



## Corporation of the Township of Brock

### Staff Report to the Mayor and Members of Council

**From:** Trena DeBruijn  
**Position:** Treasurer/Director of Finance  
**Title / Subject:** 2024 Draft Operating and Capital Budget  
**Date of Report:** January 25, 2024  
**Date of Meeting:** January 29, 2023  
**Report No:** 2024-FI-004

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#### 1.0 Issue / Origin

This report outlines the 2024 Draft Operating and Capital Budget for Council consideration and deliberation.

#### 2.0 Background

The 2024 Draft Budget commenced with release of a Budget Education and Survey on "Lets Talk Brock" as well as on the Township's webpage. There were a number of comments received from the Budget Survey and these will be attached to this report.

Further to the above, the 2024 Draft Budget is being presented to Council on Monday January 29, 2024 and will be followed by two days of additional budget presentations and deliberations on Monday February 5, 2024 and Thursday February 8, 2024.

There will be a budget open house in the evening of Monday February 12, 2024 in Council Chambers and it is estimated that the Budget 2024 will be formally approved by Council on Monday February 26, 2024.

#### 3.0 Analysis

The 2024 Draft Budget represents several months of work by all staff and Council and involves, among other activities, a review of business plans (in conjunction with several Master plans), development of work plans, development of budget estimations, review of prior year actuals, estimation of 2023 year-end, as well as internal meetings of staff and Council chairs.

The total combined budget for the Township of Brock for 2024 is approximately \$29,078,940 as follows:

- Total Operating Spending of \$15,043,940
- Total Capital Spending of \$14,035,000

In comparison with 2023, total operating spending was \$14,219,316 and total capital was \$5,519,700, for a combined budget of \$19,739,016.

### Draft Levy for 2024

The total Draft Levy for 2024 is approximately \$10,964,011 or an increase of \$795,420 over 2023 (or 7.82%). This is after realized growth of approximately 1.39% has been deducted.

The median single family detached home (not on water) within the Township of Brock has an estimated Current Value Assessment of \$299,000 to \$300,000.

A levy increase of approximately 7.82% equates to an increase on the Township portion of the tax bill of approximately \$113 per annum (or \$9.41 per month) to the typical single-family home for 2024.

For ease of calculation, a levy increase of 7.82% is equivalent to an increase on the Township portion of the tax bill of approximately \$37.67 per annum, for each \$100,000 of residential assessment.

### Combined Levy Impact

On December 20, 2023, the Region of Durham approved a 2024 Property Tax Guideline with a levy increase of 7.5%.

Assuming the education component of property tax is revenue neutral, the combined increase for 2024, on a median single family detached home with a CVA of \$300,000 is calculated as follows:

Township Levy Increase	Estimated Township Tax Rate	Estimated Region Tax Rate	Estimated Education Tax Rate	Total Estimated Taxes	Combined Estimated Increase \$	Combined Tax Rate Increase
2023	0.00482247	0.00645519	0.00153000	\$3,843		
1%	0.00487069	0.00693933	0.00153000	\$4,002	\$159	4.2%
2%	0.00491892	0.00693933	0.00153000	\$4,016	\$173	4.5%
3%	0.00496714	0.00693933	0.00153000	\$4,031	\$188	4.9%
4%	0.00501537	0.00693933	0.00153000	\$4,045	\$202	5.3%
5%	0.00506359	0.00693933	0.00153000	\$4,060	\$217	5.7%
6%	0.00511182	0.00693933	0.00153000	\$4,074	\$231	6.0%
7%	0.00516004	0.00693933	0.00153000	\$4,089	\$246	6.4%
7.82%	0.00519959	0.00693933	0.0153000	\$4,101	\$258	6.7%
8%	0.00520827	0.00693933	0.00153000	\$4,103	\$260	6.8%

## Operating Budget

As mentioned above, the total Operating Budget for 2024 is approximately \$15,043,940 and is broken down as follows:

Expense Category	Budget 2023 \$	Budget 2024 \$	Change \$	Expense Increase (Decrease) %	Impact Levy %
Salaries, Wages & Benefits	\$6,342,700	\$6,938,481	\$595,781	9.39%	5.86%
Materials, Supplies and Services	\$2,038,650	\$2,390,261	\$351,611	17.25%	3.46%
Reserve Transfers	\$2,186,100	\$2,037,300	(\$148,800)	(6.81%)	-1.46%
Internal Rent	\$917,500	\$902,879	(\$14,621)	(1.59%)	-0.14%
Library Operations	\$863,516	\$879,987	\$16,471	1.91%	0.16%
Utilities and Fuel	\$629,050	\$617,960	(\$11,090)	(1.76%)	-0.11%
Contracted Services	\$505,000	\$527,526	\$22,526	4.46%	0.22%
Software	\$204,800	\$223,100	\$18,300	8.94%	0.18%
Employee Expenses	\$181,150	\$180,905	(\$245)	(0.14%)	0%
Debenture Payments	\$98,900	\$99,341	\$441	0.45%	0%
Tax Abatement	\$97,000	\$104,000	\$7,000	7.22%	0.07%
Grants	\$84,200	\$81,200	(\$3,000)	(3.56%)	-0.03%
Vehicle	\$70,750	\$61,000	(\$9,750)	(13.78%)	-0.10%
<b>Total Expenses</b>	<b>\$14,219,316</b>	<b>\$15,043,940</b>	<b>\$824,624</b>		

<b>Plus: Decrease in Operating Revenue</b>	<b>\$4,050,725</b>	<b>\$3,938,586</b>	<b>(\$112,139)</b>		<b>1.10%</b>
<b>Less: Realized Growth</b>		<b>\$141,343</b>	<b>\$141,343</b>		<b>-1.39%</b>
<b>Net Levy</b>	<b>\$10,168,591</b>	<b>\$10,964,011</b>	<b>\$795,420</b>		<b>7.82%</b>

\*Internal Rent covers expenses for public works such as gasoline, repairs and maintenance, licensing and reserve contributions.

