



# 2023 DRAFT BUDGET

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Treasurer

Presentation to Municipal Council | January 16, 2023

# Agenda

- ▶ **Purpose of a Budget**
- ▶ **2023 Budget Development**
- ▶ **Funding**
  - Property Taxes
  - Assessment
  - Reserves
- ▶ **The Big Picture**
- ▶ **Budget Details**
  - 2023 Capital Budget Highlights
  - 2023 Operating Budget Highlights
  - 2023 Reserves & Investments



# What is a Budget?

The budget is a key planning document in achieving the Townships strategic priorities.





# What is a Budget?

## ► Financial Plan

- Sets out the planned expenditures and the means of financing
- Statement of priorities
- Establishes spending limits on programs and services
- Basis of financial decision making

## ► Political Document

## ► Management Document

- Links to Operational Plans, Asset Management Plan, Development Charges Study and Master Plans, among others.
- Serves as a communications tool to inform and engage residents and the community



# Requirements under the Municipal Act

- ▶ Legal requirement: Section 290(1) –
  - Council must adopt estimates of all sums required during the coming year for the purposes of the municipality
  - Budget shall be prepared during the year or in the immediately preceding year.
- ▶ Must present a balanced budget: Section 290(2) –
  - The budget shall provide that estimated revenues are equal to the estimated expenditures



# Our Challenge

- ▶ Meet the needs of as many of our “customers” as possible in a fiscally responsible way.
- ▶ Complicated by:
  - The needs and wants of our residents vary from person to person
  - Misperceptions about which services are under the control of the local government



# Budget Development

July

- Staff to gather information for operating and capital budgets
- The budget survey is built

August

- Budget Survey posted to the Township website and advertised in the final tax bill newsletter
- Departments begin working on their 5 year capital budget and operating budget
- First department budget meeting

September

- Budget 101 presentation
- Departments continue to prepare budgets, and department meetings continue.



# Budget Development

October

- Budget survey completed and evaluated by Municipal staff and presented to Council.
- Departments continue to prepare budgets, and department meetings continue
- Utilize feedback into department budgets

November/  
December

- Management team finalize draft budget estimates
- Final assessments received from MPAC
- Draft Budget prepared
- Detailed budget package prepared for Council

December/  
January

- Draft operating and capital budget presentation to Council
- Departments address Council and Community questions and comments
- Additional budget meetings to be scheduled, if necessary
- Final Budget and related by-laws presented to Council for approval





# Budget Development – Budget Survey Results

- ▶ Over 87.9% of respondents thought the services they received for their tax dollars were either fair, good, or excellent (73.8% in 2021).
- ▶ Some issues identified by residents included:
  - Increased road maintenance
  - Managing tax rates
  - Water in Kerwood
  - Animal Control/By-law enforcement
  - Roads not wide enough
  - Mullifarry Drive road condition
  - Cost containment and spending reduction
  - Recruit more businesses to increase the tax base
  - Increase reserve contributions & revenue



# Budget Funding - Revenue

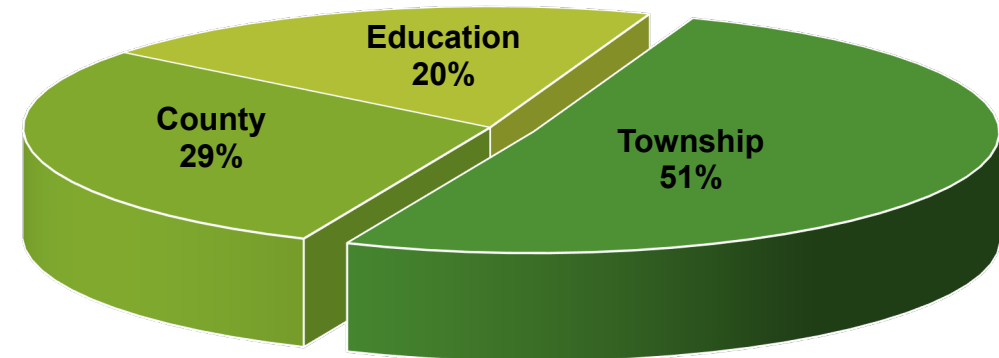
- ▶ Municipalities use a variety of revenue sources to pay for a wide range of services that residents and businesses depend on and use regularly, including:
  - Property tax
  - Grants from Federal and Provincial Governments
  - User Fees - (Kerwood wastewater & Centre Rd water/wastewater)
  - User Fees – General (revenue from services such as recreation, planning applications, building permits, etc.)
  - Transfers from municipal reserve funds
  - Other miscellaneous revenues



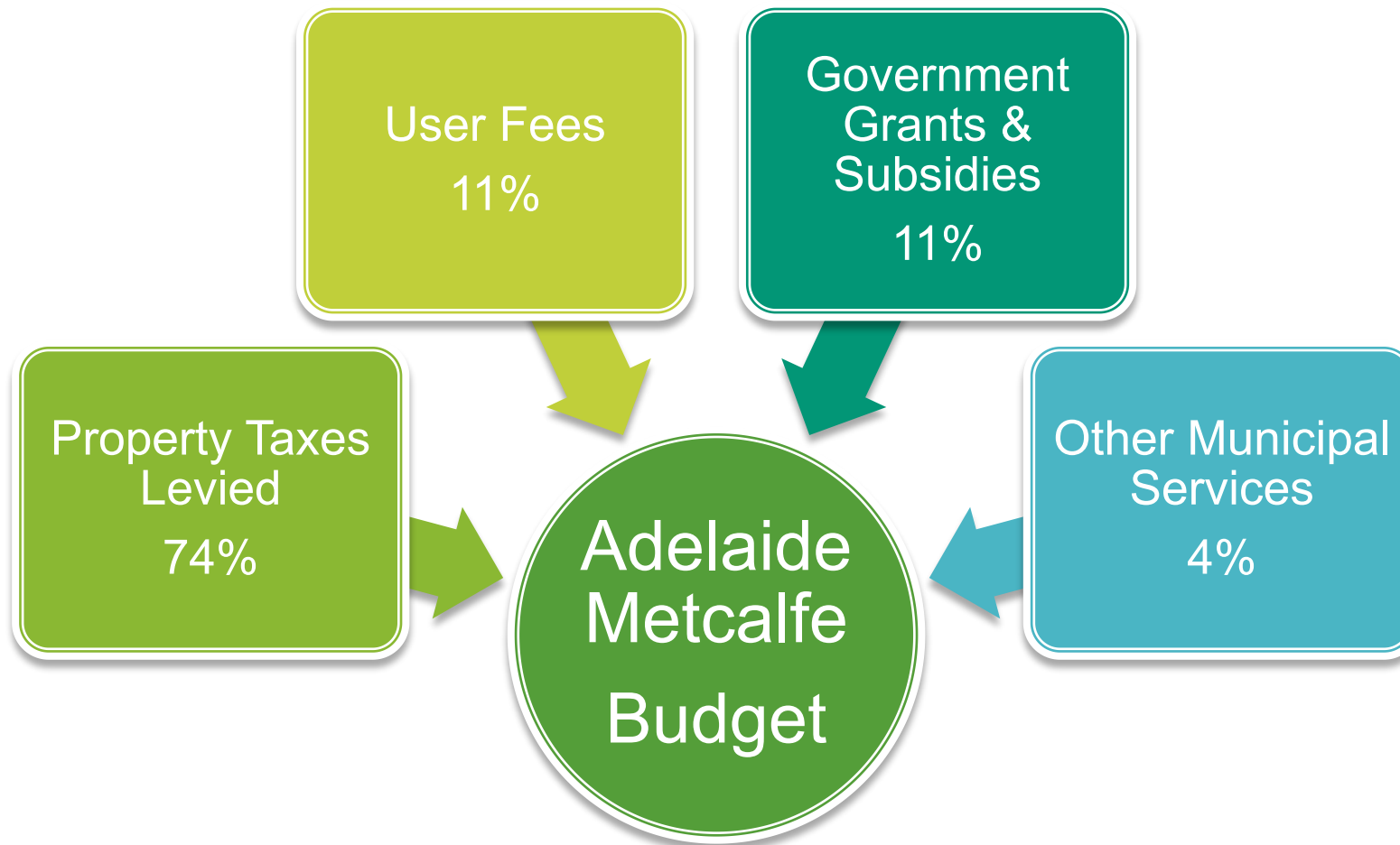
# Role of Adelaide Metcalfe

- ▶ Determine revenue requirements for the township through budgeting
- ▶ Set municipal tax rates
- ▶ Collect property taxes for:
  - Township of Adelaide Metcalfe
  - County of Middlesex
  - School boards

