

# 2024 Pre-Budget Presentation

## Plus 2025-2028 Forecasted Budget

2023-09-07

# Guiding Principles

## STRATEGIC PLAN

# Strategic Plan at a Glance

## Vision

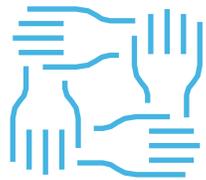
Bruce County, a welcoming, innovative, thriving community, committed to the well-being of current and future generations.

## Mission

We foster innovation and sustainable growth, leading, engaging, and collaborating in the delivery of excellent services for residents, businesses, and visitors to our community.

# VALUES

## Our Values Guide all our Decisions and Actions



### Excellence

Committed to adapting, enhancing, and evolving responsive services for our community



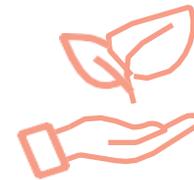
### Welcoming Community

Cultivate a welcoming community of diversity, equity, and inclusion.



### Good Governance

Prioritize transparency, accountability, integrity, and respect in all we do.



### Environmental Stewardship

Protect, preserve, and celebrate our natural environment.



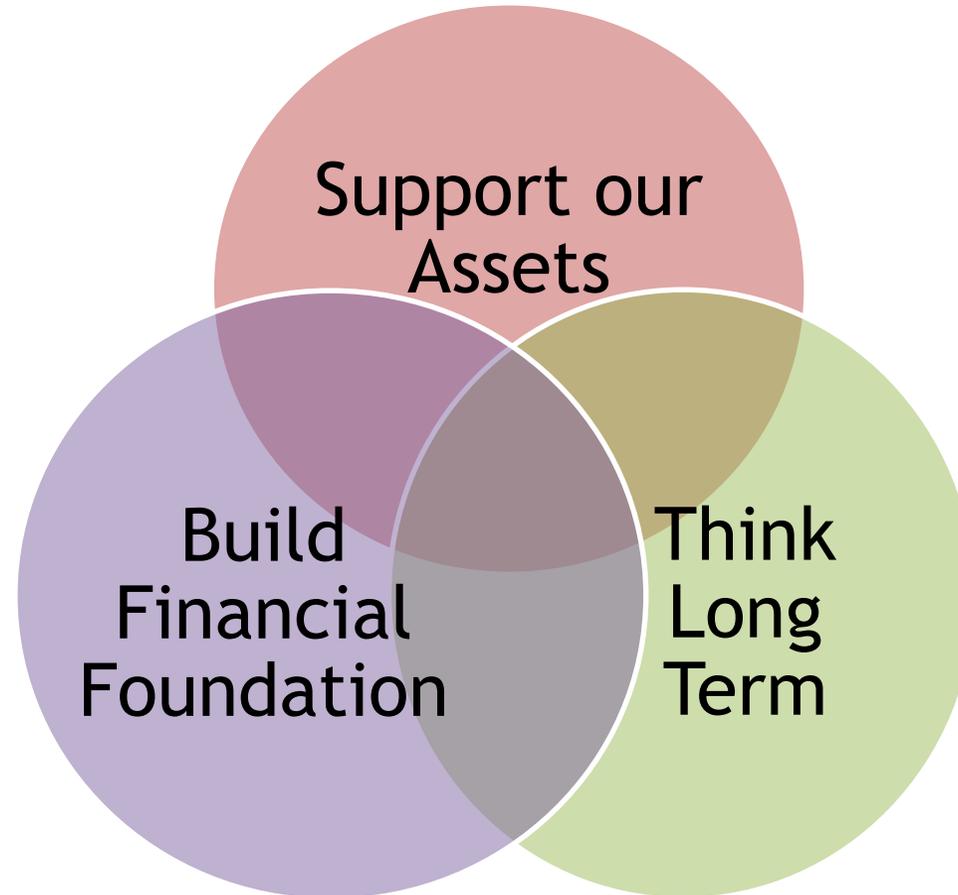
### Financial Sustainability

Building financial capacity to sustain our resources.

# Supporting our Assets

## CAO'S MESSAGE

# Budget Focus and Principles



# Supporting our Assets



## People

- Health and Safety
- Education & Training
- Supports and Resources to complete work



## Capital

- Address Backlog of Projects
- Develop Standards for Project Management
- Defining consistent approaches to asset management
  - Facilities Division

# Continue to Build Financial Foundation

- Build Reserves



- Define target reserve levels and identify approach for funding
- Consolidate Reserves to simplify management and support efficient usage
- Gradually set funds aside for expected purchases

- Development Charges



- Accumulate funds so that growth pays for growth
- Limit dependency on property taxes as revenue source

- Net Financial Position



- Continue efforts to establish and maintain a positive net debt position
  - Build Reserves and Reduce Debt utilization
- Reflects an ability to pay for liabilities

# Think Long Term



- Strategic Plan
  - Align budget with direction laid out in Strategic Plan



- Asset Management Plan
  - Continue efforts to increase spend by 2.1% of levy annually
  - Develop minimum 5 year capital spending plans
  - Consider the operating impacts of Capital decisions

