



MUNICIPALITY OF

PORT HOPE

2024 Budget Kickoff



AGENDA



Budget Process



Budget Timeline



Themes & Priorities



Challenges



Next Steps

Budget Process





YOUR MUNICIPAL FINANCES

How your
Municipal Budget
works



MUNICIPAL FINANCE
OFFICERS' ASSOCIATION
OF ONTARIO



Savings | Choice | Service

Components

The municipal budget includes:

Operating Budget	Capital Budget
✓ Provides for the annual cost to deliver services and maintain infrastructure ✓ January – December	✓ Provides for investments in infrastructure (assets) that provide long-term benefit ✓ Projects can span a number of years ✓ New infrastructure and renewal ✓ Multi-year

Similarity:

Both provide for municipal services/programs

Difference:

Types of expenditures and sources of financing

Relationship between components

Operating Budget

- Paying bills such as payroll
- Capital levy
- Contributions to reserves
- Affordability of capital impacts

Examples: Ongoing bills and mortgage payments

Reserve and Reserve Funds

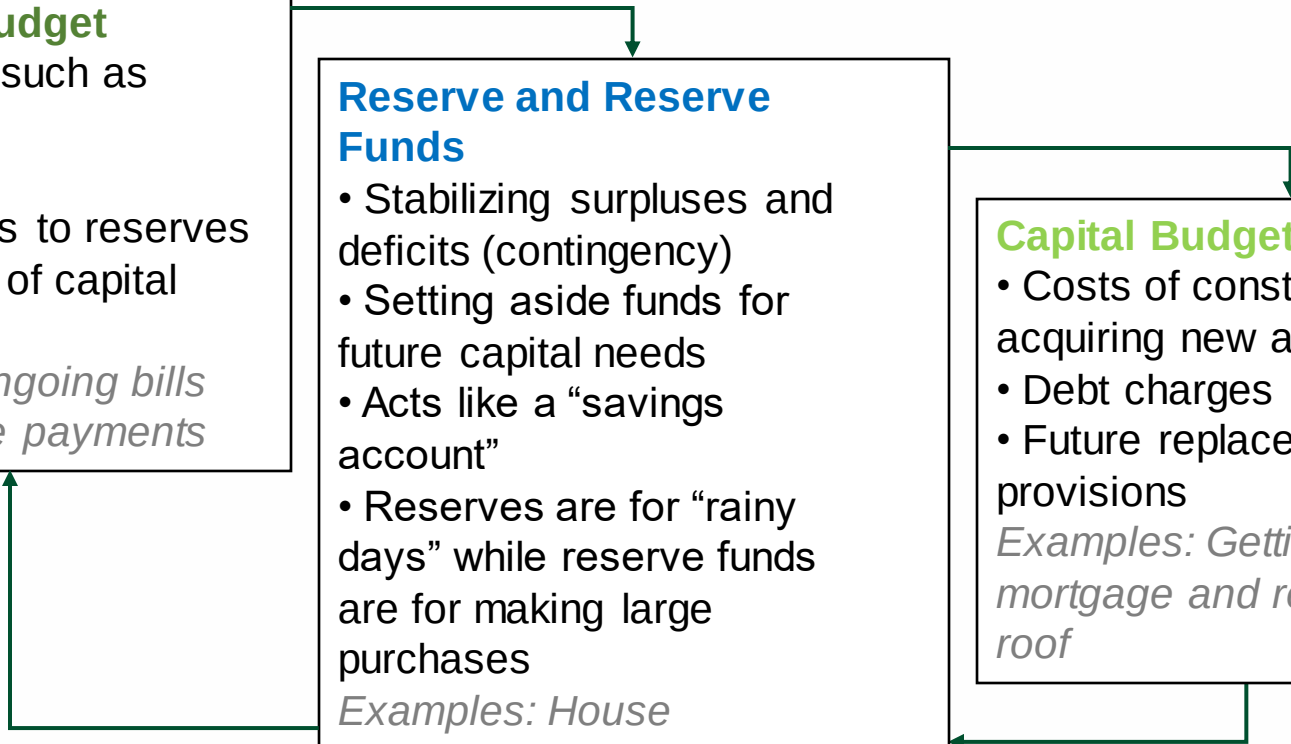
- Stabilizing surpluses and deficits (contingency)
- Setting aside funds for future capital needs
- Acts like a “savings account”
- Reserves are for “rainy days” while reserve funds are for making large purchases

Examples: House expansion and kitchen renovation

Capital Budget

- Costs of constructing or acquiring new assets
- Debt charges
- Future replacement provisions