**Distribution of Property Taxes Collected  
by Adelaide Metcalfe, 2022**



# Sources of Revenue



# Property Tax Calculation





# Assessment

- ▶ Property assessment is the basis upon which municipalities raise taxes. A strong assessment base is critical to a municipality's ability to generate revenues.
- ▶ MPAC delivered the 2023 final assessment to Adelaide Metcalfe in November of 2022



MUNICIPAL PROPERTY ASSESSMENT CORPORATION



# Assessment Breakdown

- ▶ This chart shows the Total Assessments by Property Type

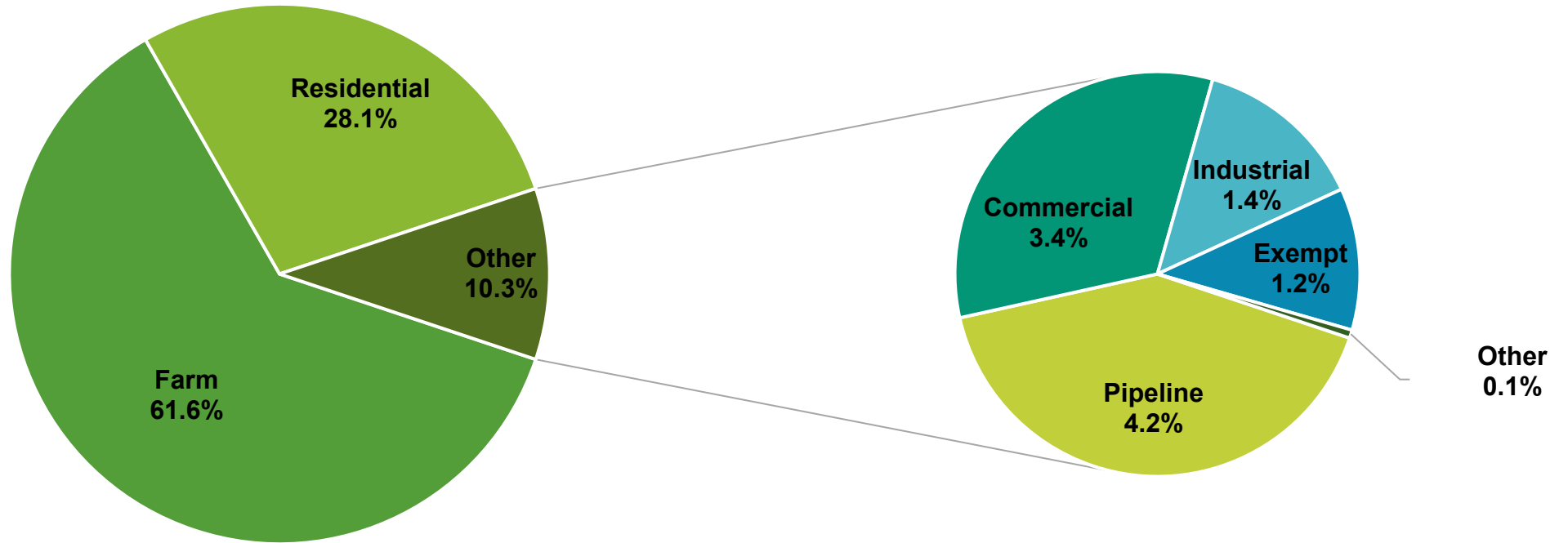
## 2023 Assessment Breakdown

| Property Type           | Assessment              |
|-------------------------|-------------------------|
| Farm                    | 728,504,900             |
| Residential             | 332,730,500             |
| Pipeline                | 50,195,000              |
| Commercial              | 39,873,700              |
| Industrial              | 16,640,200              |
| Exempt                  | 13,759,000              |
| Other                   | 791,400                 |
| <i>Total Assessment</i> | <i>\$ 1,182,494,700</i> |



# Assessment Breakdown

## 2023 Assessment



# Assessment Revenue

- ▶ This chart shows the Total Revenue by Property Type for 2023

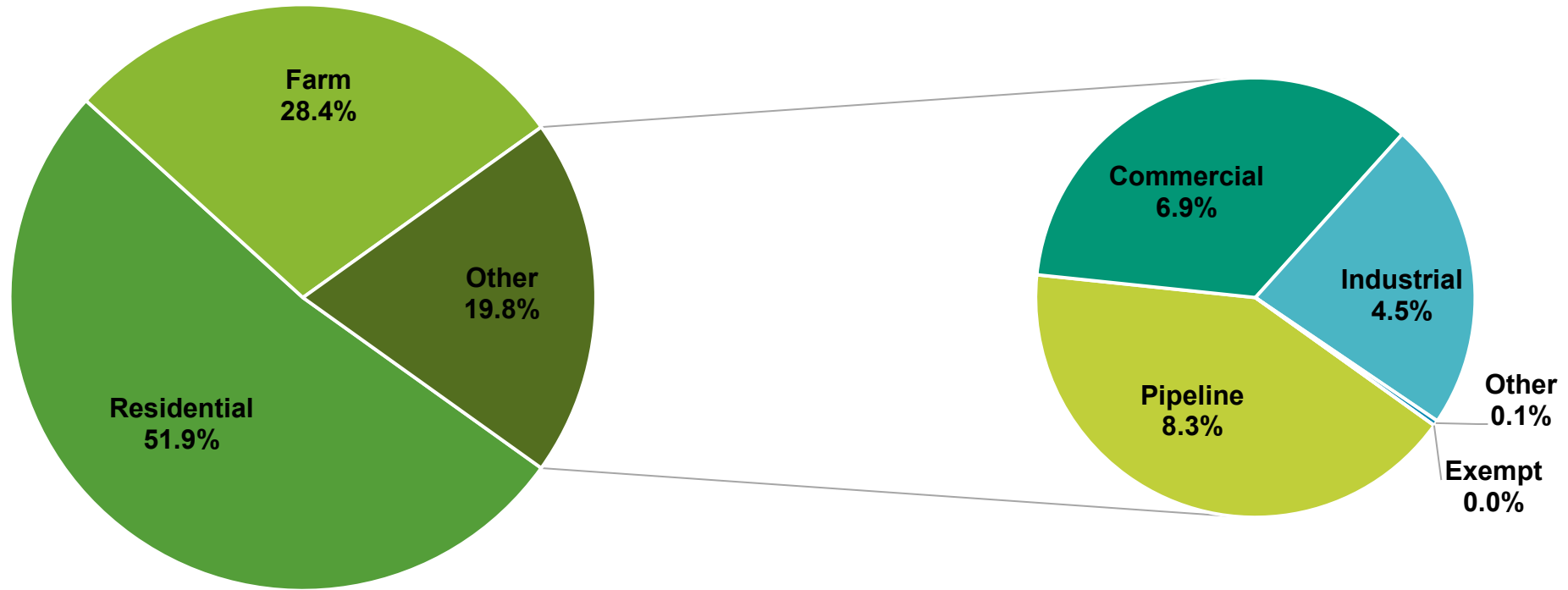
## 2023 Projected Assessment Revenue

| Property Type                   | Revenue             |
|---------------------------------|---------------------|
| Residential                     | 2,375,369           |
| Farm                            | 1,300,202           |
| Pipeline                        | 378,231             |
| Commercial                      | 316,881             |
| Industrial                      | 206,752             |
| Other                           | 3,603               |
| Exempt                          | -                   |
| <b>Total Assessment Revenue</b> | <b>\$ 4,581,037</b> |