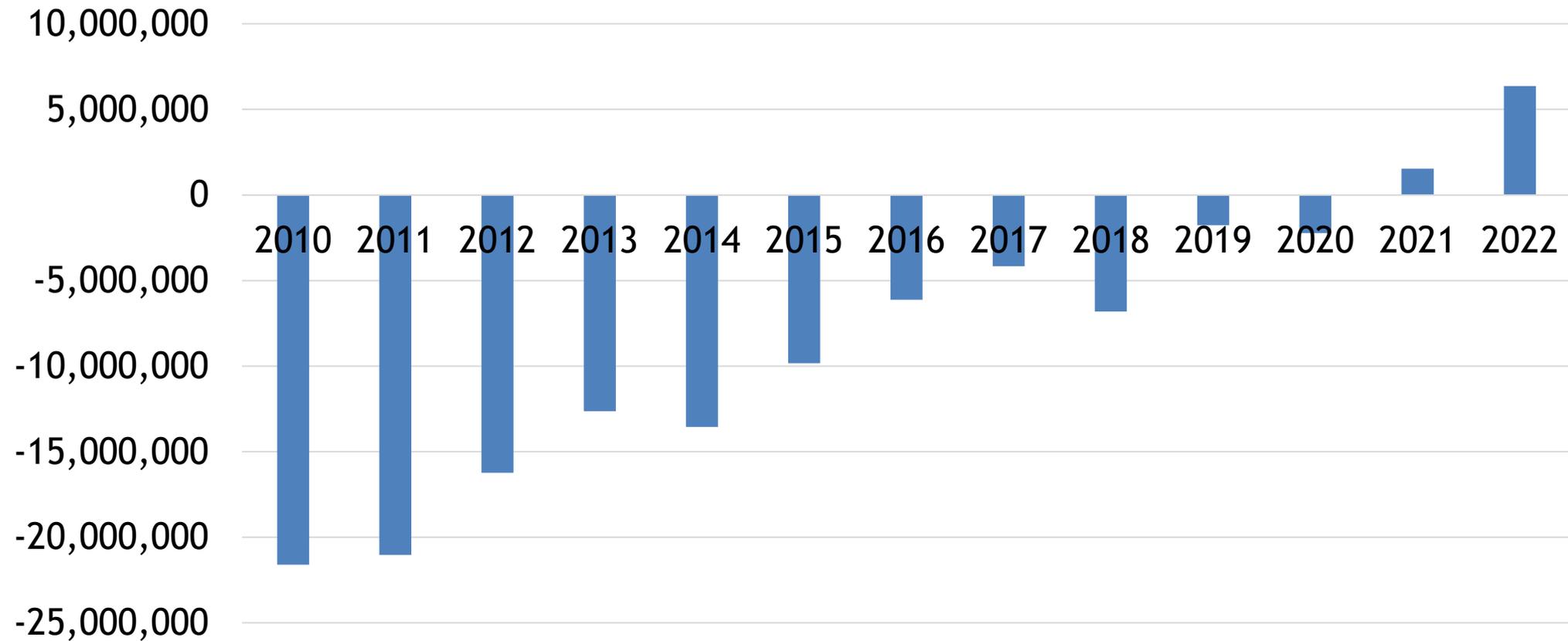
# Supporting our Assets

**DIRECTOR OF CORPORATE SERVICES**

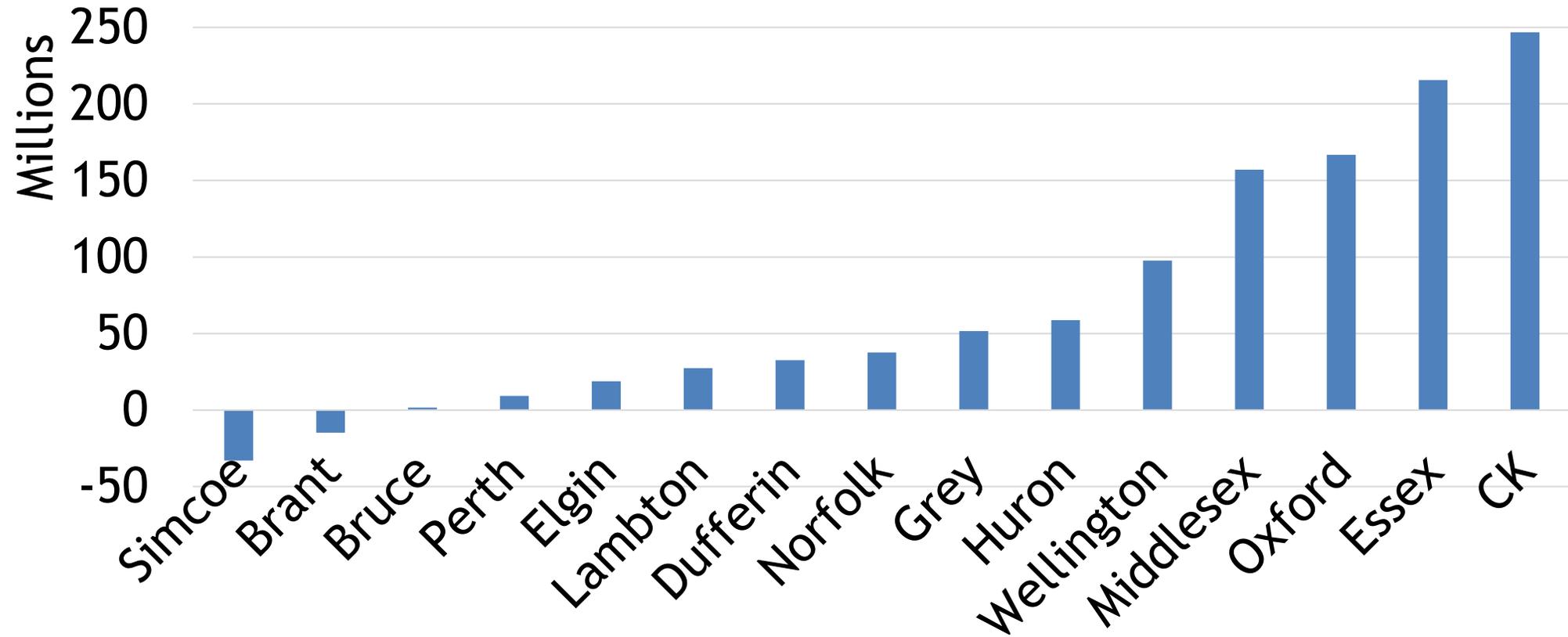
# Change the Course Towards Fiscal Sustainability

- 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

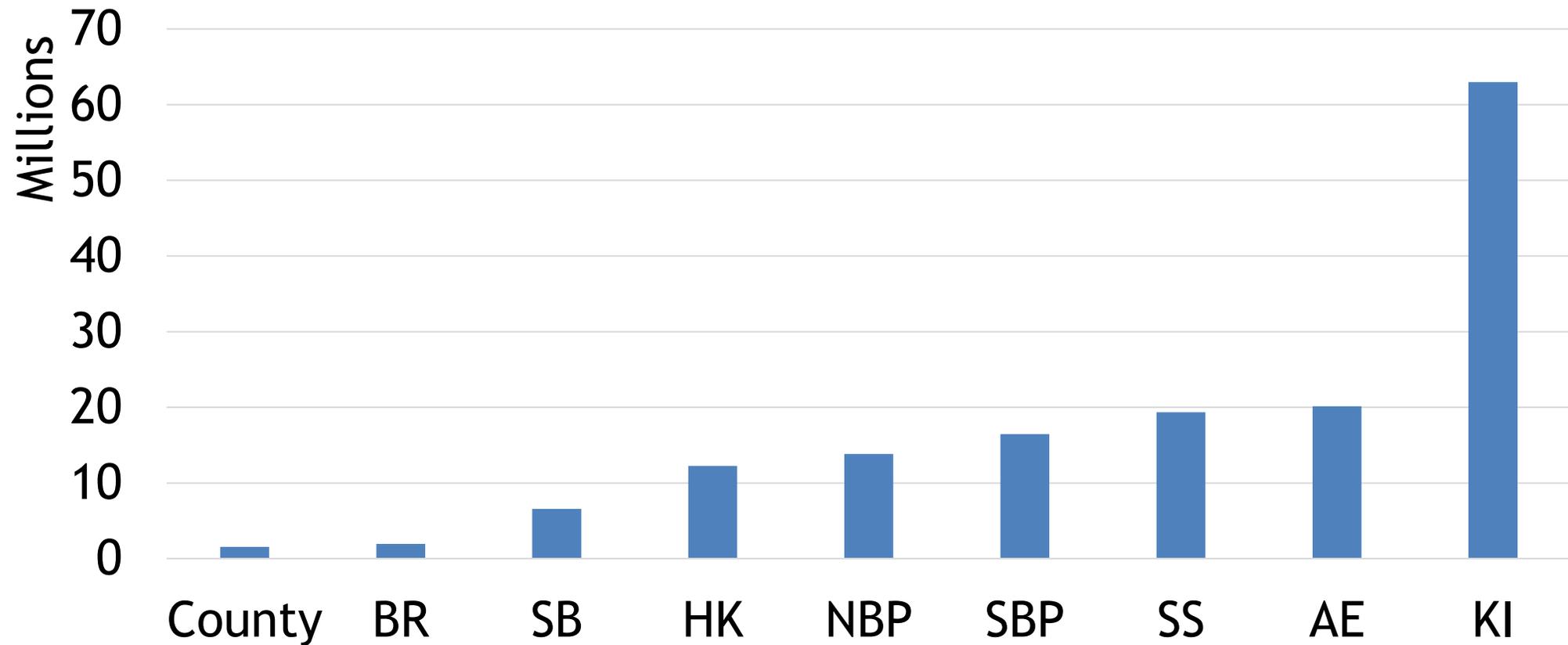
# Slowly moving from Net Financial Debt to Net Financial Assets Position



