

# 2023 Operating Budget

February 16, 2023



# Agenda



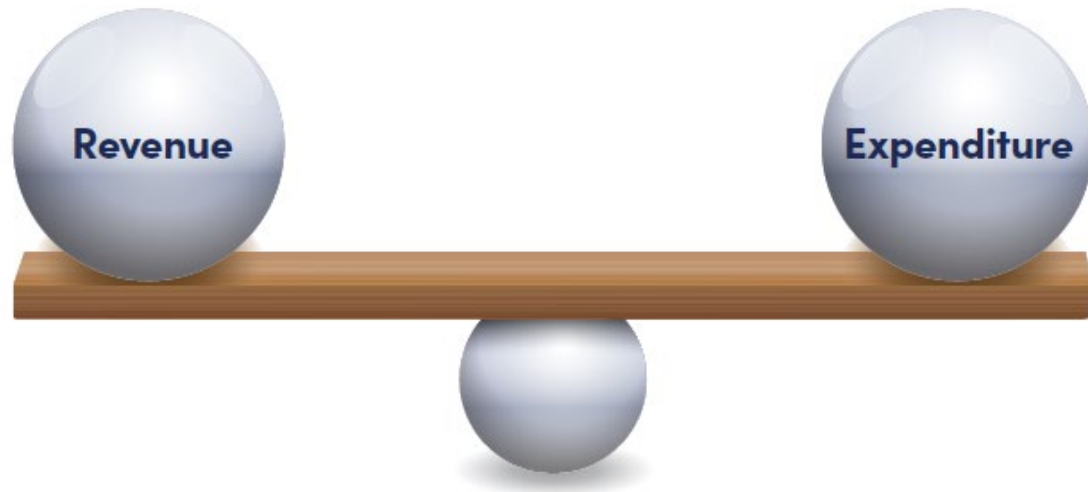
- Budget Process
- Operating Budget Overview
- Questions?

# Inform the Budget



# Operating Budget Framework

The Town is required by provincial law to have a balanced budget



To balance the budget, the Town can either:

- Increase its revenue stream through raised property taxes and fees; or
- Reducing levels of service

# Operating Budget Overview

- 9 Departments:
  - Mayor and Council
  - Office of the CAO/ HR Services
  - Legislative & Information Services
  - Finance
  - Non-Departmental
  - Operations & Environmental Services
  - Recreation, Culture & Community Development
  - Fire & Emergency Services
  - Planning & Development Services
- Library Grant



# Operating Budget Overview

Money is spent on the day-to-day expenses for program and service delivery including:

- Road & sidewalk maintenance including winter control
- Recreation, parks, trails & waterfront maintenance
- Emergency services
- Library services
- Grass cutting, boulevard maintenance
- By-law and animal services and enforcement
- Information Technology



# Economic impacts and other considerations

- CPI December year over year - 6.3%
  - higher energy costs (fuel and utilities)
  - higher service costs due to public health measures
  - supply chain disruptions and specialized labour shortages
- Although the Municipal Price Index (4.3% - September) is not always close to the CPI, the same key economic drivers are impacting municipal costs this year

# 2023 Operating Impacts and Pressures

- Labour agreements, salaries and associated costs
- Contract increases more than inflation due to supply chain and labour shortages (Ontario ONE Call)
- Annualization of 2022 Council decisions
  - 12 Business cases, including 20 new firefighters
  - Removal of one-time stabilization reserve draw
- Continuation of Migration to Office 365
- Annual renewal of IT maintenance subscriptions



# 2023 Operating Impacts and Pressures

- Reduced revenues
  - Planning and Development application revenue
  - Recreation programming revenue, primarily pool related



# 2023 Operating Budget Reductions

- Increase in user fee revenue due to rate increase and new transportation bylaw revenue \$410,500
- Investment Income \$300,000
- Penalties and Interest \$200,000
- Increased gapping for in-year vacancies \$165,000



