

REPORT FROM THE DIRECTOR OF FINANCE & TREASURER

Re: 2023 Operating Budget for the Consideration of Council

RECOMMENDATION

That the report of the Director of Finance/Treasurer re: 2023 Operating Budget be received;
and that the 2023 Operating Budget be forwarded to Council for their approval;
and that the necessary bylaw be placed on an upcoming Council agenda for consideration.

BACKGROUND

The purpose of this report is to present the 2023 Operational Budget for the City of Elliot Lake. The approach to this budget is a zero based budget model. This means that each budget line has been reviewed and individually and justified. There is no automatic year-to-year percentage increases. Each position, line expenditure or operational cost has a rationale directly linked to City operations.

At the September 19, 2022 Finance and Administration Meeting (and September 26 Council Meeting), council reviewed a report from the Director of Finance/Treasurer titled 'Discretionary Reserves Report and Capital Forecast' (Appendix B). The recommendation from this report was that the Budget Committee consider the state of reserves and the five-year capital forecast when considering municipal contributions to reserves in the 2023 operating budget.

At the February 23, 2023 adhoc budget meeting, council reviewed a report from the Director of Finance/Treasurer titled '2023 Salaries and Benefits Budget'. The recommendation from this report included \$10,375,538 in salaries and benefits. At the conclusion of the meeting, direction to staff included \$10,318,245 to the operational budget for salaries and benefits. Not detailed in this report is any variance pertaining to salaries and benefits, as it applies to identifiable individuals.

ANALYSIS

GLOBAL OPERATING BUDGET

APPENDIX A

Attached and summarized in Appendix A is an overview of the 2022 operating budget. This represents an increase 5.78% over 2022. The 2023 operating budget is based on the following methodologies. These methods affect all cost centres.

SALARIES & BENEFITS

In line with zero-based budgeting, wages have been based on the level of the incumbents at the time of budgeting and will be projected in the following year with accuracy related to the nearest next month that their classification changes.

The below table provides a detailed look at the departments/cost centres within the City.

	2023 employees	2023 Budget	2022 employees	2022 Budget	variance employees	variance Budget
Mayor & Council	7	\$163,430	7	\$153,751	0	\$9,679
CAO	3	\$369,434	3	\$396,960	0	-\$27,526
Corporate Services	18	\$1,640,837	18	\$1,543,987	0	\$96,849
Protective Services	44	\$2,258,355	39	\$2,038,678	5	\$219,677
Infrastructure Services	47	\$3,060,355	45	\$2,981,492	2	\$78,863
Recreation and Culture	65	\$1,092,611	69	\$1,193,918	-4	-\$101,306
Economic Development	2	\$160,623	3	\$198,528	-1	-\$37,904
Public Library	9	\$349,451	8	\$336,414	1	\$13,036
Water & Sewer (User Pay)	14	\$1,223,150	14	\$1,225,933	0	-\$2,784
Total	209	\$10,318,245	206	\$10,069,661	3	\$248,584

CONFERENCES, CONVENTIONS & TRAVEL

Throughout 2020 and into 2022, conferences and conventions moved to virtual platforms. In 2023, many departments will attend in person to conferences. With this reasoning in mind, the 2023 budget lines for departments are budgeted reflective of pre-pandemic requirements.

UTILITIES

A review of CPI for energy in the Province of Ontario shows that the rate is 6.4%; this CPI includes gasoline and diesel. To that extent, the CPI used for the determination of the 2023 budget is 5%.

A review of the three-year average with respect to hydro consumption and natural gas provides the basis for the 2023 budget; and includes an increase of 5% increase for CPI. Unless other extenuating circumstances are known at the time of budgeting.

PROJECTED TAX RATE CHANGE

The Ontario Government announced in 2022 that the 2023 Municipal Property Assessment Corporation (MPAC) Assessment Update is postponed. Property assessments for the 2023 taxation year will continue to be based on the fully phased-in January 1, 2016 current values.

INSURANCE

Per the December 31, 2022 renewal, insurance premiums have increased by 11.84%. Insurance is allocated between General Government, Municipal Airport, Public Library and the User Pay (Water/Waste Water Budget). The 2022 User Pay budget in err, did not include an increase for insurance premiums (the overage was absorbed by General Government) and corrected for in the 2023 User Pay Budget.

A summary of the policy renewal is provided for information purposes.

