



ORILLIA

2024 Budget Directions

Council – June 19, 2023



Topics For Today



- Process & Timeline
- Operating Budget Trends
- 10 Year Capital Plan



Session Goals

- ✓ Confirm the budget timeline
- ✓ Highlight the budget framework and key pressures
- ✓ Provide an overview of the 10-year capital plan
- ✓ Obtain early budget direction regarding
 - Any tax levy increase target
 - Key operating priorities and initiatives
 - 2024 capital program presented in the 10-year capital plan considering forecasted funding levels



2024 Budget Process

Like last year with some key differences:

- ✓ 2024 Budget Direction Special Meeting
 - Early Council input before divisions develop budgets
 - Topic discussions (Road's prog., Garbage recycling, Transit terminal/parking structure, etc.)
- ✓ 10-year Capital Plan Timing
 - Shifted forward to help guide budget direction discussions
- ✓ Questica Budgeting & Financial Planning Software
 - Enhances the budget preparation process, version control, & reporting,
 - Budget content presented will be similar, but the format may look different
- ✓ Operating business cases required only for increases => \$5,000.
- ✓ Capital project thresholds based the City's tangible capital asset policy. Staff may determine a min. threshold is more effective.
- ✓ Inherent in the process: Divisions will investigate ways to minimize pressures through innovation, cost reduction, new revenue streams.



2023 Budget Process



Stage 1

June 19: Budget Guidance



Stage 2

July-August: 2024 Budget Training & Development

Stage 3

Sept.-Oct.: Corporate Budget Review



- Finance analysis and consolidation
- Strategic Leadership Team (SLT) refinement
- Report, budget book and presentation prep

Stage 4

November: Budget Committee Deliberations



- Budget Package Delivery Nov. 1-3
- Budget Overview Presentation: Nov. 1-3
- ABC deputation morning session Nov. 7-10
- Operating session: 2 full days Nov 7-10
- Capital sessions 2 full days Nov 13-17

Stage 5

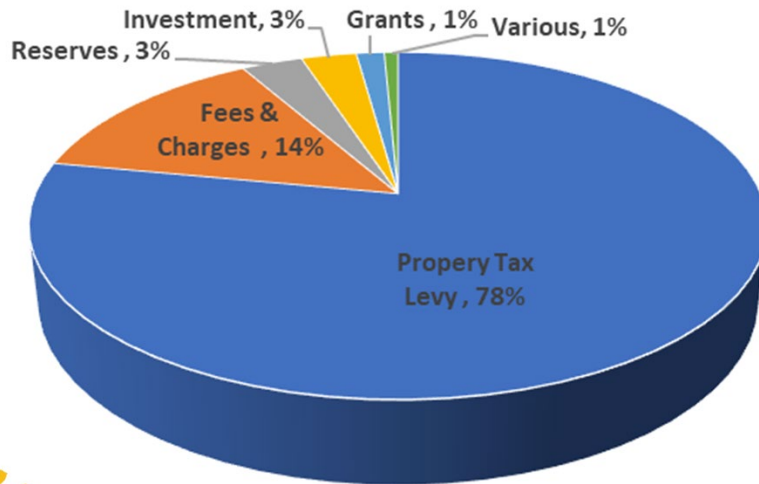
December 11: Budget Ratification



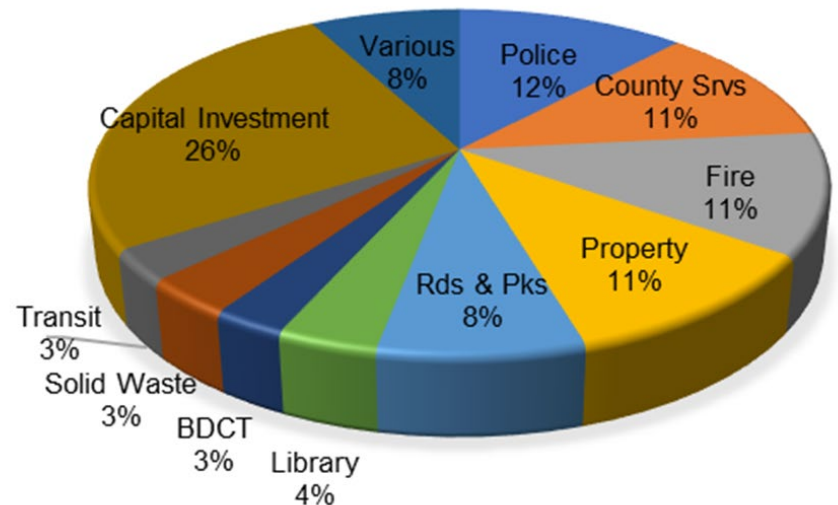
2023 Quick Facts

- Operating Budget \$92M (\$70M levy/\$22M other revenue)
- Capital Budget \$33.5M
- Avg Residential Tax Bill = \$3,900
- 2024 1% Levy Increase = Approx. \$700K
- Water/Wastewater 4-year Annual Rate Increase = 6%