# Net Financial Assets Compared to County Peers (2021)



# Net Financial Assets in Bruce County (2021)



# Financial Action Plan for Infrastructure Assets

## Asset Management Plan

- Recommended Annual Levy Increase (plus inflation) to close the Infrastructure Gap
- 2.1% recommended Annual Infrastructure Levy (plus inflation) to close the Infrastructure Gap by 2038
- 2024 - Define Current Levels of Service, Define Proposed Levels of Service
- 2025 - Align budget to ensure funding to achieve Levels of Service

2024 is Year 2 of 15



# 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

# 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%**

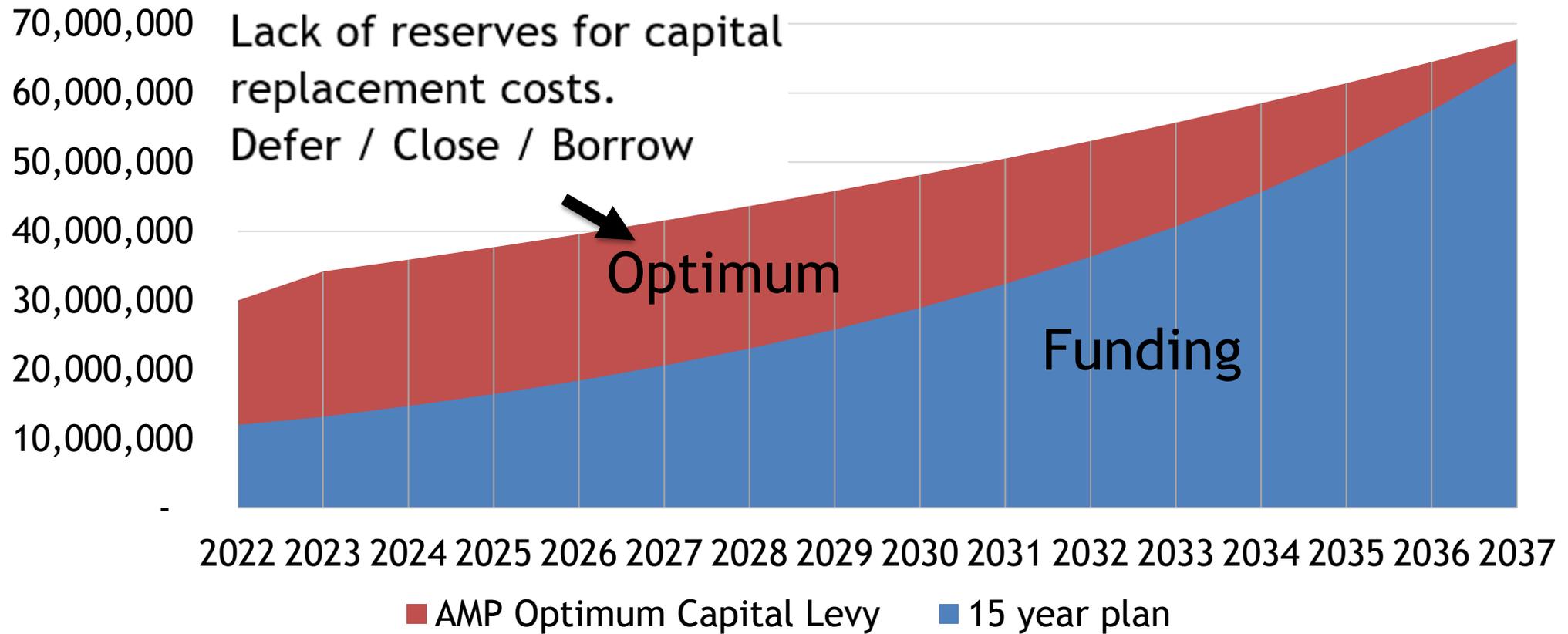
Recommended timeframe  
for eliminating annual  
infrastructure deficit

