

## Report to Council

<b>Report Title:</b>	2024 Draft Budget Update Version 3		
<b>Prepared By:</b>	Trish Serratore, Chief Financial Officer		
<b>Department:</b>	Finance		
<b>Date:</b>	February 20, 2024		
<b>Report Number:</b>	FIN2024-08	<b>File Number:</b>	C11FIN, F05
<b>Attachments:</b>	N/A		

### Recommendation:

That the Council of the Municipality of Brockton hereby receives Report Number FIN2024-08 – 2024 Draft Budget Update Version 3, prepared by Trish Serratore, Chief Financial Officer and in doing so approves bringing forward a By-Law to accept the 2024 Municipal Budget in the levied amount of \$ \_\_\_\_\_

### Report:

#### Background:

Staff presented the draft 2024 budget to Council on January 16, 2024. During that time, and following the meeting, staff reviewed the recommendations and direction from Council and have been able to make proposed changes within the draft budget.

2023 was the first full year of the Municipality of Brockton returning to normal operations and recovering from the impact of COVID-19. Although there were no longer service cuts, the impact of COVID-19 has played a significant role with increased operating and capital costs, and this has been further compounded with frozen property assessments at 2016 values. The Municipality is once again facing another challenging year with the 2024 budget and maintaining current level of service with minimal impact on the tax rate.

Staff returned and presented the second draft 2024 budget report to Council on February 6<sup>th</sup> with a proposed increase of 7.08%. At this time, Council approved the additional capital purchase of soccer nets increasing the increase to 7.11%.

#### **Reserve and Reserve Fund Balances and Capital Planning**

There have been no changes to the Version 3 Draft 2024 Budget as presented. Staff believe that the reserve fund contributions requested are the most fiscally responsible and the bare minimum contribution for current and future infrastructure needs. According to the 2021 Asset Management Plan, the Municipality's target re-

investment rate is 2.73%, and the actual re-investment rate is 0.61%, contributing to an expanding infrastructure deficit. The average annual capital requirements total is \$11.84 million per year across all assets with a total average annual spending on infrastructure totals approximately \$2.63 million.

In addition, staff are reviewing the draft Building Condition Assessments for all facilities which currently showing a significant facility and system investment requirement over the five-year timeline. Staff are still reviewing the draft report and a final report will be coming forward to Council soon. However, based on this preliminary information and the 2021 Asset Management Plan, staff are cautious of reducing reserve fund contributions any further.

**Analysis:**

Following the February 6<sup>th</sup>, 2024, meeting, staff have reviewed their department budgets and reviewed again line by line, comparing the year-end actuals which are different than those contained in the original draft version vs budget and have made the following changes:

**Operating Changes**

Department	Account	V2 Draft Budget	V3 Draft Budget	Difference	Reason for Change
Council	Training	\$10,000	\$15,000	\$5,000	Positive up take in Council training, staff have increased this line item to allow for projected actuals in 2024
	Recoveries	\$0	\$2,500	\$2,500	Funding available through the NWMO EIES Program for the Accessibility Advisory Committee training.
Walkerton Fire	Vehicle Maintenance	\$24,000	\$20,000	-\$4,000	To be in-line with prior year actuals
Streetlights	Hydro	\$205,162	\$180,893	-\$24,269	To be in-line with prior year actuals
Public Works	Supplies	\$16,000	\$10,000	-\$6,000	To be in-line with prior year actuals
	Engineering	\$55,000	\$65,000	\$10,000	To be in-line with prior year actuals
	Building Maintenance	\$22,000	\$18,000	-\$4,000	To be in-line with prior year actuals
	Advertising	\$1,500	\$0	-\$1,500	To be in-line with prior year actuals

Department	Account	V2 Draft Budget	V3 Draft Budget	Difference	Reason for Change
Waste Management – Brant/Greenock Landfill	Bag Tag Supplies	\$4,000	\$6,000	\$2,000	To be in-line with prior year actuals
	Supplies	\$4,000	\$3,000	-\$1,000	To be in-line with prior year actuals
	Engineering	\$30,000	\$25,000	-\$5,000	To be in-line with prior year actuals
	Telephone	\$3,500	\$2,000	-\$1,500	To be in-line with prior year actuals
Walkerton/Hanover Landfill	Service Agreement	\$316,670	\$276,670	-\$40,000	To be in-line with the actuals, and contract agreement requirements
Recreation – Administration	Misc. Revenue	\$3,000	\$5,500	\$2,500	To be in-line with prior year actuals
<b>Total Operating Changes</b>		<b>\$694,832.00</b>	<b>\$629,563.00</b>	<b>(\$65,269.00)</b>	

### Capital Changes

Department	Project	V2 Draft Budget	V3 Draft Budget	Difference	Reason for Change
Recreation – Parks	Planters	\$5,000	\$10,000	\$5,000	To ensure we can proceed with the purchase of the planters and the 24 units arrive on time, staff are requesting they be fully funded by the tax rate. Total cost \$10,000. Staff will continue to apply for grant funding
	Garbage/Recycling Bins	\$15,000	\$30,000	\$15,000	Staff will continue to apply for grant funding; however, the units are required and would need to be ordered as soon as Council passes the budget
	Lawn Mower	\$20,000	\$0	-\$20,000	To be able to explore EV Mower options within 2024 and bring forward a

Department	Project	V2 Draft Budget	V3 Draft Budget	Difference	Reason for Change
					request in 2025. Deferred capital purchase of \$20,000
<b>Total Capital Changes</b>		<b>\$40,000.00</b>	<b>\$40,000.00</b>	<b>\$0.00</b>	

### Conclusion

Staff have taken a thorough review of each expense, line-by-line and have reduced the expenses as much as possible without compromising or reducing services within Brockton.

The total impact of the above factors equates to a municipal operating tax rate increase of 4.04%, plus a 2.46% increase to Capital, for a total tax rate increase of **6.50%**, which would equal **\$181.24 per year, or \$15.10 per month** on the average household.

Brockton Council and Staff have been diligent over the last few years to mitigate any significant increases to the operations. Staff have been flexible and creative with navigating through challenging and unpredictable times. There are some areas where staff cannot continue to offer a high standard of service to the residents without recommending a modest increase to support the economic challenges we face today.

### Strategic Action Plan Checklist:

What aspect of the Brockton Strategic Action Plan does the content/recommendations in this report help advance?

- Recommendations help move the Municipality closer to its Vision Yes
- Recommendations contribute to achieving Heritage, Culture, and Community Yes
- Recommendations contribute to achieving Quality of Life Yes
- Recommendations contribute to achieving Land Use Planning and the Natural Environment N/A
- Recommendations contribute to achieving Economic Development Yes
- Recommendations contribute to achieving Municipal Governance Yes

### Financial Impacts/Source of Funding:

- Do the recommendations represent a sound financial investment from a sustainability perspective? Yes

### Respectfully Submitted by:



Trish Serratore, Chief Financial Officer

### Reviewed By:

A handwritten signature in black ink, appearing to read "Sonya Watson", with a long, sweeping flourish extending to the right.

Sonya Watson, Chief Administrative Officer