Total Operating Materials includes a contingency of approximately \$99,000, included in the 2023 budget to assist with unplanned and unexpected events.

The total operating expenses of \$15,043,940 are reduced by operating revenue of approximately \$3,938,586 and estimated growth of \$141,343 to arrive at net levy of \$10,964,011 for 2024 as follows:

<b>Revenue Category</b>	<b>Budget 2023 \$</b>	<b>Budget 2024 \$</b>	<b>Change \$</b>	<b>Revenue Increase (Decrease) %</b>
User Charges	\$1,412,842	\$1,186,250	(\$226,592)	-0.16%
Grants	\$970,248	\$927,017	(\$43,231)	-0.04%
Interest/Penalties	\$360,000	\$370,000	\$10,000	0.03%
Payment in Lieu	\$303,000	\$305,000	\$2,000	0.01%
Rate Stabilization Draw	\$256,435	\$374,400	\$117,965	0.46%
Reserve Draws	\$255,700	\$178,124	(\$77,576)	-0.30%
Development Charges	\$14,000	\$49,295	\$35,295	2.52%
Ministry of Natural Resources	\$170,000	\$152,000	(\$18,000)	-0.11%
Investment Interest	\$120,000	\$202,000	\$82,000	0.68%
Rental Income	\$111,500	\$111,500	\$-	0.00%
Supplemental Billings	\$60,000	\$70,000	\$10,000	0.17%
Donations	\$17,000	\$13,000	(\$4,000)	-0.24%
<b>Total Revenue</b>	<b>\$4,050,725</b>	<b>\$3,938,586</b>	<b>(\$112,139)</b>	

## User Charges

User charge revenue is reduced for 2024 by approximately \$226,592. A summary of the major impacts is included below:

- \$140,000 Reduction in Building Fee Revenue
- \$45,000 Reduction in Planning Revenue
- \$15,000 Reduction in Roads Revenue (to meet actual and prior year averages)
- \$14,200 loss of Community Care Rent in Municipal Office

## Rate Stabilization

Included in the 2024 operating budget is funding of approximately \$374,400 from rate stabilization reserve, an increase of \$117,965 over 2023. Traditionally, rate stabilization is used with the budget process to assist with items/services that are “one off” or “limited” requirements and is typically funded by prior year surplus.

A summary of rate stabilization usage included in the 2024 budget is as follows:

Department	\$	Explanation
Library	\$31,369	Library Rate Stabilization – Makerspace Project
Building	\$18,393	Loan from Rate Stabilization due to reduced building revenue (to be repaid in future years)
CAO and HR	\$58,538	\$57,038 for CAO Transition and \$1,500 for Covid Considerations Ongoing
Clerks	\$18,500	\$5,000 for Appraisal Services and \$13,500 for Integrity Commissioner
Fire	\$20,000	Certification Training
Protection	\$7,000	Purchase of Ipads and Software for Cloud Permitting
Public Works	\$160,600	\$20,000 for Catch Basin Mapping, \$10,000 for Salt Dome Inspections, \$65,000 for Emerald Ash Borer, \$45,600 for CN Track Warning Systems and \$20,000 for Traffic Calming Measures
Treasury	\$60,000	\$32,000 for Development Charge Study, \$10,000 for Asset Retirement Obligations (“ARO”) Project, \$8,000 for new Payroll (Dayforce) Reporting Assistance, \$5,000 for Year-End Consulting Assistance and \$5,000 for Increased Auditing Fees related to ARO requirements.
<b>Total</b>	<b>\$374,400</b>	

Rate stabilization of \$32,000 is being used for the Development Charge Study as there are insufficient corporate development charges remaining in the corporate reserve category and the new Development Charge (“DC”) legislation has indicated that growth studies will no longer be eligible for DC funding in the future, therefore, we cannot borrow from other departmental DC reserves as we may not be able to recover the cost in future years.

The 2024 Building Department revenues are estimated to be approximately \$140,000 less than budget 2023, therefore, it is unlikely that the department will have a surplus to contribute to the Building Reserve at year-end. As the Building Reserve balance is very low, to offset impact on levy for 2024, rate stabilization revenue of \$18,393 has been included in the budget, to be repaid in future years from building surplus.

The year end 2024 balance for Township Rate Stabilization is estimated to be approximately \$858,962 (after operating withdrawals of approximately \$343,031 during the year). This is below the balance of \$250,000 that Council prefers to keep in Rate Stabilization reserve.

The Library Rate Stabilization Reserve is estimated to have a reserve balance of approximately \$129,056 as at year-end 2024.

Further, it is not anticipated that there will be a large surplus from 2023 year-end that will be transferred to Rate Stabilization at year-end to increase the balance further.