# Assessment Revenue – Who is paying?

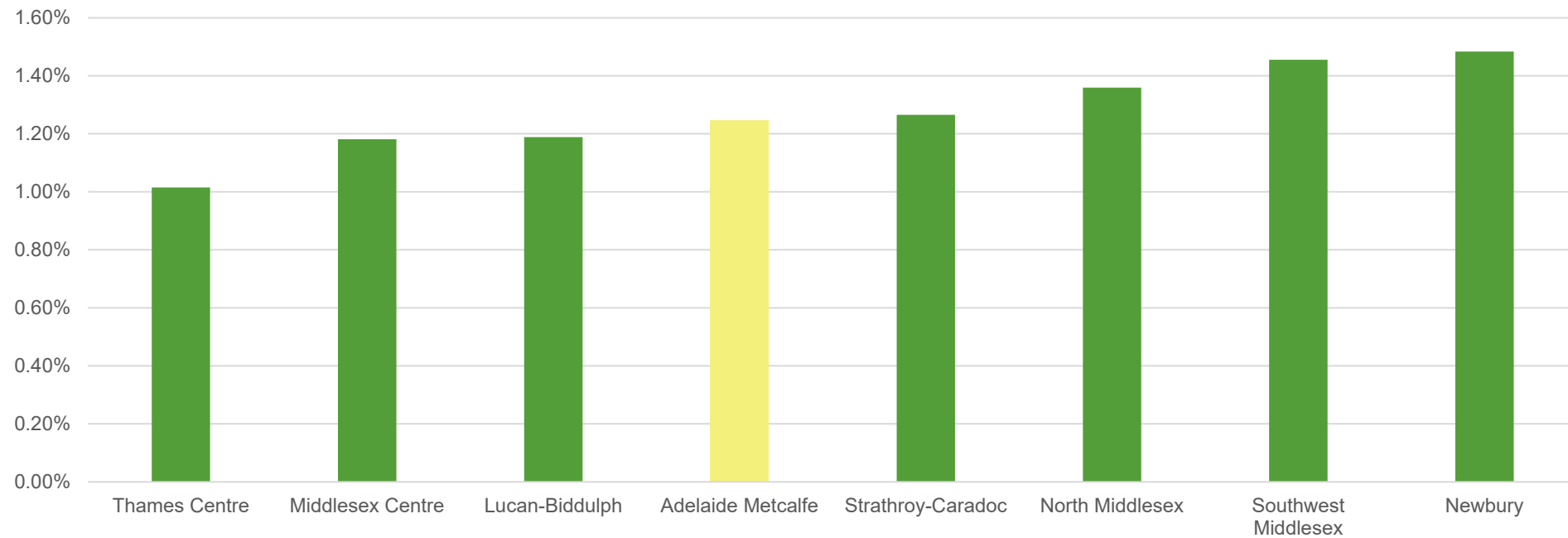
## 2023 Projected Assessment Revenue





# How do we compare?

**Middlesex County Lower Tier Residential Tax Rate Comparison (2022)**



Note: Includes Municipal, County, and Education



# Reserve & Reserve Funds

**Reserves & reserve funds are critical...**

## ► **Why are they critical?**

- To pay bills (liquidity)
- To cover liabilities and emergencies
- For effective asset management (ensure funds are available to renew or replace assets while “charging” the appropriate taxpayer)

## ► **What happens without Reserves and Reserve Funds?**

- Costs will increase (debt service costs, short-term borrowing costs, larger contingency budgets)
- Reduction of capital works
- Loss of flexibility to take advantage of opportunities
- Could have liquidity problems



# Reserve & Reserve Funds

## 2023 Process Change

- ▶ Annual reserve contributions
  - Based on the Asset Management Plan and Financing Strategy
  - Reserve and reserve fund policy
- ▶ Funding capital through reserves
  - Smooth future tax rates



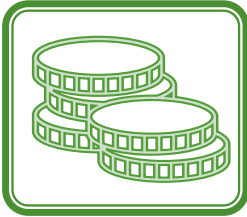
# Operating vs. Capital Budgets



Both provide for Township programs & services



Types of expenditures & sources of financing differ



Operating Budget provides for the *annual* cost to deliver services & *maintain* capital assets



Capital provides for investments in infrastructure [assets] that provide long-term benefits

- Projects can span multiple years
- New infrastructure
- Renewal & refurbishment



# Considerations in Developing the Budget

- ▶ Enhancing transparency, accountability and incorporating public feedback
- ▶ Managing competing priorities
- ▶ Delivery of a fiscally responsible budget
- ▶ Ramifications of the continued delay in the property tax reassessment
- ▶ Aging infrastructure and closing the infrastructure gap
- ▶ Community-wide effects of the economic downturn
- ▶ Unpredictability of provincial and federal funding





# Considerations in Developing the Budget

- ▶ Inflationary pressures
- ▶ Procurement supply challenges
- ▶ External legislative requirements – specifically Bill 23
  - More Homes Built Faster Act
- ▶ Capital and Operating carryforward project costs
- ▶ Commercial corridor policy realignment
- ▶ Staff capacity and resources



# The Big Picture

- ▶ 2.54% Tax Rate Increase
- ▶ 5.09% Tax Levy Increase
- ▶ \$6,764,863 in Operating Costs
- ▶ \$1,845,000 in Capital Projects
- ▶ \$8,609,863 Total Municipal Budget



# 2023 CAPITAL BUDGET HIGHLIGHTS

# 5-Year Capital Plan

## Township of Adelaide Metcalfe

### Capital Expenditure Summary

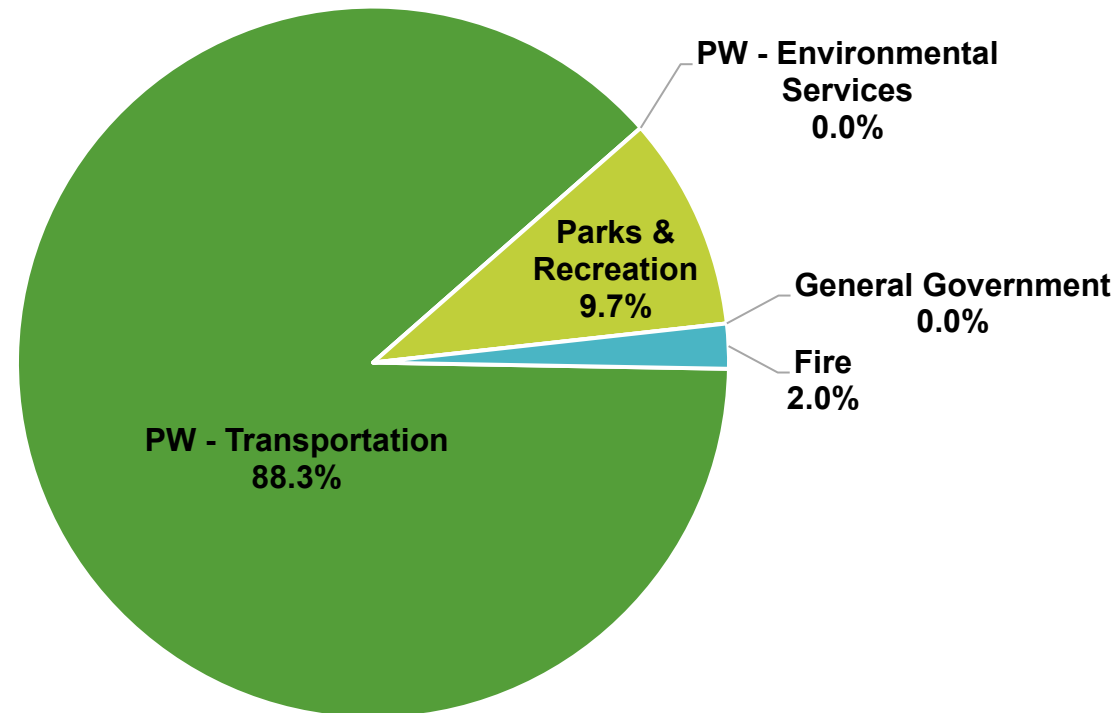
### 2023 Draft Budget - 5 Year Forecast

| Expenditure Detail                  | Total Budget        | Capital Forecast    |                     |                     |                     |  | Total 5 Year Plan    |
|-------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|--|----------------------|
|                                     | 2023                | 2024                | 2025                | 2026                | 2027                |  |                      |
| PW - Transportation (Total)         | \$ 1,628,500        | \$ 3,029,475        | \$ 2,376,000        | \$ 1,836,400        | \$ 1,198,800        |  | \$ 10,069,175        |
| PW - Environmental Services (Total) | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                |  | \$ -                 |
| Parks & Recreation (Total)          | \$ 179,000          | \$ 95,000           | \$ 180,000          | \$ -                | \$ -                |  | \$ 454,000           |
| General Government (Total)          | \$ -                | \$ -                | \$ -                | \$ -                | \$ 320,000          |  | \$ 320,000           |
| Fire (Total)                        | \$ 37,500           | \$ 556,000          | \$ 256,000          | \$ 56,000           | \$ 61,000           |  | \$ 966,500           |
| <b>Total Capital Expenditures</b>   | <b>\$ 1,845,000</b> | <b>\$ 3,680,475</b> | <b>\$ 2,812,000</b> | <b>\$ 1,892,400</b> | <b>\$ 1,579,800</b> |  | <b>\$ 11,809,675</b> |