# Public Health Reserve - 2023 usage

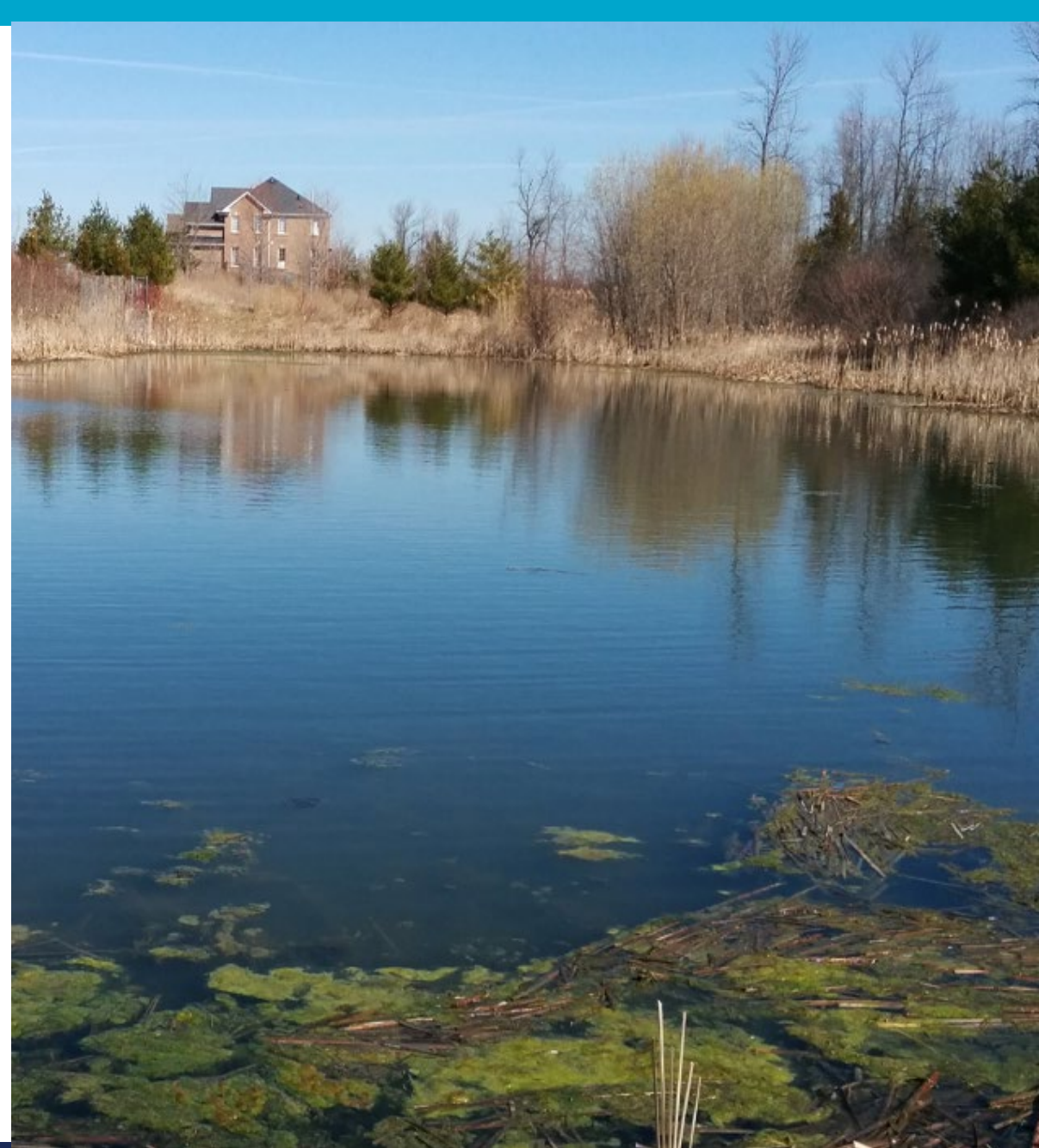
- Minimal funding will remain in reserve at the end of 2022 and will be fully utilized in 2023
- Funds will be used to address technology needs and process improvements to provide a more efficient hybrid work environment and adjust ways we deliver services
  - Softphone upgrade for queued calls
  - Electronic signatures
  - IT resources to streamline additional technological and records/data management projects
  - Software costs/subscriptions enabling hybrid work models