Policy Items	2023	2022	Variance	%
Airport Liability	\$7,860	\$7,860	\$0	0.00%
Automobile Policy	\$113,810	\$108,890	\$4,920	4.52%
Municipal General Liability	\$225,000	\$205,000	\$20,000	9.76%
Cyber Policy	\$26,239	\$21,089	\$5,150	24.42%
Drone Liability Policy	\$1,550	\$1,550	\$0	0.00%
Environmental Impairment	\$9,814	\$8,922	\$892	10.00%
Equipment Breakdown	\$12,787	\$11,187	\$1,600	14.30%
Excess Liability	\$38,500	\$35,000	\$3,500	10.00%
Excess Transit Liability	\$20,500	\$18,375	\$2,125	11.56%
Marine Liability Policy	\$5,250	\$5,000	\$250	5.00%
Municipal Official/Volunteer	\$3,426	\$3,426	\$0	0.00%
Out of Province Medical	\$825	\$825	\$0	0.00%
Property/Crime Package	\$523,614	\$456,296	\$67,318	14.75%
Volunteer Fire Fighter	\$2,000	\$2,000	\$0	0.00%
Ontario Sales Tax - 8%	\$68,549	\$62,122	\$6,427	10.35%
Total	\$1,059,724	\$947,542	\$112,182	11.84%

GENERAL STATIONARY AND OFFICE

Within the operating budget, there are have been as many as 22 ledgers for general stationary and office. In City Hall, the purchase of office supplies is centralized to one ledger under general government. Variance will be noted in all General Stationary and Office lines based on the shift of budget to General Government. Implementing a three-year actual average has yielded a budget-to-budget variance of \$3,840 to the global operating budget.

GENERAL STATIONERY & OFFICE	2020	2021	2022	2023
Actual Expenditures	\$45,744	\$30,183	\$43,421	
Budget	\$54,600	\$54,750	\$44,259	\$40,419
Budget to Actual Variance	(\$8,856)	(\$24,567)	(\$838)	
Budget to Budget Variance				(\$3,840)

GENERAL STATIONARY AND OFFICE: POSTAGE

Within the operating budget, there have been as many as 20 ledgers for postage. A thorough investigation of budget lines has reduced the number of ledgers to 11. The use of email billing has yielded an operational savings across several cost centres. During budget deliberations, implementing a three-year actual average has yielded an increase to this line by \$498.

POSTAGE	2020	2021	2022	2023
Actual Expenditures	\$12,857	\$16,307	\$19,017	
Budget	\$26,930	\$18,280	\$15,277	\$15,775
Budget to Actual Variance	(\$14,073)	(\$1,973)	\$3,741	
Budget to Budget Variance				\$498

TRANSFERS FROM RESERVE

It is not recommended to use reserves to offset operational expenses. The exception to this rule is for elections; in the actuals for 2022, funds are transferred from the Elections Reserve to Elections operations.

TRANSFERS TO RESERVE

A summary of current budgeted transfers to reserve is below; variance pertaining to the Family Health Team is detailed later in the document. The following contributions are derived directly from the levy.

Transfers To Reserve from Operation Budget	2023 Budget	2022 Budget	Variance	Reserve Notes
Clerk	\$22,500	\$22,500	\$0	Election Reserve
Information Technology	\$50,000	\$50,000	\$0	IT Reserve
Family Health Team	\$150,000	\$50,000	\$100,000	Physicians Recruitment
General Government	\$60,000	\$60,000	\$0	Working Funds
Fire Department	\$150,000	\$150,000	\$0	Protection to Persons and Property
Fire Department (MNR)	\$2,150	\$2,150	\$0	Protection to Persons and Property
Facilities - Administration	\$200,000	\$200,000	\$0	Building and Facilities
Operations - Administration	\$250,000	\$250,000	\$0	Public Works - Infrastructure
Public Works-Equipment Maintenance	\$500,000	\$500,000	\$0	Fleet Reserve
Transit System	\$75,000	\$75,000	\$0	Fleet Reserve
Municipal Airport	\$100,000	\$100,000	\$0	Building and Facilities
Recreation	\$5,000	\$5,000	\$0	Fleet Reserve
Stone Ridge Golf Course	\$30,000	\$30,000	\$0	Fleet Reserve
Mount Dufour Ski Hill	\$55,000	\$55,000	\$0	Ski Hill
Parks-Trails	\$20,000	\$20,000	\$0	Building and Facilities
Miners Monument Park	\$1,500	\$1,500	\$0	Miners Monument
Arts & Culture	\$0	\$0	\$0	Arts & Culture
Economic Development	\$25,000	\$25,000	\$0	Economic Development
Total Contributions	\$1,696,150	\$1,596,150	\$100,000	

These additional contributions are derived directly from activity within the cost centre, and are subject to change based on performance.

