



OFFICE OF THE MAYOR

DATE: February 1, 2024

TO: Elected Officials
Joelle Daniels, Commissioner of Corporate Service
Chris Gauthier, Clerk/Director of Clerk's Services

FROM: Mayor Kevin Davis
Office of the Mayor

RE: Mayor's 2024 Budget Adjustments

Summary

This budget submission is in compliance with the Strong Mayor Legislation which requires that the Mayor submit a proposed budget for council's consideration on or before February 1st, 2024.

Last summer I directed City staff to follow a hybrid approach to the preparation of the Mayor's budget by blending the past budget procedure with the requirements of the Strong Mayor legislation.

That blended process commenced on January 10th, 2024 with staff presenting to Council's Estimates Committee a proposed budget for committee's review in determining what changes it recommend be made to the staff budget for inclusion in the Mayor's budget.

The proposed staff budget presented on January 10th called for a 4.99% property tax increase to fund those services provided by the City ("Controllable City Costs"). The impact of the budgets submitted by agencies outside of the City, such as Police Services, Health Unit, Library, John Noble Home ("Uncontrollable Costs") elevated the proposed total property tax increase from 4.99% to 6.48%.

The Estimates Committee's process for determining recommendations for the Mayor's budget was finalized at the January 30th council meeting, when Council considered a list of suggested changes to the staff budget. Those suggested changes would have reduced the proposed property tax increase to fund Controllable City Costs from 4.99% to 4.87%, reduced the Uncontrollable Cost of outside agency budgets from 9.48% to 7.74% and lowered the total proposed property tax increase from 6.48% to 5.82% .



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Although the list of suggested changes did not receive final Council approval, I have considered the staff budget and the Estimates Committee's suggested changes as the starting point for the Mayor's Budget Adjustments. The Mayor's Budget Adjustments further reduces the proposed property tax increase to fund Controllable City Costs from 4.87% to 4.24% and reduces the total proposed property tax increase from 5.82% to 5.41%. The Estimates Committee's recommendations, combined with the Mayor's Budget Adjustments, reduces the annual tax increase for the average residential tax payer from \$227.51 to \$189.83.

In accordance with previous Council direction, the staff prepared budget also included the first ever multi-year budget for the City. The development of a multi-year budget for 2024-2027 takes a longer term approach to budgeting, and gives more consideration to the requirements needed to deliver on Council's priorities. It is expected to provide a number of benefits, including greater certainty and accountability for future budget increases. My budget includes a multi-year projection, and demonstrates the amendments proposed are expected to keep property tax increases at or below 3.8% in each of the next three years.

I have attached a list of the Estimates Committee's suggested changes and Mayoral Budget Adjustments. I have also included an explanation for each of the ten Mayoral Budget Adjustments.

This however is not the end of the budget process. Under the Strong Mayor's legislation my council colleagues can make further Budget Adjustments. A special council meeting for that purpose has been scheduled to take place on February 20th.

To ensure the 2024 budget process is as democratic and transparent as possible, I intend at the February 20th meeting to make a presentation regarding the Mayor's Budget Adjustments and thereafter answer any questions that Council members may have. I also pledge not to veto any budget adjustments approved at that meeting. I do this as I have the utmost respect and confidence in each council member and am confident that they will, in their budget decision making, act reasonably and in the best interest of our community.

THIS BUDGET IS NOW IN THE HANDS THEN OF COUNCIL FOR FINAL ADJUSTMENT AND APPROVAL

February 1, 2024

Mayor's Budget Summary – 2024 Operating			
	City Services	Local Boards	Total Budget
Starting Point – 2024 Operating Budget			
Staff Prepared 2024 Operating Budget	\$130,304,316	\$67,714,102	\$198,018,418
Budget Impact After Assessment Growth	4.99%	9.48%	6.48%
Suggestions made by the Estimates Committee			
Remove Vacant Indigenous Relations Position	(116,463)		(116,463)
Reduce Stump Grinding Service by 25%	(26,060)		(26,060)
Reduce Contracted Cyclical Pruning by 25%	(39,156)		(39,157)
Splash Pad Expansion Operating Impact (begin 2025)	(0)		0
Set Police Budget at \$48,556,491		(1,850,674)	(1,850,674)
Impact from Police transferring Adult School Crossing Guards to City	775,674		775,674
2024 Incremental Increase to Physician Recruitment Committee (one-time)	35,000		35,000
2024 Operating Budget Update After Estimates Process			
Staff Prepared 2024 Operating Budget with Estimates Suggestions	\$130,933,311	\$65,863,428	\$196,796,739
Budget Impact After Assessment Growth*	4.87%	7.74%	5.82%
Mayoral Budget Adjustments			
Add placeholder for Indigenous Advisory Consultation Services	\$100,000		\$100,000
Reduce Winter Control	(\$627,000)		(\$627,000)
Add No Charge Weekday Parking for Bulldogs Games	\$6,600		\$6,600
Remove Proposed Aquatic Arena Operator	(\$64,996)		(\$64,996)
Remove Solution Hub (Community Strategies and Family Supports)	(\$20,000)		(\$20,000)
Remove Shift from Capital to Operating for certain positions	(\$43,814)		(\$43,814)
Fund Bell Homestead 10 th Anniversary from grants or reserve	(\$25,000)		(\$25,000)
Reduce Stump Grinding by a further 25% to be added back in 2025	(\$26,060)		(\$26,060)
Reduce Contracted Cyclical Pruning by a further 25% to be added back in 2025	(\$39,157)		(\$39,157)
Fund Physician Recruitment 2024 increase from Casino reserves (one-time)	(35,000)		(\$35,000)
Mayor's 2024 Operating Budget			
Mayor's 2024 Operating Budget	\$130,158,884	\$65,863,428	\$196,022,312
Budget Impact After Assessment Growth*	4.24%	7.74%	5.41% \$189.83/year \$15.82/month