# 2023 Operating Budget Business Cases

- New staffing
- Boreholes & Geotechnical Reporting
- Recreation Facilities Contracted Security
- New 2% Infrastructure levy
- Removing Stormwater expenditures from tax-based budget to replace with Stormwater fee

# New Stormwater Fee impact on residential tax bill (per household)

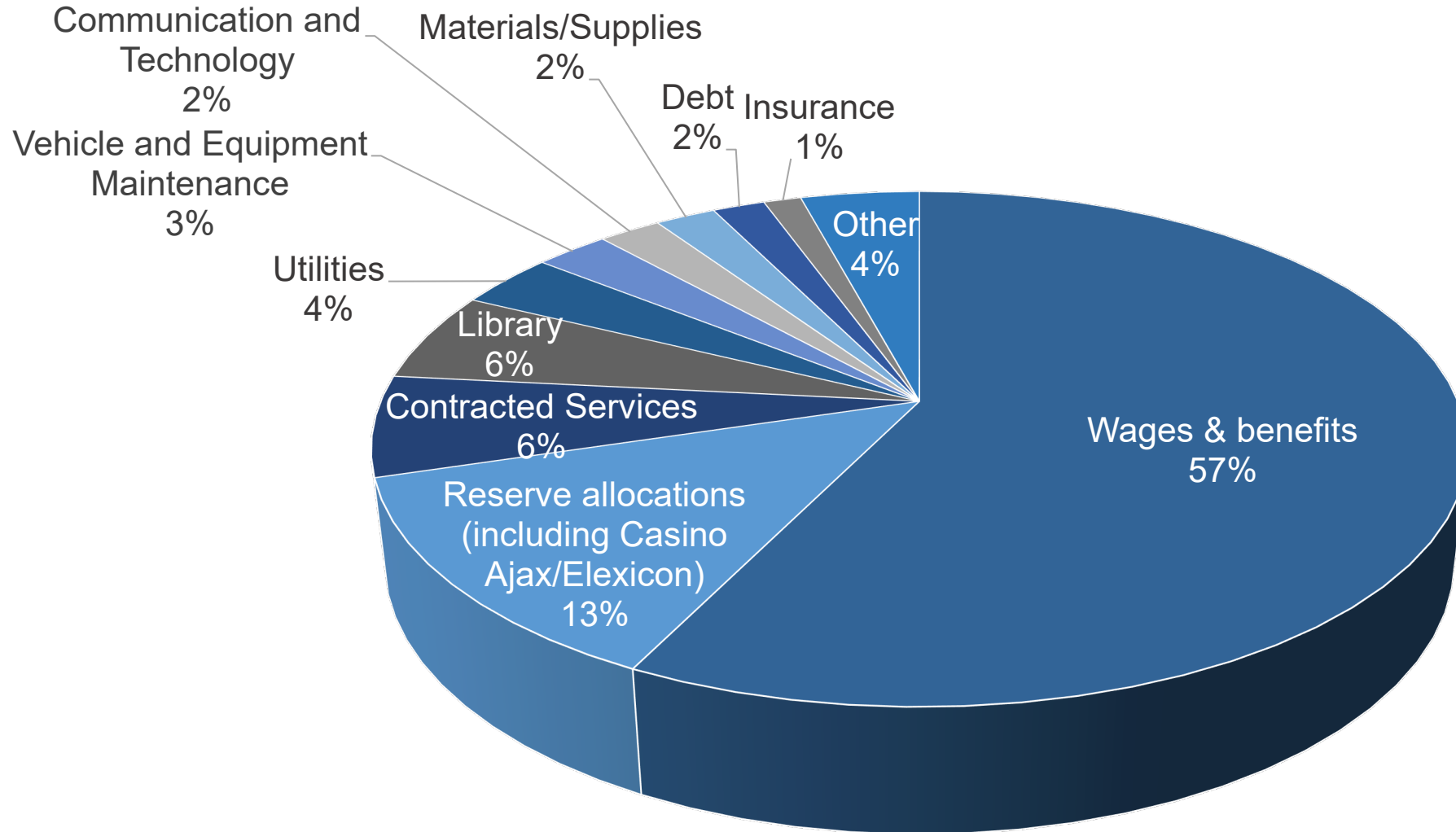
- \$48 flat fee per household
- \$15 reduction in tax base
- \$33 net annual increase
- \$2.67 million funds both operating program and capital projects
- Same funding raised through tax levy would be \$60 per household instead of \$48
- Will increase annually with MPI similar to other fees and charges, to help fill the funding gap in this reserve