# Capital Projects by Department

2023 Capital by Department





# Departmental Highlights – Public Works

- ▶ \$250,000 Mullifarry Drive Reconstruction Project (Pike Rd to Kerwood Rd)
  - Multiyear Project (2023-2025)
    - Total approx. \$3,000,000
  - Design/survey
  - Culvert replacements
  - Drainage works
  - Tree removal for road widening
- ▶ \$140,000 Resurface Langan Drive (Townsend Line to Sexton Rd)
- ▶ \$182,500 Resurface Walkers Drive (Melbourne Rd to Thames Rd)
- ▶ \$36,000 Sidewalk extension on Kerwood Rd to connect park entrance



# Departmental Highlights – Public Works

- ▶ \$200,000 Culvert Replacement - Scotchmere Drive (No. 34)
- ▶ \$400,000 Replace Tandem Snowplow (carryforward from 2022)
- ▶ \$420,000 Replace 2002 John Deere Grader



# Departmental Highlights – Public Works

## Capital Financing

|                    | Total Budget |
|--------------------|--------------|
| Expenditure Detail | 2023         |

| PW - Transportation  |                |
|--|----------------|
| Construction   |                |
| Reconstruction (Upgrade to HCB) Mullifarry Drive - Pike Road to Kerwood Road | 250,000        |
| Resurface (LCB) - Langan Drive - Townsend Line to Sexton Road 5.5km          | 140,000        |
| Resurface (LCB) - Walkers Drive - Melbourne Road to Thames Road 7.3km        | 182,500        |
| Sidewalks - Extension on Kerwood Rd connecting park entrance                 | 36,000         |
|  | -              |
| <i>Total Construction</i>  | <i>608,500</i> |

| Structures                                    |                |
|---|----------------|
| Replacement - Culvert No. 34 Scotchmere Drive | 200,000        |
|   | -              |
| <i>Total Structures</i>                       | <i>200,000</i> |

| Financing                            |   |                                       |   |  |                                   |                            |                |          |
|--------------------------------------|---|---------------------------------------|---|--|-----------------------------------|----------------------------|----------------|----------|
| Reserves                             |   |                                       |   |  |                                   |                            |                | Tax Levy |
| Capital Project Carryforward Reserve | DC - Services Related to a Highway Reserve Fund | Cash-in-Lieu of Parkland Reserve Fund | Canada Community Building Fund Reserve Fund | Ontario Community Infrastructure Fund Reserve Fund | Lifecycle Management Reserve Fund | Modernization Reserve Fund | Total Reserves |          |

|   |        |   |         |         |   |   |         |   |
|---|--------|---|---------|---------|---|---|---------|---|
|   | 60,000 |   |         | 190,000 |   |   | 250,000 | - |
|   |        |   | 140,000 |         |   |   | 140,000 | - |
|   |        |   | 165,814 | 16,686  |   |   | 182,500 | - |
|   | 36,000 |   |         |         |   |   | 36,000  | - |
|   |        |   |         |         |   |   | -       | - |
| - | 96,000 | - | 305,814 | 206,686 | - | - | 608,500 | - |

|   |   |   |   |        |         |   |         |   |
|---|---|---|---|--------|---------|---|---------|---|
|   |   |   |   | 96,000 | 104,000 |   | 200,000 | - |
|   |   |   |   |        |         |   | -       | - |
| - | - | - | - | 96,000 | 104,000 | - | 200,000 | - |



# Departmental Highlights – Public Works

## Capital Financing

|  |              | Financing                            |   |                                       |   |   |                                   |                            |              |                |
|--|--------------|--------------------------------------|---|---------------------------------------|---|---|-----------------------------------|----------------------------|--------------|----------------|
|  |              | Reserves                             |   |                                       |   |   |                                   |                            | Tax Levy     |                |
| Expenditure Detail                         | 2023         | Capital Project Carryforward Reserve | DC - Services Related to a Highway Reserve Fund | Cash-in-Lieu of Parkland Reserve Fund | Canada Community Building Fund Reserve Fund | Ontrio Community Infrastructure Fund Reserve Fund | Lifecycle Management Reserve Fund | Modernization Reserve Fund |              | Total Reserves |
| PW - Transportation                        |              |                                      |   |                                       |   |   |                                   |                            |              |                |
| Total Construction                         | 608,500      | -                                    | 96,000  | -                                     | 305,814                                     | 206,686   | -                                 | -                          | 608,500      | -              |
| Total Structures                           | 200,000      | -                                    | -   | -                                     | -   | 96,000  | 104,000                           | -                          | 200,000      | -              |
| Vehicles & Equipment                       |              |                                      |   |                                       |   |   |                                   |                            |              |                |
| Replace 2006 Mack Tandem Snowplow (Unit#1) | 400,000      | 400,000                              |   |                                       |   |   |                                   |                            | 400,000      | -              |
| Replace 2002 John Deere Grader             | 420,000      |                                      |   |                                       |   |   | 420,000                           |                            | 420,000      | -              |
|  | -            |                                      |   |                                       |   |   |                                   |                            | -            | -              |
| Total Vehicles & Equipment                 | 820,000      | 400,000                              | -   | -                                     | -   | -   | 420,000                           | -                          | 820,000      | -              |
| Facilities                                 |              |                                      |   |                                       |   |   |                                   |                            |              |                |
| Total Facilities                           | -            | -                                    | -   | -                                     | -   | -   | -                                 | -                          | -            | -              |
| PW - Transportation (Total)                | \$ 1,628,500 | \$ 400,000                           | \$ 96,000                                       | \$ -                                  | \$ 305,814                                  | \$ 302,686  | \$ 524,000                        | \$ -                       | \$ 1,628,500 | \$ -           |





# Departmental Highlights – Parks and Recreation

- ▶ \$159,000 Kerwood Park Phase 2 Improvements (carryforward from 2022)
  - Backstop
  - Basketball court improvements
  - Fencing
  - Dugout structure x2
- ▶ \$20,000 Park Barn Improvements
  - Roof
  - Soffit
  - Fascia
  - Eavestrough



# Departmental Highlights – Parks and Recreation

## Capital Financing

| Expenditure Detail                    | Total Budget      | Financing                            |   |                                       |   |  |                                   |                            |             |
|---------------------------------------|-------------------|--------------------------------------|---|---------------------------------------|---|--|-----------------------------------|----------------------------|-------------|
|                                       | 2023              | Reserves                             |   |                                       |   |  |                                   |                            | Tax Levy    |
|                                       |                   | Capital Project Carryforward Reserve | DC - Services Related to a Highway Reserve Fund | Cash-in-Lieu of Parkland Reserve Fund | Canada Community Building Fund Reserve Fund | Ontario Community Infrastructure Fund Reserve Fund | Lifecycle Management Reserve Fund | Modernization Reserve Fund |             |
| <b>Parks &amp; Recreation</b>         |                   |                                      |   |                                       |   |  |                                   |                            |             |
| <i>KERWOOD PARK</i>                   |                   |                                      |   |                                       |   |  |                                   | -                          | -           |
| Phase 2 Improvements                  | 159,000           | 143,877                              |   | 15,123                                |   |  |                                   | 159,000                    | -           |
| Park Barn Improvements - Roof         | 20,000            |                                      |   | 20,000                                |   |  |                                   | 20,000                     | -           |
|                                       | -                 |                                      |   |                                       |   |  |                                   | -                          | -           |
| <i>Total Parks &amp; Recreation</i>   | 179,000           | 143,877                              | -   | 35,123                                | -   | -  | -                                 | 179,000                    | -           |
| <i>Total Vehicles &amp; Equipment</i> | -                 | -                                    | -   | -                                     | -   | -  | -                                 | -                          | -           |
| <b>Parks &amp; Recreation (Total)</b> | <b>\$ 179,000</b> | <b>\$ 143,877</b>                    | <b>\$ -</b>                                     | <b>\$ 35,123</b>                      | <b>\$ -</b>                                 | <b>\$ -</b>  | <b>\$ -</b>                       | <b>\$ 179,000</b>          | <b>\$ -</b> |



# Departmental Highlights - Fire

- ▶ \$10,500 Radio Upgrades
  - Digital compatibility
- ▶ \$15,000 Gear
  - Turnout gear and helmets
- ▶ \$6,000 SCBA
  - Cylinders
- ▶ \$6,000 Hoses (carryforward from 2022)
  - Various sizes and lengths



