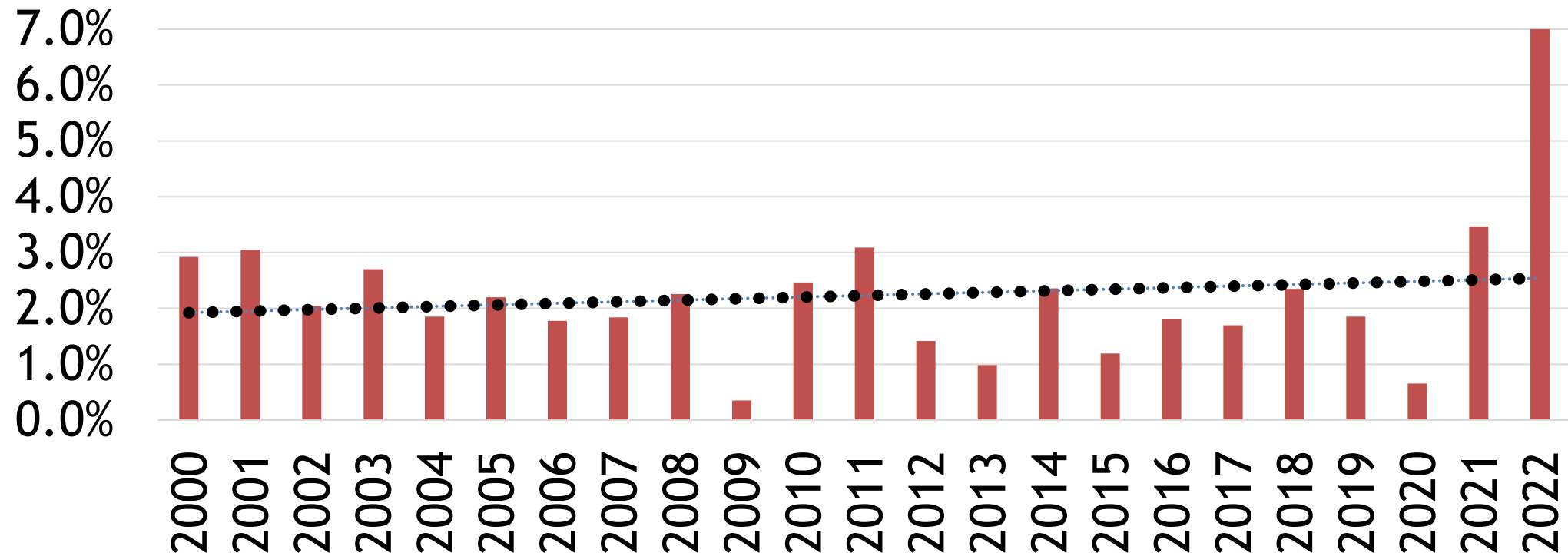


Creating a Resilient Organization

- CPI measures:
 - food, gasoline, shelter, clothing, transportation, health and personal care, etc.
- Non-Residential Building Construction Price Index measures:
 - building construction labour, construction materials - lumber, concrete, steel, sub-contractors
- Tax increases at or below Consumer Price Index inflation are actually cuts