**Reserve Draws**

Included in the 2024 operating is reserve usage to meet forecasted expenditures of approximately \$227,419 (Reserve Draws of \$178,124 and Development Charge Reserves of \$49,295) as follows:

<b>Department</b>	<b>\$</b>	<b>Reserve</b>
Library	\$14,000	Development Charges – For Book Purchases
Clerks	\$2,150	Election Reserve – For Voter List Management
Council	\$50,000	Committed Projects Reserve - \$15,000 for Green Initiatives, \$20,000 for Downtown Revitalization and \$15,000 for Community Improvement Projects
Fire	\$34,769	Fire Debenture
Planning	\$45,000	\$9,705 from Planning Reserve and \$35,295 from DC Reserve for the Official Plan Review
Treasury	\$25,000	Insurance Reserve
Public Works	\$50,000	Hydro Reserve
Protection	\$6,500	Sick & Insured Animal Reserve
<b>Total</b>	<b>\$227,419</b>	

## **Investment Interest**

Bank and Investment Interest earned in 2023 exceeded 2023 budget projections, therefore, the budget for 2024 has been increased by approximately \$82,000 to meet estimated year-end 2023 actuals. Reserve interest is credited back to the reserve accounts and not included in the estimates above.

## **Operating Expenses**

### **Salaries and Benefits**

Salaries and Benefits expenses are the Township's single largest operating expense category at approximately \$6,938,481 for 2024. The change from 2023 represents an increase of approximately \$595,781 and the main reasons for this increase are as follows:

#### ***Levy Funded Changes:***

- \$77,376 for the Addition of a Communications Officer (funded by reserves in 2023)
- \$96,311 for the Addition of a Mechanic for Public Works (approved in 2023 but not budgeted)
- \$55,385 for the Addition of a Contract Administrative Assistant for Fire (start April 2024)
- \$52,380 for the Addition of Planning Technician (start date July 1, 2024)
- \$15,808 for Canine and By-Law Standby
- \$8,495 for Day camp Inclusion Staff
- \$800 for Standby Crossing Guard

#### ***Reserve Funded Changes:***

- \$57,038 for Contract CAO

In addition, the 2023 budget for internal rent provided funding for approximately \$65,070 of salaries for equipment repair time. The equipment repair time has been reflected in salaries and benefits for 2024 budget and the internal rental lines have been reduced accordingly.

The salaries and benefit budget also includes estimated cost of living and benefit increases for 2024.

In addition to the above, the 2024 budget also includes funding for a Full-Time, Contract Receptionist at an estimated cost of approximately \$42,898. The funding for this position was transferred internally from other departmental budgets and does not represent a levy increase over 2023.

## **Operating Materials, Supplies and Expenses**

Operating Materials, Supplies and Expenses are increasing by approximately \$351,611 for 2024 and while a large portion of this relates to inflationary cost impacts, other cost drivers include the following:

### ***Levy Funded***

- \$87,250 for Inflationary Increases
- \$35,000 in Public Works for enhanced Dust Suppression when grading roads
- \$25,000 in Parks Budget for Parks Materials
- \$19,000 in Public Works for LRSA Ditching Requirements
- \$15,000 in Public Works for enhanced Ditching with own equipment (and reduced external contracts)
- \$15,000 for Public Building Repairs

### ***Reserve Funded***

- \$45,600 in Public Works for CN Rail Warning Systems
- \$40,000 Increase in Public Works to continue addressing Emerald Ash Borer issues

## **Contracted Services**

Included in the 2024 budget are a number of contracted services. The contracted services expense line is anticipated to increase by approximately \$22,526 for 2024. The major impacts to the contracted services line for 2024 are as follows:

### ***Levy Funded***

- \$9,926 to Fire Alerting Agreements with the Region of Durham and City of Oshawa (we were inadvertently underbilled in prior years)

### ***Reserve Funded***

- \$32,000 for Development Charge Study
- \$10,000 for Asset Retirement Obligations
- \$45,000 for Official Plan Review



## Reserve Transfers

Reserve transfers included in the 2024 Draft Operating Budget approximates \$2,037,300 as follows:

Department	2023	2024	Change	Reserve
Public Works	\$843,300	\$843,300	\$NIL	\$120,000 to Equipment Reserve and \$723,300 to Roads Rehabilitation
Fire	\$320,000	\$320,000	\$NIL	Fire Capital
Parks – Arenas	\$300,000	\$300,000	\$NIL	\$100k each arena
Other Transportation	\$190,000	\$190,000	\$NIL	\$50k Streetlights and \$140k to Sidewalks
Public Buildings	\$165,000	\$165,000	\$NIL	Building Reserve
Building Dept.	\$103,800	\$5,000	(\$98,800)	Building Reserve
Harbour/Waterfront	\$90,000	\$40,000	(\$50,000)	Thorah Island Harbour/Waterfront
Clerks	\$80,000	\$80,000	\$NIL	Legal Reserve \$50k and Election Reserve \$30k
Parks	\$50,000	\$50,000	\$NIL	Parks Reserve
Protection	\$25,000	\$25,000	\$NIL	Canine Reserve
IT	\$19,000	<b>\$19,000</b>	\$NIL	
<b>Total Reserve Contributions</b>	<b>\$2,186,100</b>	<b>\$2,037,300</b>	<b>(\$148,800)</b>	

\*This does not include an estimated \$262,980 from internal rent which will be calculated at year-end 2024 as a transfer to equipment reserves, once all gasoline, repairs and maintenance and licencing costs have been calculated.