Additional Contributions based on performance	2023 Budget	2022 Budget	Variance	Reserve Notes
Woodlands Cemetery	\$20,595	\$20,707	(\$112)	Correlated to Net Revenue for Cost Centre
Residential Devpmt- Wireless Towers	\$25,796	\$29,888	(\$4,093)	Correlated to Net Revenue for Cost Centre
Treasury	\$353,710	\$353,710	\$0	Correlated to Interest Revenue
Public Library	\$2,322	\$0	\$2,322	Correlated to Transit Ticket Sales

ANALYSIS: DEPARTMENTAL ANALYSIS

In the text to follow, changes and variance notes in the 2022 operating budget are further explained on a by department basis. To follow through this section, please follow along with page two of the appendix schedule A.

MAYOR AND COUNCIL

As the world reopens, conference and conventions return to in person sessions. An increase to the conference and conventions budget of \$8,049 is based on known activities.

Per Person	3 day ROMA Toronto <i>actual</i>	3 day FONOM Parry Sound <i>based on schedule</i>	4 day OGRA Toronto <i>based on schedule</i>	4 day AMO London <i>estimated schedule n/a</i>
Conference Fee	\$638.45	\$452.00	\$932.25	\$926.60
Mileage (\$0.61/km)	\$351.97	\$384.30	\$671.00	\$847.90
<i>one way kms</i>	<i>577</i>	<i>315</i>	<i>550</i>	<i>695</i>
Meals	\$261.75	\$192.60	\$341.40	\$409.80
<i>Breakfast \$22.80 Lunch \$23.05 Dinner \$56.60</i>	<i>Day 1: BLD Day 2: LD Day 3: LD</i>	<i>Day 1: BD Day 2: D Day 3: D</i>	<i>Day 1: BLD Day 2: LD Day 3: LD Day 4: LD</i>	<i>Day 1: BLD Day 2: BLD Day 3: BLD Day 4: BLD</i>
Accommodation	\$564.10	\$349.73	\$957.00	\$430.11
Parking	\$165.00	\$0.00	\$177.00	\$40.00
Total	\$1,981.27	\$1,378.63	\$3,078.65	\$2,654.41
2 Representatives	\$3,797.54			
3 Representatives		\$4,135.89	\$9,235.95	\$7,963.23
Total Conferences		\$25,132.61		
Misc. Travel		\$2,000.00		
Training		\$2,500.00		
2023 Budget		\$29,632.61		
2022 Budget		\$26,549.34		
Variance		\$3,083.27		

CHIEF ADMINISTRATIVE OFFICER

Based on a three year average, contracted services is reduced by \$7,500.

CLERK & ELECTION

No significant variance to note.

HUMAN RESOURCES

The city provides extended health benefits for retirees. Based 2023 known rates the 2023 budget provides for 17 retirees with an estimated expense of \$94,059.

In line with City Policies, Employee Service Recognition is included in the HR operating budget for 2023. This budget line provides for the recognition of milestone anniversaries, the issuance of holiday gift cards, and bereavement and hospitalization (\$500).

This line also provides a 50/50 cost sharing with the Elliot Lake Management Social Fund to celebrate managing retirees; at the time of writing this report, two managers have provided notice of a 2023 retirement (\$1,500).

SERVICE RECOGNITION MILESTONES		
Years' Service	\$ Gift Card	# of Employees
35	\$400.00	1
30	\$300.00	0
25	\$200.00	0
20	\$100.00	0
15	\$75.00	3
10	\$50.00	2
5	\$25.00	3
Total Employees		9
Total \$		\$400.00

Employee Service Holiday Gift Cards		# of Employees	\$Total	\$ Gift Card
Full Time	Council	7	\$210.00	\$30.00
	CUPE	56	\$1,680.00	
	Fire	9	\$270.00	
	Management	23	\$690.00	
Part Time	Part Time	76	\$1,520.00	\$20.00
	Vol. Fire	16	\$320.00	
	X-Guards	11	\$220.00	
Total		198	\$4,910.00	

INFORMATION TECHNOLOGY

Computer software and contracted services budget totalled \$355,000 in 2022; in 2023, this total is \$335,100, a total savings of \$19,090. The variance created is due to a review of the line items contained in each budget line.