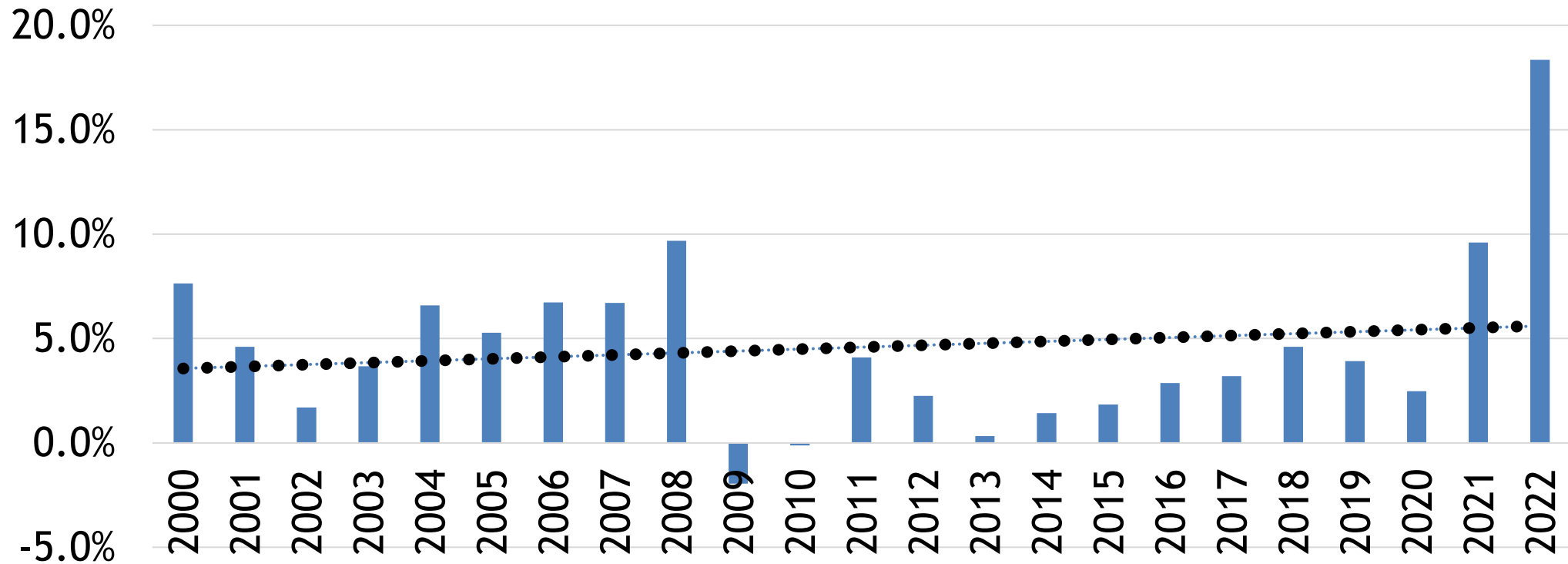
Consumer Price Index Inflation (Operating)

