



Staff Report to Council - for Direction

Title: Budget By-Law Revision

From: Edward Henley, Director of Corporate Services

Date: January 11, 2024

Staff Recommendation:

That the 2024 budget be amended to reflect the receipt of additional Canada Community Building Fund and Ontario Community Infrastructure Fund revenues, and reflect the transfer of an equivalent amount to capital infrastructure reserves; and

That the transfer from the Tax Stabilization Reserve to offset general operating costs be reduced by \$305,000 in order to maintain the total levy increase after growth at 6.16%; and

That by-law 2023-047 Adopting the Budget for 2024 be repealed and a new budget by-law reflecting the recommended revisions be brought forward.

Report Summary:

On November 16, 2023 County Council passed by-law 2023-047 adopting the budget for the 2024 year. The adopted budget was based on estimated numbers related to growth, Ontario Community Infrastructure Fund (OCIF) revenues and Canada Community Building Fund (CCBF) revenues. Since this time the County has received additional information and confirmation of these numbers.

Background:

At the time of budget presentation and adoption the County had not yet received funding confirmations and growth numbers for 2024. The County budget takes a conservative approach in not relying on funds that are not yet confirmed. The following summarizes the additional information that has been received since budget adoption and the revisions that are recommended as a result.

OCIF

OCIF funding has recently moved to a new calculation methodology utilizing reported current replacements values (CRV) across the province to allocate the available funds. At implementation the province indicated that no municipality would receive a change in funding of more than plus or minus 15% of the previous year's funding. The new template for reporting CRV was used for the first time in summer of 2023 and due to this the County took a conservative approach and assumed a full 15% reduction in funding to be received. Official announcements received in December indicate that Bruce County received a slight increase

in OCIF funding of approximately 1% over prior year, reflecting \$218,958 in additional revenues above budgeted. It is recommended that the additional revenues be reflected in the 2024 budget and an equivalent transfer to capital infrastructure reserves be added to maintain the County reinvestment rate at levels outlined in the Asset Management Plan and set funds aside for future infrastructure needs.

CCBF

At the time of budget development, the County had not yet received confirmation of the CCBF (formerly Federal Gas Tax) allocation for 2024. The 2023 funding amount received was included in the 2024 budget as an estimate. In December the County Treasurer received communication regarding the County's CCBF allocations for 2024-2028. The 2024 funding increased by \$63,765 or 2.9% over the 2023 funding level. It is recommended that the additional revenues be reflected in the 2024 budget and an equivalent transfer to capital infrastructure reserves be added to maintain the County reinvestment rate at levels outlined in the Asset Management Plan and set funds aside for future infrastructure needs. Moving forward, the 2025 budget process will reflect the confirmed funding for 2025-2028.

Growth

The 2024 budget utilized an assumption of 1.5% growth across the County. The actual new growth calculated came in at 1.99%. Council approved a 2024 budgeted levy increase of 6.16% after growth. This additional growth of 0.49% above the estimate is the equivalent of approximately \$305,000. In order to maintain the levy increase after growth at the council approved level it is recommended that the 2024 Transfer from Tax Stabilization Reserve for general operating costs be reduced by \$305,000, reducing the offset to operating down to \$70,000 in 2024. This will allow the county to transition away from the practice of utilizing this reserve to fund recurring costs, and will help to build the reserve fund to address one time or time limited requests in the future as aligned with the reserve's purpose.

Financial/Staffing/Legal/IT Considerations:

The financial considerations are outlined in the report.

There are no staffing, legal or IT considerations associated with this report.

Interdepartmental Consultation:

The Corporate Services Department, Finance Division has worked with the CAO's Office to provide recommendations on the best use of the additional funds.

Link to Strategic Goals and Objectives:

Growth and Innovation - Promote responsible growth

Report Author:

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Departmental Approval:

Edward Henley, Director of Corporate Services

Approved for Submission:

Christine MacDonald, Chief Administrative Officer