



**The Corporation of the Municipality
Staff Report**

Office of the Treasurer
Manuela Batovanja

Prepared For: Mayor and Council	Report No.: MB 2023-06
Agenda Date: March 21, 2023	File No.: C11

Staff Recommendation

THAT Council receive Report No. MB 2023-06, recommending the approval of the 2023 Operating and Capital Budgets as presented and the required budget and tax by-laws at its Regular Meeting on March 21, 2023.

Report Purpose

The proposed 2023 Capital and Operating Budgets were presented to Council on Tuesday, December 20, 2022 and Wednesday, February 15, 2023 respectively. Input from the public was invited on both budgets and only one comment was received from the public regarding the operating budget. The purpose of this report is to summarize considerations and recommend the budget approval.

Background

The draft Operating Budget was presented to Council and included the following recommendations:

- The budget contains a Property Tax Levy increase of 3.80% equivalent to \$191,497.
- Includes \$5.1 million in capital projects and includes transfers from the operating budget to capital reserves of \$679,232 in 2023.
- The water and sewer budget contains a variable rate increase from \$0.84 to \$0.92 for water and from \$0.52 to \$0.53 for sewer.
- Maintain previous years levels of service.
- The changes in the updated capital budget outlined in the Operating Budget presentation were:

Respectfully Prepared and Submitted By:
Manuela Batovanja, Treasurer
Director of Finance

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- The water truck was changed to a hybrid SUV which resulted in a budgeted savings of \$25,000.
 - Addition of the compactor engine, \$60,000 extends the life of the compactor which will continue to be used at the landfill.
 - Addition of the banner enhancement program of \$25,000 is an extension of a BIA initiative.
 - AMP/Asset Management – Building Condition Assessment - \$62,500 (of which \$50,000 is funded) was moved from subject to funding to recommended as funding was approved.
 - To keep the tax levy below 4%, the long-term transfer to capital reserves was reduced from \$742,500 to \$670,000.
- Both the capital and operating budgets were completed with a goal of preparedness as staff strived to meet the following benchmarks:
 - Align with the Strategic Plan
 - Align with the recommendation of the 10 Year Financial Plan
 - Align with the 10 Year Financial Plan for Water and Wastewater
 - Begin to implement recommendations made within the Water and Wastewater Masterplan
 - Maximize funding opportunities available.

- The chart below represents the recommended revenues and expenses contained within the 2023 Operating Budget as presented to Council.

2023 BUDGET SUMMARY			
	REVENUE	EXPENDITURE	DIFFERENCE
Finance, Taxation, Boards	\$10,751,843	\$4,407,689	\$6,344,154
Admin, Council, COVID, Seniors	\$186,495	\$1,445,558	-\$1,259,063
Protective Services, Fire, Building	\$89,889	\$438,234	-\$348,345
Community Services and Tourism	\$327,343	\$1,805,314	-\$1,477,971
Infrastructure Services	\$1,099,739	\$4,195,793	-\$3,096,054
Water and Sewer	\$1,545,968	\$1,545,968	\$0
Information Technology	\$25,179	\$187,900	-\$162,721
TOTAL BUDGET	\$14,026,456	\$14,026,456	\$0

The proposed by-laws for Council's consideration on tonight's Regular Meeting set out the adoption of the estimates of all sums required for the budget and fixing the rate of taxation and penalty and interest as well as the tax ratios for 2023 and are based on the submitted operating and capital budgets. The By-Law sets the payment dates of the next two tax instalments due on June 29th and August 31st.

Public Input

Public input opportunities into the budgets were provided to residents. No comments were received regarding the capital budget and one letter which is attached to this report was received pertaining to the operating budget.



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Conclusion

As a progression into multi-year budgeting, we have shown a four-year plan which aligns with the strategic plan of the previous Council. However, we are recommending that only 2023 be adopted. The remaining years 2024 to 2026 are the basis for the transition to the first multi-year budget which would commence in 2024 to align with municipal policy.

Attachments

Letter from the Wawa Minor Hockey Association regarding the Wawa draft operating budget.

Respectfully Prepared and Submitted By:
Manuela Batovanja, Treasurer
Director of Finance

March 10, 2023

Wawa Minor Hockey Association
Box 1946
Wawa, ON
P0S 1K0



Manuela,

First, I want to thank you for the opportunity reviewing the 2023 Draft Operating Budget. WMHA is concerned with the proposed budget to eliminate the seasonal arena position. As an association we have seen issues with the facility that have been lacking in recent years, for example the arena floor is always covered in gravel as you can imagine is not good for skates where sweeping has been lacking for quite some time. Seeing this proposal has us concerned about the upkeep of the facility and the most importantly see this as an obstacle in maintaining our communities ice users.