CPI % - long-term average 2-3%

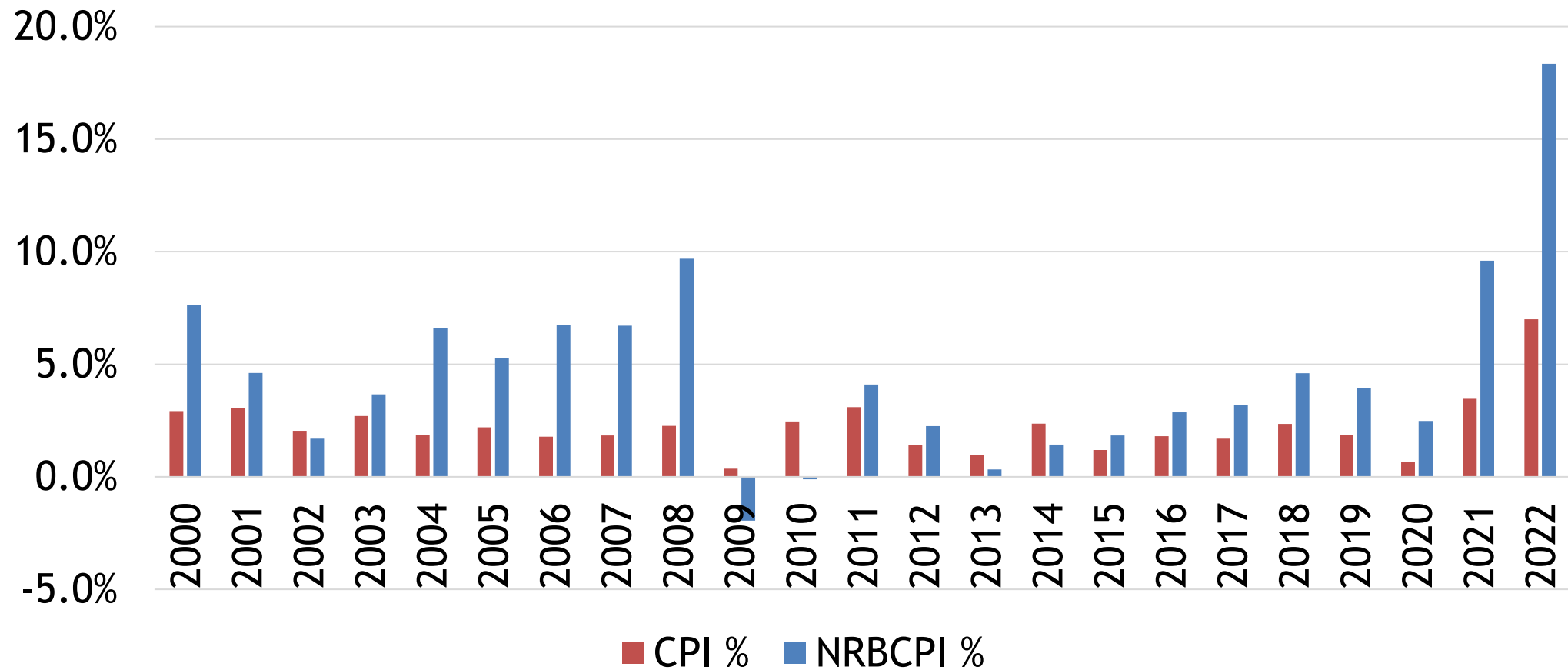


Non-Residential Building Construction Price Index (Capital) - Double CPI

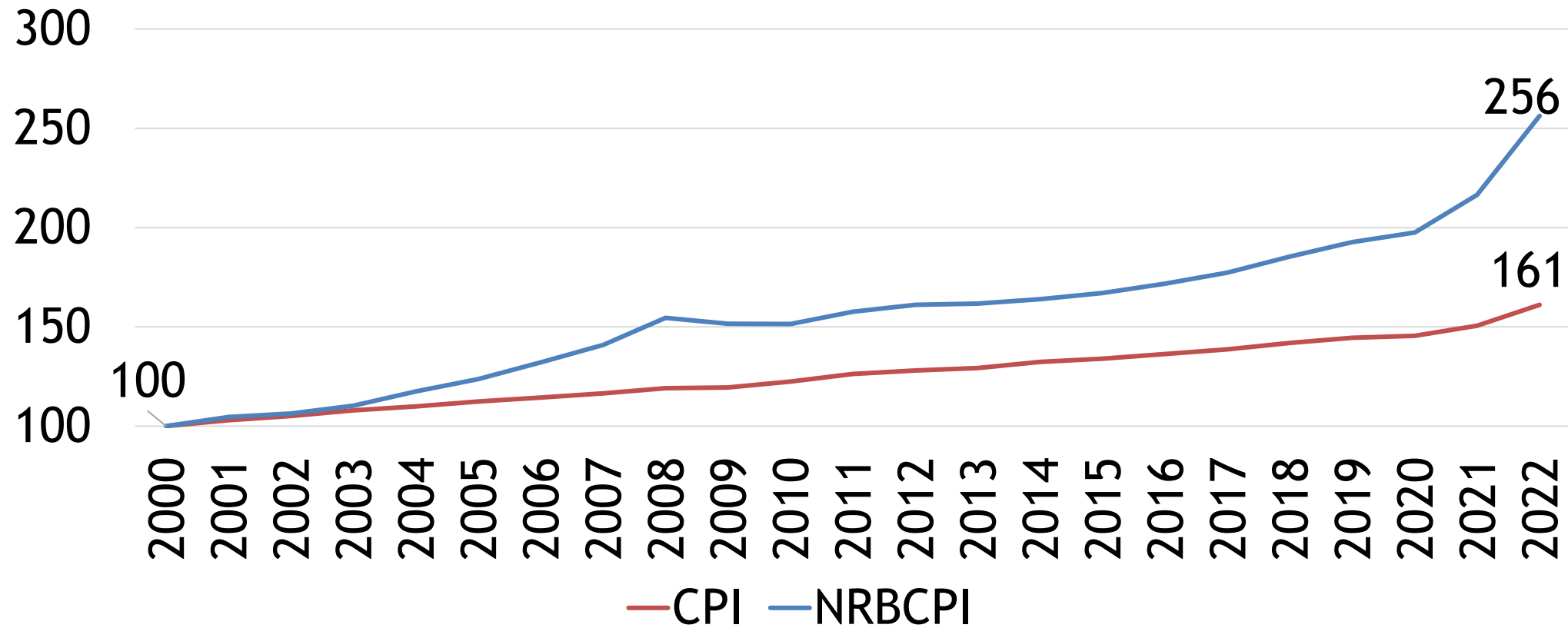
NRBCPI % long-term average 4-6%