IT COMPUTER SOFTWARE	2023 Budget	2022 Budget	Variance	2022 Actual unaudited	2021 Actual
ASI FLUID MAN O/A ALTERNATIVE SOL	2,000		2,000	2,183	
BEARTECH SOLUTIONS INC	3,500		3,500	3,057	
BMC SOFTWARE CANADA INC	3,000		3,000		
CENTRALSQUARE CANADA SOFTWARE INC	62,000		62,000		
ESCRIBE SOFTWARE LTD	20,000		20,000		
ESOLUTIONS GROUP LTD	20,000		20,000		
FIELDPOINT PW WORKORDER	28,000		28,000		
GO DADDY	1,000		1,000	865	-
INTELLIGENZ LIMITED	7,200		7,200	7,123	
IPCAM LIVE	1,000		1,000		
MARMAK INFORMATION TECHNOLOGIES	3,000		3,000	-	763
NITRO PDF	5,000		5,000	-	4,736
SOFTCHOICE LP	60,000	55,000	5,000	818	3,658
WAMCO	4,000		4,000		
ZOOM	3,000		3,000		
CYBER SECURITIES & MISCELLANEOUS	10,000		10,000	2,351	122
TOTALS	232,700	55,000	177,700	16,397	9,280

IT CONTRACTED SERVICES	2023 Budget	2022 Budget	Variance	2022 Actual unaudited	2021 Actual
BMC SOFTWARE CANADA INC		3,000	(3,000)	-	3,991
CENTRALSQUARE CANADA SOFTWARE INC		62,000	(62,000)	56,275	63,075
CENTRALSQUARE WORKTECH SOLUTIONS		10,000	(10,000)	-	-
ESCRIBE SOFTWARE LTD		40,000	(40,000)	7,028	37,925
ESOLUTIONS GROUP LTD		20,000	(20,000)	6,134	19,202
LLOYD RESEARCH GROUP INC			-	-	39,381
MARMAK INFORMATION TECHNOLOGIES		2,500	(2,500)	3,053	3,053
NITRO PDF			-	4,703	
REC GEN CDA RADIO LICENSE		5,000	(5,000)	2,383	2,304
SIGN RITE-ELLIOT LAKE			-	-	81
BEARTECH SOLUTIONS INC		35,000	(35,000)	1,793	3,994
SOFTCHOICE LP			-	7,749	8,803
STRATOSPHERIQ DATA SYSTEMS INC	42,000	42,000	-	41,518	41,518
SWAGIT PRODUCTIONS LLC	25,000	23,745	1,255	21,586	23,745
LAXON TECHNOLOGIES	25,000		25,000		
WAMCO		2,544	(2,544)	4,152	2,544
SOPHOS 24/7 AS PER AIG AND BACKUP UNIT		50,000	(50,000)	-	
ZOOM		3,000	(3,000)	5,495	6,037
CYBER SECURITIES & MISCELLANEOUS	10,000	1,220	8,780	933	3,384
TOTALS	102,000	300,009	(198,009)	162,802	259,037

RESIDENTIAL DEVELOPMENT -- WIRELESS TOWERS

In 2022 analysis of municipal taxes revealed taxation related to the wireless towers; thereby creating this budget line. In addition, a review of revenue was completed and this indeed offset the costs of taxation. As wireless towers are revenue neutral, any profit is transferred to reserves; this cost centre does not affect the levy.

WOODLANDS CEMETRY

No significant variance to note. Near status quo budgets will be maintained.

FAMILY HEALTH TEAM

City staff continue toward establishing a memorandum of understanding (MOU) with the Family Health Team; including but not limited to establishing clear financial support guidelines. In April 2021, the City adopted a bylaw declaring the office space as municipal capital facility. Due to the absence of a MOU, the City was unable to register the space held by the FHT as municipal capital facility with the Municipal Property Assessment Corporation (MPAC). An agreement providing ELNOS with a tax credit expired in 2017; however, based on historical practices this credit has continued. To that extent, a budget line for municipal taxes is sustained for 2023.