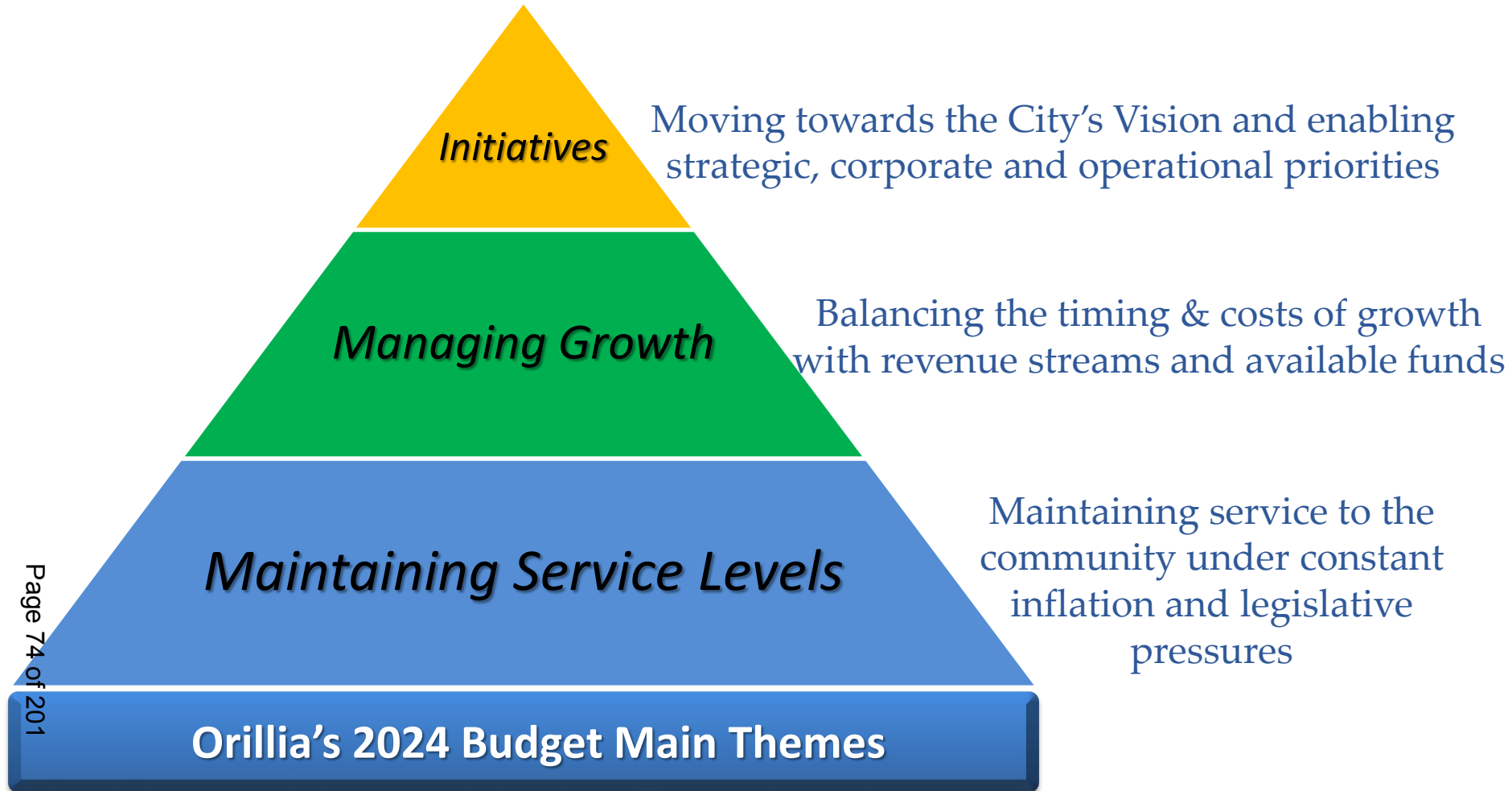
2023 Revenue Sources



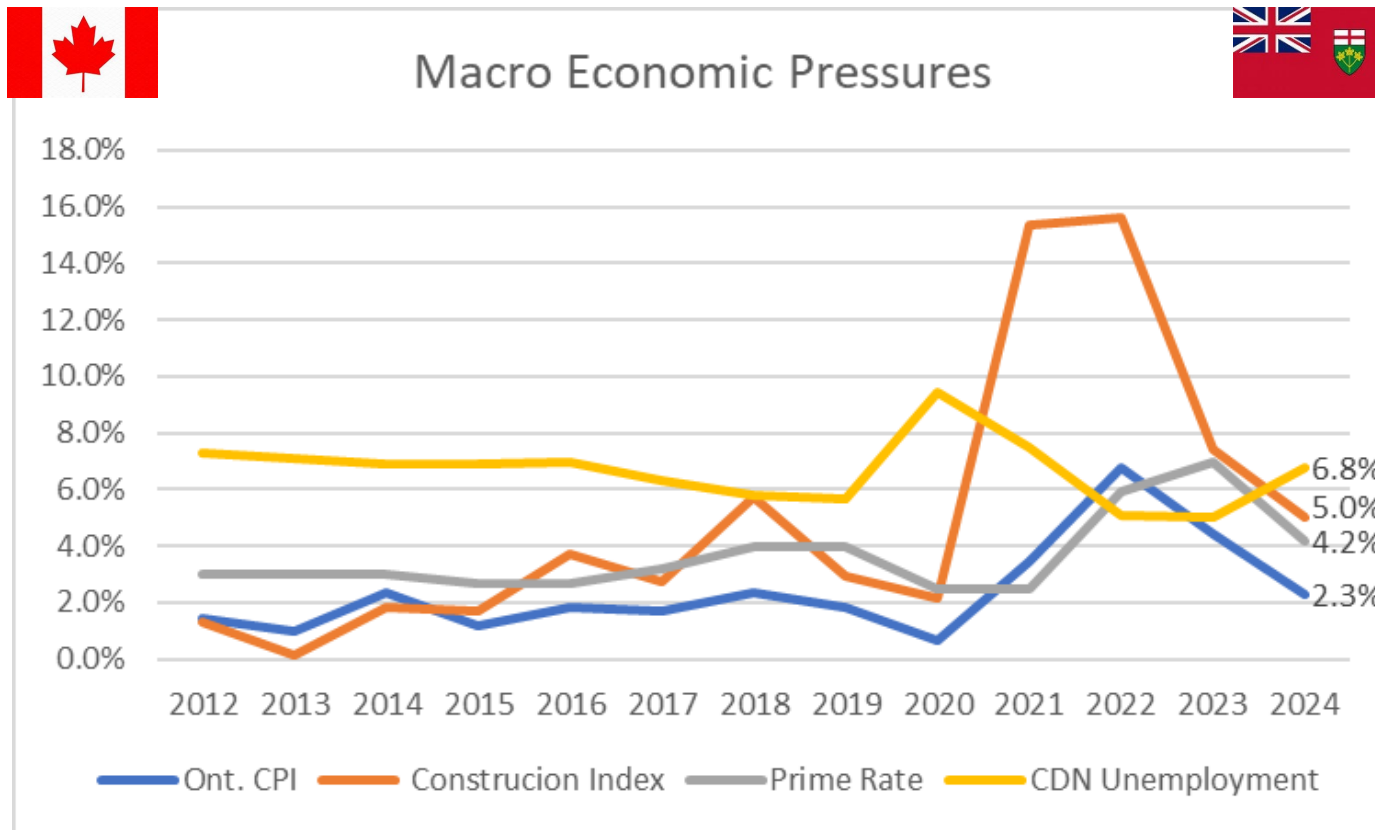
2023 Program Allocation



Budget Framework



Maintaining Service levels



- Pricing pressures are still high but recovering
- Low unemployment levels creating higher completion
- 2024 forecasts are very speculative (*BOC June 8th incr.*)
- Recession forecasts: mild



Maintaining Service levels

City Municipal Price Index Range

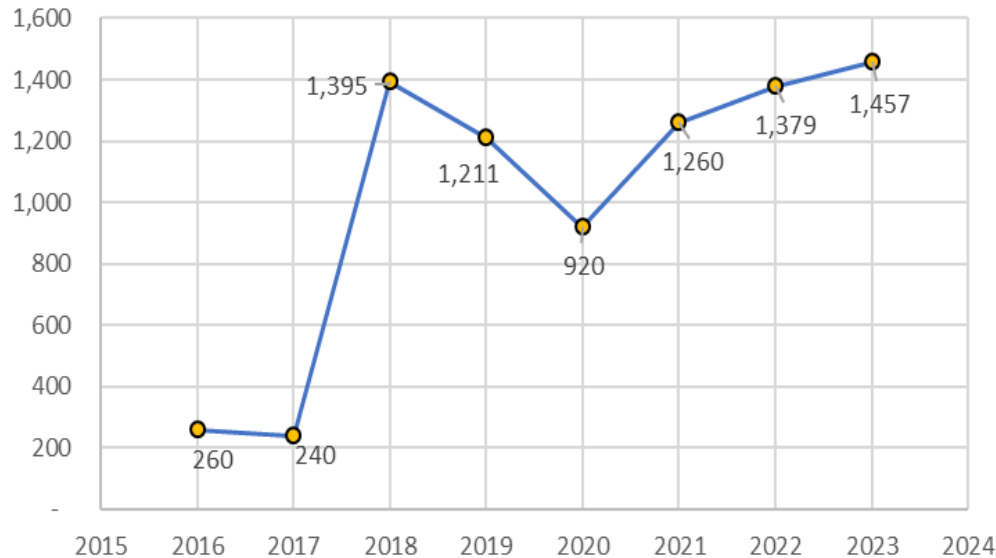
Account Categories	Levy %	Inflation Range		Blended	
		Low	High	Low	High
Salaries and Benefits	47.3%	1.5%	2.0%	0.7%	0.9%
Contract Services	40.5%	2.3%	5.0%	0.9%	2.0%
Utilities & Insurance	5.4%	2.3%	5.0%	0.1%	0.3%
Materials & Supplies	3.9%	2.3%	5.0%	0.1%	0.2%
Contribution to Infrastructure Reserves	22.3%	1.0%	5.0%	0.2%	1.1%
Contribution to Other Reserves	5.2%	0.0%	0.0%	0.0%	0.0%
Other Expenses	6.3%	1.0%	2.0%	0.1%	0.1%
Expense Range	130.9%			2.1%	4.7%
User Fees, Licence & Permits	-16.9%	1.0%	3.0%	-0.2%	-0.5%
Reserve Funding	-4.0%	0.0%	3.0%	0.0%	-0.1%
Investment Income	-3.7%	0.0%	3.0%	0.0%	-0.1%
Grants and Donations	-2.0%	0.0%	3.0%	0.0%	-0.1%
Other Revenues	-4.2%	0.0%	3.0%	0.0%	-0.1%
Revenue Range	-30.9%			-0.2%	-0.9%
Net Levy & MPI Estimate	100.0%			2.0%	3.8%

- Inflation is very volatile
- A MPI range is provided
- Impact range in the \$1.4M - \$2.6M



Managing Growth

Assessment Growth Trend (\$000)



- Figures finalized by MPAC in early December
- Intended to offset service demands generated by new housing and business developments.
- Timing of revenues & costs not aligned
- Tax pressure to subsidize DC discounts/exemptions
- Infrastructure renewal is a key consideration of growth

Sample: New Taxation Growth	1,000,000
Less:	
New Staffing (enforcement/parks/finance)	- 300,000
Snow Clearing Contract Volume Costs	- 100,000
Garbage Contract Volume Costs	- 150,000
Waste Transfer Volume Costs	- 75,000
Recreation Programing Costs	- 80,000
Bill 23/DC exemptions	- 125,000
Growth Infrastructure Renewal Contributions	- 200,000
Growth Related Support Costs	-1,030,000
Net	- 30,000

City Initiatives

Investments in strategic direction, enhanced service levels, improve efficiencies, risk mitigation and community quality of life.