Examples: Getting a mortgage and replacing a roof



Tax Rate Increase

- + Incremental Operating Costs
- + Increased Service Levels
- + Debt Repayment or Increased Infrastructure Associated with Capital Budget or Infrastructure Requirements
- Assessment Growth

= Tax Rate Increase

- Tax rate is determined by operating budget
- Growth in tax base is allocated to capital

2023 Improvements

SUMMARY

- SAG (Staff Ambassador Group) & Staff Input
- Budget Workshop
- Budget Clinics
- June-December Budget Season
- Communications Strategy
- Capital Budget Process

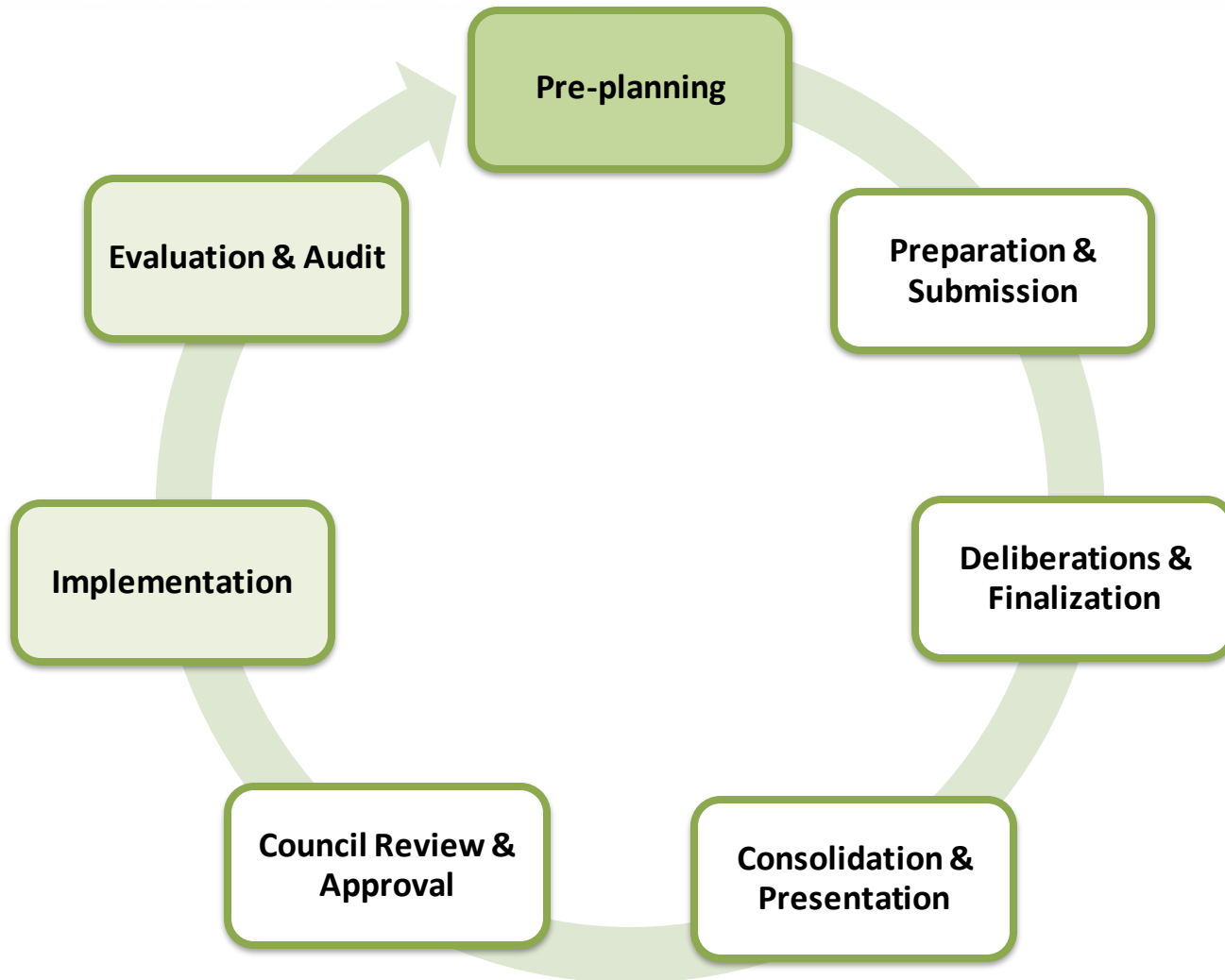
Budget Timeline



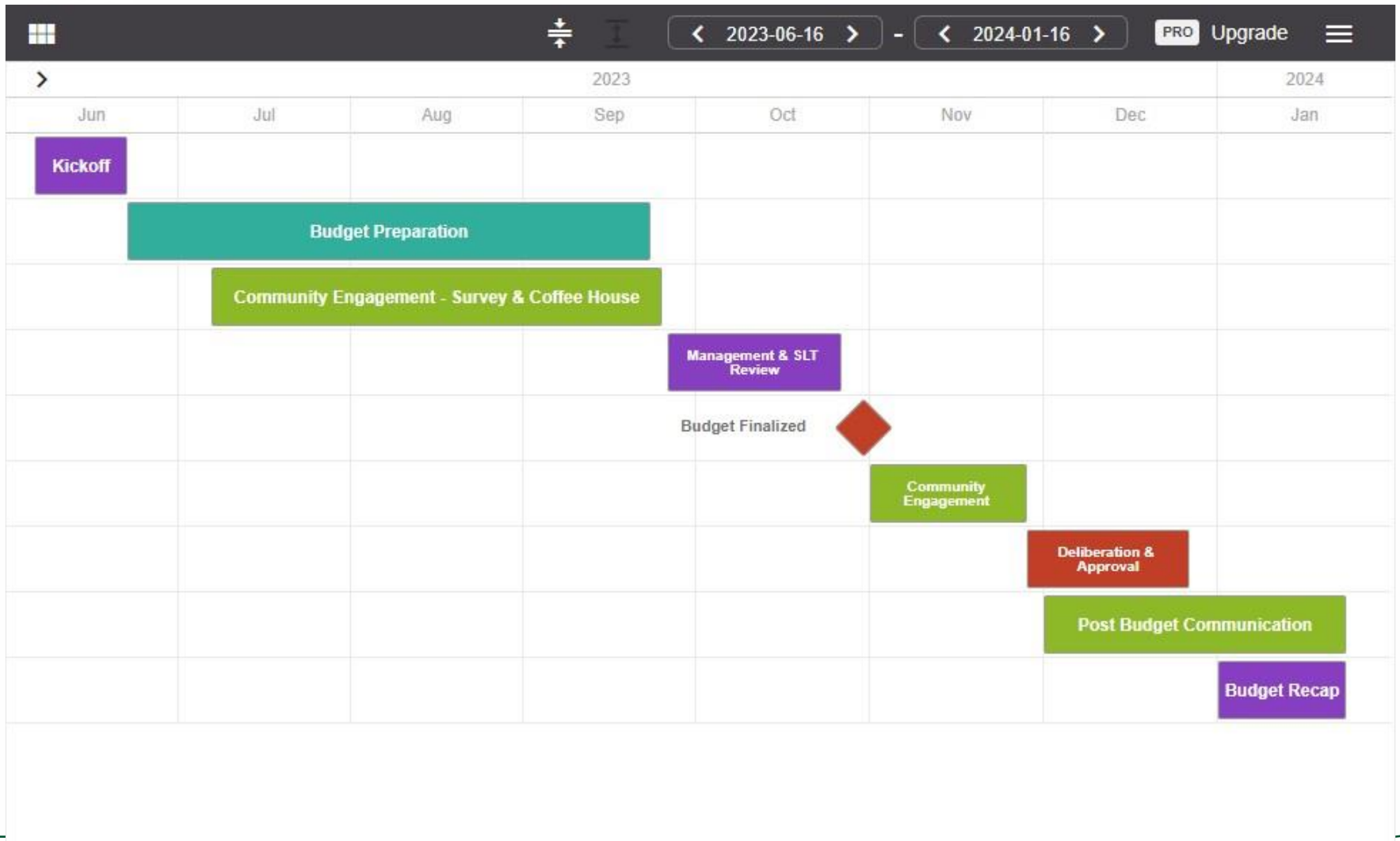
“Typical” Budget Process



Overall Budget Procedure



Timeline - Overview



Tentative Timeline - Detail

Event/Task	Dates
Management Kickoff	June 6
Workshop	June 21
Internal Budget Clinics (Once a week)	June 28 – September 20
Asset Management Team Meetings (Once a month)	June – September (TBD)
Finance Committee Budget Kickoff	July 4
Community Engagement Page	July 7 – September 24
Management Review – Operations Review	September 26, 28 & October 5
Management Review – Capital Review	October 10, 12
Management Review – Closing	October 19
Senior Leadership Team Review - #1	October 24
Senior Leadership Team Review - #2	October 26
Budget Finalized	October 31
Budget Documents Posted to Website	November 10
Community Grants Review	TBD
Finance Committee - #1	November 28
Finance Committee - #2	November 30
Budget Approval	December 5 (or) December 19
Senior Leadership Team Budget Results & Recap	January 9
Management Budget Results & Recap	January 16