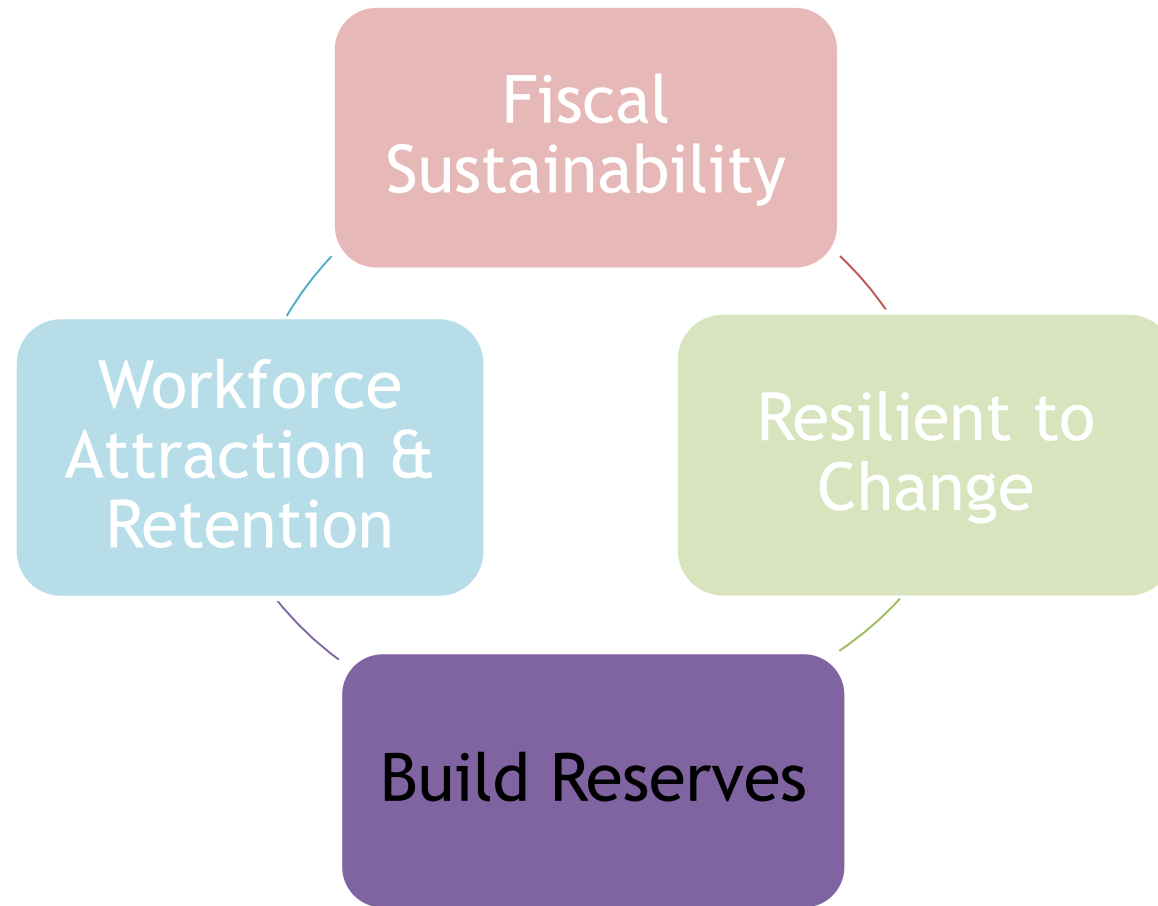
CPI Compared to NRBCPI - Capital Costs increasing Double or more of CPI inflation



From 2000-2022 CPI Increased 61% while NRBCPI Increased 156% (2.6x faster)



