

2024 Approved Budget

2024 Operating and Capital Budgets

2025-2033 Capital Forecast

Overview

City of Burlington

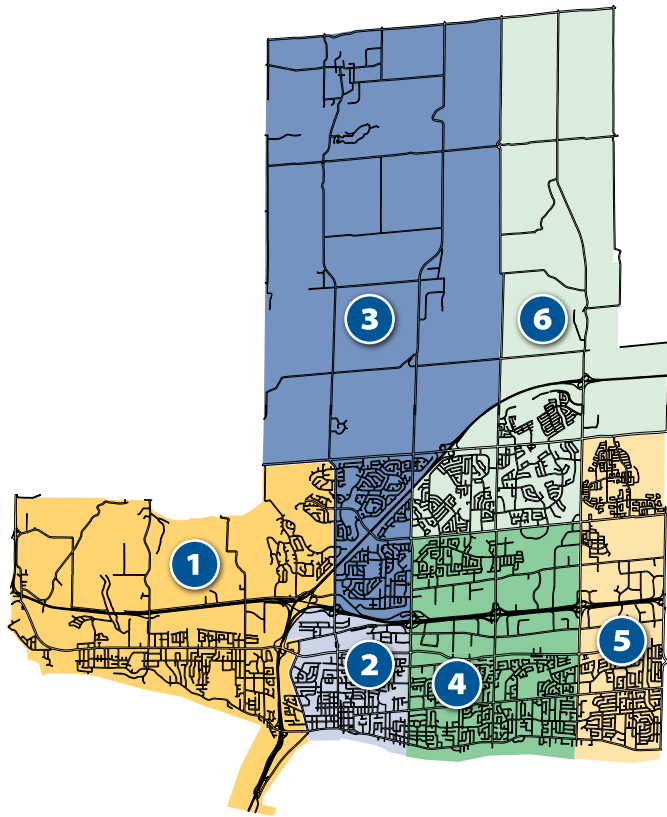
Located on the northwest shore of Lake Ontario, Burlington, with its population of approximately 186,950, is a place where our people, our nature and our businesses thrive.

As a community of the Greater Toronto/Hamilton area, Burlington is close to major transportation and the U.S. border. To the south, Burlington is fortunate to have a beautiful and publicly accessible waterfront along the shores of Lake Ontario and in the north, through the cliffs of the Niagara Escarpment, the City has a UNESCO world biosphere reserve.

Burlington boasts great employment opportunities, low crime rates and a community feel. More than half of the city is protected rural space. Burlington is proud of its green city heritage with more than 581 hectares (1,436 acres) of parkland and some of the best hiking in the world on the Bruce Trail and the Niagara Escarpment.

The city offers world-class urban amenities, including shopping and dining and is home to some of Ontario's top festivals and events. Attractions include the world-renowned Royal Botanical Gardens and the Burlington Performing Arts Centre.





Burlington City Council

The City of Burlington is a place where people, nature and business thrive. Burlington Council and the Burlington Leadership Team work towards common objectives in partnership with our community to address our changing city and contribute to the quality of life for residents.

Together we commit.



Ward 1
Councillor
Kelvin Galbraith

Ward 2
Councillor
Lisa Kearns

Ward 3
Councillor
Rory Nisan

Mayor
Marianne
Meed Ward

Ward 4
Councillor
Shawna Stolte

Ward 5
Councillor
Paul Sharman

Ward 6
Councillor
Angelo Bentivegna

The City's Budget Process

Strong Mayor Powers - Budget Process Changes

Section 290 (1) of the *Municipal Act* requires municipalities to prepare and adopt an annual budget.

In June 2023, Council received the 2024 Budget Framework Report. This report provided Council with the parameters and assumptions on which the 2024 budget would be prepared and outlined key budget pressures the City was anticipating.

Subsequent to that report, the Government of Ontario extended the Mayoral Special Powers and Duties, as outlined in the *Municipal Act*, to 26 additional municipalities, including the City of Burlington, effective July 1, 2023. This legislation and associated regulations [*O. Reg. 530/22 and O. Reg. 580/22*] provide the Mayor with additional powers beyond those previously set out in the *Municipal Act, 2001 S.O. 2001, c. 25*. Under the provisions of the Act, the authority to propose a budget rests solely with the Mayor. However, the Mayor can issue a staff direction for staff to undertake the work required to prepare a draft budget.

On September 14, 2023, the Mayor issued the following Mayoral Decision to the City's Chief Financial Officer [CFO]:

“Prepare a draft City of Burlington 2024 Operating and Capital Budget and Forecast in accordance with the requirements of the Act; That the CFO provide the Mayor with periodic updates on the 2024 Draft Budget in order that those discussions may inform the budget; and; The draft budget be provided to each Member of Council and the public no later than October 19, 2023.”

To support the 2024 budget process, and consistent with prior years, staff prepared budget reference materials including the overview report [F-35-23] and detailed supplementary documentation, now known as the Financial Needs and Multi-year Forecast [previously known as the Proposed Budget Book]. This document provided background, context and financial considerations related to the 2024 budget and multi-year forecast. It included draft budgets for all City Services, a 10-year capital program and key service investments required to stabilize current service operations or expand service delivery.

The City's Budget Process

Internal Staff Review

The operating budget underwent a line-by-line review by the Chief Financial Officer and Service Leads. This review checked the operating budgets for reasonableness and adjusted where appropriate to find budget savings and reduce costs. This review ensured the operating budget was submitted and aligned with the City's financial policies.

The capital budget was reviewed by the Corporate Infrastructure Committee which is made up of the Asset Category Leads and members of the Finance team. This review ensures the capital budget was submitted and aligned with the City's financial policies and that capital projects were prioritized according to the City's Asset Management Plan and coordinated across asset categories.

