

Staff Report

Report To: City Council
Report From: Kate Allan, Director of Corporate Services
Meeting Date: January 24, 2022
Report Code: CR-22-012
Subject: 2022 Budget

Recommendations:

THAT in consideration of Staff Report CR-22-012 respecting the 2022 Budget, City Council directs staff to bring forward a by-law to set the 2022 Municipal levy at \$32,668,932.

Highlights:

- 2022 Budget includes an operating increase of 2.24% and an additional dedicated 1% allocated to capital spending
- Total Municipal levy increase is 3.19% over 2021
- Before any increases associated with transit or savings from the sale of the airport, general net operating costs have increased only 0.83% over 2021
- Once growth, education, and an estimated increase for the County are factored in, the combined rate increase is estimated to be 2.72% before any changes to tax policy.
- A household assessed at \$235,000 will pay an additional \$112.87 in 2022 or \$9.41 per month with a total estimated tax bill of \$4,266.

Strategic Plan Alignment:

[Strategic Plan](#) Priority: Clear Direction - KR2 - Align total municipal levy to Council's directed threshold each year while maintaining capital increase of 1 per cent annually.

Background:

Detailed capital plans and operating budgets were presented to Council at special meetings on November 12th and December 1st respectively.

Analysis:

There are three changes that impact the combined rate increase estimate since the detailed operating budget was presented on December 1st.

- Due to an increase in City insurance premiums greater than the 10% estimated at the first presentation. The total budget for insurance has increased by an additional \$70,000. Bringing the levy increase from 2.97% to 3.19%
- Due to an error in the change of value of pipeline assessment at MPAC the total revenue increase has gone from \$5,903 to \$59,655. This reduces the municipal levy realized by taxpayers to 3.00%
- The estimate for the County increase has been refined after presentations of the County budget from 2% to 2.88% bringing the estimated combined rate increase to 2.72% from 2.51% presented in December.

The general operating increase before capital, police, library and transit services is only \$157,150 or 0.83%. This includes all wage increases, changes in staffing, contract increases and utility costs across the organization.

The estimated increase for transit services accounts for an additional \$500,000 or 1.58 basis points to the total 3.19% increase. Roughly half of every new tax dollar collected is allocated to the ongoing provision of public transit services.

The sale of the airport has reduced the operating levy by \$185,000 or 0.58 points and completely offsets the general operating increase.

Combining the above, the total operating increase before police, library and capital is 2.24%

The police levy increase is 2.49%

The library levy increase is 2.17%

Finally adding a dedicated 1% increase for capital brings the total levy increase to 3.19%.

VARIANCE LEAD SHEET

Dept. Increase Summary	Description	Impact	TYPE	% Impact
BB	BASE BUDGET	484,000	1.53	
SLC	SERVICE LEVEL CHANGES CURRENT YEAR	30,000	0.09	
PYC	PRIOR YEAR DECISION IMPACT	(86,000)	(0.27)	
GROWTH	GROWTH IMPACT	(25,000)	(0.08)	
OMPF	ONTARIO MUNICIPAL PARTNERSHIP FUND	(12,500)	(0.04)	
CORR	CORRECTIONS	(233,350)	(0.74)	
	OPERATING INCREASE	157,150		0.83%
OST	TRANSIT	499,000	1.58	
AIR	AIRPORT	(185,000)	(0.58)	
	TOTAL OPERATING INCREASE	474,150		2.24%
CAP	CAPITAL	322,000	1.02	
	GENERAL BUDGETARY INCREASE	796,150		3.35%
	POLICE SERVICES	194,315	0.61	2.49%
	LIBRARY	21,500	0.07	2.17%
	TOTAL BUDGETARY INCREASE	1,008,965	3.19	3.19%

Once revenue growth is factored in the municipal levy increase drops to 3.00%

Bringing in education at 0% increase and the County at an estimated 2.88%; the combined levy increase is estimated to be 2.72%. Note that any changes to tax policy or the County levy will impact this estimate.

Applying these increases to a household assessed at \$235,000 will pay an additional \$112.87 in 2022 bringing the total tax bill to \$4,266.

DIV	Division Name	2021 Draft Budget	2022 Draft Budget	Difference	
	Average Household	2021	EST. INCREASE		
2021	235,000.00				
	Municipal	3,005.44 \$	90.17	3.00%	3,096
	County	788.48 \$	22.71	2.88%	811
	School	359.55 \$	-	0.00%	360
		4,153.46 \$	112.87	2.72%	4,266

Financial Implications:

The approved budget of \$32,668,932 will form the Municipal levy and will be used in order to calculate tax rates for the 2022 fiscal year. A future meeting in the spring of 2022 will review tax policy options for ratio changes which may or may not impact the distribution of burden on residential, commercial and industrial classes. The distribution of growth in Grey County will also impact the County levy burden on Owen Sound tax payers. Without any changes noted above however, the estimated combined rate increase on residential tax payers is 2.72%.

Communication Strategy:

The budget book will be published on the City's website following approval of the levy.

Consultation:

All staff are involved in the development of the budget

Attachments:

2022 Budget Tally Sheet

Recommended by:

Kate Allan, Director of Corporate Services

Submission approved by:

Tim Simmonds, City Manager

For more information on this report, please contact Kate Allan at kallan@owensound.ca or 519-376-4440 ext 1238.