

Recommendation:

That the Treasurer-2023-01 report, dated January 17, 2023, regarding a 2023 Budget Update as at January 17th be received; and
That Council provide further direction on any changes they would like to see demonstrated for the next budget presentation.

Overview:

Staff presented the first draft of the 2023 Operating and Capital Budget on December 6, 2022. The draft presented was a working draft and was not the recommended budget from staff. Staff indicated that additional reviews of the budget would be taking place and additional information would be provided to Council regarding reserve balances. This report provides that information.

Part 1 – Staff Recommended 2nd Draft Revisions

Based on the revisions included in this report the levy increase would be consistent with inflationary pressures the Township is facing. The following table summarizes the changes to the budget since the previous draft:

		Impact on Levy	
Staff Recommended 2nd Draft Changes		\$	%
Development Charges	The Township's Development Charges prior to 2021 were being used faster than what was being collected which was putting all of the reserve accounts into negatives. The reserves have returned to positive balances and this amount can be used in the budget.	-\$195,741	-3.27%
Fire Helmets	The Fire Department was able to accommodate the Helmet purchases in the 2022 equipment budget.	-\$2,500	-0.04%
Fire Bunker Gear	Reduction in the need of bunker gear due to needing less gear than anticipated after fitting the new recruits.	-\$3,000	-0.05%
Municipal Office Front Doors	The front doors into the Municipal Office need repair and replacement.	\$10,000	0.17%

Zoning By-law	At the December 6th budget meeting it was suggested by Councillor Johnston suggested holding off on the Zoning By-law Update. In discussion with the Planner it was determined that we will need to start the process in mid to late 2023 in order to meet the statutory deadline; therefore, the project will carryover into 2024 and we were able to move \$20,000 of the funding into 2024.	-\$20,000	-0.33%
Brushing Unit	When reviewing the budget for potential ways to reduce the 2023 Levy, the purchase of a Brushing Unit was deemed to be an increase to the level of service and the option to continue to rent the necessary equipment when needed is still viable. It should be noted that in 2024 the Public Works department will be required to replace two plows at a cost of \$350,000 each. This demonstrates that there are future asset replacement needs that will continue to make it difficult to make purchases that increase the Township's service levels like this brushing unit difficult.	-\$107,500	-1.80%
Excavator	A review of the cost estimate for the Excavator was completed and based on information received the cost will be \$540,000, which is \$40,000 more than originally anticipated.	\$40,000	0.67%
Minor Operating Adjustments	A few minor operating line items were amended to reflect updated costs received from vendors.	\$1,173	0.02%
Tax Rate Impact of 2nd Draft Changes		-\$277,568	-4.64%
1st Draft Tax Rate Impact		\$870,041	13.26%
Tax Rate Impact after 2nd Draft Changes		\$592,473	8.63%

The following table summarizes the impact of a 8.63% tax increase on households within the Township:

	2022	2023	Annual Change	Monthly Change
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Residential Impact Per \$100,000 of Assessment	\$422.12	\$458.53	\$36.42	\$3.03
Impact on Median Property of \$256,000	\$1,080.62	\$1,173.84	\$93.22	\$7.77

Part 2 – Arena Facilities Future Ad-Hoc Committee Request

At a meeting held on Tuesday, January 10, 2023, the Township of Douro-Dummer Arena Facilities Future Ad-Hoc Committee passed the following motion,

“That the Township of Douro-Dummer Arena Facilities Future Ad-Hoc Committee update its request for the 2023 Budget to \$50,000 from the original request of \$25,000 to ensure that there is sufficient funds to conduct community outreach and a feasibility study; and that this updated request be presented by the Committee to the Council of the Township of Douro-Dummer at the public Budget Meeting taking place on January 17, 2023.”

This request would increase the levy by an additional 0.84%.

Part 3 - Reserve Forecast as at December 31st 2023

The following table summarizes the current reserve forecast including the proposed funding of projects included in the 2023 budget. It should be noted that work continues to finalize 2020 and 2021 audit and therefore these figures could change during those audits. Based on current figures for 2020, a conservative estimate of \$250,000 for the 2020 surplus has been added to the Capital Project/Purchases reserve. This should be finalized in the coming weeks and 2021 will follow.