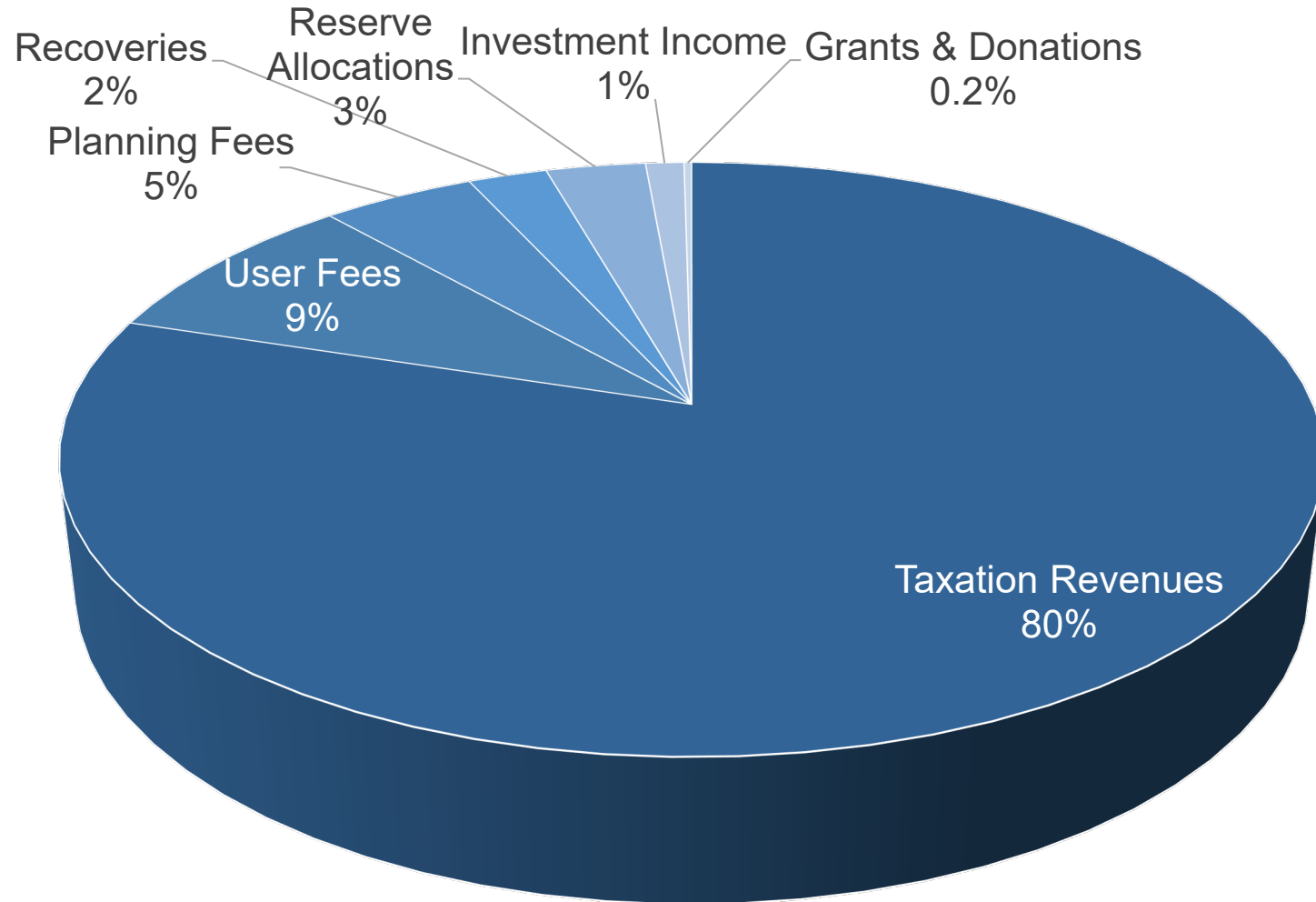
# Bill 23, More Homes Built Faster Act, 2022