*Budget impact after assessment growth excludes the transfer of Adult School Crossing Guard Services to City

Mayor's Budget Summary – 2025-2027 Operating

	City Services	Local Boards	Total Budget
2025 Operating Budget			
Staff Prepared 2025 Operating Budget	\$137,949,823	\$74,567,907	\$212,517,730
Budget Impact After Assessment Growth	3.79%	7.96%	5.22%
Impact of Suggestions Made by the Estimates Committee	\$622,228	(\$1,887,687)	(\$1,265,459)
Impact of Mayoral Budget 2024 Adjustments	(\$694,784)		(\$694,784)
Add 3 Hour Free Weekday Parkade parking conditional upon negotiated cost sharing agreement with BIA and Council Approval. Estimated City Portion of those costs is \$60,000	\$60,000		\$60,000
Add back 25% of Stump Grinding	\$26,060		\$26,060
Add back 25% of Contracted Cyclical Pruning	\$39,157		\$39,157
Increase Transfer from Tax Stabilization Reserve	(\$175,000)		(\$175,000)
Mayor's 2025 Operating Budget (\$)	\$137,827,484	\$72,680,220	\$210,507,704
Mayor's 2025 Operating Budget(%)	3.80%	8.21%	5.28%
2026 Operating Budget			
Staff Prepared 2026 Operating Budget	\$146,044,494	\$80,144,827	\$226,189,321
Budget Impact After Assessment Growth	3.79%	5.37%	4.35%
Impact of Suggestions Made by the Estimates Committee	\$548,611	(\$1,925,441)	(\$1,376,830)
Impact of Mayoral Budget 2024-2025 Adjustments	(\$655,835)		(\$655,835)
Decrease Transfer from Tax Stabilization Reserve	\$25,000		\$25,000
Mayor's 2026 Operating Budget(\$)	\$145,962,270	\$78,219,386	\$224,181,656
Mayor's 2026 Operating Budget(%)	3.79%	5.59%	4.41%
2027 Operating Budget			
Staff Prepared 2027 Operating Budget	\$154,525,518	\$84,319,773	\$238,845,291
Budget Impact After Assessment Growth	3.73%	3.15%	3.52%
Impact of Suggestions Made by the Estimates Committee	\$546,450	(\$1,963,950)	(\$1,417,500)
Impact of Mayoral Budget 2024-2026 Adjustments	(\$671,221)		(\$671,221)
Increase Repayment to Tax Stabilization Reserve	\$150,000		\$150,000
Mayor's 2027 Operating Budget (\$)	\$154,550,747	\$82,355,823	\$236,906,570
Mayor's 2027 Operating Budget (%)	3.76%	3.32%	3.60%

Mayor's Budget Summary – 2024-2027 Capital

	2024 Capital Budget	2025 Capital Budget	2026 Capital Budget	2027 Capital Budget
Starting Point – 2024-2027 Capital Budget				
Staff Prepared 2024-2027 Capital Budget-City Services	\$138,131,076	\$227,659,815	\$158,821,850	\$131,952,930
Staff Prepared 2024-2027 Capital Budget-Local Boards	\$14,057,202	\$2,784,031	\$1,791,564	\$2,218,728
Staff Prepared 2024-2027 Capital Budget-Total	\$152,188,278	\$230,443,846	\$160,613,414	\$134,171,658
Suggestions made by the Estimates Committee				
Defer Airport Master Plan	(\$100,000)	\$100,000	-	-
Advance Veterans Memorial Parkway Project (EA)	\$1,150,000	(1,150,000)	-	-
Advance Veterans Memorial Parkway Project (Design)	-	-	\$6,060,000	(\$6,060,000)
Advance Veterans Memorial Parkway Project (Construction)	-	-	-	\$34,348,881
Remove WGSC Mechanical Equipment Screening	(\$285,000)	-	-	-
Advance Splash Pad Expansion	\$100,000	\$650,000	(\$750,000)	-
Add WGSC Sauna and Lockers	\$70,000	\$70,000	-	-
2024-2027 Capital Budget Update After Estimates Process				
Staff Prepared 2024-2027 Capital Budget-City Services	\$139,066,076	\$227,329,815	\$164,131,850	\$160,241,811
Staff Prepared 2024-2027 Capital Budget-Local Boards	\$14,057,202	\$2,784,031	\$1,791,564	\$2,218,728
Staff Prepared 2024-2027 Capital Budget-Total	\$153,123,278	\$230,113,846	\$165,923,414	\$162,460,539
Mayoral Budget Adjustments				
Mayor's 2024-2027 Capital Budget				
Mayor's 2024-2027 Capital Budget –City Services	\$139,066,076	\$227,329,815	\$164,131,850	\$160,241,811
Mayor's 2024-2027 Capital Budget –Local Boards*	\$14,057,202	\$2,784,031	\$1,791,564	\$2,218,728
Mayor's 2024-2027 Capital Budget -Total	\$153,123,278	\$230,113,846	\$165,923,414	\$162,460,539