Reserves and Reserve Funds	Opening Balance	Contributions	Draws	Forecasted Balance
Reserve For Working Funds	\$1,836,691		\$0	\$1,836,691
Self Insurance	\$43,221		\$0	\$43,221
Accessibility Plan	\$27,887		\$0	\$27,887
Retirement Benefits	\$69,156		\$0	\$69,156
Capital Project/Purchases	\$2,198,712		\$1,410,000	\$788,712
Elections	\$28,900		\$0	\$28,900
Office Equipment	\$31,213		\$0	\$31,213

Reserves and Reserve Funds	Opening Balance	Contributions	Draws	Forecasted Balance
Town Hall	\$15,838		\$0	\$15,838
Protection Services	-\$4,330		\$0	-\$4,330
Protection Services Hall #5 Construction	\$100		\$0	\$100
O.P.P. Recoverable Expense	\$98,367		\$0	\$98,367
Policing Contract	\$160,752		\$0	\$160,752
Source Water Protection	\$0		\$0	\$0
Building Department	\$364,044		\$11,250	\$352,794
Emergency Preparedness	\$45,246		\$0	\$45,246
Gravel Pit Purchase Reserve	\$99,678	\$101,763	\$99,521	\$101,920
Gravel Pit License Reserve	\$65,349	\$47,010	\$0	\$112,359
Roads Severe Weather	\$100,000		\$0	\$100,000
Roads Equipment	\$34,541		\$0	\$34,541
Road Construction	-\$46,622		\$0	-\$46,622
Solar Panels	\$168,815		\$0	\$168,815
Waste Disposal	\$70,949		\$0	\$70,949
Cenotaph	\$31,230		\$0	\$31,230
Park Improvement	\$18,787		\$0	\$18,787
Parks Equipment	\$74,036		\$0	\$74,036
Fall Fair	\$0		\$0	\$0
Santa Claus Parade	\$0		\$0	\$0
Historical Society	\$0		\$0	\$0
Douro CC	-\$6,617		\$0	-\$6,617
Warsaw CC	-\$6,838		\$0	-\$6,838
Library	\$49,006		\$31,100	\$17,906
Planning & Development	\$2,000		\$0	\$2,000
Economic Development	\$11,546		\$0	\$11,546
Centennial Publication Committee	\$8,783		\$0	\$8,783
Policing Emergency	\$46,318		\$0	\$46,318
TV Road Reserve	\$80,030		\$0	\$80,030
Donwood	\$10,514		\$0	\$10,514
Warsaw Playground	\$0		\$0	\$0
Proceeds From Indacom Drv	\$15,597		\$0	\$15,597
Parkland	\$6,181	\$18,750	\$0	\$24,931
Total	\$5,749,078	\$167,523	\$1,551,871	\$4,364,730

Development Charge Reserves	Opening Balance	Contributions	Draws	Forecasted Balance
Protection Services	\$21,777	\$23,820	\$0	\$45,597
Gen Gov't	\$27,958	\$2,422	\$30,000	\$380
Library	\$49,736	\$9,420	\$0	\$59,156
Recreation	\$99,471	\$2,557	\$0	\$102,028
Roads	\$198,942	\$96,355	\$196,043	\$99,255
Total	\$397,884	\$134,575	\$226,043	\$306,416

Additional work will be completed in 2023 to review the long-term financial needs of the Township and the required reserves levels to adequately fund all projects. This work will include the development of a Reserve and Reserve Fund policy.

Conclusion:

The January 17, 2023 Council meeting will begin with a Public Meeting presentation. Any feedback received at this meeting will be summarized and considered by Council at the February 7th Council meeting. The intention is also for Council to hold final budget deliberations at the February 7th meeting and pass the budget February 21st.

Financial Impact:

The changes proposed in this budget reduce the first draft by 4.64% which means the current tax rate impact would be 8.63%.

Strategic Plan Applicability: To effectively respond to the challenges of addressing the Township's municipal infrastructure needs as well as effectively managing the assets of the corporation.

Report Approval Details

Document Title:	2023 Budget Update as at January 17th.docx
Attachments:	
Final Approval Date:	Jan 12, 2023

This report and all of its attachments were approved and signed as outlined below:

Martina Chait-Hartwig

Elana Arthurs