**15 Years**

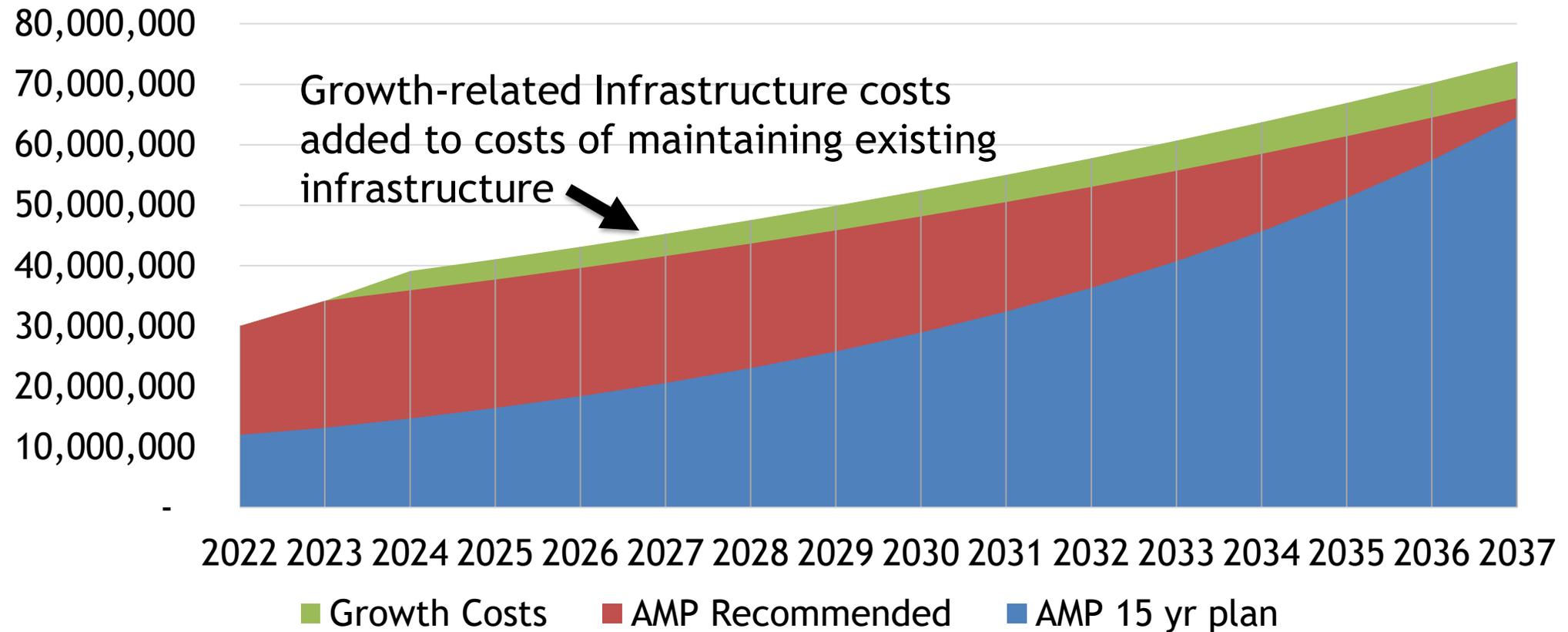
Actual reinvestment  
rate

**1.3%**

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



# Recommended Infrastructure Replacement Costs/Reserve Contributions plus Growth Costs



Red and Green areas are unfunded. Requires deferring repair/replacement, closing/removal of infrastructure, increased borrowing, or increased taxes. Green can be funded by DCs.

## DCs are an Alternate Revenue source that reduces need to increase property taxes

- Approximately \$3,200,000 per year (plus inflation) to be collected to pay for new or expanded County infrastructure due to growth
- Currently \$621,184 equivalent to 1% tax levy increase for County
- 5.15% tax levy increase required if no DC revenues
  - Plus annual inflation increases
- Alternative is to not expand infrastructure to accommodate growth and permit service levels to decrease with more population
  - Or increase taxes and/or borrowing

# DCs can reduce tax increases due to growth

DC Service	Est. Cost over 10-14 years in 2023\$	Total DC Recoverable Costs	Residential DCs Recoverable Costs	Non-Residential DCs Recoverable Costs
Highways	86,771,000	38,646,900	29,758,113	8,888,787
Fleet	200,000	200,000	154,000	46,000
Parks & Rec	350,000	350,000	332,500	17,500
Long-term Care	3,500,000	3,500,000	3,150,000	350,000
Child Care	200,000	200,000	200,000	-
Ambulance	13,658,750	1,020,750	918,675	102,075
<b>Total</b>	<b>104,679,750</b>	<b>43,917,650</b>	<b>34,513,288</b>	<b>9,404,362</b>

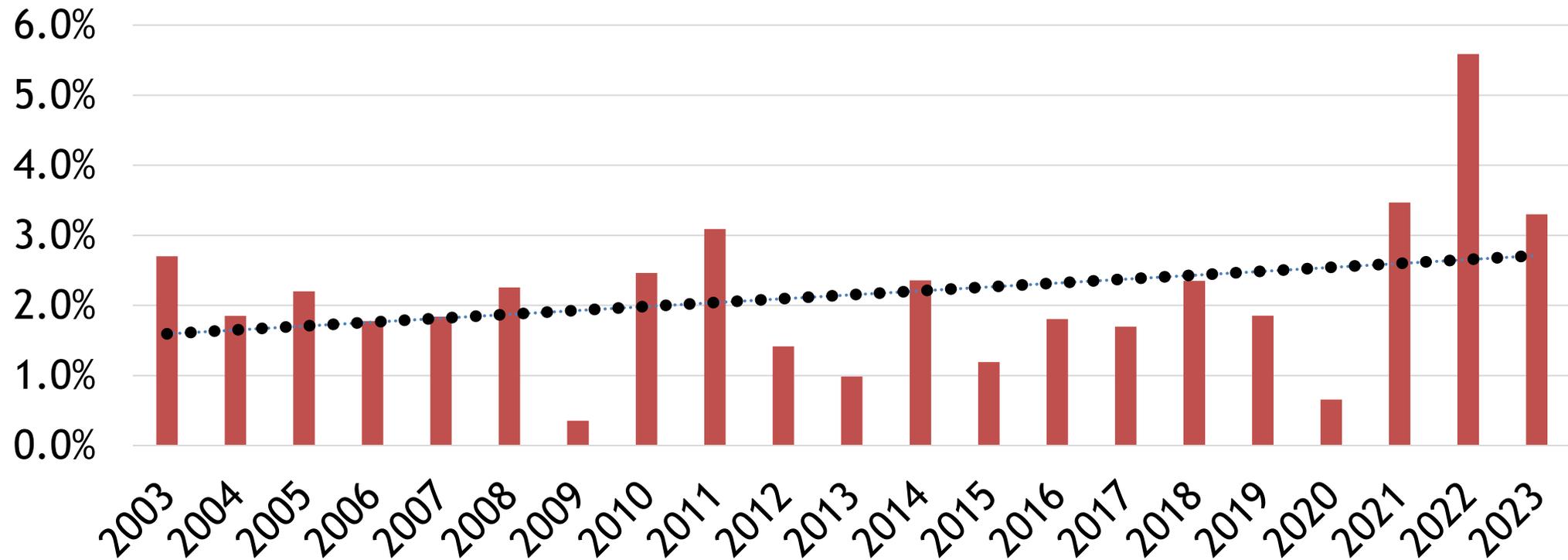
# Creating a Resilient Organization

- 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 Budget)