Budget Themes & Priorities



Core Infrastructure

- Walton St – 2022 and 2023 Unfunded
- Sylvan Glen Bridge – 2023 Inflationary Impact
- Snow Plow Replacements (*Pre-approved*)
- Water Tower
- Residential Water Meter Replacement
- Rural Roads Resurfacing
- Barrett St. Pedestrian Bridge
- Road Pavings

Community

- Fire Station 2 Replacement
- Fire Tanker Truck Replacement
- Playground & Fields - Maintenance, Replacements and Upgrades
- Waterfront – Repairs, Maintenance & Improvements

Asset Management

- Asset Management Planning
- Reduction of Infrastructure Funding Gap
- Manager, Asset Management

Economic Development

- Destination Marketing Activities
- Tourism Model Transition
- Community Improvement Plan
- Available Lands
- Employment Area Designation

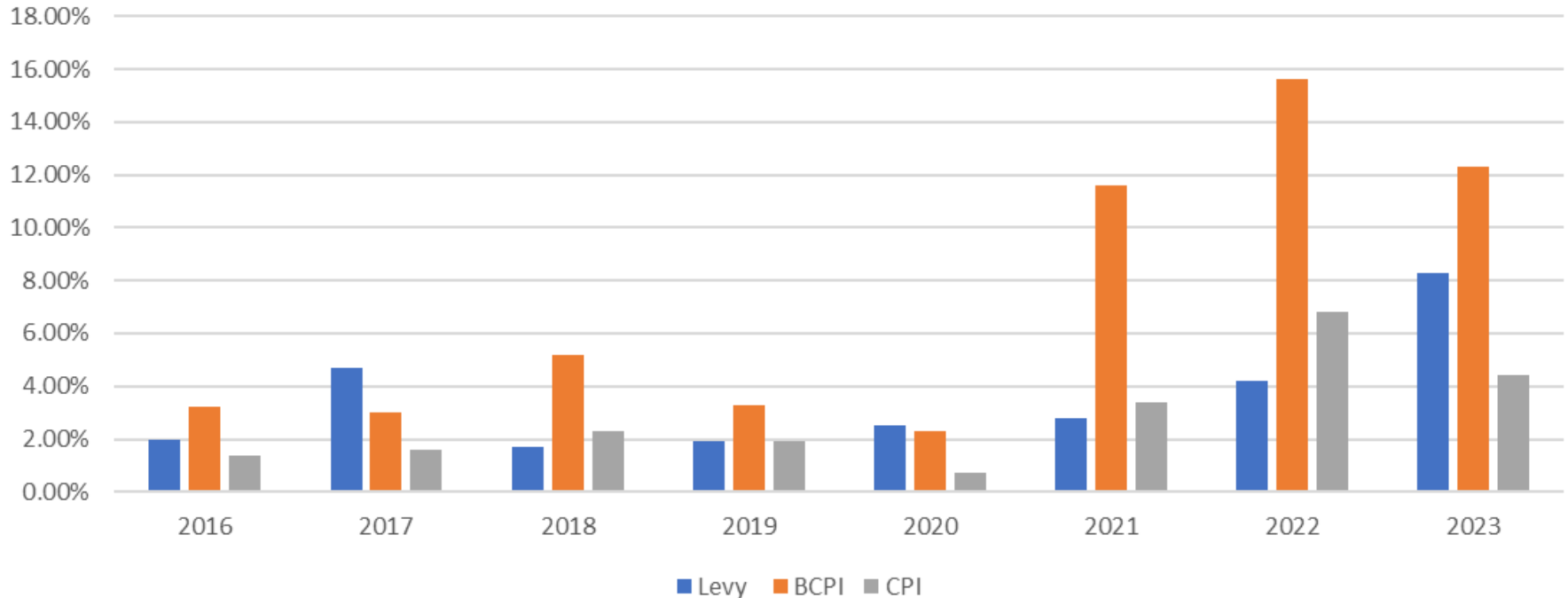
Operations

- Development Charges Study
- Utility Rate Study
- Official Plan
- Transportation Master Plan (*Pre-approved*)
- Training
- Compensation Review