- Bill 23 impacts are not reflected in the 2023 Operating Budget
- Regulations not yet released by the Province identifying
  - clear definitions of affordable or attainable housing
  - land types to be exempt from the charge
- Phase in of DC charge for by-laws approved after January 1, 2022 does not apply to Town at this time
- Ongoing Bill 23 impacts will be tracked and reflected in future budgets once regulations are received/proclaimed, and Town DC bylaw update or extension is determined
- Advocacy efforts for Provincial support for any shortfalls experienced will continue

# 2023 Operating Expenditures by Source



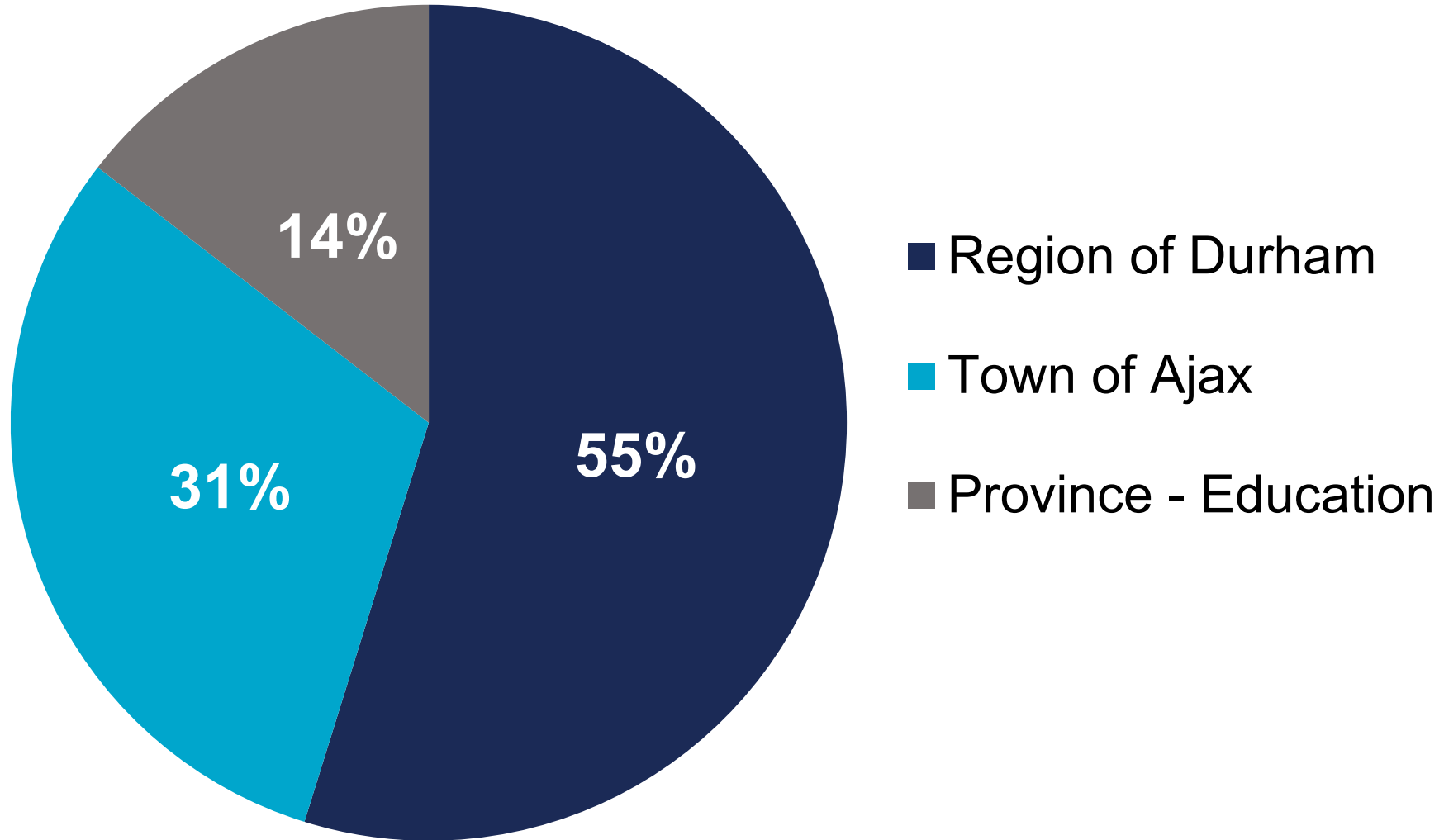
# 2023 Operating Revenues by Source



# 2023 Budget Changes

	2022 Budget	2023 Budget	Increase / (Decrease)
Expenditures	110,663,500	115,408,800	4,745,300
Revenues	(31,199,700)	(30,362,800)	836,900
Business Cases	-	1,921,300	1,921,300
2% Infrastructure Levy	-	1,571,600	1,571,600
Removal of Storm Water tax levy	-	(654,700)	(654,700)
<b>Total Budget</b>	<b>79,463,800</b>	<b>87,884,200</b>	<b>8,420,400</b>
PIL / Supplementary taxes	(1,775,100)	(1,802,400)	(27,300)
Assessment Growth	888,500	-	(888,500)
<b>Total amount to be raised by Taxation</b>	<b>78,577,200</b>	<b>86,081,800</b>	<b>7,504,600</b>

# Residential Tax Bill Allocation



# 2023 Budget – Base Budget

2023 Tax Levy Impact	\$ Increase (Decrease)	% Increase (Decrease)	Tax Bill Impact
2023 inflationary increase	3,043,300	3.87%	1.21%
One-time changes	(109,100)	-0.14%	-0.04%
Growth related changes	205,000	0.26%	0.08%
New & other Impacts	1,665,000	2.12%	0.67%
