

Budget pressures lead to slight tax increase in 2024

By Mark PavilonsEditor

As it stands, King residents are looking at a 3.75% blended tax increase next year. Municipal staff found more than \$1-million in efficiencies and cuts, but a drop in revenue from development charges have put added pressures on the budget. Staff presented their preliminary budget to council recently, showing everything from capital improvements and debt load, to mitigating rising costs. Before the final budget comes before council for approval, staff agreed to bring it down a "hair," at Mayor Steve Pellegrini's urging. Peggy Tollett, director of finance and treasurer for King, noted in her presentation that several factors are impacting the budget. They include inflation (\$968,000), increases to maintenance contracts, a drop in DCs, fuel increases, labour contracts (\$1.29 million), grant reductions and an increase in capital projects. Combined, these have hit the budget for \$2.7 million in added costs. Staff have come up with roughly \$834,000 in efficiencies. That, combined with revenue adjustments (\$200,000) and increased fees (\$470,000) result in \$1.5 million. That leaves roughly \$1.2 million for King to absorb. In 2024, recommended additions to the budget include a new water billing process; communications projects; IT and business software improvements, and staff additions. These total some \$670,000.

The capital budget includes \$1 million for bridges and culverts; \$1.6 million for road improvements; \$300,000 for tree planting; \$160,000 for traffic signals and calming, and \$145,000 for the development charge update study. For the remainder of council's term, they're committed to \$2.1 million for the reconstruction of Kettleby Road; funding the \$86-million Township-Wide Recreation Centre; \$9.7 million for road reconstruction (10th, 15th and Highway 27) and \$4.2 million for Nobleton's revitalization strategy. A New Initiative Reserve Fund will fund enhancements to Township assets that are non-growth related and not asset renewal (example: accessibility enhancements). The funding source is the tax rate levy. King's growth related (tax supported) reserve fund provides funds to cover shortfalls in growth related capital funding relating to exemptions, reductions and limitations mandated by the DCA 1997 and exemptions prescribed by the Township's DC Bylaw. This will ensure that King tracks projects that were originally funded by development charges but are exempt now with the changes to Bill 23. Tollett noted with the review of reserve funds and the change to address asset management, staff have consolidated 2 reserve funds as they have essentially the same purpose which are the Growth & New Infrastructure reserve fund and the infrastructure reserve fund. This has been consolidated and renamed the Capital Tax Levy reserve fund. The "New" Capital Tax Levy reserve fund is used to fund both infrastructure projects and projects that have a tax and development charge funding source. The noticeable drop in DCs has hurt the municipality. At an all-time high of \$39 million in 2021, DCs have fallen to \$700,000 this year. That's due to a slow housing market; interest rate hikes and impacts of Bill 23. The trend will likely continue through 2024, with only 138 residential units coming on stream. But it's progressively better from then on. To recap, the 2024 budget has base operating increases of almost \$3 million, with \$1.5 million in offsetting revenues. With \$1.8 million in additional budget requirements, the resulting tax hike hits 5.49% Tollett explained that the taxes go up 1% for every \$341,000 in expenditures. Assuming King's hike stays at 5.49% and York Region comes in with a 2.75% increase (plus 1% for transit), the blended rate will see a 3.75% rise in taxes, or \$311 annually (based on the average assessment). That's \$26 per month or 85 cents per day. King's five-year average of tax hikes is only 2.74% Tollett also explained that while King collects property taxes, the municipality only gets to keep 40% of the revenue. York takes 42% and the school boards take 18% of your tax dollars. The ratio locally is still high on the residential side. King's assessment is 84% residential; 3.6% commercial; .82% industrial and 11% other (farm, etc.). Council hopes to firm up its budget sometime in December.