Budget Challenges



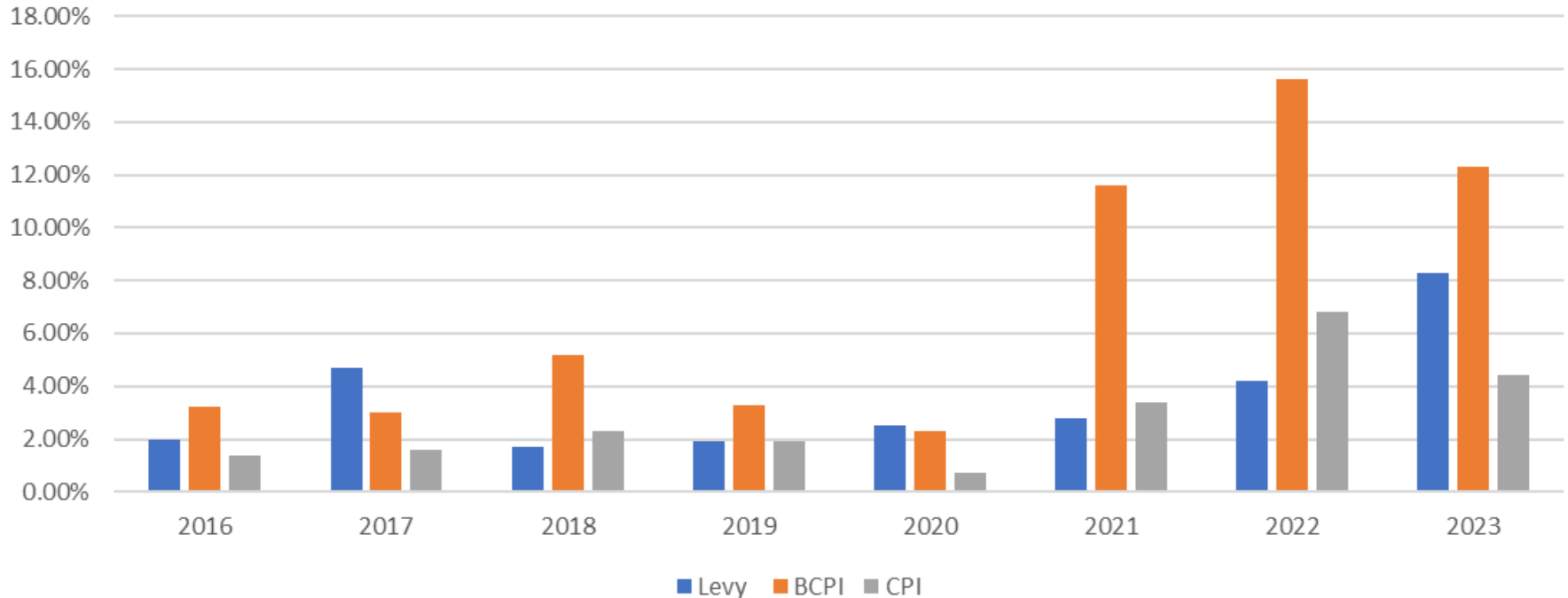
Operating Budget vs. CPI



CPI (Current) = 4.40%

CPI (2022) = 6.80% (2023 Budget)