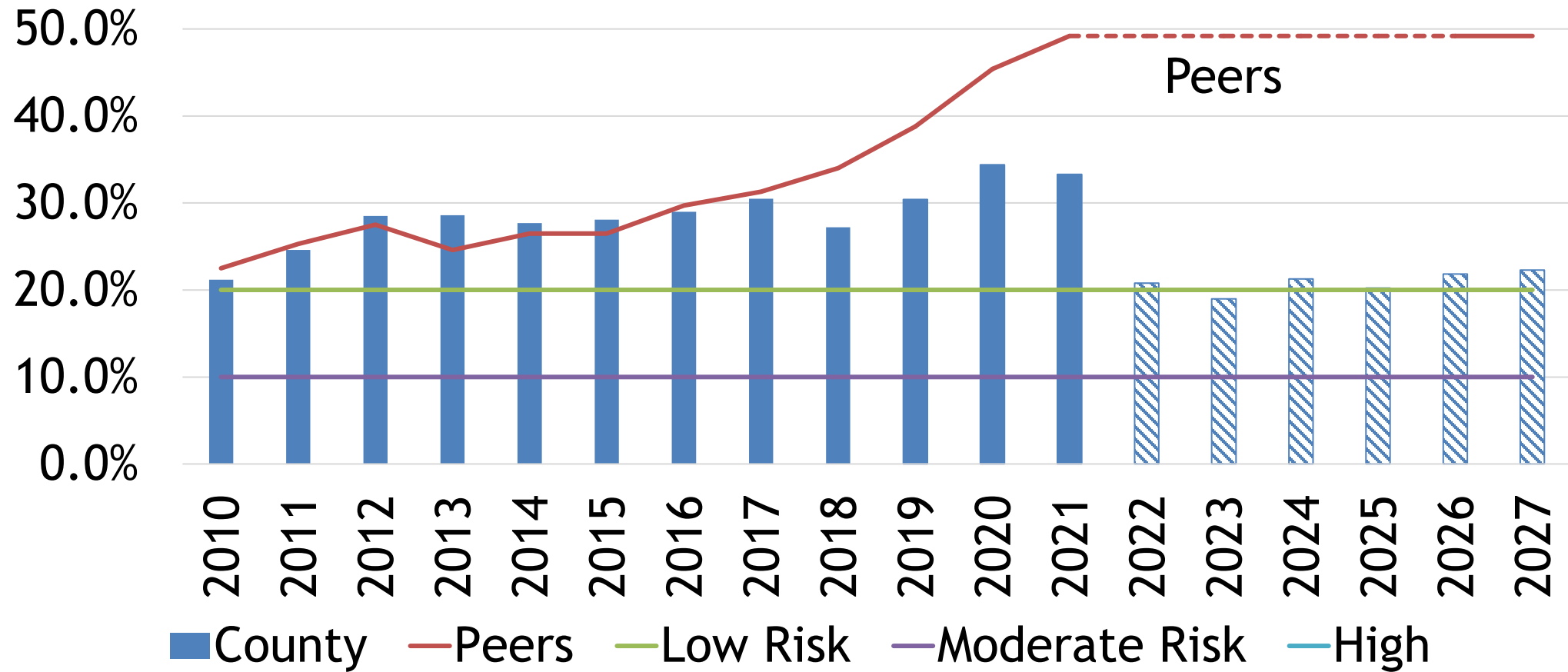
Strengthen the Foundation of our Core Services