- Affordable Housing
- Road Maintenance
- Warming Centers
- Infrastructure Renewal
- Traffic Calming
- Community Funding Requests
- Urban Forest Strategy
- Stormwater Acceleration
- Community Gardens
- Bus Stop Garbage Receptacles

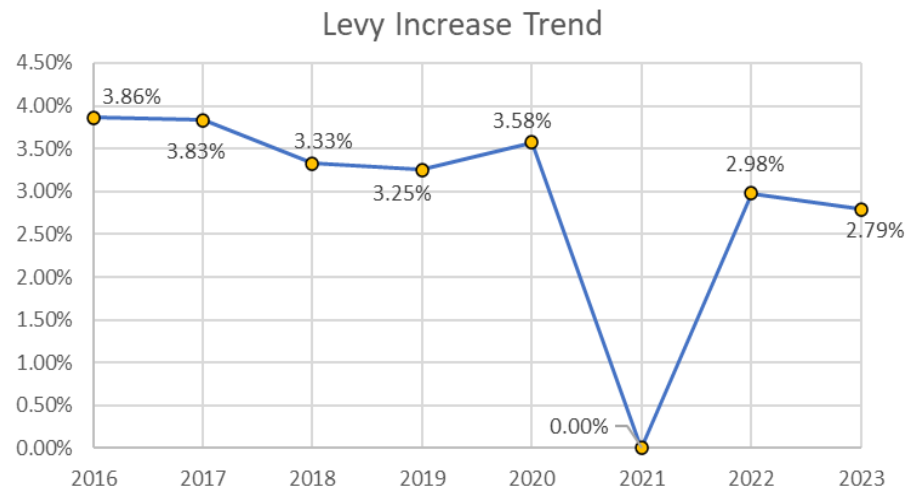
City initiatives can range from 0.5% to 1% levy adjustment

Other & External Pressures

- Garbage Tags
- Simcoe Services
- Bill 23 Pressure
- Infrastructure Renewal

City Levy Increase Potential

Budget Framework Pressure	Guide Range	
	Low	High
<i>Maintain City Services</i>		
Inflationary Pressure	2.00%	3.50%
Garbage Tags	0.00%	0.12%
County Service MFC	0.43%	0.82%
Sub-total	2.43%	4.44%
<i>Managing Growth</i>		
Assessment Growth	-1.30%	-1.70%
Staff, contract, etc.	1.14%	1.35%
New Infrastructure funding	0.16%	0.35%
Bill 23 Mitigation	0.00%	0.25%
Sub-total	0.00%	0.25%
<i>Initiatives</i>		
Historical Trend	0.25%	1.00%
Addition Capital Funding	0.00%	1.00%
Sub-total	0.25%	2.00%
Total	2.68%	6.69%
Average Residential Tax Bill Impact	\$ 105	\$ 261

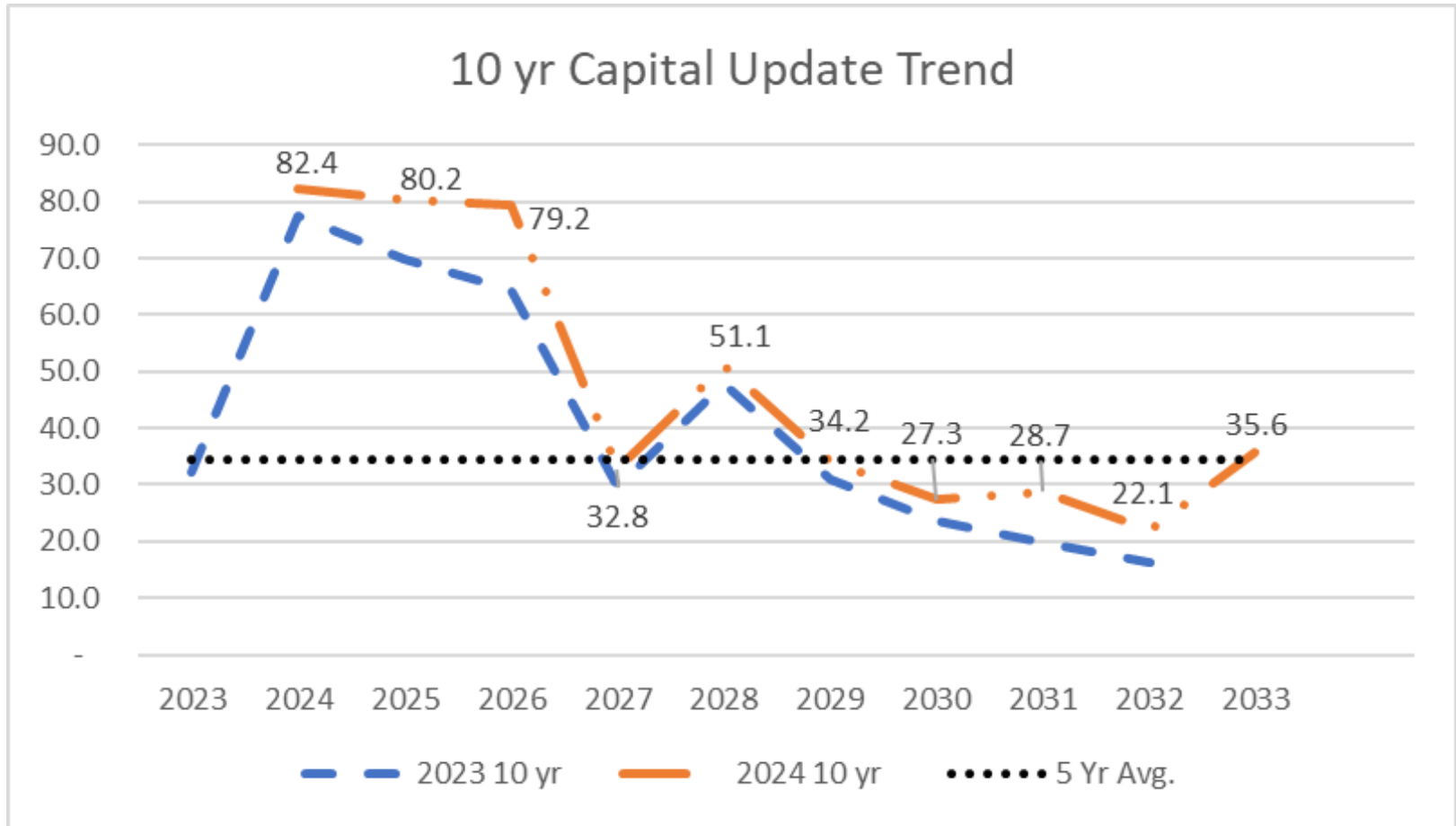


- The City levy increase range is targeted for 2.93% to 6.69%
- The lower end of the range is consistent with historical trends

