

Pressures pushing up King's 2024 budget

By Mark Pavilonis Editor

As King prepares for its 2024 budget deliberations, staff are warning councillors that next year's increase could be in the 4% to 5% range. However, that's just an estimate at this point, and staff have been directed to prepare options for council's consideration to reduce and offset the 2024 tax increase through service level adjustments. Councillors, at the June 12 meeting, heard from Treasurer Peggy Tollett on the timing of budget talks. For 2024, staff will have to account for new expenses, ones that are required as mandated by provincial legislation. For example, if there is a federal or provincial mandate to carry out a particular service within and/or for the community, this may require the Township to incur costs that need to be captured within the budget. Some of the areas forcing costs to rise include labour. This is directly linked to the existing staffing and includes negotiated union contract adjustments, economic adjustments, job rate progression and benefit adjustments such as statutory deductions (CPP, EI, etc.). Inflation also tends to increase prices for services and commodities the municipality purchases. For example, if the cost of construction material has significantly increased, the budget will need to account for additional expense costs. Utility rates also rise annually. To offset rising costs, staff always look for efficiencies. Adjustments will be used to capture cost savings or improvements. For example, a decrease in the use of office supplies as a result of moving services online would be considered an efficiency to be captured. Departments continually strive to find base operating budget efficiencies without a reduction to the current service levels. Pre-approved Council initiatives can carry over from year to year. One big example is the new Township Wide Recreation Centre (TWRC), which will impact future budgets for several years. The Township recoups some of its costs through recovery related fee increases. Some programs may need to be curtailed or cut to maintain costs. Staff noted the 2024 Capital Plan will be reviewed and amended as required as part of the overall budget approval process for Operating and Capital programs. Council will be asked to approve only the 2024 budget and forecast commitments for term of Council projects (2023-2026). Based on a preliminary analysis, staff identified the following tax levy budget pressures for 2023 which will carry-forward into the 2024 budget cycle:

- Inflation currently estimated at 4.4% - Fuel price and Utility increases continue from 2023

Growth pressures with increase in development in King City and Nobleton areas. Increase in insurance rates between 15-20% based on previous 3 years actual expenses.

- Increase in base level funding for the Town Wide Recreation Centre (TWRC) operating budget for 2024 for \$253,530 to establish the full annualized funding target of \$934,060.
- Estimates for Labour and Benefits.
- Operating impact from previous approved capital projects for increased infrastructure added (i.e. parks).
- Increase in funding allocation for the Growth and Infrastructure (Capital Tax Levy) Reserve Fund and the Infrastructure Reserve Fund of \$250,000 per year.
- Potential Increase to staff complement in 2024.
- Impacts to the paving strategy results.
- Additional Climate Change initiatives.

Asset Management and its funding requirements to meet legislative requirements. Staff said all of this may lead to a budget impact of between 4% and 5%. The new Corporate Strategic Plan from 2023-2026 will need to be fully assessed as part of the 2024 Budget to better understand and prioritize financial requirements throughout the term of Council. It is important to note the Township has strived to maintain budgets with tax levy increases far below inflation for several years. This has been accomplished largely through innovation and modernization that have driven efficiencies. Township staff are dedicated to continuing on this journey, but it is recognized that low hanging fruit has been harvested and with new regulatory and growth pressures it is clear that this approach is no longer sustainable, staff reported. To mitigate the increases, staff will look at prioritizing programs, leveraging grant funding from senior levels of government and using reserve funds from the Tax Stabilization Reserve Fund if needed. This past February, council passed the 2023 budget, which carried a 4.95% increase for taxpayers. That translated to an average tax hike of \$285 for the

year (based on a \$1-million assessment).