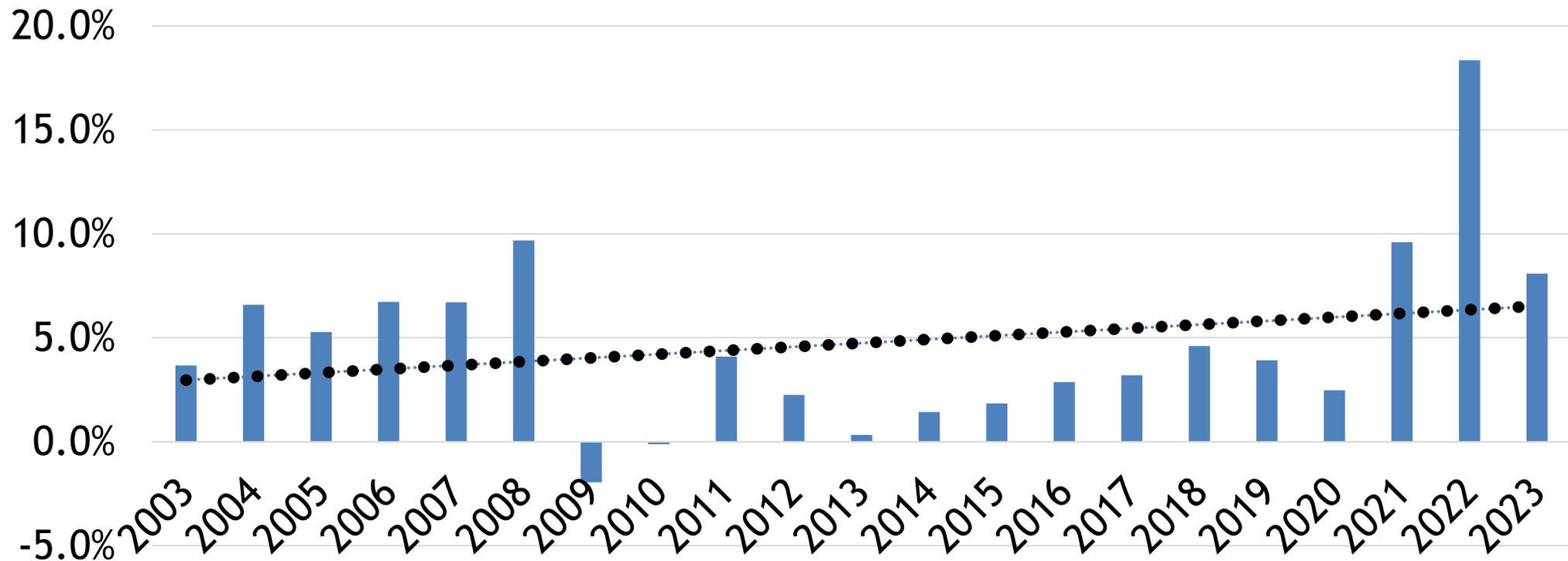
## 2023 = 3.3%

CPI % - long-term average 2-3%

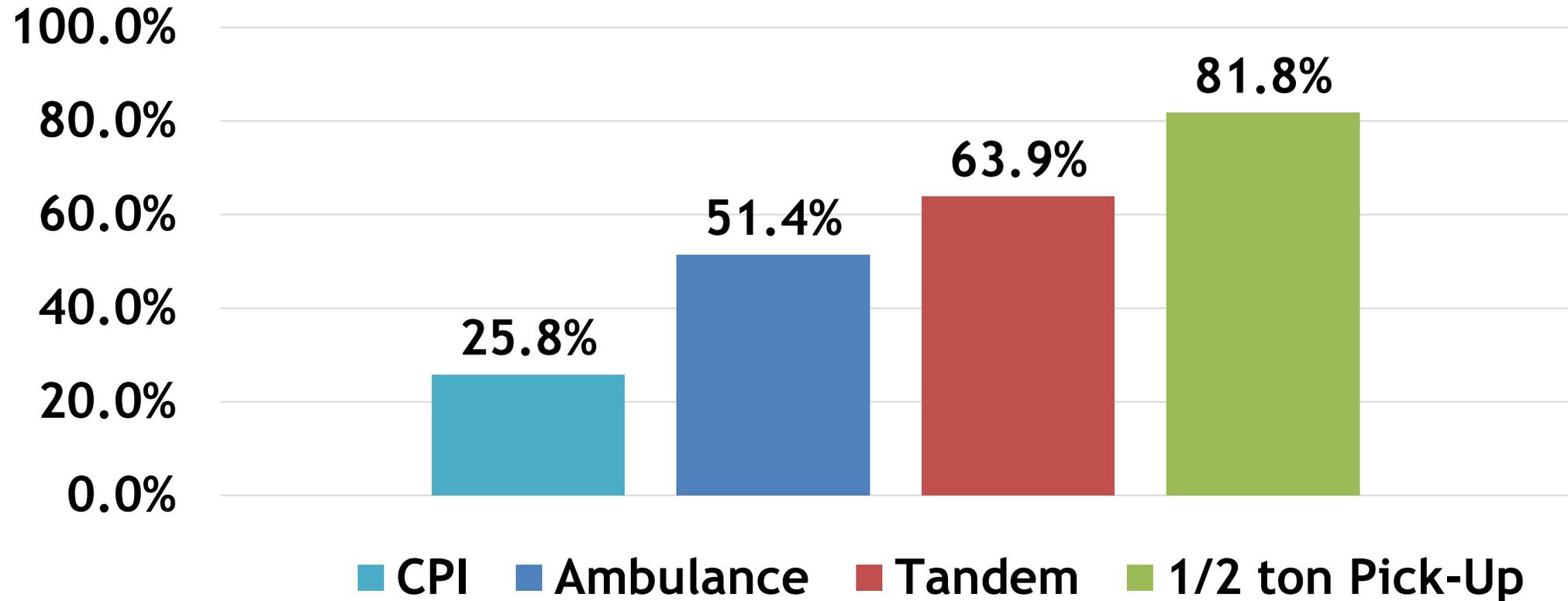


# Non-Residential Building Construction Price Index (Capital Budget) 2023 = 8.1% (>Double CPI)

NRBCPI % - long-term average 4% - 6%



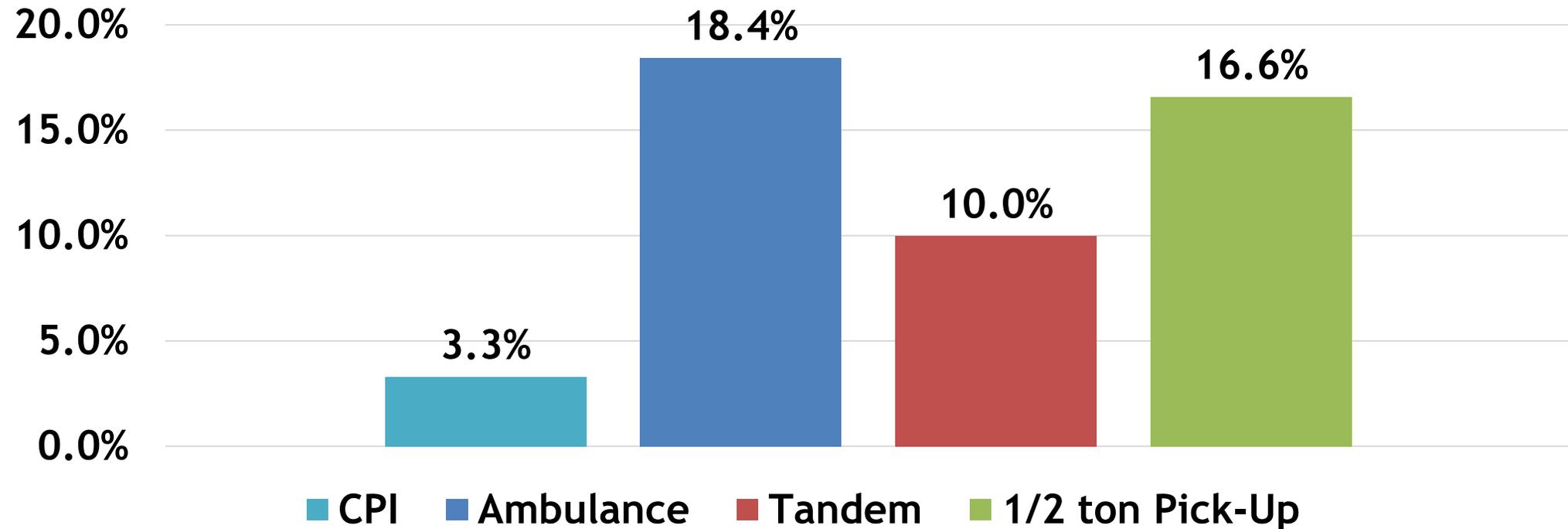
## Vehicle Costs Increased 2x or 3x Inflation (2012-2022)