10 Year Capital Plan



Observations: Capital Investment

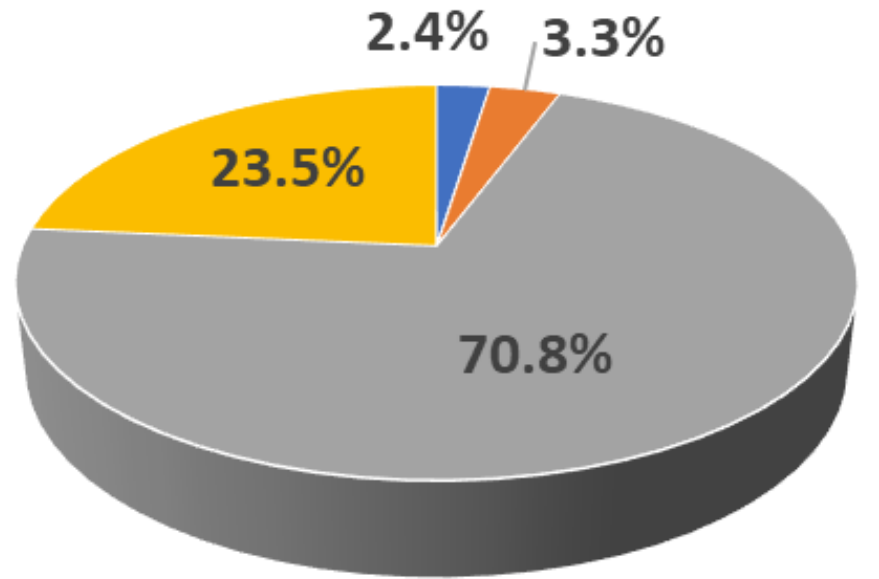


- Total 10 yr. increased from \$411M to \$474M (15% Incr.)
- Spending is elevated in 2024-2026



10yr Capital Plan Observations:

10 yr. Capital Investment Allocation



■ CAO ■ Corp Srvs ■ DSE ■ EIS



Observations: Big Movers

Ref.	Project Description	('000)		Change	
		2023	2024	\$	%
ENG24026	Harvie Hill Standpipe Construction	5,300.0	16,000.0	10,700.0	202%
ENG24034	Sewage Pumping Station Upgrades	3,750.0	11,050.0	7,300.0	195%
ENG24004	Road Reconst. Laclie St.	23,200.0	29,050.0	5,850.0	25%
ES-D25001	Waste Diversion Site Capping	2,841.0	8,487.0	5,646.0	199%
FCCO24011	Brian Orser Arena Reconst.	8,800.0	11,200.0	2,400.0	27%
ES-WW24001	Wastewater Assets Rehabilitation	7,200.0	8,840.0	1,640.0	23%
ENG26005	Hydrogeological and Groundwater Supply Study	400.0	2,050.0	1,650.0	413%
ENG24019	Outlet 1 and Mill Creek Basin 8	1,837.5	3,374.6	1,537.1	84%
ES-W24001	Water Assets Rehabilitation	7,200.0	8,410.0	1,210.0	17%
ENG24020	2024 Road Reconstruction	6,915.0	7,952.3	1,037.3	15%
ENG24014	Annual Road Resurfacing Program	1,028.0	2,045.0	1,017.0	99%
ENG25006	Annual Road Resurfacing Program	1,028.0	2,038.0	1,010.0	98%
ENG24032	Outlet 43 & 46 - End of Pipe Retrofit	368.0	1,220.0	852.0	232%
FCCO24004	BPRC Maintenance and Equipment Upgrades	380.0	1,180.0	800.0	211%
ENG25001	Fittons Rd Wt Pump Station	6,000.0	6,600.0	600.0	10%
FCCO24025	Port of Orillia - Dredging Program	1,050.0	1,850.0	800.0	76%
Total		77,297.5	121,346.8	44,049.3	57%



Observations: Project Additions

Division	Reference	Project Name	Total (\$,000)
Eng & Trans	NEW ENG32004	2033 Road Reconstruction	12,300
Eng & Trans	NEW ENG32001	Water Quality Retrofit - Grant Gander Ross Ball Diamond,	3,175
Eng & Trans	NEW ENG31001	Water Quality Retrofit - Carmichael Park, CSWM MP Update	1,720
Eng & Trans	NEW ENG29004	Minor Drainage Maintenance Construction	1,500
Eng & Trans	NEW ENG28004	Sundial Creek Mitigation	1,100
Eng & Trans	NEW ENG33001	Annual Road Resurfacing Program	1,100
Eng & Trans	NEW ENG27007	Champlain SPS Forcemain	575
Eng & Trans	NEW ENG27008	Cedar Island Drainage Mitigation	250
Eng & Trans	NEW ENG 24033	City-side Lead Service Replacement	200
Sub-total			21,920
WWW	NEW ES-W27002	WFP & WWTC UV System Replacement	3,875
WWW	NEW ES-WW24003	WWTC Digester and Boiler Building Rehabilitation	2,600
WWW	NEW ES-W25005	Wells 1 and 2 Scrubber Replacement	2,100
WWW	NEW ES-WW25002	CCTV Program	1,900
WWW	NEW ES-WW27001	WWTC Substation Rehabilitation	675
WWW	NEW ES-W24006	WFP Generator Switchgear Upgrade	650
WWW	NEW ES-W24005	Lightfoot Trail Watermain Abandonment	50
Sub-total			11,850