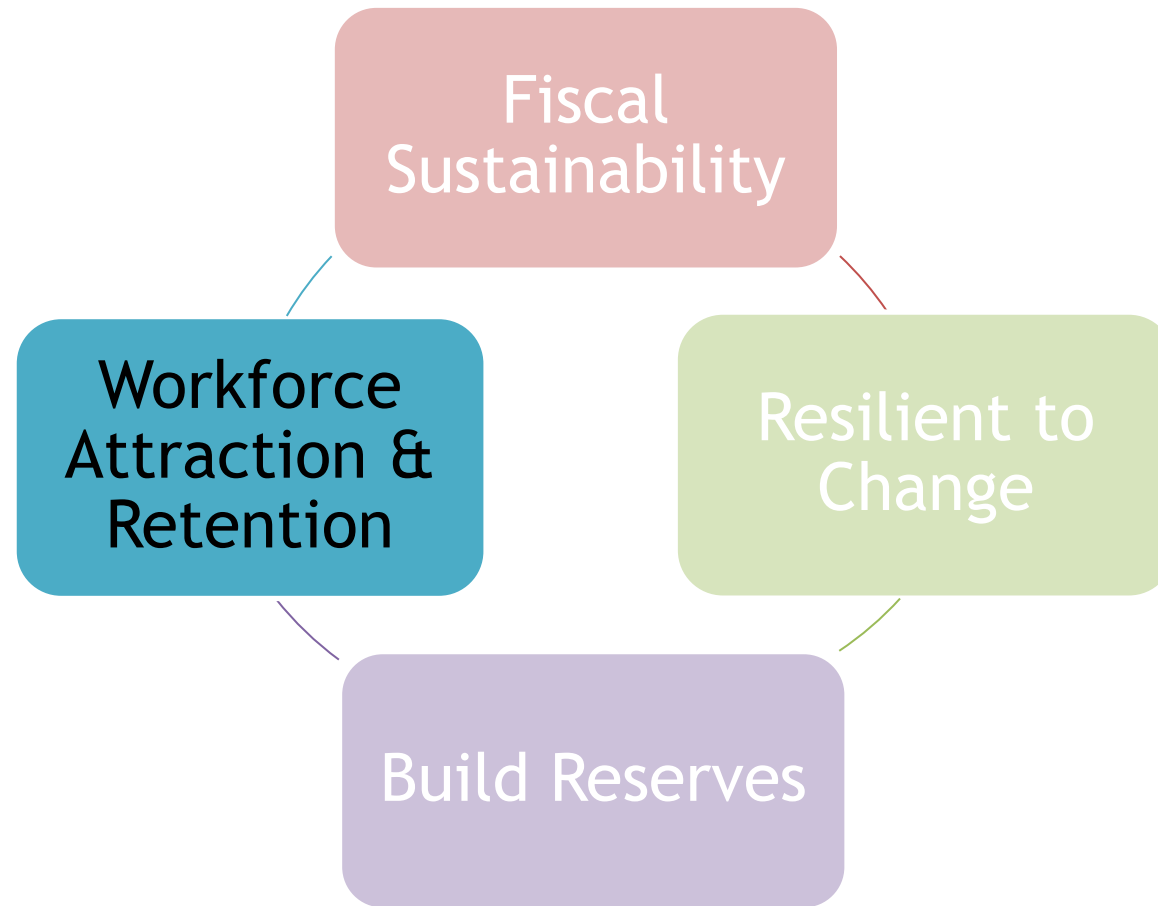
Building Sustainable Reserve Funds

- Increases in reserve balances have not historically kept pace with inflationary increase to expenditures
- Select departments have started developing plans to build sustainable reserves
 - In past budgets reducing reserve transfers has been used as a way to reduce the levy increase (eg. Bridge Reserves)
 - Work to protect and build on existing reserve funds

Total Reserves as % of Municipal Expenses Compared to our County Peers



Strengthen the Foundation of our Core Services



Workforce Attraction and Retention

- Ensure our policies are in line with Recruitment best practices
 - Non-Union Salary Market Review to ensure competitiveness
 - Annual Benefits survey
 - Enhanced recognition program
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- **Become the employer of choice in Bruce County**

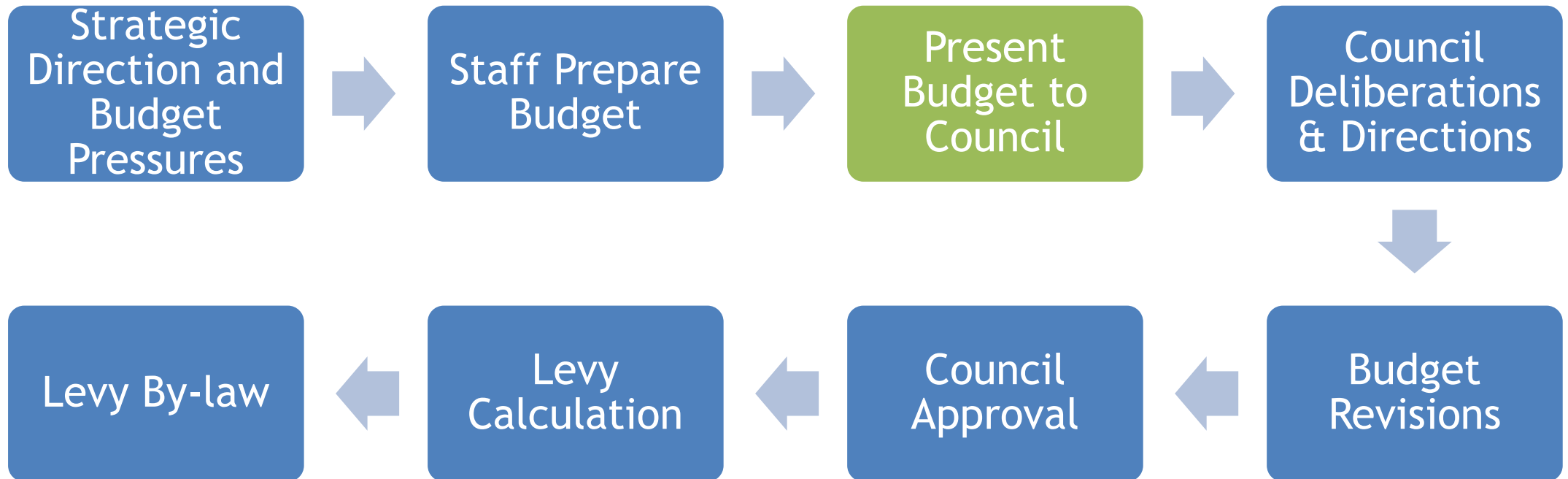
Become Bruce County's Employer of Choice