The Building Permit Revenue is anticipated to be reduced by approximately \$140,000 for 2024 and it is not anticipated that the department will have a surplus to transfer to the Building Reserve. Therefore, reserve contributions have been reduced and the reserve transfer of \$5,000 is from levy for ongoing building software requirements.

In prior years, the annual contribution to reserve was approximately \$50,000 for the Harbour and Waterfront projects. This contribution was increased in 2023 to address additional work required for both Harbour and Waterfront and has been reduced back to \$50,000 for 2024.

## Internal Rent

The Township of Brock funds its vehicle repairs and maintenance, gasoline, licencing and equipment replacement reserve transfers through internal rent transfers within the budget. The Township does not directly budget for gasoline, repairs and maintenance and licencing, but instead, each time a piece of equipment is used on a job, a charge out rate is applied against the internal rental lines. At year-end, expenses incurred for gasoline, repairs and maintenance and licencing are netted against the internal rent expenses and the difference remaining is transferred to equipment replacement reserves.

In prior years a portion of salary expense has been allocated to internal rent for time spent repairing equipment. The equipment repair labour has been reallocated from internal rent for 2024 so that all estimated salaries and benefits are reflected clearly within the budget.

Of the 2024 budget remaining for internal rent of approximately \$902,879 (after salary of approximately \$65,070 has been transferred to salary and benefits), it is estimated that the transfer to equipment reserves at year-end 2024 will be approximately \$262,980 as follows:

<b>Expense Category</b>	<b>Internal Rent</b>
Internal Rent	\$902,879
Less:	
Estimated Gasoline Expenses	\$240,086
Estimated Repairs & Maintenance	\$380,699
Estimated Licencing Expenses	\$19,114
<b>Total Estimated Equipment Reserve Transfer</b>	<b>\$262,980</b>

## Building Department

The Building Department within the Township handles all the permits required for new buildings, additions, renovating or altering buildings, plumbing, and temporary structures.

Total net expenses for the building department are estimated to be approximately \$39,472 for 2024, which is funded by tax levy.

In recent years, the building department has been fully self funded, and no tax levy was required, however, in other years (with reduced development activity), the department has required levy assistance.

As revenues are projected to be approximately \$121,607 less than 2023 budget and as there are a number of activities which the building department performs that are not fully recoverable, it is recommended that a base levy component be included in the 2024 budget and in future years.

The 2024 budget for the building department includes a levy component of \$39,472 (which is an increase over 2023) and has also included a draw, to be repaid in future years, of \$18,393 from tax rate stabilization.

Should the building department experience a budget surplus at year-end, these funds are transferred to reserve. The reserve funds are then used to support operational needs in years in which expenses exceed revenues. It is not anticipated that there will be a surplus for 2024 in building operations.

The Building Department reserve has a balance of approximately \$67,000 anticipated at year-end 2023. The proposed 2024 budget is more conservative based on average application numbers seen over the past few years. A new Building By-law is also in effect, which will result in increased revenues for the permit applications the Township receives.

### **CAO and HR**

The CAO acts as the administrative lead of the Township to ensure all resolutions and by-laws of Council are carried out efficiently and effectively and serves as the link between Council, which sets policy, and administration, which implements policy.

Total net expenses for the CAO and HR department are estimated to be approximately \$341,505, which is funded by tax levy. This represents a decrease of approximately \$55,595 over 2023 budget levy.

Included in the 2024 budget is funding of \$57,038 for a Contract CAO to assist during the CAO Transition, funded by tax rate stabilization as it is anticipated to be a one-time expense.

Other changes with the CAO and HR budget include:

- Transfer from CAO budget of approximately \$32,840 to Clerks Budget for Contract Receptionist Position
- Transfer to CAO Budget of approximately \$34,087 from Clerks Budget for Part-Time Administrative Assistant.
- Reduction of \$13,500 for Covid-19 Expenses
- Reduction of \$25,000 for CAO Recruitment (Recruitment completed in 2023)
- Transfer of \$3,000 to Corporate Budget to assist with Annual Staff Recognition Events

### **Clerks Department**

The Clerks department handles administrative and legal tasks on behalf of the Township.

Total next expenses for the Clerks department are estimated to be approximately \$711,845 for 2024, which is funded by tax levy. This represents an increase of approximately \$15,745 over 2023 budget levy.

A full-time, contract Receptionist position has been included in the 2024 budget, funded by a transfer from the CAO and HR budget. The 2023 budget included funds for a part-time receptionist, therefore, additional funds of approximately \$32,840 were transferred from the CAO and HR budget to assist with making the receptionist a full-time, contract position (no levy impact)

Further, 50% of the Clerk Assistant salary (or approximately \$34,087) has been transferred from the Clerks budget to the CAO and HR budget to assist with providing a part-time Administrative Assistant to the Mayor, Council and CAO (no levy impact).

In 2023, a contract position for a Communications Coordinator was included in the budget, funded by rate stabilization. The 2024 budget includes funding of approximately \$77,376, funded by levy, to make the Communications and full-time, permanent position.

### **Corporate Department**

The Corporate department budget includes revenue (mainly Ontario Municipal Partnership Grant Funding) and expenses that relate to Township wide, such as conferences and education, contingency for unexpected events.

The net surplus for the corporate department is estimated to be approximately \$701,900 for 2024, which is approximately \$101,000 less than the 2023 surplus.