Observations: Project Additions

Division	Reference	Project Name	Total (\$,000)
FCCO	NEW FCCO27005	City Facilities - Parking Lot Reconstruction	1,950
FCCO	NEW FL&P26001	WOSC Artificial Turf Relacement	1,200
FCCO	NEW ES-SW24001	Storm Station Pump Rehabilitation	225
FCCO	NEW FCCO25015	City Facilities - Generator Replacement Program	175
FCCO	NEW FCCO27004	Fire Station 2 - Interior Refurbishment	150
FCCO	NEW FCCO24033	Fire Station 2 - Mechanical System Replacements	140
FCCO	NEW FCCO25014	Fire Station 2 - Roof Replacement	125
FCCO	NEW FCCO24032	SLM Property Studies	55
Sub-total			4,020
Fire	NEW FIRE 26005	E-Tool Replacement	65
Fire	NEW FIRE31001	Airbag Replacement	15
Sub-total			80
Solid Waste	NEW ES-D28001	Onsite Compost Swale Water Treatment	400
Solid Waste	NEW ES-D24003	Compost Pad and Swale Maintenance	245
Solid Waste	NEW FL&P25001	Waste Bin Replacement	120
Solid Waste	NEW ES-D25004	Waste Minimization Plan	110
Solid Waste	NEW ES-D24004	Unused Bridge Removal	100
Solid Waste	NEW ES-D25003	Bunker System	100
Solid Waste	NEW ES-D24002	Push Wall Bin System Maintenance	90
			1,165
Finance	NEW FIN24002	Tax/Utility Kiosks	30
Total			39,065
36 Projects			

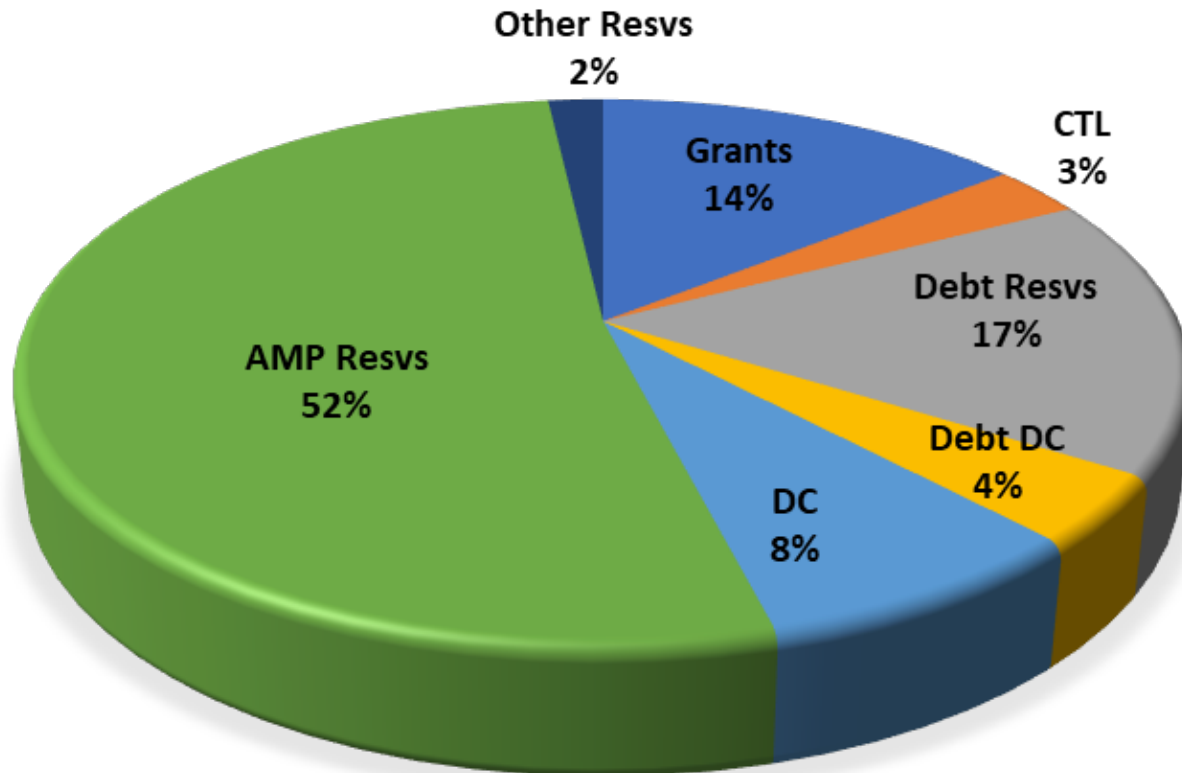
Observations: Top \$ Value Projects

(2024-2033) - High Value Projects		\$M	%
1	Road & Sidewalk Program	120.2	25.4%
2	- Laclie St. Recond.	29.1	6.1%
3	- West Street Recond.	8.2	1.7%
4	- Jarvis Street Recond.	8.5	1.8%
	Sub total Roads Related	166.0	35.0%
5	Transit Terminal & Parking	39.0	8.2%
6	Downtown Streetscape	19.6	4.1%
7	W/WW/S Asset Rehab	16.1	3.4%
8	Biosolids Facility	14.0	3.0%
9	Harvie Hill Standpipe	16.0	3.4%
10	Fleet replacement/Additions	15.3	3.2%
11	Brian Orser Arena Const.	11.2	2.4%
12	Pumping Station Upgrades	9.0	1.9%
13	Waste Diversion Site Capping	8.5	1.8%
14	Fire Station 3	8.0	1.7%
15	Transit Equip Replacement	5.2	1.1%
16	Fittons Pump Upgrade	6.6	1.4%
17	Operations Center	6.2	1.3%
18	Climate Change Projects	5.6	1.2%
19	Water Quality Retrofit	4.9	1.0%
20	Rotary Place (10 proj.)	4.0	0.8%
	Sub Total	355.2	75.0%
Remaining Projects		118.5	25.0%
Grand Total		473.8	100.0%