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

# Vehicle Costs Increased 10% - 18.4% from last year

## Vehicle Price Increases 2022-2023

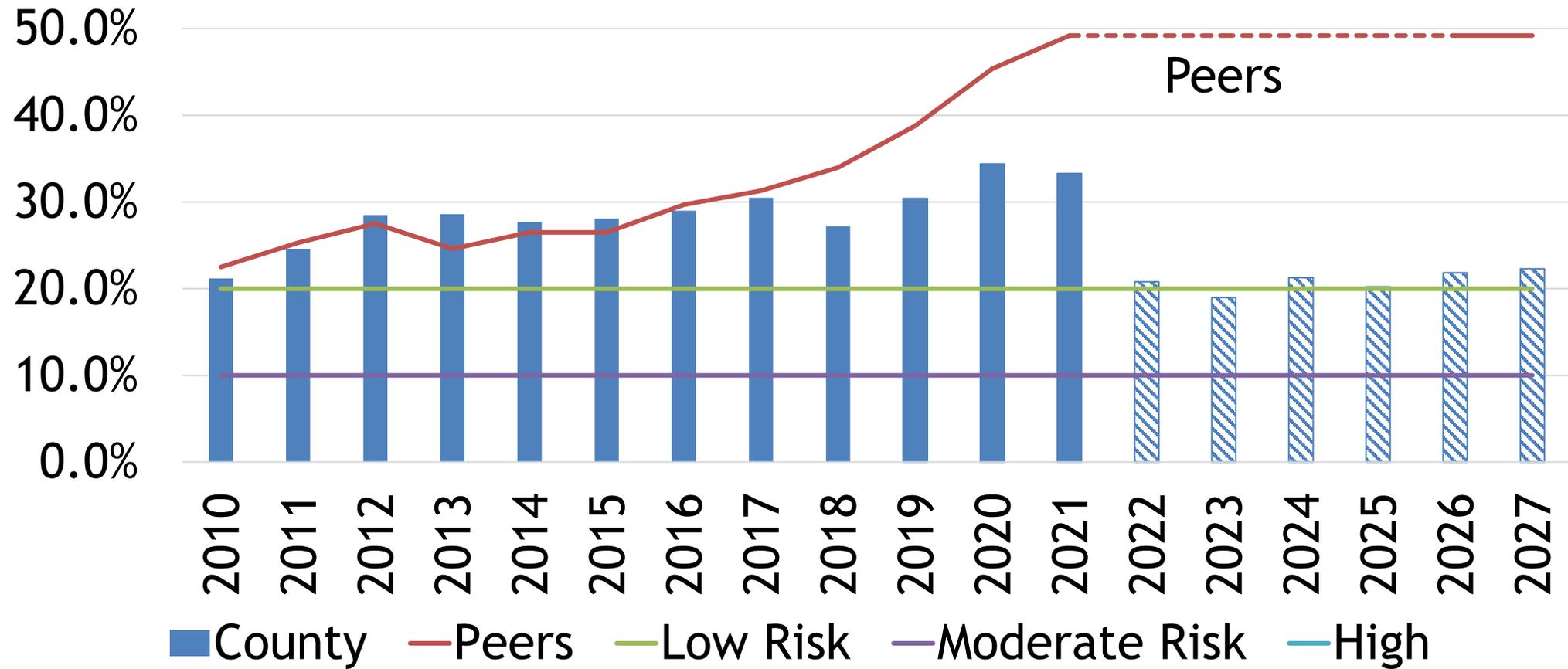


Year	Ambulance	Tandem	Pick-up
2022	194,206	171,755	48,319
2023	230,000	188,900	56,329

# 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

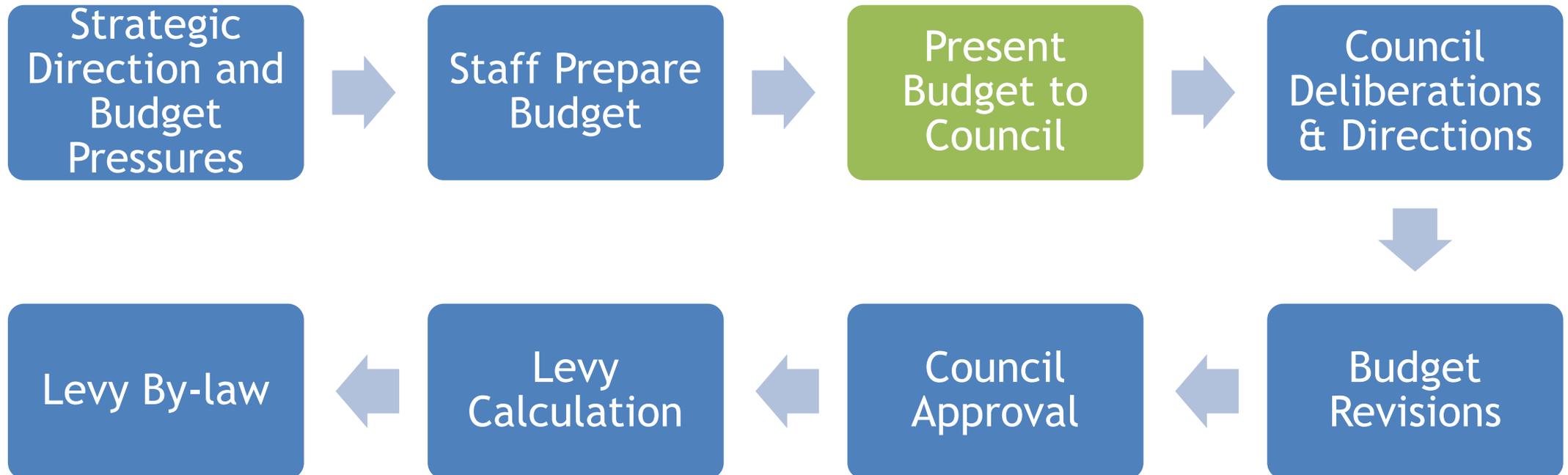
# Total Reserves as % of Municipal Expenses Compared to our County Peers