- Recognized with designations to enhance our visibility
- Play to our strengths
 - OMERS, benefits, vacation
 - Enhance where we have room to grow
 - professional development and recognition
- Use our greatest recruitment tool - our employees
- Work with our community partners
- Wear our pride in our organization and showcase to the community

2023-2027 Pre-Budget

DIRECTOR OF CORPORATE SERVICES

Budget Process



2023 Budget Schedule

- **January 12th - Pre-budget Presentation**
- January 19th - Budget Presentation
- February 2nd - Budget Discussion
- February 16th
 - Review and recommendation for approval of Budget by the Corporate Services Committee and Annual Business Plans by the Executive Committee
- March 2nd
 - Adoption of 2023 Budget by County Council
 - Adoption of County Levy

2023-2027 Operating & Capital Budget Documents

- **Budget PowerPoint presentation** - PDF document
- **Budget Reference** - PDF document
 - Organized in same order as the presentations
 - Click on the PDF bookmarks to easily find the different departments
- **Consolidated Department Detailed Projects** - PDF document
 - Detailed project sheets organized by Department
 - Some reports include photos and graphics on the projects
 - Summary information on projects is in the Budget Reference PDF

2023-2027 Budget Package

- 5 years of Operating and Capital Budget numbers
- Approving 2023 Budget only
 - Future numbers are forecast only and can be amended in future budget discussions
- The forecasted years allow for better budget planning
 - 2021 Budget and Actual
 - 2022 Budget and Year to Date Actuals as of June 30, 2022
 - 2023 Budget for Approval
 - 2024-2027 Forecast

2023 Budget Focus and Principles

- Prepare 5-year budget
 - Future years forecast to permit more predictable budgeting
- Maintain current service levels
 - Add new services or increase existing services approved by Council
- Addition of new staff positions, where required
- Use reserves, where available
- Examine areas to find efficiencies
- Effort to flatten the long-term levy increases
- 1% levy increase is \$564,943