The main impact to the 2024 Corporate Budget is the inclusion of contingency funds of \$99,000 (funded by levy) to assist with potential unexpected events which may arise throughout the year.

### **Fire Department**

The Fire department provides fire prevention, education and protection for life and property to residents of the Township.

Total net expenses for the Fire department are estimated to be approximately \$1,414,688 for 2024, which is funded by tax levy. This represents an increase of approximately \$91,488 over 2023 budget levy.

Major impacts on the fire department for 2024 include:

- Hiring of a Full-time Contract Administrative Assistant as of April 1, 2024 of approximately \$55,385
- Increase in Fire Alerting Agreement Expenses of approximately \$10,926 (Note: The Township has been underbilled in prior years and has been notified that expenses for 2024 will be increasing).
- Decreased DC revenue of approximately \$7,431.

## **Council**

Township Council are the representatives, policy makers and stewards of the Township.

Total net expenses for Council operations are estimated to be approximately \$340,740 for 2024, which is funded by tax levy. This represents an increase of approximately \$18,040 over 2023 budget levy.

Major impacts on the Council budget for 2024 include:

- \$10,055 for Council RRSP that was not budgeted in error in 2023
- Salary and Benefit increases of \$5,235
- Severance increase of \$1,750

## **Information Technology**

The Information Technology (“IT”) department plans, builds, manages and sustains the technology and information environments that support municipal operations.

Total net expenses for the IT department are estimated to be approximately \$300,410 for 2024, which is funded by tax levy. This represents an increase of approximately \$29,610 over 2023 budget levy.

The major impact on the IT budget is coming from the increase being experienced for IT software subscriptions.

## **Library Grant**

The Township of Brock, through the Library Board, operates three libraries throughout the Township, and the total net expenses are approximately \$790,301 for 2023, funded by levy. This represents an increase of approximately \$79,010 over 2023 levy.

The Township provides the Library with an annual grant each year to assist with operations.

In the 2023 budget process, the Library Board requested levy funding of approximately \$760,622 to support library operations. At the time, Council suggested that prior year surplus (library tax rate stabilization) of approximately \$49,035 be used to reduce levy from \$760,622 to \$711,291.

The requested levy for 2024 is approximately \$790,301 or an increase of \$79,010 over 2023 levy, however, had the Township funded the 2023 Library Board Request, the increased levy over 2023 would have been approximately \$29,679.

The Library Board has submitted a request to Council for levy funding support of \$790,301 for 2024 and staff have not included funds from library tax rate stabilization to reduce levy (this requires Council direction).

It is estimated that the library will have tax rate stabilization funds of approximately \$129,055 at year-end 2024.

## **Other Transportation**

The Other Transportation budget is managed by the Public Works Department and includes expenses such as streetlighting, sidewalk and parking lot maintenance activities.

Total net expenses for the Other Transportation department are estimated to be approximately \$524,415 for 2024, which is funded by tax levy. This represents a decrease of approximately \$13,685 over 2023 levy.

The main impacts on the Other Transportation budget for 2024 relate to aligning the forecast budget with prior year expenses. We have reduced budget expenses for items such as streetlight repairs, lighting and hydro locate requests.

## **Parks Department**

The Parks Department is responsible for maintaining operations of the Township's Recreation, Day camps, Parks and Hall facilities.

Total net expenses for the Parks Department are estimated to be approximately \$1,826,847 for 2024, which is funded by tax levy. This represents an increase of approximately \$109,947 over 2023 net budget levy.

From review of the 2023 budget to actual salary and benefits lines for estimated year-end, the Parks Administration, Beaverton, Sunderland and Cannington Arenas were over budget by approximately \$101,700.

Staff in the Parks Department as well as Public Works Staff work within other areas of the Township (Health, Other Transportation, Refuse and Public Buildings). These other areas were under budget for 2023 (salary and benefit lines) by approximately \$39,000.

For 2024 budget, a calculation was performed to estimate total salaries for the Parks Department for 2024 and an allocation of these funds were made based upon the 2023 spending.

Based upon the salary and payroll calculations (and the 2023 actuals), the Parks Department salaries have been increased by \$140,000 for 2024, while salaries in the Health, Other Transportation, Refuse and Public Buildings have been reduced by \$35,000. This increase of \$140,000 includes the addition of an Inclusion Councillor for Day camps at a cost of approximately \$8,500 for 2024.

Other major impacts within the 2024 Parks budget is an increase of \$25,000 for parks materials to assist with replacements of items such as picnic tables, garbage cans, benches, etc.

## **Planning**

The Planning Department is responsible for overseeing and managing Township growth and development through compliance with the Township's approved land use by-laws.

Total net expenses for the Planning Department are estimated to be approximately \$177,881 for 2024, which is funded by tax levy. This represents an increase of approximately \$91,531 over 2023 net budget levy.

Planning Fees revenue for 2023 are approximately \$85,000 underbudget and are not anticipated to improve significantly for 2024. Therefore, fees revenue for 2024 have been reduced by approximately \$45,000.

The 2024 Budget also includes the addition of a Full-Time, Permanent Planning Technician, as of July 1, 2024, at an estimated cost of \$52,380.

In order to focus on planning and development initiatives that will assist the Township in the future, and will generate future revenue, the Director of Planning requires some assistance with day-to-day tasks that will free up staff to focus on the higher-level planning activities. In this regard, the Planning Technician position is being recommended for inclusion in the 2024 budget.