Capital Budget vs. NRBCPI



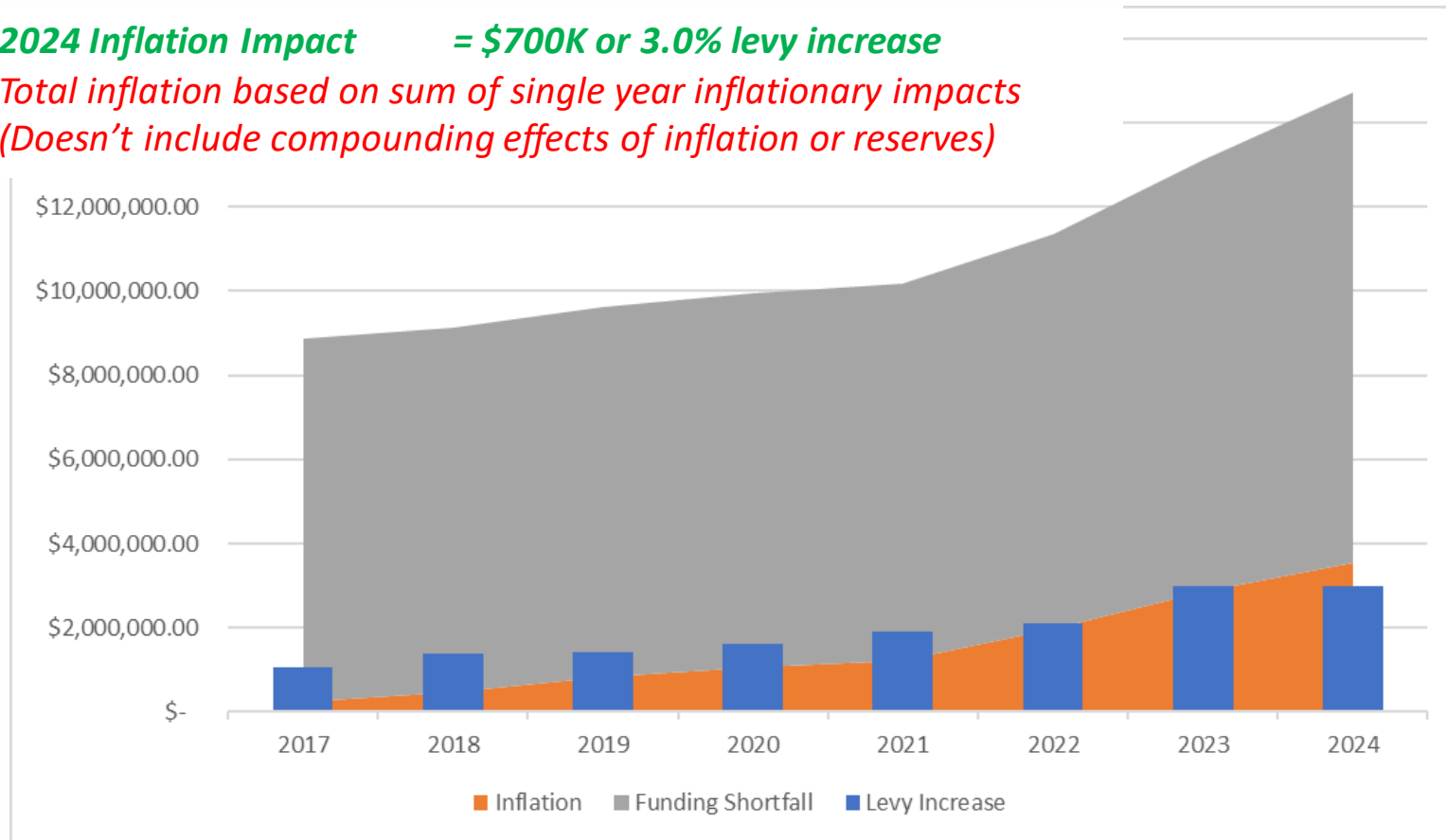
Non-Residential Building Consumer Price Index (Q1 2023) = 12.30%

Non-Residential Building Consumer Price Index (Q3 2022) = 15.60%
(2023 Budget)