# Departmental Highlights – Fire

## Capital Financing

| Expenditure Detail                       | Total Budget<br>2023 | Financing                            |   |                                       |   |  |                                   |                            |                  |
|--|----------------------|--------------------------------------|---|---------------------------------------|---|--|-----------------------------------|----------------------------|------------------|
|  |                      | Reserves                             |   |                                       |   |  |                                   |                            | Tax Levy         |
|  |                      | Capital Project Carryforward Reserve | DC - Services Related to a Highway Reserve Fund | Cash-in-Lieu of Parkland Reserve Fund | Canada Community Building Fund Reserve Fund | Ontario Community Infrastructure Fund Reserve Fund | Lifecycle Management Reserve Fund | Modernization Reserve Fund | Total Reserves   |
| <b>Fire</b>                              |                      |                                      |   |                                       |   |  |                                   |                            |                  |
| SCBA Cylinders (4)                       | 6,000                |                                      |   |                                       |   | 6,000  |                                   |                            | 6,000            |
| Radio upgrades for digital compatibility | 10,500               |                                      |   |                                       |   |  | 10,500                            |                            | 10,500           |
| Gear (Turnout Gear x2 and Helmets x10)   | 15,000               |                                      |   |                                       |   | 15,000   |                                   |                            | 15,000           |
| Hose (Various size and lengths)          | 6,000                | 6,000                                |   |                                       |   |  |                                   |                            | 6,000            |
|  | -                    |                                      |   |                                       |   |  |                                   |                            | -                |
| <b>Fire (Total)</b>                      | <b>\$ 37,500</b>     | <b>\$ 6,000</b>                      | <b>\$ -</b>                                     | <b>\$ -</b>                           | <b>\$ -</b>                                 | <b>\$ -</b>  | <b>\$ 21,000</b>                  | <b>\$ 10,500</b>           | <b>\$ 37,500</b> |



# 2023 OPERATING BUDGET HIGHLIGHTS

# Operating Budget Framework

## Step 1 - Base

- Costs required to maintain existing service levels (salaries, benefits, inflation, utilities & contracted services), less reductions for efficiencies and other savings

## Step 2 - Mandatory/Legislative

- Non-discretionary costs imposed by others

## Step 3 - Annualization

- Additional costs of prior year commitments for full-year implementation

## Step 4 - Growth

- Costs required to maintain existing levels of service for the township's increased population

## Step 5 - Enhancements

- New services or enhanced service levels



# Operating Highlights - Impacts

- ▶ No change to property assessment – No phase-in growth
- ▶ OMPF (Ontario Municipal Partnership Fund) decrease of 15%
- ▶ OCIF (Ontario Community Infrastructure Fund) decrease of 15%
- ▶ OPP Increase of 10%
- ▶ Insurance increase 15%
- ▶ Recycling fees increase of 5.04%
- ▶ Automated garbage pickup and disposal increase of 6.9%
- ▶ Conservation authorities increase of 9%
- ▶ Cost of living increase for compensation programs of 3%
- ▶ CPI (Consumer Price Index Q3 to Q3) 6.9%



# Operating Highlights - Impacts

- ▶ Increased fuel costs
- ▶ Increased costs to materials
- ▶ Increases to outside contracts
  - Animal Control
  - By-law enforcement
- ▶ Introduction of new community improvement plan (CIP) program
- ▶ Rising costs of Hydro and Gas
- ▶ Council remuneration
- ▶ Increased funding to address the infrastructure gap
  - Outcome of the asset management plan and financing strategy



# Operating Budget Summary

| Department  | 2023 Budget      |                  |                  | 2022 Budget    |                  |                |
|---|------------------|------------------|------------------|----------------|------------------|----------------|
|   | Revenue          | Expenditures     | Taxes            | Revenue        | Expenditures     | Taxes          |
| <b>General Government</b>                         |                  |                  |                  |                |                  |                |
| Administration                                    | 1,131,141        | 1,676,527        | 545,386          | 836,134        | 1,365,295        | 529,161        |
| Tax Revenue & Reserve Transfers                   | 156,752          | 1,120,313        | 963,561          | 105,600        | -                | (105,600)      |
| Livestock   | -                | -                | -                | -              | -                | -              |
| Council   | -                | 116,495          | 116,495          | 11,600         | 110,454          | 98,854         |
| <b>Total General Government</b>                   | <b>1,287,893</b> | <b>2,913,335</b> | <b>1,625,442</b> | <b>953,334</b> | <b>1,475,749</b> | <b>522,415</b> |
| <b>Protection to Persons &amp; Property</b>       |                  |                  |                  |                |                  |                |
| Fire  |                  |                  |                  |                |                  |                |
| Fire Dept Operations                              | 55,962           | 340,679          | 284,716          | 8,300          | 333,289          | 324,989        |
| Fire Dept Fleet                                   | -                | 33,039           | 33,039           | -              | 27,103           | 27,103         |
| <i>Total Fire</i>                                 | <i>55,962</i>    | <i>373,718</i>   | <i>317,755</i>   | <i>8,300</i>   | <i>360,392</i>   | <i>352,092</i> |
| Other   |                  |                  |                  |                |                  |                |
| Policing  | -                | 484,255          | 484,255          | -              | 440,496          | 440,496        |
| Provincial Offences                               | 13,000           | -                | (13,000)         | 13,000         | -                | (13,000)       |
| Conservation Authorities                          | -                | 62,155           | 62,155           | -              | 57,038           | 57,038         |
| Building Services                                 | 84,700           | 84,700           | -                | 75,720         | 75,720           | -              |
| By-law Enforcement                                | -                | 13,112           | 13,112           | -              | 7,000            | 7,000          |
| Animal Control                                    | 13,080           | 17,165           | 4,085            | 13,300         | 12,600           | (700)          |
| <i>Total Other</i>                                | <i>110,780</i>   | <i>661,387</i>   | <i>550,607</i>   | <i>102,020</i> | <i>592,854</i>   | <i>490,834</i> |
| <b>Total Protection to Persons &amp; Property</b> | <b>166,742</b>   | <b>1,035,105</b> | <b>868,362</b>   | <b>110,320</b> | <b>953,246</b>   | <b>842,926</b> |