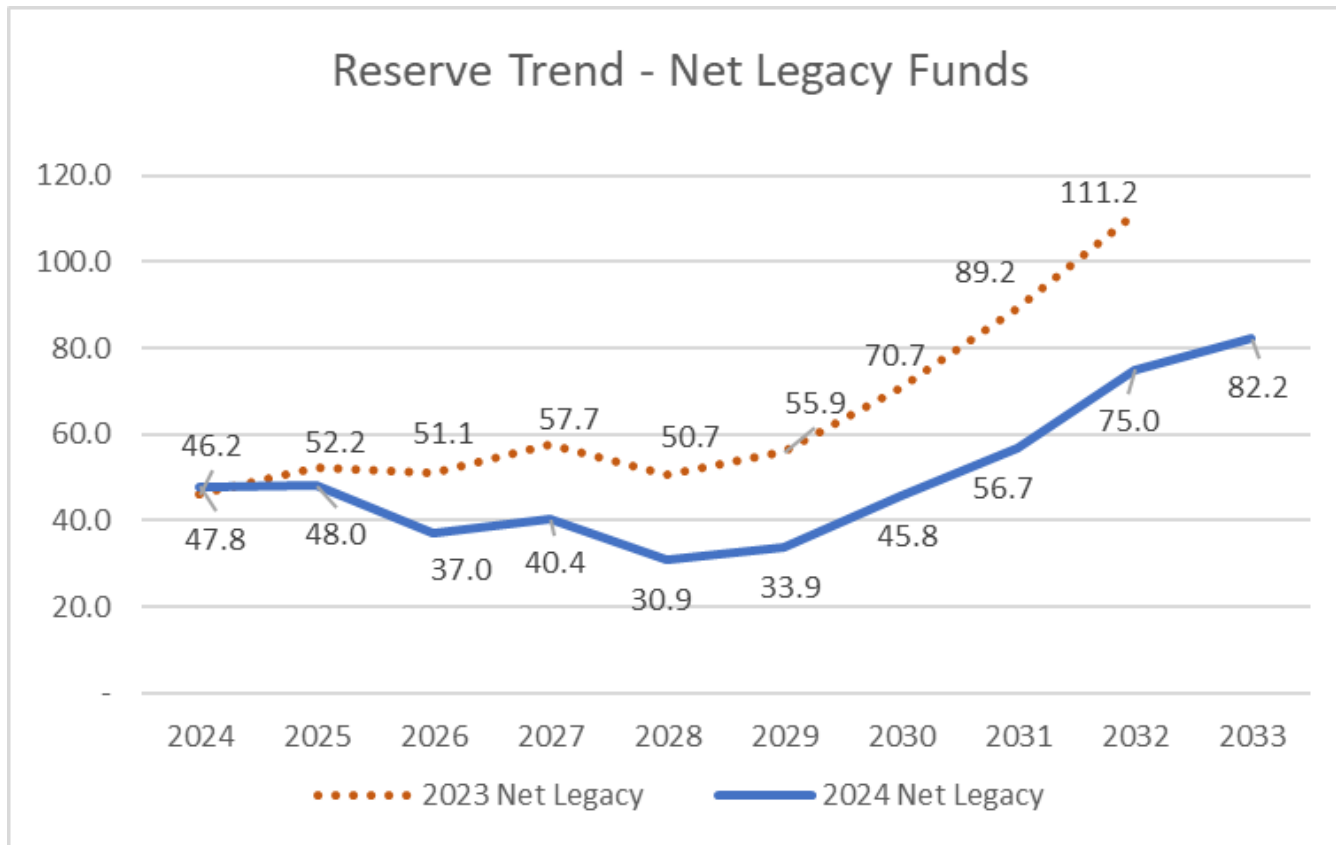


10yr Capital Plan Observations:

Capital Funding Sources



Observations: Reserve Trends



- Trend is below prior yr. & 2032 balance \$36M or 33% lower
- Slight decline next 5-6 yrs. before building above current level
- New and updated projects add pressure
- AMP reserve contributions are flatlined but fund 10 yr. req's
- Bill 23 Mitigation Reserve is forecasted to be negative



Observations: Reserve Trends

10-Year Reserve Forecast Summary (\$M)

Reserve Category	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	%
Sustainability	44.5	44.5	44.5	44.5	44.5	44.5	44.4	44.4	44.4	44.7	0%
Corporate	4.5	4.7	2.7	2.2	(1.2)	(1.6)	(2.2)	(2.2)	(2.3)	(2.5)	-157%
Development Charge	(21.6)	(16.2)	(11.1)	(7.0)	(2.9)	(1.0)	3.0	4.8	10.1	12.7	-159%
Development Related	7.4	6.4	5.0	3.6	2.6	1.9	1.8	1.2	1.1	0.9	-88%
Grant	2.7	1.7	1.5	0.8	2.0	0.7	1.4	0.4	1.1	0.8	-70%
Asset Management	45.0	41.2	28.6	30.2	19.4	22.7	30.2	40.6	52.7	57.6	28%
Special Interest	1.3	1.5	1.8	2.1	2.3	2.6	2.8	3.2	3.4	3.8	183%
Library	0.4	0.4	0.4	0.5	0.5	0.6	0.6	0.6	0.7	0.7	85%
Total	84.2	84.4	73.4	76.7	67.2	70.3	82.1	93.0	111.4	118.8	41%
Less: Legacy/Debt Rsvs	36.4	36.4	36.4	36.4	36.4	36.4	36.4	36.4	36.4	36.6	1%
Net Available	47.8	48.0	37.0	40.4	30.9	33.9	45.8	56.7	75.0	82.2	72%