We have spent a lot of time as volunteers for WMHA, Mustangs, Mercantile hockey, women's hockey, school programs and figure skating to fill that arena and ensure it is being used. We have not done an analysis as we don't have the information at my fingertips, but I would be willing to bet that this has been the busiest year in at least 4 to 5 years in that facility as we are all trying to build these programs to have something for the kids that are here and to help attract families to this community.

I know Mustangs has done a lot to grow their program this year with three age groups using the facility with home games for the first time in 5/6 years. WMHA is working with Chapleau Minor Hockey to make this a more robust program and ultimately using the facility more. WMHA has also reinvigorated the house league program that has not been here in 8-10 years. Once the hockey season is done at the end of April, I would like to offer the opportunity to come speak to council on all the great things we are doing for our youth in the community as volunteers.

Again, our main concern is that under the current regime/model it seems as though it is difficult for staff to keep up with the facility as it is, and we find it hard to grasp that it will be the same or better with less staff. Most importantly, we don't want to see a reduction in ice time as we are in the middle of growing all ice user's membership across the board and we don't want to see this ice hindering this growth.

Sincerely,

Zachary White
WMHA, President
705-943-5842



Municipality of Wawa 2023-26 Budget Review

March 21, 2023

Taxation History

Taxation History



- 1997 Tax reform initiated
- 1997 Current Value Assessment (CVA) used as a basis for taxation using the 1996 assessed property values
- Current method of taxation included nine mandatory property classes
- 1998 Bill 79 provided limited authority to Municipalities to establish tax ratios

TAXATION

Property Classes

Mandatory Property Classes	Mandatory Property Sub-Classes
Residential	Taxable at Full Rate
Multi Residential	Taxable No Education Rates
New Multi Residential	Farmland Awaiting Development I
Commercial	Farmland Awaiting Development II
Industrial	Excess Land
Pipelines	Vacant Land
Farm	
Managed Forest	
Landfill	

TAXATION

Property Classes Examples

Residential

Single family dwellings/houses

Condominiums

Multi Residential

Triplex

Commercial

Hotels and Motels

Stores

Restaurants

Industrial

Manufacturing, production or processing

Farm

Land used for farming and outbuildings

TAXATION

Property Sub-Classes

Examples

Small-Scale On-Farm Business Subclass

2018 – Optional new sub-class introduced by the province

2020 – Wawa Council adopted the sub-class for eligible properties in the industrial class only

Applies a 75% tax rate deduction for the Industrial Small-Scale On-Farm Business Subclass to help promote and encourage growth of local industrial ventures

TAXATION

Tax Ratios

Purpose

Tax ratios are used to distribute the tax burden between property classes relative to the residential class tax ratio which is always equal to 1

Ranges of Fairness

Ratios were initially calculated by the province in 1998

Represents a provincial determination of a fair level of taxation for various types of properties relative to the tax burden of the residential class

The ranges ensure that taxes are not shifted to properties that are already subject to unfairly high or low tax rates