Reverse 2022 Draw from Stabilization Reserve	778,000	0.99%	0.31%
	<b>5,582,200</b>		
Assessment Growth and increase in PIL	(915,800)	-1.16%	-0.37%
<b>Total 2023 Increase before Business Cases</b>	<b>4,666,400</b>	<b>5.94%</b>	<b>1.86%</b>

# 2023 Budget

	2023 Budget Change	2023 Budget	Increase / (Decrease)
Base Budget	4,666,400	5.94%	1.86%
Business Cases	1,921,300	2.44%	0.77%
2% Infrastructure Levy	1,571,600	2.00%	0.63%
Removal of Stormwater tax based funding	(654,700)	-0.83%	-0.26%
<b>Total amount to be raised by Taxation</b>	<b>7,504,600</b>	<b>9.55%</b>	<b>3.00%</b>

# 2023 Property Tax Rate Impact

	% Increase	Weighting	Tax Rate Impact
Town of Ajax	9.55%	31%	3.00%
Region of Durham *	5.00%	55%	2.74%
Province of Ontario *	0.00%	14%	0.00%
<b>Total Blended Tax Rate</b>			<b>5.74%</b>

\* estimated

# 2023 Estimated Property Tax Bill

<b>Average Assessed Home (2023)</b>		<b>\$491,560</b>			
	<b>2022 Taxes</b>	<b>2023 Taxes</b>	<b>Annual Change</b>	<b>monthly change</b>	
Town of Ajax	\$ 1,726.15	\$ 1,891.00	\$ 164.85	\$ 13.74	
Region of Durham*	\$ 3,009.75	\$ 3,160.24	\$ 150.49	\$ 12.54	
Province of Ontario	\$ 752.09	\$ 752.09	\$ -		
<b>Total Blended Tax Rate</b>	<b>\$ 5,487.99</b>	<b>\$ 5,803.32</b>	<b>\$ 315.33</b>	<b>\$ 26.28</b>	

\*estimated

# Next Steps

February 16 - Review Budget document

February 27<sup>th</sup> – Operating Budget Ratification

Questions and comments

- [budgets@ajax.ca](mailto:budgets@ajax.ca)
- IMO (<https://imo.ajax.ca/2023-ajax-budget>)

# Thank You / Questions

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Finance | Town of Ajax*

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