- Overall reserve balances improving
- Corporate drop related to Transit Terminal/Parking Structure
- DC's recover by 2029 with continued City subsidization
- Asset Mgmt. is stable and funding projects

– 2033 balance = 8.7% of historical asset value 5.7% of est. market value



Observations: Reserve Trends

10-Year: Negative Reserve Positions

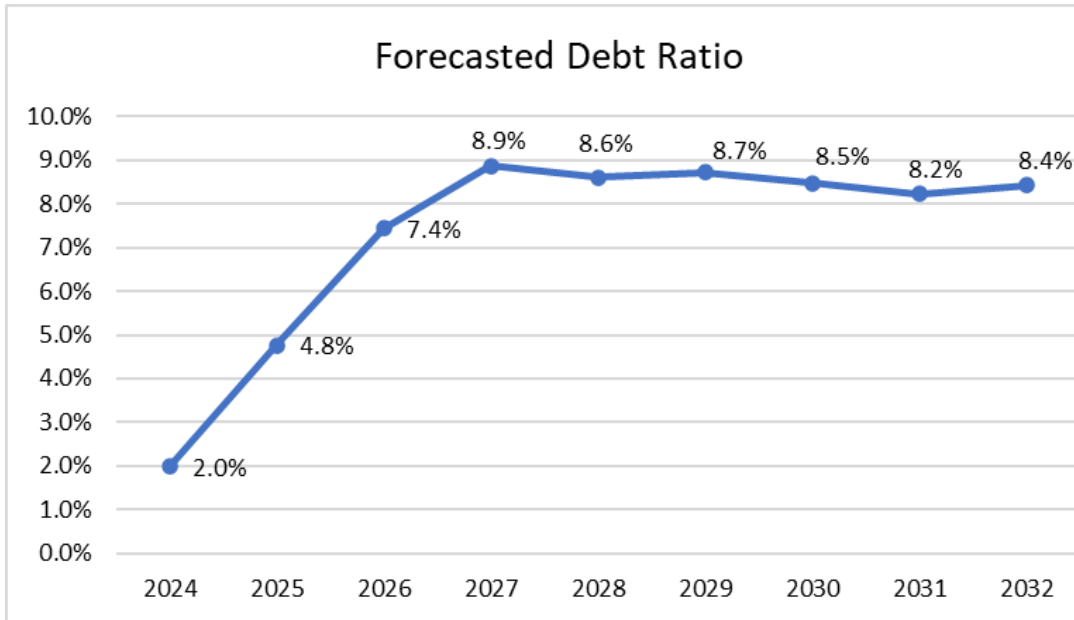
Reserve/Reserve Fund	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Capital Levy Resv	2.1	2.1	(0.1)	(1.1)	(4.7)	(5.4)	(6.0)	(6.5)	(6.9)	(7.6)
Development Charges	(21.6)	(16.2)	(11.1)	(7.0)	(2.9)	(1.0)	3.0	4.8	10.1	12.7
Prov. Bill 23 Mitigation	(1.0)	(2.5)	(3.7)	(4.3)	(5.1)	(5.9)	(6.8)	(7.8)	(8.8)	(9.8)
Fleet & Equip. Asset Mgmt.	0.8	0.0	0.2	0.1	(0.0)	(0.1)	(0.2)	(0.2)	(0.2)	(0.2)
Opera House Asset Mgmt.	0.3	0.2	0.0	(0.1)	(0.1)	(0.0)	0.0	0.1	0.2	0.3
Total	(19.5)	(16.4)	(14.7)	(12.5)	(12.7)	(12.4)	(10.0)	(9.6)	(5.6)	(4.5)

Brief Explanations:

- CTL Resv: Transit Terminal & Parking Shelter no funding source pressure on CLT
- DC Resvs: Prebuilding of ORC, Library Fire HQ, WWW & recovery though collections
- Prov. Bill 23 Mitigation Resv: DC discounts & exemptions subsidization
- Fleet & equip Resv: Internal charge time to be slightly adjusted
- Opera House Resv: Temporary deficit for washroom and brick restoration



Observations: Capital Financing



Current Debt		Principal \$M	
Streetlight LED		2.3	
Centennial Drive Phases		13.2	
Road Reconst. Laclie St.		6.8	
Current Debt		22.3	
10 Yr. Capital Debt		Principal \$M	Yr.
Transit and Parking Terminal		29.0	24-26
Laclie St.		29.0	23-26
Brian Orser Arena Reconst.		11.2	2024
Waste Diversion Site Capping		8.1	25-33
Fittons Rd Wt Pump Station		6.6	2025
Operations Centre Expansion		6.2	24-25
Ball Diamond Development		3.4	2028
Centennial Drive Phase 3		2.2	23-25
Aerial Tower 1		2.2	2026
New Debt		97.9	

Note1 : ARL = Annual Repayment Limit, OSR = Own Source Revenue

Note2: Streetlight debt matures in 2026 respectively

- \$98M in Debt forecasted, terms 10-20yrs & Service Pmts = \$145M
- ARL continues below 10% City Policy & below Provincial Policy = 25%
- Given current environment a 0.5% - 1% buffer is prudent



Summary



Summary Points

- Operating Budget
 - Some adjustment but similar process.
 - Focus is on three themes (service level, growth, initiatives).
 - Inflation is still very unpredictable
 - Preliminary 2024 levy change ranges from 2.93% to 6.69%.
- The 10-Year Capital = \$473.8M
 - Program increased by 15% (cost escalation & new projects)
 - Reserve improvement is less aggressive (26% below prior forecast)
 - Debt financing leveraged within policy.
 - DCs recovering with City subsidization through Bill 23 Reserve.
 - Funding source needed for Transit Terminal/Parking Structure.
- Looking for Council's input early in the process



Q&A

You have

Questions

We have

Answers