## **Protection**

The Protection Services Department is responsible for Canine and By-Law activities throughout the Township.

Total net expenses for the Protection Department are estimated to be approximately \$497,968 for 2024, which is funded by tax levy. This represents an increase of approximately \$51,318 over 2023 net budget levy.

Included in the 2024 budget are increases of approximately \$15,808 for Canine and By-Law Standby pay. These charges were incurred during 2023, however, were not included in the 2023 budget. As a result, this is one factor attributing to an overage in the salaries and benefits lines for 2023 by approximately \$27,000.

The Canine department is incurring Standby Charges of 1 hour per day, 365 days a year, at an estimated cost of approximately \$14,327. The By-Law department is incurring standby pay when the By-Law Enforcement and Animal Control Supervisor is on vacation or leave, and this is an estimated expense of approximately \$1,481 for 2024.

Other major impacts to the Protection budget for 2024 include:

- Salary and benefit adjustments to meet 2023 actuals (and to meet 2024 salary planning), including inflation impacts, of approximately \$27,300
- Software increases for Cloud Permitting of \$9,000 (total cost is budgeted as \$16,000 for 2024, however, one-time expenses of \$7,000 are being funded by rate stabilization reserve).

- Decrease in miscellaneous By-Law Revenue of \$4,600 (from infractions such as noise violations, re-inspections and parking).

## **Public Buildings**

The Public Buildings budget captures expenses related to managing various Township facilities.

Total net expenses for managing Public Buildings are estimated to be approximately \$498,015 for 2024, which is funded by tax levy. This represents an increase of approximately \$38,315 over 2023 net budget levy.

Major impacts on the Public Buildings budget for 2024 include:

- Loss of Community Care Revenue of approximately \$14,200
- Decrease of \$20,000 in rental revenue from Beaverton Town Hall and Service Ontario
- Increase in repairs and maintenance of approximately \$28,500
- Increase in materials of approximately \$4,200
- Decrease in salaries of approximately \$29,135
- Decrease in telephone and utilities of approximately \$1,100

## **Traffic**

The Traffic department is responsible for school crossing guard activities.

Total net expenses for managing Crossing Guards throughout the Township are estimated to be approximately \$97,700 for 2024, which is funded by tax levy. The majority of this budget relates to salary and benefits and the total levy increase for 2024 is approximately \$7,500 over 2023.

Salary and benefit increases are estimated to be approximately \$7,500 for 2024 and includes a new standby guard, at a cost of approximately \$800.

New for 2024, is the addition of funds to meet the employer obligation to offer OMERS to our crossing guards. This is an estimated increase (included in the \$7,500) of approximately \$2,000.

## **Treasury**

The Treasury department is responsible for managing the financial affairs of the Township, including such things revenue collection, disbursements, payroll, investments and financial reporting.

Total net expenses for the Treasury department are estimated to be approximately \$992,276 for 2024, which is funded by tax levy. This represents an increase of approximately \$50,276 over 2023 net budget levy.



Major impacts on the Treasury budget for 2024 include:

- Increase in Investment Income of \$80,000
- Increase in salaries from salary review performed in 2023 as well as several position enhancements and salary step increases, approximating \$62,324 (i.e. Upgrading position for Analyst to Deputy Treasurer, Upgrading Payroll position with successful educational enhancements and salary step changes).
- Township insurance premium increases of \$25,000
- Software increases of approximately \$8,900
- Increased net auditing fees of approximately \$3,000 (auditing fees increased \$8,000, however, \$5,000 is being funded by rate stabilization for audit of Asset Retirement Obligations)
- Increased tax abatement and seniors rebates of approximately \$7,000
- Increased fees for office supplies, postage, courier and tax preparation expenses of \$7,000

Payroll benefit costs included in the 2023 budget were underfunded by approximately \$18,000 for 2023, therefore, the 2024 budget included an increase to meet estimated requirements for 2024.

### **Public Works**

The Public Works department is responsible for such services as road, bridge, culvert and sidewalk maintenance and rehabilitation.

Total net expenses for managing the Public Works department are estimated to be \$3,913,481 for 2024, which is funded by tax levy. This represents an increase of approximately \$303,281 over 2023 net budget levy.

Major impacts on the Public Works budget for 2024 include:

- Loss of revenue of approximately \$73,000
- Increase in Brushing and Ditching External Contracts of \$40,000
- Addition of Road Maintenance permit fees with Lake Simcoe Region Conservation Authority (“LSRCA”) of \$19,000
- Increase in Catch Basin External Contracts of \$20,000 for inspections
- Increase in Patching Materials of \$15,000
- Increase in Sweeping & Flushing Contracts of \$15,000
- Increase in Dust Layer Materials of \$35,000
- Increase in Safety Devices of \$5,000
- Addition of Mechanic Salary of approximately \$96,311 (position approved in 2023 but not added to the salary budget until 2024)

## Capital Budget

Total capital expenses included in the 2024 budget approximates \$14,035,000. Capital purchases are funded by grant revenue, reserve transfers and donations.

Any Council decisions to remove items from the 2024 capital budget will not have an immediate effect on overall budget levy, however, will have an effect on future long term planning, long term reserves, etc.