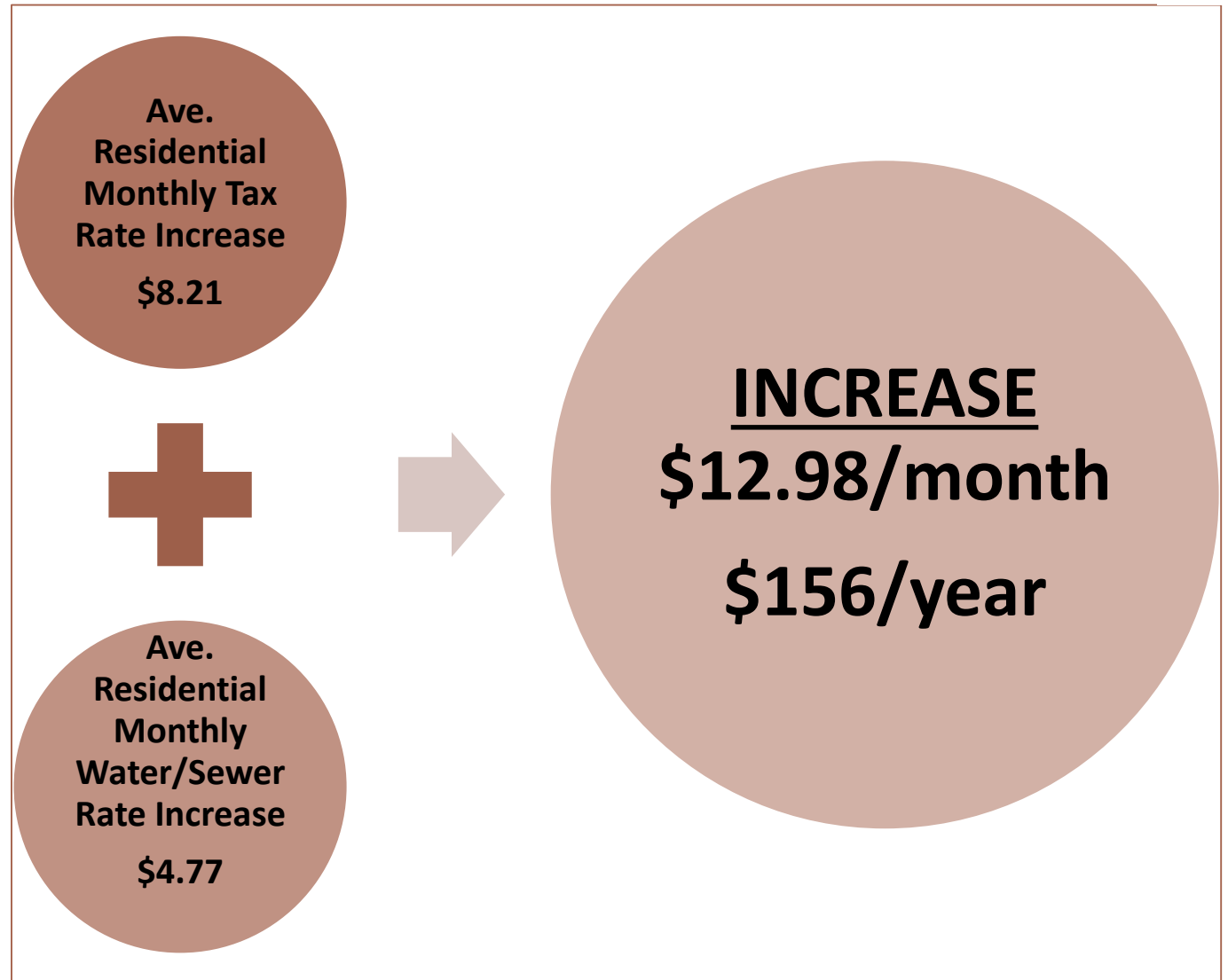
Must be approved annually by Council

2023-2026 BUDGET REVIEW

Proposed 2023 Budget Impact

Levy increase of 3.8% means average residential tax increase of 3.6%.

*Based on average single detached house of \$100,000 assessed value using 70m³ of water and 61 m³ of sewer.



Additional Tax Levy Revenue \$191,497

2023-2026 BUDGET REVIEW

Changes to the

2023 – 2026 Capital
Budget

Water truck was changed to SUV -\$50,000

- Savings \$25,000
- Current Directors truck to move to Water and Sewer

Addition of Compactor Engine - \$60,000

- Emergency purchase at landfill
- Extends the life of this asset 10+ years
- Continued to be used in new landfill cell

Addition of the Banner Enhancement Project - \$25,000

- Original BIA Initiative
- Working towards the goal of downtown beautification
- Upgrade enhancers and refresh banners

AMP/Asset Management – \$62,500 (\$50,000 grant)

- Building Condition Assessment required as part of Asset Management legislation

Long Term transfer to Capital Reserves was reduced from \$742,500 to \$670,000 in order to keep the levy increase below 4%

2023-2026 BUDGET REVIEW IMPACT



**\$5.1 Million for
Capital
Projects**



**Maintains
previous years
levels of
service**



**Encourages the
growth of our
reserves while
maximizing
grant and
investment
opportunities**



**Applies a lens
to the future in
aligning with
the:**

Wawa Strategic
Plan
10 Year Financial
plan – Operating
and Capital
10 Year Water
Financial Plan



**Achieves
mandatory
requirements
of Asset
Management:**

Building Condition
Assessment
Technical levels of
service

2023 Tax By-Laws

BY-LAW NO. 3585-23

BEING A BY-LAW to adopt the estimates of all sums required and to fix the rate of taxation for The Corporation of the Municipality of Wawa and to further provide for penalty and interest in default of payment thereof for the year 2023

BY-LAW NO. 3586-23

BEING A BY-LAW for establishing of Tax Ratios for the Corporation of the Municipality of Wawa

BY-LAW NO. 3587-23

BEING A BY-LAW for the establishing of Three Bands of Assessment of Property for the purpose of facilitating Graduated Tax Rates for the properties included in the Commercial Tax Classes for the Corporation of the Municipality of Wawa.

BY-LAW NO. 3588-23

BEING A BY-LAW small-scale on-farm business subclass in the industrial property class within the Corporation of the Municipality of Wawa