

Subject: 2022 Draft Operating Budget Update**Recommendation:**

BE IT RESOLVED THAT Council receive Report # 2022-0026 Corporate Services – 2022 Draft Operating Budget Update, for information;

AND FURTHER THAT Council approve the amendment in this report to the draft 2022 Operating Budget;

AND THAT Council pass the 2022 Operating Budget as amended.

Background:

The draft 2022 Operating Budget was presented to Committee of the Whole (COW) on December 14, 2021. The proposed tax levy increase was 4.77% after an estimated 1.75% assessment growth.

New information regarding an additional \$509,000 in Ontario Community Infrastructure Fund (OCIF) grant funding was received on November 15, 2021, subsequent to the budget publication, and presented at the December 14, 2021 COW meeting due to the impact of capital funding on the reserve transfers required in the Operating Budget.

At the meeting, Committee considered a number of discretionary items and recommended that Council make the following amendments to the 2022 Operating Budget:

1. Remove \$27,500 from the budget designated for Advisory Committee Budgets.
2. Reduce the transfer to the Roads Reserve by \$115,000 because of additional OCIF funding received.

These two amendments were estimated at a 0.91% reduction, reducing the proposed 2022 Operating budget tax levy increase. The final growth number from MPAC is 1.75% which is unchanged from the estimate at time of budget publication.

At the December 20, 2021 meeting of Council, the recommendations from the December 14, 2021 COW were approved, which removed \$27,500 from the budget

designated for Advisory Committee Budgets and reduced the transfer to the Roads Reserve by \$115,000 due to the additional OCIF funding, to reduce the tax levy by approximately 0.91%. The balance of funds freed up due to amendments to the capital budget and OCIF funding, being \$104,586 would be retained within the working funds reserve, increasing the projected 2022 year-end balance.

Analysis:

Table 1 summarizes the budget adjustments approved by Council and the revised draft 2022 Operating Budget totals. Budgets for advisory committees of Council which were previously added were removed, leaving the Pelham Active Transportation Committee with a \$2,500 budget, the Public Arts Advisory Committee with a \$5,000 budget, the Pelham Seniors Advisory Committee with a \$5,000 budget, and the remaining advisory committees without budgets for 2022.

Table 2 presents the 2022 Operating Budget Net Increase after the adjustments have been made. The final tax levy increase for 2022 is 3.88% after 1.75% assessment growth (slight difference from estimate due to rounding). For the average residential property with an assessed value of \$373,000, this would be an increase of approximately \$77.

Table 3 summarizes the increases as presented in the operating budget, after removing the incremental increases for advisory committees and reducing the transfer to the roads reserve.

Financial Considerations:

Additional OCIF funding enabled an increased investment in capital projects while keeping the transfer to the Roads Reserve constant when compared to the 2021 transfer. Maintaining the present contribution level ensures funding is adequate for planned capital expenditures and demonstrates the Town's commitment to the maintenance of core infrastructure assets while refraining from additional debt.

The amendments to the draft 2022 Operating Budget reduced the tax levy increase by 0.89% from 4.77% to 3.88%.

Alternatives Reviewed:

N/A

Strategic Plan Relationship: Financial Sustainability

The recommendations made by Council have reduced the anticipated tax burden on the residents of Pelham while continuing to invest in infrastructure.

Consultation:

None.

Other Pertinent Reports/Attachments:

Table 1 – 2022 Budget Adjustments

Table 2 – 2022 Operating Budget Net Increase

Table 3 – Summary of 2022 Increases as Presented in the Budget

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