There is a full listing of capital projects, with suggested project funding, included in the 2024 budget documentation, however a summarized list, is as follows:

### ***Public Works – Total \$3,366,000***

- \$1,693,000 for Road Rehabilitation
- \$300,000 for New Sidewalks and Sidewalk Repair and Replacements
- \$75,000 for Parking Lot Resurfacing
- \$51,000 for Boundary Agreement with Township of Uxbridge
- \$563,000 for Bridge and Culvert Projects
- \$684,000 for Equipment Replacement (including one tandem truck (pre-approved), three  $\frac{3}{4}$  ton crew cab trucks and two  $\frac{1}{2}$  ton crew cab trucks)

### ***Parks – Total \$10,345,000***

- \$9,200,000 for Sunderland Arena Renovation and Expansion Project (Portion is unfunded of approximately \$1,000,221)
- \$200,000 for Beaverton Track Design, Construction and Soil Analysis (Portion is unfunded of approximately \$52,050)
- \$15,000 for Off Leash Dog Park
- \$70,000 for Thorah Island Decking and Dock Repairs and Replacement
- \$20,000 for Pickleball Courts
- \$45,000 for Parks Tree Inventory
- \$10,000 for MacLeod Parks Pedestrian Bridge
- \$40,000 for MacLeod Parks Study and Business Plan Case
- \$100,000 for Playground Structures
- \$140,000 for Sunderland Arena Zamboni (Pre-Approved)
- \$80,000 for Beaverton Arena Auditorium
- \$45,000 for Real Ice System at Beaverton Arena
- \$80,000 for Sunderland Town Hall Accessibility
- \$20,000 for Man Lift
- \$20,000 for Security Cameras
- \$35,000 for Cannington Lawn Bowling Club Roof Replacement
- \$90,000 for Beaverton and Cannington Library LED Replacement
- \$10,000 for a new Washer and Dryer for Canine Department
- \$35,000 for Beaverton Town Hall Accessibility Improvements
- \$90,000 for a Backup Power Generator for Emergency Measures Requirements

## **Fire – Total \$324,000**

- \$250,000 for Mini Rescue Truck
- \$56,000 for Portable Radios (Year Two of Three)
- \$18,000 for a PPE Washer and Dryer

These expenditures are being funded in 2024 as follows:

- \$5,485,084 grant from Investing in Canada Infrastructure Program
- \$2,814,695 from Township Development Charges
- \$1,183,000 grant from Canada Community Building Fund (formerly called gas tax)
- \$795,000 grant from Ontario Community Infrastructure Fund
- \$684,000 from Roads Capital Fleet Reserve
- \$569,000 from Roads Capital Reserve
- \$440,000 from Sunderland Arena Reserve
- \$324,000 from Fire Capital Reserves
- \$100,000 from Parks Capital Reserve
- \$130,000 from Public Buildings Capital Reserve
- \$125,000 from Beaverton Arena Reserve
- \$75,000 donation from Beaverton Lions Club
- \$70,000 from Harbour Reserve
- \$65,000 from Parking Lot Reserve
- \$47,950 from King Street Trust
- \$30,000 from Thorah Island Road Reserve
- \$25,000 from CN Grant
- \$10,000 from Insurance Reserve
- \$10,000 grant from Durham Regional Police Services

## **Unfunded Capital Projects**

Included in the 2024 capital budget are two projects that have not been fully funded, as follows:

- Sunderland Arena and Expansion Project
- Beaverton Track Construction, Design and Soil Analysis

Currently unfunded is approximately \$1,000,221 for the Sunderland Arena Project and \$52,050 for the Beaverton Track.

## Sunderland Arena Renovation and Expansion Project

In mid-2021, the Township successfully obtained a Federal/Provincial Grant through ICIP that would partially fund a renovation of the Sunderland Arena. The full project scope of work is being worked on currently by staff and the potential budget and funding for the project remains to be finalized, depending upon such factors as costing, community funding contributions and funding sources.

The potential budget for the project ranges from \$9,200,000 to \$10,000,000 as follows:

	<b>Budget with No Lions Club Funding</b>	<b>Budget with Potential Lions Club Funding of \$500,000</b>	<b>Budget with Potential Lions Club Funding of \$800,000</b>
Total Estimated Cost	\$9,200,000	\$9,700,000	\$10,000,000
Less: ICIP Grant	\$5,485,084	\$5,485,084	\$5,485,084
<b>Sub-total</b>	<b>\$3,714,916</b>	<b>\$4,214,916</b>	<b>\$4,514,916</b>
Less: Township Development Charges	\$2,414,695	\$2,739,695	\$2,934,695
Sub-total	\$1,300,221	\$1,475,221	\$1,580,221
Less: Arena Reserves	\$300,000	\$300,000	\$300,000
<b>Sub-total</b>	<b>\$1,000,221</b>	<b>\$1,175,221</b>	<b>\$1,280,221</b>
Less: Potential Lions Club Contribution	\$NIL	\$500,000	\$800,000
<b>Additional Township Contribution</b>	<b>\$1,000,221</b>	<b>\$675,221</b>	<b>\$480,221</b>

The 2024 Draft Capital Budget includes a placeholder of \$9,200,000, assuming no funding from the Lions Club, however, staff require direction from Council as to how the remaining additional township contribution of between \$480,221 to \$1,000,221 (depending upon which scenario and budget will be chosen) will be funded.

Options for Funding Include:

- Borrowing Funds Externally – Will require repayment of principle and interest
- Borrowing Funds Internally – May require repayment of principle and interest
- Reserve Draw

Currently, the draft 2024 operating and capital budget is using approximately \$343,031 from rate stabilization reserves to offset expenditures. The remaining balance is approximately \$858,962 and it is not anticipated that the Township will have a significant surplus at year-end 2023 to be added to the reserve.