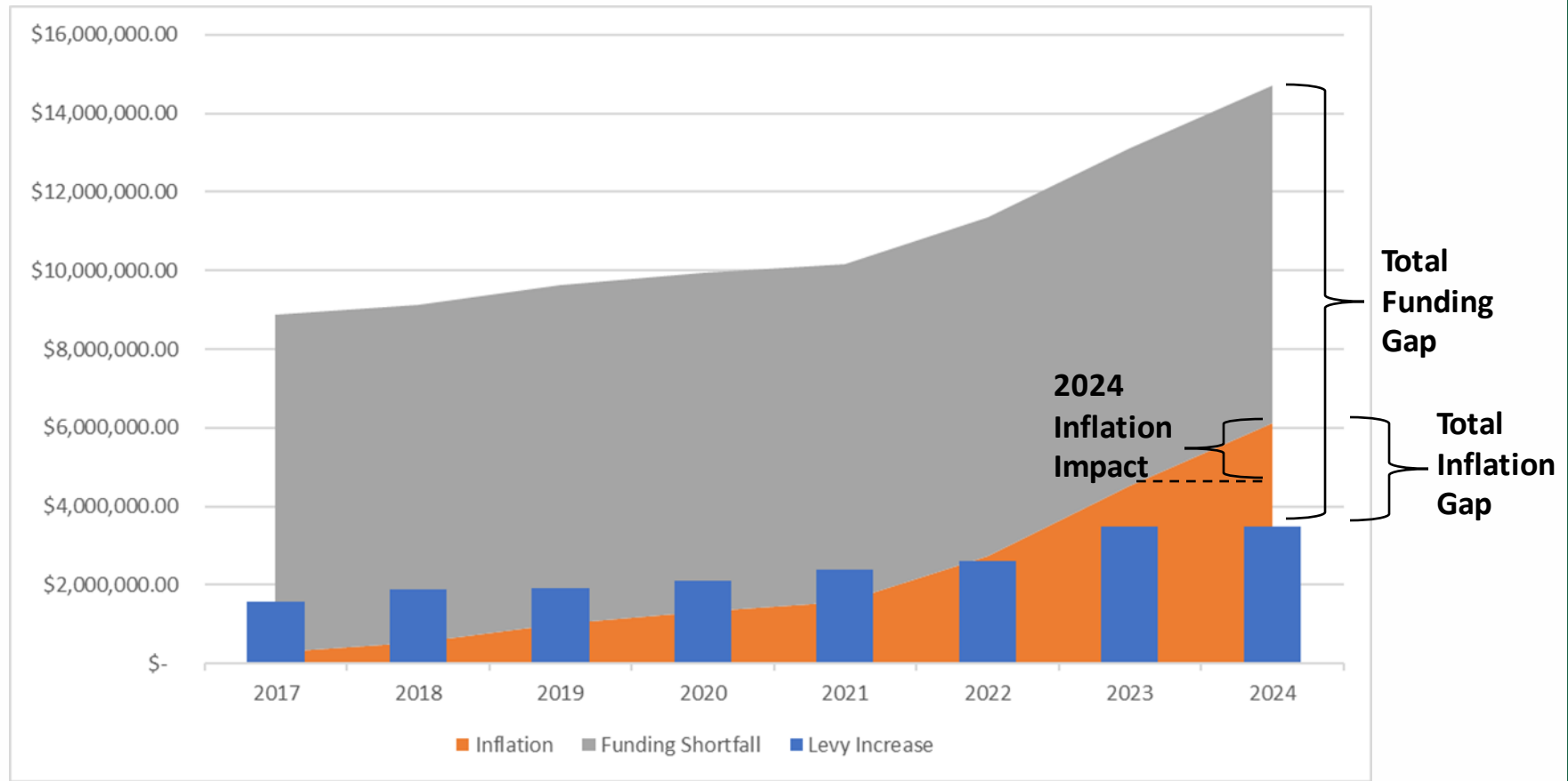
Inflation Impact on AMP Simplified

2024 Inflation Impact = \$700K or 3.0% levy increase

*Total inflation based on sum of single year inflationary impacts
(Doesn't include compounding effects of inflation or reserves)*