Where we left off last year - Operating Budget

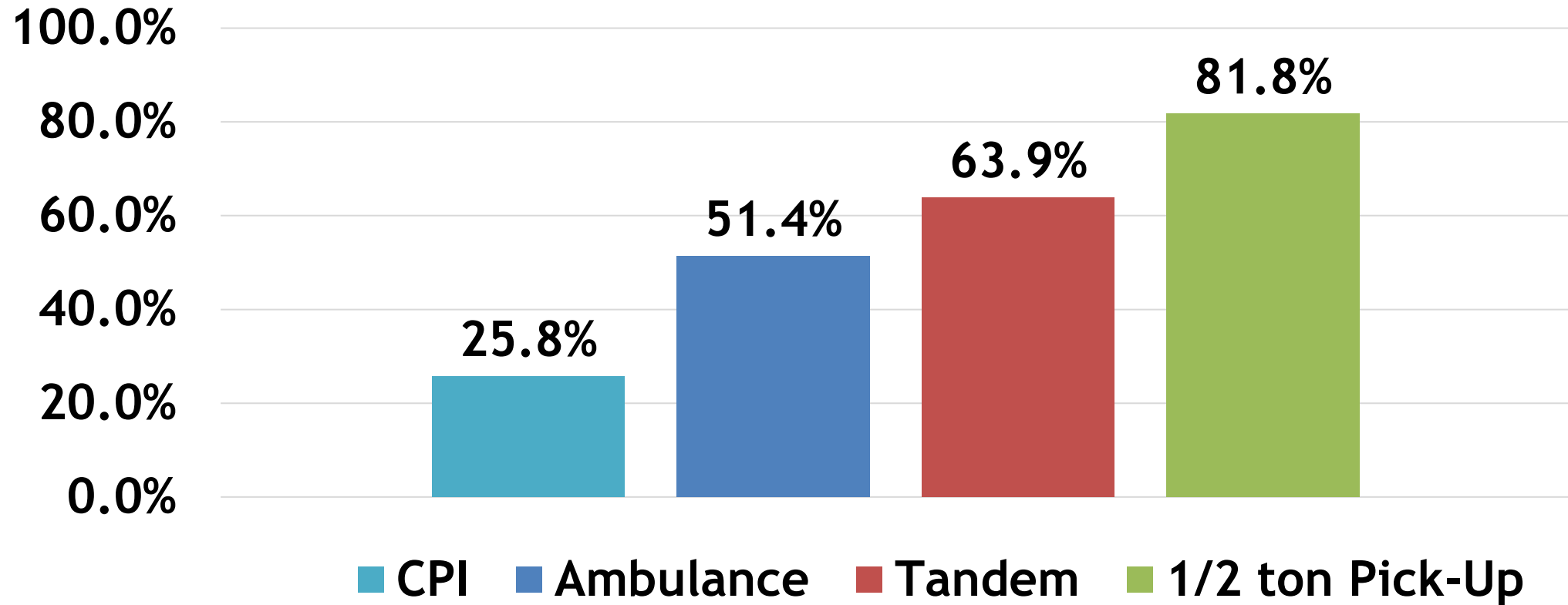
Levy increase	2022	2023	2024	2025	2026
Projected Levy Increase (after 1.77% growth (2022) and estimated 1% growth (2023-2026)	6.30%	10.29%	5.61%	4.70%	5.19%

2022 & 2023 increase was based off 2% inflation assumption - 2022 inflation has been closer to 7%!

Operating Budget Pressures for 2023

Item	2023 Budget Implication	2023 Impact \$	2023 Impact %
1	Fuel Costs Increase (Transportation & Paramedic Services)	330,837	0.59%
2	Proposed New Positions/FTE for 2022 net of offsetting revenues	1,466,055	2.60%
3	Cost of Living Increases for Existing Staff	704,330	1.25%
4	Employee Grid Movements for service experience	501,321	0.89%
5	OMERS Enrollment Rules Update - New Employees Electing in	358,848	0.64%
6	Increases to Mandatory and Non-Mandatory Benefit Costs	372,084	0.66%
7	Completion of Loan Repayment for Administration and Long-Term Care Facilities	(919,487)	-1.63%
8	Increased Cyber Security costs and other modernization	330,837	0.59%
9	Removal of reliance of Tax Stabilization Reserve to fund ongoing operating expenses	375,000	0.66%
10	Legislative Changes regarding Heritage Planning	200,000	0.35%
	Totals	3,719,825	6.60%

Vehicle Costs Increased 2x or 3x Inflation (2012-2022)



Year	Ambulance	Tandem	Pick-up
2012	128,261	104,800	26,585
2022	194,206	171,755	48,319

2023-2027 Budgeting Considerations

- Forecast does not include some potential new initiatives as ongoing direction is unknown
- Grant funding extensions past 2023 have not been announced but have been assumed for sustainable funding programs only
 - Gas Tax for 2023 \$2,200,458 - assumed for 2024-2027
 - OCIF for 2023 at \$1,333,134 - assumed for 2024-2027
- Assumptions that additional provincial funding will not be provided in relation to Covid or will be minimal in value
- Assumption that 2022/2023 levels of inflation will not be sustained in the forecasted years

Safe Restart Grant Funding Usage

Annual Activity	Sub Items	Total
Funding Received		3,499,084
2020 Usage		
Revenue Replacement	163,291	
Additional Expenditures	643,942	807,233
Available for 2021		2,691,851
2021 Usage		
Revenue Replacement	205,749	
Additional Expenditures	548,318	754,067
Available for 2022		1,937,784
2022 Usage		
Revenue Replacement	131,375	
Additional Expenditures	1,806,409	1,937,784
Expected Year End Balance		(0)

Strengthen the Foundation of our Core Services