With respect to Contracted Services; in 2022, the City received notice that the funding provided for the virtual clinic was redirected to the in-person Nurse Practitioner Clinic. The cost of is the same as the virtual clinic at \$6,000 per month (\$72,000 annually assuming this change is acceptable to the Budget Committee/ Council) Also included in this budget line is \$43,500 is budgeted for physician recruitment and \$6,500 for telephone expenses at the FHT.

In 2022, council approved an additional transfer of \$50,000 to the Physician Recruitment Reserve.

A debate at the April 5, 2022 adhoc budget meeting included a request for an additional of \$50,000 (total of \$100,000) to the physician recruitment reserve. At that time, and in the interest of sustaining a global levy increase under 5%, it is the recommendation of the Director of Finance and Treasurer that augmenting the reserve is deferred until 2023 budget deliberations.

Based on the needs of the FHT and the pressures on the Physicians Recruitment Reserve, an additional \$100,000 is included in the 2023 budget for a total of \$150,000 in transfer to reserve.

TREASURY

Contracted Services decreased by \$15,000 due based on actuals and anticipated expenditures. Fees due to Municipal Assessment Corporation for the recovery of property assessment services and support services is a known expenditure for 2023. Financial Expenses related to tax reductions is increased based on known three-year averages.

GENERAL GOVERNMENT

The three-year average has been employed on the following lines, miscellaneous revenue, general office and stationary, office equipment, sundries, memberships, photocopying and cell phones and insurance claims.

Insurance claims (paid by the City i.e. amounts under the deductible or applicable deductible) are increased using the three-year average principle.

Legal expenses have been historically over budget, using the three-year average \$372K should be budgeted for legal; upon review of 2022 actuals, no increase is recommended.

Municipal taxes that have been reviewed using a two-year average and include a provision for the impending increase to taxation.

Contracted services increases by \$40,470. This variance is based on preapproval of the Arts and Culture Public Arts Project \$10,470 and the preapproval of the expenditure for the 2022-2026 strategic plan.

The Community Relations budget is set at \$10,500 supporting \$500 for incidental in year spending, and \$10,000 for the Elliot Lake Foodbank.

TAXES AND TRANSFERS

Transfer payments in lieu (PIL's) were underestimated in 2022; yielding additional revenue as captured in the 2023 budget. The 2022 Ontario Municipal Partnership Fund (OMPF) remains unchanged.

FIRE DEPARTMENT

The three-year average has been employed increasing the expectation of revenue from miscellaneous recoveries. Based on a detailed review of contracted services and the use of the three-year average, contracted services increases by \$1,491.

EMERGENCY MANAGEMENT

No significant variance to note.

BUILDING CONTROL

With consideration in changes to the user fee schedules and review of the three-year average revenue, revenue expectations for building control are increased.

BYLAW ENFORCEMENT

Revenue related to Pet and Taxi Licenses is reduced in 2022 based on a review of the past three years. Based on the three-year average, expenses related to animal shelter maintenance, uniforms, equipment and contracted services is increased.

COMMITTEE OF ADJUSTMENT

No significant variance to note.

FACILITIES

The Movie Theatre/Arts Space renovation and refurbishing expected to be complete in 2023; to that extent, an operational budget is further established. Noting that actuals from 2021 are related to the finalization of the demolition at the Civic Centre.

Expenses at the Rio Den are due to decreased utilities.

Building rental at the Pearson Plaza (Hart Store) is unchanged for 2023.

Facility operations for the Pool decrease in 2023, namely due to known closure and reduced utilities costs.

City Hall includes a minor variance.

The Police Station includes an increase for contracted services based on actuals from 2022.

Collins Hall sees an increase to utilities namely, natural gas consumption.

At Centennial Arena, an increase to utilities (hydro) is reflected; the increase in hydro is notable based on the operation of the facility in warmer months (August).

OPERATIONS (PUBLIC WORKS)

Training is reduced based on actuals. A review of contracted services and of the three-year average actuals creates a year over year decrease of \$6,363.

PUBLIC WORKS

Increases are prevalent across renewals for contracted services, materials, fuel, and supplies. To that extent, the expense of routine maintenance is increased. Building Maintenance increases by 15% and Contracted Services increases using a three-year average actual with a 10% increase. These increases are very conservative and as supply and demand of parts continues to be an issue. The vehicle maintenance is not revenue but rather a redistribution of expenses from other departments based on work performed in year by our in-house mechanics. Public Works Operations sees an increased transfer for distributed wages from Woodlands Cemetery and the Water/Waste Water Budget.