# Operating Budget Summary

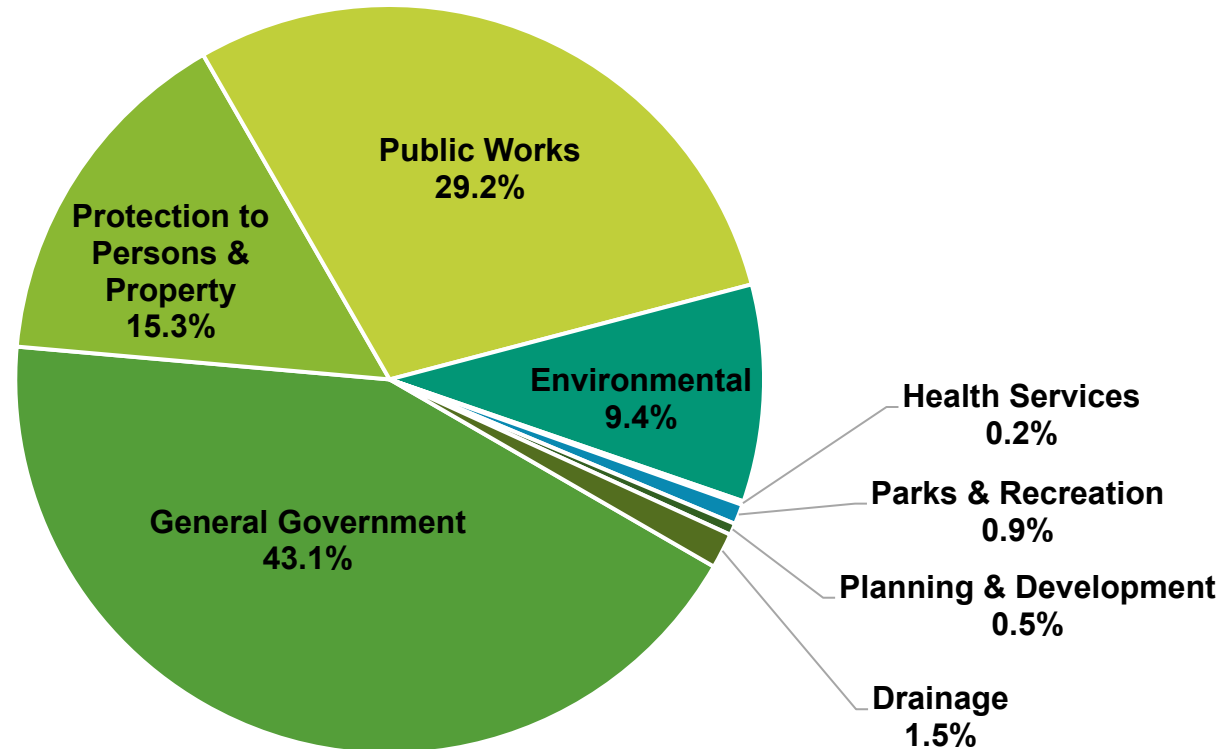
| Department                          | 2023 Budget      |                  |                  | 2022 Budget      |                  |                  |
|-------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|                                     | Revenue          | Expenditures     | Taxes            | Revenue          | Expenditures     | Taxes            |
| <b>Public Works</b>                 |                  |                  |                  |                  |                  |                  |
| Transportation Operations           | 22,000           | 1,391,395        | 1,369,395        | 39,500           | 1,576,478        | 1,536,978        |
| Transportation Fleet                | -                | 223,359          | 223,359          | -                | 200,785          | 200,785          |
| Waste Management                    | 183,825          | 361,456          | 177,631          | 144,945          | 353,756          | 208,811          |
| <b>Total Public Works</b>           | <b>205,825</b>   | <b>1,976,210</b> | <b>1,770,385</b> | <b>184,445</b>   | <b>2,131,019</b> | <b>1,946,574</b> |
| <b>Environmental</b>                |                  |                  |                  |                  |                  |                  |
| Water & Wastewater Systems          | 356,975          | 633,802          | 276,827          | 249,450          | 589,905          | 340,455          |
| <b>Total Environmental</b>          | <b>356,975</b>   | <b>633,802</b>   | <b>276,827</b>   | <b>249,450</b>   | <b>589,905</b>   | <b>340,455</b>   |
| <b>Health Services</b>              |                  |                  |                  |                  |                  |                  |
| Cemeteries                          | 3,035            | 10,768           | 7,732            | -                | 11,968           | 11,968           |
| <b>Total Health Services</b>        | <b>3,035</b>     | <b>10,768</b>    | <b>7,732</b>     | <b>-</b>         | <b>11,968</b>    | <b>11,968</b>    |
| <b>Parks &amp; Recreation</b>       |                  |                  |                  |                  |                  |                  |
| Kerwood Park                        | 1,000            | 52,528           | 51,528           | 800              | 21,786           | 20,986           |
| Trees                               | 6,000            | 6,000            | -                | 4,000            | 4,000            | -                |
| <b>Total Parks &amp; Recreation</b> | <b>7,000</b>     | <b>58,528</b>    | <b>51,528</b>    | <b>4,800</b>     | <b>25,786</b>    | <b>20,986</b>    |
| <b>Planning &amp; Development</b>   | <b>90,875</b>    | <b>33,975</b>    | <b>(56,900)</b>  | <b>46,400</b>    | <b>26,000</b>    | <b>(20,400)</b>  |
| <b>Drainage</b>                     |                  |                  |                  |                  |                  |                  |
| Drainage Superintendent             | 34,476           | 72,137           | 37,661           | 33,800           | 71,600           | 37,800           |
| Drainage Debenture Payments         | 31,005           | 31,005           | -                | 31,236           | 31,236           | -                |
| <b>Total Parks &amp; Recreation</b> | <b>65,481</b>    | <b>103,142</b>   | <b>37,661</b>    | <b>65,036</b>    | <b>102,836</b>   | <b>37,800</b>    |
| <b>Total</b>                        | <b>2,183,826</b> | <b>6,764,863</b> | <b>4,581,037</b> | <b>1,613,785</b> | <b>5,316,510</b> | <b>3,702,725</b> |





# Operating Budget by Department

2023 Operating Budget - By Department

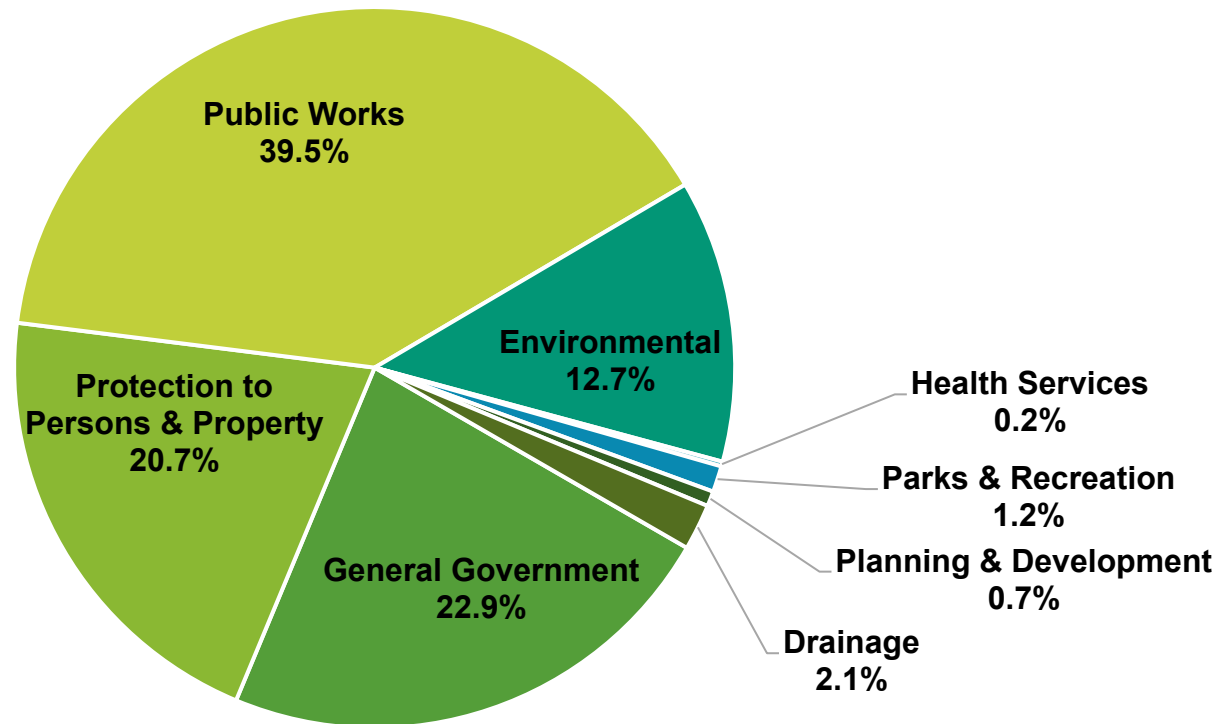


\* In this chart, general government includes approx. \$1.76M of reserve transfers



# Operating Budget by Department

2023 Operating Budget - By Department (Excluding Reserves)





# Operating Highlights

## Personnel Changes

- ▶ Labour budget model used
- ▶ Cost of living increase of 3.0%
- ▶ Benefits (health and dental) plan modernized
- ▶ Step increases (7 employees eligible in 2023)
  - Performance based
- ▶ Decrease in budgeted overtime
- ▶ Contract position extended
  - Removed summer co-op position
- ▶ OMERS now offered to all part-time staff
  - Optional for employees (effective Jan 1, 2023)



# Departmental Highlights

## General Government - Administration

- ▶ Increase in net operating costs by 3.1% or \$16,224
- ▶ 2 employees eligible for step increases
  - Performance based
- ▶ Financial analyst contract extension
  - Removed Summer student position
- ▶ Grant revenue
  - OCIF funding decrease of \$28,965
    - \$164,136 Transferred to reserve funds
  - OMPF funding decrease of \$55,500
    - \$314,800 Transferred to reserve funds



# Departmental Highlights

## General Government - Administration

- ▶ Increased revenue on bank interest
  - General bank interest \$80,000
  - Reserve fund interest \$382,883
    - Transferred to reserve fund
- ▶ Number of new cost recovery revenue streams
  - Per updated fee by-law
- ▶ Increase in IT spending
  - Resulting in the new asset management software annual fee \$6,160
  - Computer replacements
- ▶ Payroll system implementation (2022 carryforward, modernization funding)
- ▶ Asset management system implementation (2022 carryforward, modernization funding)