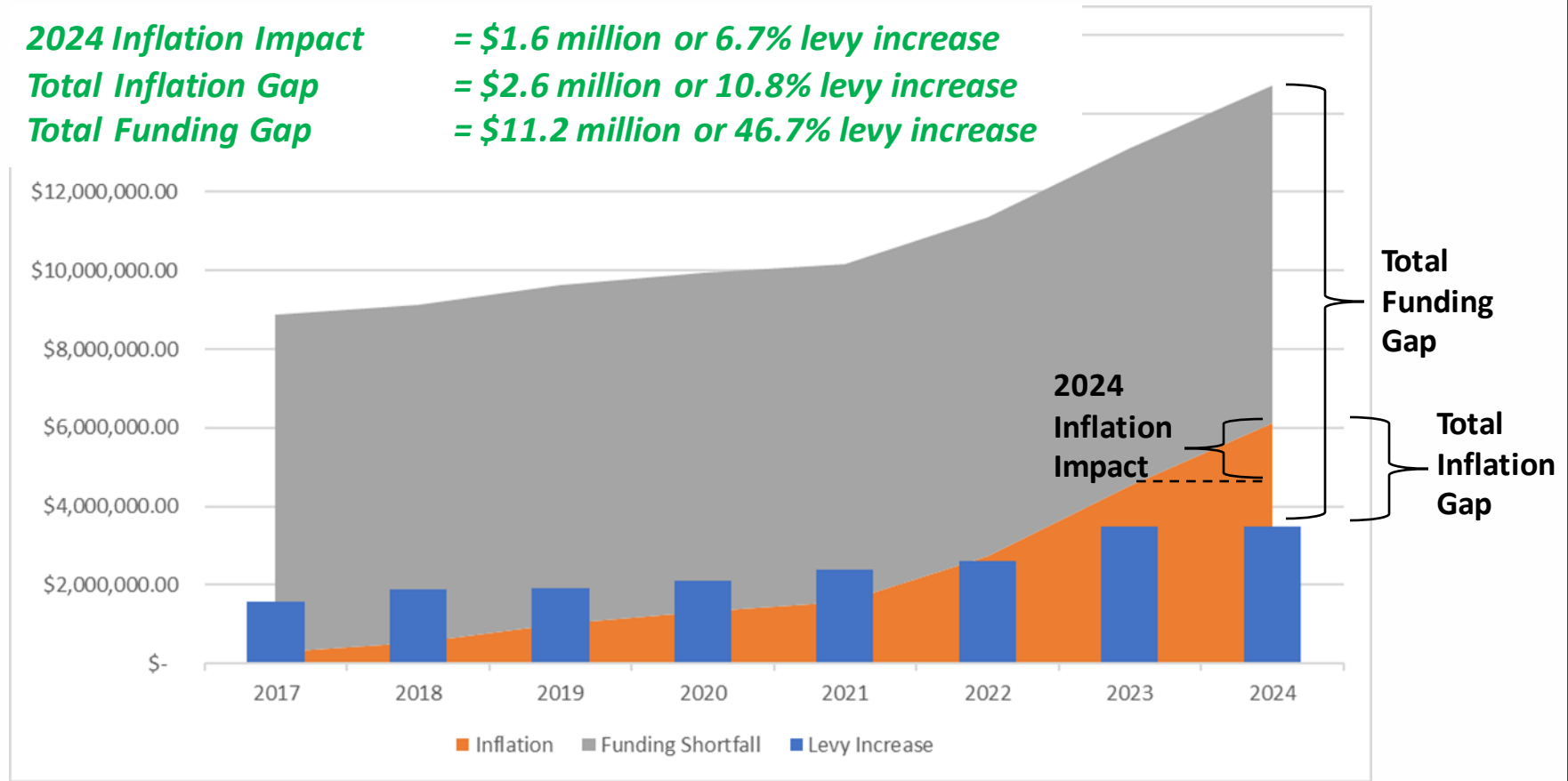


Inflation Impact on AMP Detailed



Inflation Impact on AMP Detailed

2024 Inflation Impact = \$1.6 million or 6.7% levy increase
Total Inflation Gap = \$2.6 million or 10.8% levy increase
Total Funding Gap = \$11.2 million or 46.7% levy increase



Infrastructure Funding Gap

2024 Budget Implications

Annual Capital Levy (before increases) = \$ 3.0 million

Current Commitments

• Walton St.	= \$ 3.1 million
• Sylvan Glen Bridge	= \$ 0.4 million
• Snow Plows	= \$ 0.8 million
	<u>\$ 4.3 million</u>

New Projects (Top 5)

• Fire Station	= \$10.0 million
• Lakeshore Rd. Paving	= \$ 2.5 million
• Fire Tanker	= \$ 1.0 million
• Barrett Street Pedestrian Bridge	= \$ 0.8 million
• Rural Roads Resurfacing	= \$ 0.8 million
	<u>\$15.1 million</u>

Infrastructure Funding Gap

Asset Management

- Over \$1 billion invested in assets.
- Provincial legislation and best practice requires a robust Asset Management Plan be developed and maintained.
- The current investment in asset management planning is not sufficient to meet current and future needs.
- The Municipality is under resourced compared to municipalities of our size.

Service Levels vs. Cost vs. Capacity

“A municipal levels of service framework is a methodology we can use to determine what kind of service truly meets the wants and needs of its users, while still being manageable by service providers.”

Citywide, P. (2023). Understanding Municipal Levels of Service: Too Hot, Too Cold, Just Right. PSD Citywide. <https://www.psdcitywide.com/understanding-municipal-levels-of-service/#:~:text=A%20municipal%20levels%20of%20service,being%20manageable%20by%20service%20providers.>

Service Levels vs. Cost vs. Capacity

Short term vs. Long term impacts of decisions

E.g. Purchase of a House

Short Term Impacts	Long Term Impacts
✓ Downpayment ✓ Title Transfer ✓ Legal Fees ✓ Moving Costs ✓ Furnishing	✓ Maintenance ✓ Roof Replacement ✓ Furnace Replacement ✓ Window Replacement ✓ Interest payments on Mortgage ✓ Principal payments on Mortgage ✓ Renovations

Consider short-term and long-term costs of decisions.

Service Levels vs. Cost vs. Capacity

- Several new positions identified in pre-budget discussions to maintain current service levels.
- This is further impacted by a more competitive job market resulting in increased vacancies and longer recruitment cycles.
- New initiatives add further pressure and need for additional human resources.
- Compensation review is underway to help address recruitment, retention and market equity.

Service Levels vs. Cost vs. Capacity

Every decision has corresponding resource implications.

- The Municipality is experiencing capacity constraints to maintain current service levels. Many areas are identifying **additional resource requirements to continue operations.**
- **Increase in current service levels will likely result in increased costs** to support and maintain the new service levels.

Budget Next Steps



Community Engagement

- Print
- Website – My Port Hope
- Tax Bills
- Mayor's Corner
- Email
- Community Engagement Survey scheduled to open July 7
 - Postponed until Strategic Plan is finalized



 MUNICIPALITY OF
PORT HOPE



We need
your feedback
for the upcoming
2024 budget

Stay tuned at porthope.ca

Council Actions

- Engage with senior staff
- Consider service vs. cost implications
- Consider service vs. capacity implications

Budget Information

- Further information about budget and related items to come in future weeks/months
- Example
 - ✓ Asset Management
 - ✓ Community Engagement Campaign
 - ✓ Current and Future Debt
 - ✓ Reserves and Reserve Funds
 - ✓ Grants