*Local Boards Capital budget utilizing City Funding by year

	2024	2025	2026	2027
Library	\$1,150,000	\$75,000	\$64,000	-
Police	\$657,070	\$1,301,931	\$793,547	\$1,458,073
Total	\$1,807,070	\$1,376,931	\$857,547	\$1,458,073



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Mayoral Budget Adjustments

- **Adding \$100,000 for Indigenous Advisory Services**

Estimates Committee suggested that the Indigenous Relations position should be removed as a cost saving measure. This runs counter to a stated Council priority of focusing on productive and collaborative partnerships, including that with the Indigenous Nations in the Grand River watershed. It is essential, if there is to be a focus on enhancing those relationships, that we from time to time receive advice and counsel from individuals or organizations that have expertise in Indigenous Affairs. In my view the most effective and cost efficient method for doing that is by retaining an outside consultant(s) rather than by hiring a full time staff person. I have therefore included in this budget the sum of \$100,000 to be used for the purpose of obtaining Indigenous consulting services and advice.

- **Reduce Winter Control by \$627,000**

The staff budget allocates \$4,627,793 for Winter Control, more commonly known as the City's snow removal program. In 2022 a reserve was set up for this account to hold any annual operating surpluses. The reserve is to protect the City from cost overruns that can occur during a severe winter season. After three years the balance in the reserve is estimated to be approximately \$3,000,000.

The cost of snow removal over the last 5 years has averaged \$3.5 million dollars annually. In 2023 it is estimated to be \$3.2 million and in 2022 \$3,442,247. It is reasonable to expect it will be even lower this year with the mild winter we have been experiencing. Reducing this budget item to \$4,000,000 should be more than enough to cover expected snow removal costs this year and will almost certainly give rise to a surplus that will be added to the reserve at year end. I suggest this item be revisited in future years once the balance in the reserve exceeds \$4,000,000.

- **Adding \$6,600 for Bulldog game day parking**

The parking garage is not being used by people attending Bulldog games. There are several reasons for that one of the most significant being that it costs \$2.25/hour to park in the Parkade during the week, while there is no charge for parking in the Civic Center and Earl Haig parking lots. Many of the fans are also parking in the Freshco parking lot, to the consternation of some Freshco mall patrons. To encourage use of the Parkade by Bulldog fans this budget provision includes a direction to staff to provide free parking, in the parking garage, for weekday games. The \$6,600 is staff's estimate of the annual parking revenue that will be foregone with this change in the operation of the Parkade and the parking fee structure.



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- **Remove Proposed Aquatic Arena Operator and Solution Hub**
Although these are reasonable budget requests by staff, they are not in my view essential or in support of Council's stated priorities. They should be reconsidered in some future budget year that has fewer budgetary pressures than what we are currently experiencing.
- **Remove shift from Capital to Operating for certain Public Works positions**
The Public Works budget submission proposed shifting from Capital to Operating 5% to 10% of the salary and benefits for 4 positions, such as Manager of Design and Construction. I remain unconvinced that policy shift is necessary or advisable and have reversed that shift for a total budget reduction of \$43,814.
- **Remove cost of 150th Bell Homestead from Operating Budget**
Staff assure me that the \$25,000 cost for this much anticipated event will likely be paid by government grant, and in the event grant monies are not awarded, then through reserves.
- **Reduce contracted Stump Grinding and Cyclical Pruning by 25%**
Estimates Committee suggested this service enhanced be reduced by 25%. Given that this is an extremely difficult budget year I have further reduced this service by an additional 25% for 2024, and have restored to the level suggested by the Estimates Committee in 2025.
- **Alternate Method for financing addition to Physician Recruitment**
Estimates Committee suggested that \$35,000 be added as a one-time increase to the Physician Recruitment budget in 2024. I agree with that decision but instead of that amount be adding to the operating budget, have directed that it be paid from Casino reserves.