# Departmental Highlights

## General Government - Administration

- ▶ Launch community improvement plan \$10,000
- ▶ Commercial corridor policy realignment
- ▶ Offer marriage licensing/civil ceremonies
- ▶ Corporate policy manual update
- ▶ Health & safety gap audit & policies (partial 2022 Carryforward) \$7,836
- ▶ Communication strategy
  - Implementation of a digital newsletter
  - Managing two levels - traditional and digital
- ▶ Drain billing and process improvements



# Departmental Highlights

## General Government - Administration

- ▶ Accounts payable process automation \$5,000
  - Fully funded by modernization reserve funds
- ▶ Farm tax to residential proactive communication strategy
- ▶ Number of by-law updates
- ▶ Records management program review
- ▶ Review and revise the emergency response program
- ▶ Municipal drain and appointment of engineer process review
- ▶ Ongoing review of operational accounts for savings



# Departmental Highlights

## General Government – Tax Revenue & Reserve Transfers

- ▶ Increase in net operating costs by \$1,069,161
  - Methodology change, lifecycle management reserve transfer of \$1,120,313
    - Change from Asset Management Plan and Financing Strategy
- ▶ Increase in supplemental billing, using a conservative trend \$9,500
- ▶ Utilize tax rate stabilization of \$45,000
  - Equivalent to approx. 1% tax rate decrease
  - To utilize prior year surplus to assist the tax base with 2023 inflationary pressures





# Departmental Highlights

## General Government - Council

- ▶ Increase in net operating costs by 17.9% or \$17,641
- ▶ Council honorarium reviewed in 2022
  - Aligned wages to the 50<sup>th</sup> percentile of market comparators \$25,000
- ▶ Council grant program of \$5,000
- ▶ Includes various onboarding costs for new council term
- ▶ Annual reserve fund contribution for the 2026 election \$2,500



# Departmental Highlights

## Planning

- ▶ Decrease in net operating costs by 178.9% or (\$36,500)
- ▶ Planner provided by Middlesex County
- ▶ Slight increase in revenues
  - Aligned with the 5-year average & updated fee by-law
- ▶ Disposition of Pannell Lane lands
  - Sale of land and cost recovery
- ▶ Legal fees for planning decisions \$10,000
- ▶ Official plan review and update
  - Included in County levy
- ▶ New planning signage





# Departmental Highlights

## Health Services - Cemeteries

- ▶ Decrease in net operating costs by 35.4% or (\$4,236)
- ▶ Interest income of \$3,035
- ▶ Increase in grass cutting to align with contract \$2,300
  - Inflationary increase
- ▶ Continued improvement on the cemetery program
  - Completeness of information
  - Reporting



# Departmental Highlights

## Protection to Persons and Property: Fire Department

- ▶ Decrease in net operating costs by 9.75% or (\$34,337)
  - 2022 Reserve transfer removed \$40,000
- ▶ Grant received for training
- ▶ Increase to motor vehicle collision revenue by \$7,500
  - Back to pre-covid volume
- ▶ Cost of living increase of 3%
- ▶ Increase to insurance
- ▶ Increase in fuel costs for fleet
- ▶ Fire plan and community risk assessment (2022 Carryforward)
- ▶ Volunteer firefighters' compensation review (2022 Carryforward)



# Departmental Highlights

## Protection to Persons and Property: Fire Department

- ▶ Firefighter certification process
- ▶ Automatic Aid and Mutual Aid plans to be updated
  - County wide
- ▶ Training to continue using regional training centres
- ▶ Contracted service for fire inspector



# Departmental Highlights

## Protection to Persons and Property: Policing

- ▶ Increase in net operating costs by 9.9% or \$43,759
- ▶ Contracted service with the Ontario Provincial Police
- ▶ 2023 Contract total \$484,255





# Departmental Highlights

## Protection to Persons and Property: Provincial Offences

- ▶ No Increase/Decrease in net operating costs
- ▶ Estimating revenues to align with amount last received
  - Estimating \$13,000
- ▶ Provincial offences include traffic fines, tobacco law violations, and other violations outlined in the Provincial Offences Act



# Departmental Highlights

## Protection to Persons and Property: Conservation Authorities

- ▶ Increase in net operating costs by 9.0% or \$5,117
- ▶ Two conservation authorities
- ▶ Ausable Bayfield Conservation Authority
  - Total levy: \$32,143
- ▶ St. Clair Region Conservation Authority
  - Total levy: \$30,012



# Departmental Highlights

## Protection to Persons and Property: Building Services

- ▶ No Increase/Decrease in net operating costs
  - Revenue-neutral department
  - Department surplus transferred to the Building Department Stabilization Reserve Fund
- ▶ Projecting a slight increase for permits, per Chief Building Official \$80,000
- ▶ Contracted service with the Municipality of Middlesex Centre
  - Total cost (including contingency) \$66,000
- ▶ Cloud permit annual fee of \$9,616



# Cloudpermit



# Departmental Highlights

## Protection to Persons and Property: By-Law Enforcement

- ▶ Increase in net operating costs by 87.3% or \$6,112
- ▶ Contracted service with Tenet Group
  - Increase from previous contract in 2022
  - 1-Year agreement
- ▶ Education first mindset
- ▶ Used to address various by-law complaints





# Departmental Highlights

## Protection to Persons and Property: Animal Control

- ▶ Increase in net operating costs by 683.5% or \$4,785
- ▶ Revenue consistent to 2022 at \$13,080
  - Will advertise on socials
  - To be billed in April
  - Program to be reviewed in 2023
- ▶ Animal control services now provided by Humane Society London & Middlesex \$16,665
  - Increase from the previous contract in 2022



# Departmental Highlights

## Parks & Recreation

- ▶ Increase in net operating costs by 145.5% or \$30,542
- ▶ Increase in rental fees due to the new fee by-law
- ▶ Grounds maintenance to be completed by the Township
  - Staff labour being allocated to the department
- ▶ Washroom updates
- ▶ EV charging station
- ▶ Increase to insurance by 15%
- ▶ Continue with the Richardson Tree Program - \$6,000



# Departmental Highlights

## Public Works – Roads

- ▶ Decrease in net operating costs by 8.36% or (\$145,009)
  - 2022 Reserve transfer removed \$200,000
- ▶ 4 employees received step increases
  - Performance based
- ▶ Overtime budget reduced by 50%
- ▶ Delivery of sustainable transportation infrastructure
- ▶ Maintenance of roadway network, including winter operations
  - 214 Centre line km of roadway
  - 3.5 km of sidewalks
  - 13 Bridges
  - 34 Structural culverts



# Departmental Highlights

## Public Works – Roads

- ▶ Significant inflationary increases
  - Hard top road maintenance increase of 50%
  - Loose top road maintenance increase of 9%
  - Dust control increase of 16%
  - Sidewalk maintenance contract increase of 44%
- ▶ Increase in insurance of 15%
- ▶ Fleet fuel increase of 31%





# Departmental Highlights

## Public Works – Roads

- ▶ Implementation of road patrol app
- ▶ Road's by-law development
- ▶ Preliminary public works facility review
- ▶ Increased roadside tree removal of failing trees
- ▶ Focus on staff training
  - Road School
  - Grader training



# Departmental Highlights

## Public Works – Waste Management: Waste & Recycling

- ▶ Decrease in net operating costs by 9.4% or (\$9,929)
- ▶ Wheelie bin fees have increased for 2023
  - Small \$120
  - Medium \$170
  - Large \$225
- ▶ BRA Increasing waste management disposal and automated fees
  - 6.9% increase over 2022
- ▶ Increasing recycling fees by 5%
- ▶ Wheelie bin program summary
  - Projected wheelie bin revenue \$152,325
  - Cost of program \$248,189
  - Total shortfall \$95,864



# Departmental Highlights

## Public Works – Waste Management: Landfill

- ▶ Decrease in net operating costs by 20.6% or (\$21,251)
- ▶ Landfill revenue \$31,500
  - Increase from 2022 due to new fee by-law
- ▶ 4.5 Years remaining of landfill capacity
  - Switch to wheelie bin program has increased the landfill life as waste is diverted away from the township
  - Room to expand the landfill at the current location
    - Ministry approval required
- ▶ Reserve transfer for future landfill closure and liability \$25,000
- ▶ Projecting a landfill operating loss of \$81,767