ROADS MAINTENANCE

Increases from 6-10% are prevalent during 2023 contract reviews.

CONVENTIONAL TRANSIT SYSTEM & ACCESSIBLE TRANSIT

Provincially allocated gas tax funds are known to be \$128,881¹, there are no other known provincial grants. Based on the three-year trend, the expectation of revenue from the Northland Shuttle is increased. Transit fees remain at the 2019 price. Using 2019 actuals, revenue generated from tickets, membership, and cash payments are calculated based on payments collected April 1, 2022 - December 31, 2022. Based on current fuel prices, a 30% increase over the three-year average is predicted. Contracted Services are increased comparative to 2021 actuals. Vehicle Maintenance is increased based on the three-year average expenditure.

MUNICIPAL AIRPORT

Using the 2023 user fees and a three-year average, revenue at the airport is expected to decrease based on fewer landing fees and lower fuel sales. Building maintenance, materials, and contracted services are increased slightly based on three-year average actuals and known obligations.

STREET LIGHTING – REAL TERM ENERGY (RTE)

Based on the amortization schedule related to the 2015 loan for street lighting we see an increasing principle payment and a declining interest/warranty program payment. This budget line has been analyzed to demystify the interest/warranty program. Based on information obtained from RTE within each payment, there is a component that goes to the lender, and a component that goes to RTE to cover profit overhead, and maintenance expenses when they occur. Of the entire payment, 85% is remitted to the lender and 15% is remitted to RTE.

STORM SEWER

A review of the three-year average results creates a year over year decrease of \$11,311.

WASTE MANAGEMENT

Contracted Services related to collection have increased. However, increased controls at the landfill and accounts receivable have yielded higher revenues for the landfill. At the time of report writing the landfill post closure liability has yet to be determined for 2022, it based on increased CPI estimates and historical calculations this is estimated at \$600K for 2022.

PARKS

Based on increased cost of materials, the budget for Leisure Parks increases in 2023. The newly formed Mississagi Park Foundation has created budgetary savings of \$44,747. Based on a review of average net expenses, it is expected that the 1/3 share of costs will be \$25,000.

¹ [2022-23 Gas Tax Funding by Municipality](#) link to Ontario Newsroom

GRANTS TO SENIORS CENTRE

Since 2012, the City has provided funding to the Renaissance Seniors Centre. From 2012 through 2019, these transfers were supported by specific resolution, in 2020 and 2021 these funds were added to the operational budget and passed at the time of budget adoption. On February 21, 2023, the City received a letter seeking continued support (Appendix C).

RECREATION

Includes Sports Field rentals, and the following events; Ice Fishing Derby, Street Dance, Winterfest, Canada Day, Drag Races, and programming at the Collins Hall.

The Street Dance is budgeted with no increase over 2022. Based on a revised fireworks plan (elimination of silent fireworks) and information obtained from the contracted provider of the Canada Day fireworks, the estimated cost decreases. Per council's direction, the 2023 Drag Races are removed from the budget.

Recreation	2023 Budget	2022 Budget	Variance	2022 Actuals Unaudited	2021 Actual	2020 Actual
Recreation Administration	\$372,860	\$254,246	\$118,614	\$250,522	\$134,234	\$231,567
Summer Day Camps	\$0	\$0	\$0	\$0	\$34,907	\$83,883
Ice Fishing Derby	\$0	\$7,900	(\$7,900)	\$0	\$0	\$8,366
Street Dance	\$28,669	\$28,669	\$0	\$60,724	\$0	\$0
Winterfest	\$8,850	\$10,360	(\$1,510)	\$2,256	\$0	\$10,281
Canada Day Festival	\$22,150	\$32,724	(\$10,574)	\$16,882	\$22,622	\$3,011
Drag Races	\$0	\$35,000	(\$35,000)	\$36,375	\$574	\$2,317
Total	\$432,529	\$368,897	\$63,631	\$366,759	\$192,337	\$339,425

GOLF COURSE

Based on increased revenues at the Stone Ridge Golf Course and their 2023 Business Plan (Appendix D), it is the recommendation of the Director of Finance & Treasurer to reduce the budget for contracted services. Per the report, the 2023 projected loss for Stone Ridge is \$36,716; the City's share would be \$18,088. Transfer to reserve remains status quo.