In past years, Township Council has liked to keep a minimum balance of between \$250,000 to \$300,000 in rate stabilization for emergency purposes.

Keeping a balance of \$350,000 in reserve will provide a balance of approximately \$508,000 in the reserve.

**Beaverton Track Construction**

As per Council direction, the 2024 Draft Capital Budget includes a budget of \$200,000 for the Beaverton Track Construction. Of the budget of \$200,000, approximately \$147,950 is being funded by donations from the Beaverton Lions Club, King Street Trust and a CN Rail Grant, however, there is a balance of approximately \$52,050 which is remaining unfunded currently.

Staff will require direction from Council on how to proceed in funding this remaining balance as the Parks Reserve balance is estimated to be only \$50,029 as of December 31, 2024.

**Reserve Balances**

A detailed summary of the estimated reserve balances has been included in the 2024 budget documents, however, a high-level summary is as follows:

	\$
Opening Uncommitted Balance of all Reserves	\$19,168,551
Plus: Budget Contributions	\$2,037,299
Plus: Estimated Internal Rent to Reserves at Year-end 2024	\$262,980
Sub-total	\$21,468,831
Less: Transfers from Reserves to Operating Budget	(\$601,819)
Less: Transfers from Reserves to Capital	(\$5,409,645)
Estimated Year-end 2024	\$15,457,367

\*Balances above do not include estimated Development Charges which may be received throughout the year.

From above, year-end 2024 reserves are estimated to be decreased by approximately \$3,711,184 from 2023 estimated year-end (not including development charges which may be received during 2024).

## **Long Term Capital Reserves**

Although staff have not yet had time to develop long term capital reserve plans for asset management purposes, it is apparent, from reviewing future capital forecasts, especially for vehicle replacements, that current reserves are insufficient.

The future five year forecasted needs (inflation adjusted by 3% per year) for vehicle replacements are as follows:

- \$1,493,500 in 2025
- \$525,146 in 2026
- \$1,389,402 in 2027
- \$945,427 in 2028
- \$1,194,052 in 2029

In the 2024 budget, approximately \$120,000 in roads rehabilitation reserve contributions have been reallocated to the equipment reserve, so that estimated contribution for 2024 to the equipment reserve will be approximately \$382,981 (including estimated year-end transfer from internal rent).

The estimated year-end balance for 2024 in the road's equipment reserve is approximately \$743,450 which is sufficiently less than the \$1,493,500 required in 2025, not to mention what is required in the years beyond 2026.

Over the next five years, it is estimated that the Township requires funding of an average of approximately \$1,110,000 per year over the next five years, while we are currently only contributing a maximum of \$383,000 per year, thereby, resulting in a funding shortfall of approximately \$726,700 per year.

Delaying equipment replacement results in aging equipment as well as increased maintenance and repair costs. Further, it puts the department at risk of not having the equipment needed to perform the operating activities required.

Throughout 2024, the Public Works Department, in conjunction with the Finance Department, will be reviewing its future forecasted equipment needs and developing a plan for Council consideration, however, it is noted that additional funding will be required in coming years.

## **Master Plans**

In 2023, a Waterfront and Open Spaces Master Plan as well as a Parks, Recreation and Culture Master Plan were completed. Both of these plans came with a number of specific recommendations.

The 2024 budget does not contain any funding specifically for the Waterfront and Open Spaces plan as this plan is not yet adopted by Council.

In terms of the Parks, Recreation and Culture Master Plan, the 2024 draft capital budget does include funding for the following:

- Off Leash Dog Park
- Play Structure Replacement
- McLeod Park Design
- Pickleball Court
- Tree Inventory

In addition, the operating budget also includes funding (there is a levy increase requested in the budget) to address such items as additional benches, garbage receptacles and picnic tables in park areas.

## **SURVEY RESULTS**

As part of the 2024 budget process, the Township developed a budget information package and promoted this through social media on “Lets Talk Brock” and on our website. Part of this package included a public survey, giving residents an opportunity to provide their comments and concerns on Township operations.

The survey was published and active from approximately November 9, 2023 to January 5, 2024 and a total of 115 submissions were received.

44.7% of the submissions received were from Beaverton, 36.8% from Cannington and 18.4% from Sunderland.

The survey results are included as an attachment to this report.

### **4.0 Related Policies / Procedures**

N/A

### **5.0 Financial / Budget Assessment**

The 2024 draft operating and capital budget is included with this report and includes capital expenses of approximately \$14,035,000 and operating expenses of \$15,043,940.

The net budget is an increase in levy of approximately \$795,420 or 7.82% for 2024.

#### **5.1 Asset Management**

Asset management considerations have been addressed in this report in the section entitled “Long Term Capital Reserves”.

### **6.0 Climate Change Impacts**

N/A

## **7.0 Communications**

The 2024 budget will be communicated on our website and promoted through social media and communications about our upcoming Budget Open House will be highlighted as well.

## **8.0 Conclusion**

This report outlines the Draft 2024 budget, and it is anticipated that Council deliberations will result in forthcoming updates and changes to the budget before it is approved on February 26<sup>th</sup>.

## **9.0 Related Policies / Procedures**

See budget documents attached.

## **10.0 Recommendation**

It is recommended that report 2024-FI-004 be received for information and deliberation purposes.