# 2024-2028 Pre-Budget

**DIRECTOR OF CORPORATE SERVICES**

# Budget Process



# 2024 Budget Schedule

- **September 7 - Pre-budget Presentation**
- **October 12 - Budget Presentation**
- **November 2**
  - Review and recommendation for approval of Budget by the Corporate Services Committee and Annual Business Plans by the Executive Committee
- **November 16 - Extra Budget Deliberation, if required**
- **December 7 / January 11**
  - Adoption of 2024 Budget by County Council
  - Adoption of 2024 Budget by-law

# 2024-2028 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

# 2024-2028 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
  - 2022 Budget and Actual
  - 2023 Budget and Year to Date Actuals as of June 30, 2023
  - 2024 Budget for Approval
  - 2025-2028 Forecast

# 2024 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 \$621,840

# Where we left off last year - Forecasted Budget

Levy increase	2023	2024	2025	2026	2027
Projected Levy Increase (after 2.16% growth (2023) and estimated 1% growth (2024-2027))	7.91%	13.84%	9.71%	6.65%	6.22%

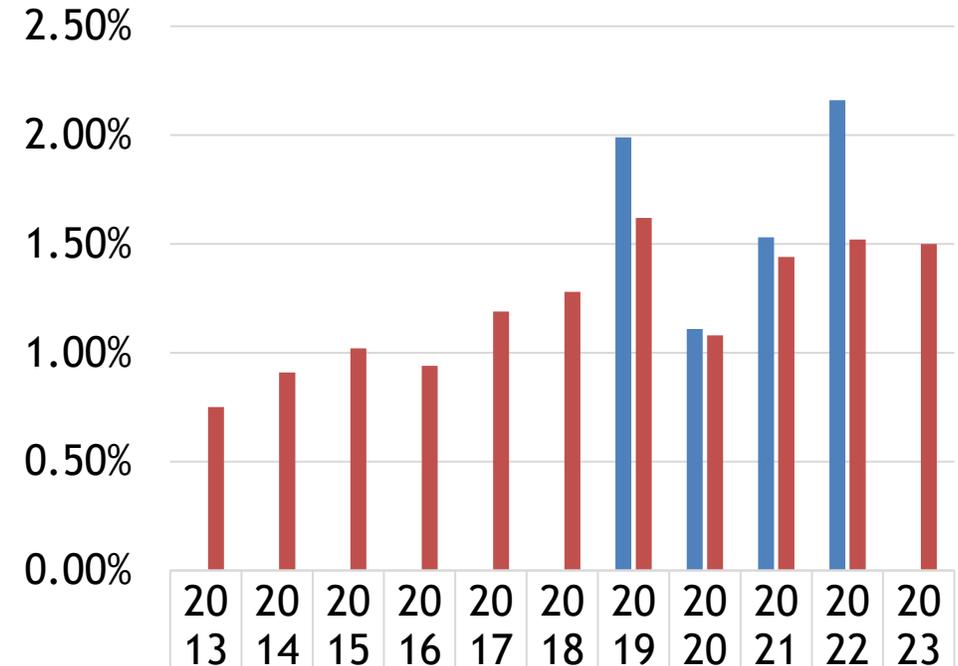
**Inflation assumption used was 6% for 2023 and 3% for future years.**

# Assessments and New Growth in 2023

## 2023 similar to 2021: 1.5%

- 2022 growth included significant shift from farm to residential paying more taxes - some may reverse in 2023, not expecting more
- No change to assessment dates
  - 2024 taxes still based on January 1, 2016 assessed values
  - MPAC mailed out January 1, 2019 assessed values in 2019
    - Not implemented for 2021, 2022, 2023, 2024 tax years

## New Growth - Tax Base



■ Revenue							1.9	1.1	1.5	2.1	
■ Assessment	0.7	0.9	1.0	0.9	1.1	1.2	1.6	1.0	1.4	1.5	1.5

# Operating Budget Pressures for 2024

Item	2024 Budget Implication	2024 Impact \$	2024 Impact %
1	Non-union Market Review - Salaries & Benefits Estimate	680,470	1.09%
2	Cost of Living & Benefit Increases for Existing Staff	1,670,750	2.69%
3	Annualization of Positions approved in 2023 budget	381,469	0.61%
4	New Paramedics Services and Planning Positions Pre-endorsed by Council	796,126	1.28%
5	Staff Recommended New Positions	941,022	1.51%
6	Corporate Records Management Update Implementation	300,000	0.48%
7	County Websites Redesign and Improvement	155,000	0.25%
8	Increased IT Subscription Costs and Requirements	519,860	0.84%
9	Reduce Reliance on Tax Stabilization Reserve for Ongoing Expenses	75,000	0.12%
10	Health Unit Increase	86,490	0.14%
	<b>Totals</b>	<b>5,606,187</b>	<b>9.02%</b>

## 2024-2028 Budgeting Considerations

- Forecast does not include some potential new initiatives as ongoing direction is unknown
- Grant funding amounts past 2023 have not been announced but have been assumed for sustainable funding programs only
  - Gas Tax assumed \$2,200,458 for 2024-2028
  - OCIF assumed \$1,133,164 for 2024-2028
- 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
<b>Funding Received</b>		3,499,084
<b>2020-2022 Usage</b>		
Revenue Replacement	476,151	
Additional Expenditures	1,971,684	2,447,835
<b>Available for 2023</b>		1,051,249
<b>2023 Estimated Usage</b>		
Revenue Replacement	80,000	
Additional Expenditures	225,891	305,891
<b>Available for 2024</b>		745,358
<b>2024 &amp; Future Budgeted Usage</b>		
Revenue Replacement	75,000	
Additional Expenditures	234,500	309,500
<b>Expected Year End Balance</b>		<b>435,858</b>