MOUNT DUFOUR SKI HILL

No significant variance to note.

COLLINS HALL

Using a blended average, the revenue expectations at the Collins Hall are increased. Sundry expenses are increased in response to refresh on some non-recreational equipment i.e. for theater style productions and small kitchen needs.

CENTENNIAL ARENA

Using a blended average, the revenue expectations at the Centennial Arena are increased.

CENTENNIAL ARENA - CANTEEN

Revenue for the canteen is directly correlated with food purchase. Using a blended average, the revenue expectations are increased, along with the expenses for food purchase. No significant variance to note.

RUBEN YLI JUUTI CENTRE – INCLUDING BEACHES

At the time of report writing, the Ruben Yli Jutti Centre remains closed. The 2023 budget has been prepared without this consideration. In an administrative correction, all staff from the beaches have been budgeted to the pool cost center. Expenses have been reviewed and updated based on known costs.

Sustaining the budgets for the pool is vital to ensure that budget consideration is in place for the reopening.

The net budget-to-budget increase for 2023 for all activity at the Ruben Yli Jutti Centre is \$4,956 (Pool and Beaches combined).

PARKS

Includes budgets from Westview Trailer Park, Trails, the Trailhead and the Skate Park. Using a three-year blended average and the increases to user fees, Westview Trailer Park will see an increase in revenue. Trails, includes two summer students, and notes variance between the provision of a provincial grant and the associated material expense. The Trailhead budget decreases by \$9,000 based on utilization of city staff for contracted services.

WELCOME CENTRE

With staffing shifted from the Welcome Centre to Recreation Administration, the budget is limited to Advertising, and Sundry Expenses. Using a three-year blended average and the consideration that new advertising material be produced in 2022, the budget is increased.

MINERS MONUMENT

Status quo budgets are maintained.

ARTS & CULTURE

Based on utilization, the budget line for Arts and Culture Hub Planning is eliminated.

ARTS TOUR

Through strategic community partnership, the arts tour budget is reduced by \$1,750.

NUCLEAR MUSEUM

At the time of writing this report, there were no known grants for the museum. All other budgets are maintained.

COMMUNITY EVENTS

Created to provide limited financial assistance to community groups and not-for-profit organizations within the City to assist with various activities. This support is in recognition of the value of these groups to the well-being and growth of the community and is to help the municipality retain a strong community focus.

SPECIAL EVENTS

Status quo budgets are maintained.

ECONOMIC DEVELOPMENT

At the time of report writing, there were no known grants for Economic Development or EDO Projects. Increases to Advertising and Promotions for the production of marketing materials and contracted services to increase opportunities for Community Improvement Plan (CIP) Programs.

Advertising	
On Route	\$1,360.00
Shop Local (2 events)	\$12,000.00
Canada Travel Magazine	\$4,000.00
Billboards	\$13,500.00
Ashley Rae	\$13,000.00
Snowtrax	\$2,000.00
Ec Dev Summit	\$2,000.00
Trail Report	\$4,250.00
Algoma Travel Guide	\$2,750.00
TODS Highway Signs	\$2,000.00
Elliot Lake Travel Guide	\$4,000.00
ASPA Map Ad	\$1,300.00
OFATV Map ad	\$1,340.00
Signage at Trailhead	\$3,000.00
Promo Video	\$3,500.00
Total	\$70,000.00

Contracted Services	
Pearson Esten Phase 2	\$50,000.00
Dieppe Phase 2	\$20,000.00
Appraisals Commercial Property	\$7,000.00
Community Improvement Plan	\$15,000.00
Community Profile	\$7,000.00
Total	\$99,000.00

Memberships	
HNCEA	\$3,000.00
EDCO	\$635.00
EDAC	\$300.00
Algoma Country	\$2,900.00
Total	\$6,835.00

Conferences	
EDCO	\$2,000.00
NOTS	\$1,000.00
Cycle Canada	\$1,000.00
Total	\$4,000.00

POLICING

Honorariums and benefits for the Police Services Board remain status quo in 2022. Based on the 2023 OPP annual billing statement the cost for policing is increased based on the 2021 reconciliation and associated adjustment. The most significant adjustments result from the cost of actual versus the estimated municipal requirements for overtime, contract enhancements and court security.

