

Staff Report

Report To: City Council
Report From: Kate Allan, Director of Corporate Services
Meeting Date: February 26, 2024
Report Code: CR-24-016
Subject: 2024 Municipal Levy - Approval

Recommendations:

THAT in consideration of Staff Report CR-24-016 respecting 2024 Municipal Levy, City Council directs staff to bring forward:

1. A by-law to authorize a total municipal levy of \$34,899,000; and
2. A report respecting tax ratios in coordination with the County of Grey.

Highlights:

- The draft budget presented on December 1, 2023 anticipated an increase of 3.52%. This has been reduced to the proposed levy increase of 2.58%.
- Once combined with upper-tier and education levies, the total tax bill will increase by an estimated 3.05%.
- Any changes to ratios tied to non-residential tax classes may change the distribution of taxation, impacting the actual increase realized by each tax class.
- Included in the total increase of 2.58% is a dedicated 1% increase allocated to the capital levy.
- The 2.58% increase is below the rate increase range approved by Council as presented in the 2024 Levy Budget Guidelines report from November 9, 2023.

Strategic Plan Alignment:

[Strategic Plan](#) Priority: This report supports the delivery of Core Service.

Climate and Environmental Implications:

This supports the objectives of the City's Corporate Climate Change Adaptation Plan by considering climate adaptation in the development of the City's strategies, plans and policies.

Previous Report/Authority:

[CR-23-101 - Levy Budget Guidelines](#)

[CR-23-083 - 2023 T2 Financial Update](#)

Background:

Section 290 of the Ontario *Municipal Act* requires every Ontario municipality to prepare and approve a budget each year. Municipalities must identify the sources of financing for all obligations and disbursements that will come due in the fiscal year covered by the budget.

Unlike Federal and Provincial budgets, municipal budgets must be balanced.

Council reviewed the detailed operating budget on December 1, 2023 followed by a public meeting on January 29, 2024. This approval report is being presented on February 26. Although the levy by-law will be approved at the next meeting, the tax rate by-law will not be presented for approval until after Council has had an opportunity to discuss and potentially adjust ratios.

Final tax bills will be printed and mailed by early June. The first final tax instalment due date is June 28, 2024.

The draft budget presented December 1 estimated a total municipal increase of 3.52%. With input from Council, and feedback from the public, that increase has been reduced to 2.58%.

Analysis:

Attachment 1 (2024 Segmented Budget) presents a breakdown of the 2024 operating budget by major division and expenditure type.

Changes since the December 1 meeting of Council include the following:

- Removed the funding for the request from Chapman House (impact - \$5,000).
- Allocated the increase to the Grey Sauble Conservation Authority to water rates, consistent with prior years (impact - \$13,840).
- Updated bag tag revenue to reflect a rate of \$2.50 (impact - \$100,000).
- Removed the Art Gallery deficit payment recommended to be funded from 2023 surplus. The 2023 surplus forecast was provided to the Corporate Services Committee on November 9, 2023 (impact - \$50,000).
- Removed the previously approved full-time park staff person offset by an increase in hours for seasonal staff (impact - \$20,000).
- Updated the growth estimate (total growth - \$881,242).
- Reduced Police wages due to gapping (impact - \$60,000 plus overhead).
- Increased court security grant (impact - \$60,000).
- Deferred the request for an information technology summer student to 2025 (impact - \$17,000).
- Reduced winter control materials to the baseline consistent with prior years to reflect the mild winter despite rising costs for materials. (impact - \$20,000).

The general City budget (excluding the Police Board levy and Library levy) does not include any new full-time equivalent positions. The total FTE's remains consistent with 2023 at 151.

At the public meeting held on January 29, the Director of Corporate Services presented several slides to address the comments and questions received ahead of the meeting. A link to that presentation is in the communication section of this report. In addition to the comments received in advance, six people took to the podium at the public meeting which can also be viewed through the link provided.

A resident of Owen Sound asked for an update on the impact of the economic development plan. A memo with a response to this request has been attached to this report.

A resident of Owen Sound asked if any part of the climate action plan for Owen Sound is reflected in the budget. At the meeting, the Director of

Corporate Services summarized several initiatives included in 2024 project plans including:

- Building condition assessments;
- Facility upgrades and retrofits, including new mechanical equipment at the McQuay Tannery, Bayshore Community Centre, and Animal Shelter;
- Development of a fleet management strategy;
- Development of a source-separated organics program;
- Continuation of inventory of urban tree canopy;
- Continued promotion of community gardens;
- Encouraging staff to carpool and use active transportation and telework in alignment with remote work policy;
- Encouraging the use of video conferencing to reduce staff travel; and
- Implementing annual public reporting on energy use and emissions including the update of the City's Energy Conservation and Demand Management Plan.

A resident of Owen Sound commented that we have to look at cutting services and acknowledged that the City has 151 employees, including two Human Resources (HR) managers. He questioned how the Art Gallery would be sustainable without allocating \$50,000 to the deficit. He commented that it is very difficult to afford to live in Owen Sound as a retired individual with no pension.

An update to the HR structure will be provided to the Corporate Services Committee on March 8. The changes do not reduce the total FTE; however, the structure has been amended to reflect a single HR manager and two subordinate HR specialists.

A resident of Owen Sound supported the request for a town hall meeting at the beginning of the budget process rather than seeking engagement close to budget approval. He also questioned winter control priorities around Greenwood Cemetery. Upon further discussion, the resident highlighted that the tax increase should not exceed inflation. Staff confirmed that budget increases for the last four years, including 2024, have been less than inflation.

A resident of Owen Sound drew Council's attention to the letters received and attached to the meeting agenda and encouraged Council to be receptive.

He also recommended that Council continue to consider feedback received following the presentation made by staff.

A final resident of Owen Sound asked what avenues there are for the most vulnerable members of the community to get involved in the process. The Director of Corporate Services pointed out that in 2025, the budget process will begin sooner and will involve the use of the OurCity page to engage with the public. Also, detailed budgets will be presented to committees ahead of Council review, highlighting the impact committee volunteers will have on the future budget approval process.

The 2.58% increase is below the rate increase range of 3% to 6% approved by Council as presented in the 2024 Levy Budget Guidelines report from November 9, 2023.

Financial Implications:

The average household assessed at \$232,150 will see an estimated increase of \$130.14 in total taxes paid to all three levels of government. The estimated total tax bill before changes to ratios is \$4,398.

Communication Strategy:

A public meeting was held on January 29, 2024, which can be viewed on the [City's website](#).

The City's budget book will be available on the City's website upon approval of the municipal levy.

Consultation:

Department managers, Grey County Treasurers

Attachments:

1. 2024 Segmented Budget
2. 2024 Detailed Budget Presentation – Final
3. Memo - Economic Development Plan Update
4. Memo - Proposed Part-time Staffing

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, Director of Corporate Services at kallan@owensound.ca or 519-376-4440 ext. 1238.