# FACILITIES

# Focus on Facilities Operations

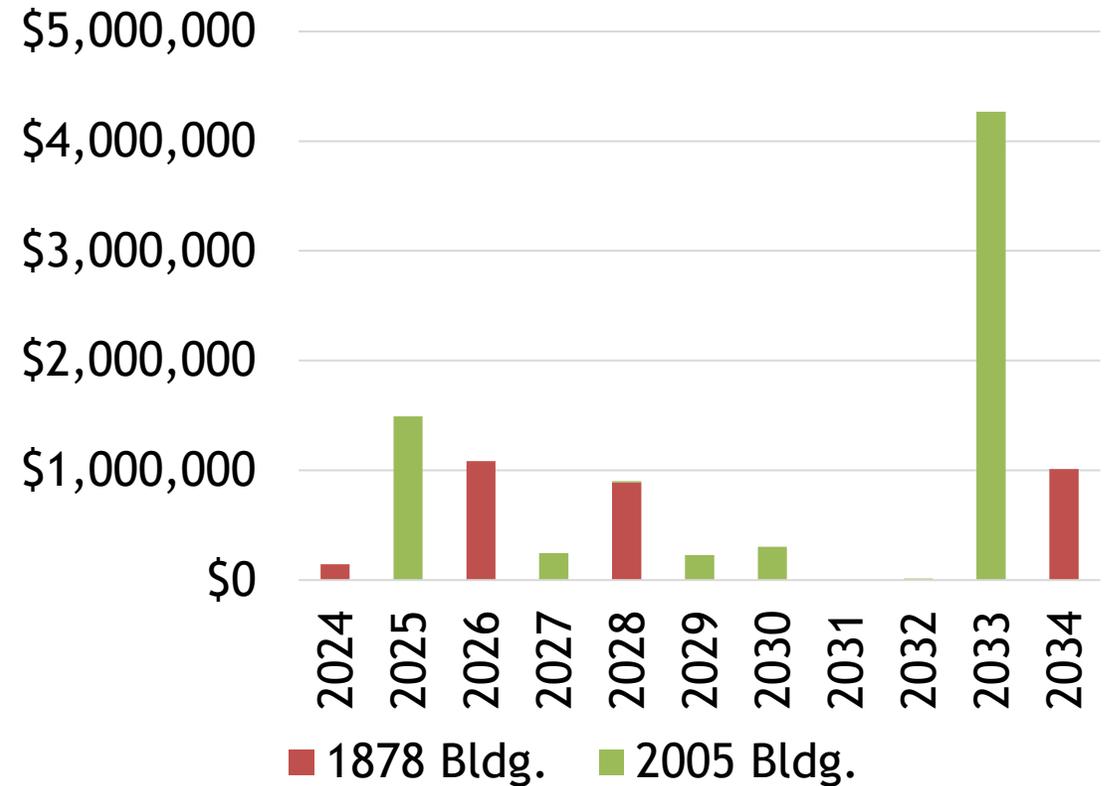
- Bring all County facilities up to same minimum property standards
- Address Health and Safety issues
- Improve minimum maintenance standards
- Create standardized procedures
- Develop maintenance timelines and shift from reactive maintenance to preventative and planned maintenance
- Reduce unexpected repairs and extend lifespan of facilities

# \$9.7 million unfunded Repairs and Replacements for Museum

## 1878 Building and 2005 Expansion



## Annual Capital Cost



# Port Elgin Paramedic Station to be Financed in 2024

## 2023/2024 Occupation



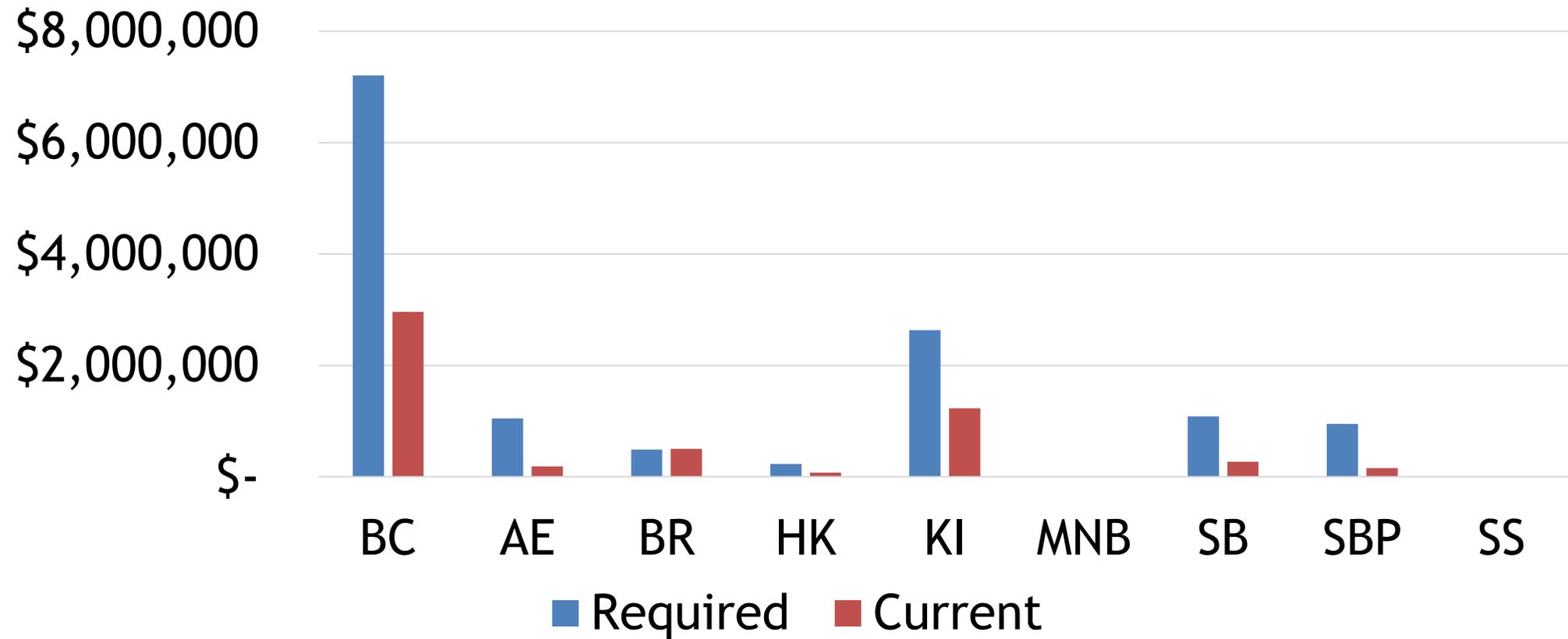
## Full Capital Cost

- Loan application for up to \$10M
- Budget shows \$9.5M borrowed 30 years at 5.5%
- 30-year rate currently at 4.96%
- Interest cost = \$10.0M
- Total cost = \$19.5M
- DC funding 16%-25% depending on future growth = \$3.1M to 4.9M paid from DCs

## Upcoming Major projects - borrowing

- \$ 9.5M Port Elgin Paramedic Headquarters (2024)
- \$ 9.0M Museum Repairs and Replacements (2024-2034)
- \$15.3M Housing Build (2024)
- \$ 2.5M Holyrood Paramedic Station (2025)
- \$ 1.5M Lakeshore Hub Reno (2026)
- \$20.0M Walkerton Highways Shop (2027) Built in 1960
- **\$57.8M potential total borrowing (or from reserves, if any)**
  
- Paramedic Stations, Walkerton Shop are eligible for DC funding

# Facilities Annual Capital Funding Shortfall



# Questions and Comments