ALGOMA PUBLIC HEALTH UNIT (APH)

Based on the 2023 Municipal Levy Notice APH has approved a budget with a 6.42% increase to the Municipal levy for the 2023 operating year relative to 2022. The City's apportionment of the levy is based on 2016 Census Data provided by Statistics Canada.

ALGOMA DISTRICT SERVICES BOARD (ADSB)

Based on estimates retained from council, the Algoma District Services Board is estimating an apportionment increase of 4.27% for the 2023 operating year relative to 2022.

ELLIOT LAKE PUBLIC LIBRARY

After review with the Chief Librarian, the Public Library is budgeted with an increase of 2.2%. Revenue expectations remain flat, with the exception of transit revenue. Using a blended three-year average, building maintenance and office supplies are reduced. A review of the rental agreement shows that monthly rent due is (inclusive of the City's HST rebate) \$14,825.21/month with an additional \$10,000 for Common Area Maintenance (CAM) fees.

FINANCIAL IMPACT

Based on estimates from the Ontario Ministry of Finance, Online Property Tax Analysis (OPTA). The median/typical single family home has a current value assessment of \$98,000 (MPAC valuation). Current Assessment Value (CVA) is the basis for the calculation of municipal property taxes.

In 2022, taxes due on a median/typical single family home totalled \$2,022. In 2023, the same home would have property taxes in the amount of \$2,127. Given adoption of the 2023 operating budget as presented in Appendix A, a median/typical single family home would incur taxes in the amount of \$2,127 in 2023; an increase of 5.15% over 2022.

Median/Typical Property Estimated Municipal Taxes	2023 CVA	Actual Taxes 2022	Estimated Tax 2023	% Increase from 2022
Single Family Home	\$98,000	\$2,022	\$2,127	5.15%
Seasonal Recreational Dwelling	\$195,000	\$3,683	\$3,869	5.07%
Residential Condominium Unit	\$61,000	\$1,259	\$1,324	5.15%
Managed Forest	\$29,500	\$139	\$146	5.07%
Apartment Building	\$1,367,000	\$52,558	\$55,264	5.15%
Small Office Building	\$155,000	\$4,718	\$4,961	5.15%
Small Retail Commercial Property	\$168,000	\$6,827	\$7,239	6.03%
Standard Industrial Property	\$236,000	\$7,184	\$7,554	5.15%
			<i>average</i>	5.24%

INCREASES TO RESERVE

The 2023 Budget as presented with a levy of \$13,931,968 includes \$1,696,150 in transfer to reserve (direct from the operating budget). For the purposes of discussion only, detailed below are the impacts of increasing the levy to increase reserves.

Increased Transfer to Reserve	% Levy Increase	Levy Requirement
\$0	5.78%	\$13,931,968
\$100,000	6.53%	\$14,031,968
\$150,000	6.91%	\$14,081,968
\$250,000	7.67%	\$14,181,968

Based on estimates from the Ontario Ministry of Finance, Online Property Tax Analysis (OPTA). The following sensitivity analysis demonstrates the impact of increasing transfer to reserves.

Total Levy	\$13,171,307	\$13,931,968	\$14,031,968	\$14,081,968	\$14,181,968
Median/Typical Property <i>Additional Transfer to reserve</i>	Actual Taxes 2022	Estimated Tax <i>as presented</i>	Estimated Tax <i>+\$100,000</i>	Estimated Tax <i>+\$150,000</i>	Estimated Tax <i>+\$250,000</i>
Single Family Home	\$2,022	\$2,127	\$2,142	\$2,149	\$2,164
Seasonal Recreational Dwelling	\$3,683	\$3,869	\$3,897	\$3,910	\$3,938
Residential Condominium Unit	\$1,259	\$1,324	\$1,333	\$1,338	\$1,347
Managed Forest	\$139	\$146	\$147	\$148	\$149
Apartment Building	\$52,558	\$55,264	\$55,656	\$55,852	\$56,244
Small Office Building	\$4,718	\$4,961	\$4,996	\$5,014	\$5,049
Small Retail Commercial Property	\$6,827	\$7,239	\$7,277	\$7,296	\$7,334
Standard Industrial Property	\$7,184	\$7,554	\$7,607	\$7,634	\$7,688

LINKS TO STRATEGIC PLAN

Strong Financial Foundation for the Municipality.

SUMMARY

It is recommended that council approve the 2023 Operating Budget.