# Departmental Highlights

## Environmental Services – Wastewater: Kerwood

- ▶ Increase in net operating costs by 72.9% or \$40,516
- ▶ System operating revenue, billed on final taxes \$41,325
  - Annual fee increased from \$675 to \$725
- ▶ Connection fees not budgeted to be conservative
- ▶ Rate study \$7,000 (2022 Carryforward)
- ▶ Contracted service with OCWA to maintain and operate system \$50,000
- ▶ Hydro increased vs prior year \$4,000
- ▶ Lifecycle management reserve fund contribution \$64,917
  - Per the asset management plan and financing strategy
- ▶ Overall department deficit \$96,028



# Departmental Highlights

## Environmental Services – Water/Wastewater: Centre Rd/Hwy 81

- ▶ Decrease in net operating costs by 36.6% (\$104,144)
- ▶ System operating revenue, billed through Strathroy-Caradoc \$70,000
- ▶ Potential infrastructure and capacity study - \$30,000 (2022 Carryforward)
- ▶ MOECP Water licence \$18,000
- ▶ Rate study \$7,000 (2022 Carryforward)
- ▶ Contracted service with OCWA \$50,000 (2022 Carryforward)
- ▶ Lifecycle management reserve fund contribution \$37,583
  - Per the asset management plan and financing strategy
- ▶ Legal fees \$70,000
- ▶ Overall department deficit \$180,799



# Departmental Highlights

## Drainage Services

- ▶ Decrease in net operating costs by 0.37% or (\$139)
- ▶ Drainage superintendent grant of 50% on eligible hours \$34,476
  - Grant through OMAFRA (Ontario Ministry of Agriculture, Food and Rural Affairs)
- ▶ Contracted service with the Municipality of Southwest Middlesex \$68,952
  - Drainage superintendent in the office 2 days per week
- ▶ Consulting services with Spriet Associates to assist with old drain drawings and documentation \$3,000



# Operating Budget Breakdown

- ▶ 80% of the operating expenses of the Township are within 8 accounts

| Expenditures               | %     | \$          |
|----------------------------|-------|-------------|
| Transfer to Reserve Funds  | 28.2% | \$1,905,367 |
| Wages & Benefits           | 23.1% | \$1,565,399 |
| Contracted Services        | 15.8% | \$1,070,390 |
| Loose Top Road Maintenance | 3.5%  | \$ 240,000  |
| Consulting                 | 2.4%  | \$ 165,589  |
| Winter Maintenance         | 2.4%  | \$ 161,994  |
| Insurance                  | 2.1%  | \$ 144,448  |
| Fleet Maintenance          | 2.1%  | \$ 129,000  |



# 2023 Reserve & Reserve Funds HIGHLIGHTS

# Reserve & Reserve Funds

## Reserve Projections

| Description                    | Projected 2023 Opening Balance | In Year Change   | Projected 2023 End Balance |
|--------------------------------|--------------------------------|------------------|----------------------------|
| Capital Project Carryforward   | 549,877                        | (549,877)        | -                          |
| Operating Project Carryforward | 126,889                        | (126,889)        | -                          |
| <b>Total Reserves</b>          | <b>676,766</b>                 | <b>(676,766)</b> | <b>-</b>                   |



# Reserve & Reserve Funds

## Reserve Fund Projections

| Description                                    | Reserve Type | Projected 2023 Opening Balance | In Year Change | Projected 2023 End Balance |
|--|--------------|--------------------------------|----------------|----------------------------|
| Richardson Trees Reserve Fund                  | Reserve Fund | 26,637                         | (5,874)        | 20,763                     |
| Canada Community Benefit Fund                  | Reserve Fund | 207,647                        | (198,557)      | 9,089                      |
| Ontario Community Infrastructure Fund (OCIF)   | Reserve Fund | 153,710                        | (132,402)      | 21,308                     |
| Neighbourhood Watch Reserve Fund               | Reserve Fund | 2,103                          | 84             | 2,187                      |
| Building Department Stabilization Reserve Fund | Reserve Fund | 419,216                        | 25,853         | 445,068                    |
| Mar for Mayors Reserve Fund                    | Reserve Fund | 8,616                          | 345            | 8,960                      |
| West Williams Water Capital Reserve Fund       | Reserve Fund | 5,019                          | 201            | 5,220                      |
| Water/Wastewater Reserve Fund                  | Reserve Fund | 1,156,418                      | 83,840         | 1,240,258                  |
| Kerwood Wastewater Capital Reserve Fund        | Reserve Fund | 579,772                        | 88,108         | 667,880                    |
| Fleet Management Reserve Fund                  | Reserve Fund | 20,000                         | 800            | 20,800                     |
| Modernization Reserve Funds                    | Reserve Fund | 204,061                        | (52,988)       | 151,073                    |
| Community Improvement Plan Reserve Fund        | Reserve Fund | 10,000                         | 400            | 10,400                     |
| Employee Benefits Reserve Fund                 | Reserve Fund | -                              | -              | -                          |
| Tax Rate Stabilization Reserve Fund            | Reserve Fund | 125,000                        | (40,000)       | 85,000                     |
| Municipal Drainage Reserve Fund                | Reserve Fund | 15,000                         | 600            | 15,600                     |
| New Capital asset Projects                     | Reserve Fund | -                              | -              | -                          |
| Lifecycle Management Reserve Fund              | Reserve Fund | 4,418,490                      | 820,913        | 5,239,403                  |
| Landfill Reserve Fund                          | Reserve Fund | 365,482                        | 39,619         | 405,101                    |
| IT Replacement Reserve Fund                    | Reserve Fund | 20,486                         | 819            | 21,306                     |
| Winter Maintenance Reserve Fund                | Reserve Fund | 36,008                         | 1,440          | 37,449                     |
| Election Reserve Fund                          | Reserve Fund | 4,036                          | 2,661          | 6,698                      |
| Legal  | Reserve Fund | 50,000                         | 2,000          | 52,000                     |
| COVID19/Safe Restart Reserve Fund              | Reserve Fund | 46,339                         | (21,381)       | 24,958                     |
| <b>Total Reserve Funds</b>                     |              | <b>7,874,039</b>               | <b>616,482</b> | <b>8,490,521</b>           |

Note: These are estimated and includes projected year-end 2022 surplus figures (still pending Council approval) for the 2023 opening balance.

Excludes: DC's, Cemeteries and cash-in-lieu of parkland





# Investment Strategy

## Taking advantage of high interest rates

- ▶ New Investment Policy
- ▶ 1-year GIC on Lifecycle Management Reserve Fund
  - \$4,000,000 at 5.64%
  - \$225,600 of interest earnings
- ▶ Renegotiated interest rates at our financial institution
  - Earning prime less 1.50%
- ▶ Finding new revenue sources to increase our reserve funds



# Summary

- ▶ 2.54% Tax Rate Increase
- ▶ 5.09% Tax Levy Increase
- ▶ \$6,764,863 in Operating Costs
- ▶ \$1,845,000 in Capital Projects
- ▶ \$8,609,863 Total Municipal Budget



# Residential Impact

## Tax Rate Increase and Assessment Increases

| Council Responsibility                       |        |  |
|--|--------|--|
| 2022 Taxes: \$2,019<br>Assessment: \$290,000 | ↑ \$51 | 2023 Taxes: \$2,070<br>Assessment: \$290,000 |

+

| 2022                  | MPAC Responsibility | 2023                  |
|-----------------------|---------------------|-----------------------|
| Assessment: \$290,000 | Unchanged \$0       | Assessment: \$290,000 |

= \$51 (or \$4.28/month)

Note: Average ratepayer owning a home with an assessed value of \$290,000. Excludes the Education tax set by the Province and the County Tax portion set by Middlesex County.



# Farm Impact

## Tax Rate Increase and Assessment Increases

| Council Responsibility                       |               |  |
|--|---------------|--|
| 2022 Taxes: \$1,392<br>Assessment: \$800,000 | ↑ <b>\$36</b> | 2023 Taxes: \$1,428<br>Assessment: \$800,000 |

+

| 2022                  | MPAC Responsibility  | 2023                  |
|-----------------------|----------------------|-----------------------|
| Assessment: \$800,000 | Unchanged <b>\$0</b> | Assessment: \$800,000 |

**\$36** (or \$2.95/month)

Note: Average ratepayer owning a farm with an assessed value of \$800,000. Excludes the Education tax set by the Province and the County Tax portion set by Middlesex County.



# Stay in Touch!



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# Summary

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- ▶ 5.09% Tax Levy Increase
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