Strategy and Risk Team (SRT) Review

Following the internal staff review, a corporate/strategic review by the SRT was also conducted. This review included alignment to strategic objectives and recommendation of specific key investments supported by business cases in the budget.

Public Engagement

The City is continuously looking for ways to improve and increase transparency with the public. Staff continue to use the city's website and engagement platform as a communication medium through videos, webcasts and online surveys.

A budget survey was available on the city's Get Involved Burlington website from Aug. 1, 2023 to Sept. 24, 2023. In addition, on September 16, the city hosted its Food for Feedback event. The budget was one of the key topics for which staff were seeking public feedback. The event was very successful with approximately 1500-2000 people attending. A total of 808 surveys were completed between the Get Involved website and at the Food for Feedback event. A summary of the survey responses can be found in the 2024 Financial Needs and Multi-year Forecast Overview report [F-35-23], Appendix C.

The "Budget Basics" video continues to be available on the website, explaining how the city develops its budget.

In addition, a revised version of Burlington Open Budget, on the city's website, is available to the public to allow residents to view the city's financial data in an intuitive and illustrative form.

A telephone budget town hall was held on Nov. 7, 2023.

The City's Budget Process

Mayor's Proposed Budget

Mayor Marianne Meed Ward presented the Mayor's 2024 Proposed Budget at the Council meeting of Nov. 2, 2023.

Service Performance Workshops

On Nov. 6 and 7, Council Workshop sessions were held to allow City staff to present an in-depth overview of the Key Financial Investments that were included within the 2024 Financial Needs and Multi-Year Forecast.

Budget Motion Memorandums Forms

Similar to the process used for the past 2 budgets, if a Member of Council wished to propose an amendment to the proposed budget they are requested to prepare a Motion Memorandum. This memo included the rationale for any proposed budget amendment. These Motion Memorandums provided other Members of Council and most importantly the public, greater clarity as to why an amendment was proposed and the rationale for the budget change request.

These Motion Memorandums formed the basis for the agenda to review the Mayor's Proposed Budget.

A Committee meeting to review the budget was held on Nov. 21 and 23, 2023. Preliminary budget approval was granted at this committee level, followed by a formal approval of the budget at the subsequent Council meeting on Nov. 28, 2023.



Key Budget Dates

The following meetings were scheduled for the review and approval of the Budget:

Date	Meeting	Item
Oct. 30, 2023	CSSRA - Budget	2024 Financial Needs and Multi-Year Forecast Report & Presentation
Nov. 2, 2023	Council	Release of Mayor's Proposed Budget
Nov. 6 and 7, 2023	Council Workshop	Service Performance Sessions
Nov. 7, 2023		Telephone Budget Town Hall
Nov. 21 and 23, 2023	CSSRA - Budget	Committee review of Mayor's Proposed Budget
Nov. 28, 2023	Special Council Meeting	Budget Approval

Note: CSSRA is Corporate Services, Strategy, Risk and Accountability

Budget at a Glance

The City of Burlington's 2024 Budget represents a public investment of \$434.8 million to provide infrastructure and daily services to its residents, while advancing Council's priorities and long-term objectives.

\$434.8
million [gross]

Invested in Services

\$346.2
million [gross]

Operating Budget

\$88.6
million [gross]

Capital Budget



Service Structure of the City

The City of Burlington has multiple lines of business. For business planning purposes, they are organized into 43 distinct services. Of these, 25 services are delivered directly to the public, 11 are internally focused support services and 7 are managed externally by distinct governance structures but receive a portion of their funding from the city. For budget presentation purposes the 43 services have been grouped into 7 service categories.



A City that Grows

- Building Code Permits and Inspection
- Burlington Economic Development
- Community Design and Development Review



A City that Moves

- Parking Management
- Road and Sidewalk Maintenance
- Roads and Structures - Design and Construction
- Specialized Transit
- Traffic Operations Management
- Transit
- Transportation Planning



A Healthy and Greener City

- Cemetery
- Environment and Energy
- Organized Sport Support
- Parks and Open Space - Design and Development
- Parks and Open Space - Maintenance
- Recreation
- Surface Water Drainage
- Urban Forestry



An Engaging City

- Art Gallery of Burlington
- Arts and Culture
- Burlington Museums
- Burlington Performing Arts Centre
- Burlington Public Library
- Corporate Communications and Engagement
- Tourism Burlington



A Safe City

- Animal Services
- By-Law Enforcement and Licensing
- Emergency and Continuity Management
- Fire Protection and Prevention
- Halton Court Services



Good Governance

- Corporate Legal
- Corporate Strategy
- Internal Audit
- Legislative Services
- Mayor and Council



Enabling Services

- Asset Management
- Customer Experience
- Facilities and Buildings - Design and Construction
- Financial Management
- Fleet Management
- Geographic Information and Mapping
- Human Resources
- Burlington Digital Services
- Sign Production

Investment in City Services

The chart below illustrates where the City invests the revenue it receives from property taxes for these service categories.



**values in millions*

Operating Funding

Property Taxes

The single largest portion of City funding comes from property taxes.

Senior Government Grants

These grants are provided by provincial and federal governments and are tied directly to legislated cost sharing arrangements. It should be noted that these revenues “flow through” the operating budget and are directly transferred into reserve funds until such time as they may be used for their designated purpose. As such these grants contribute to higher gross revenues and gross expenditures but have no impact on the City’s net operating budget.

External Recoveries

External Recoveries are the revenues associated with doing work for other agencies such as other levels of government and the school boards. The largest of the recoveries are work the City performs for Halton Region followed by services performed for other municipalities.

User Fees

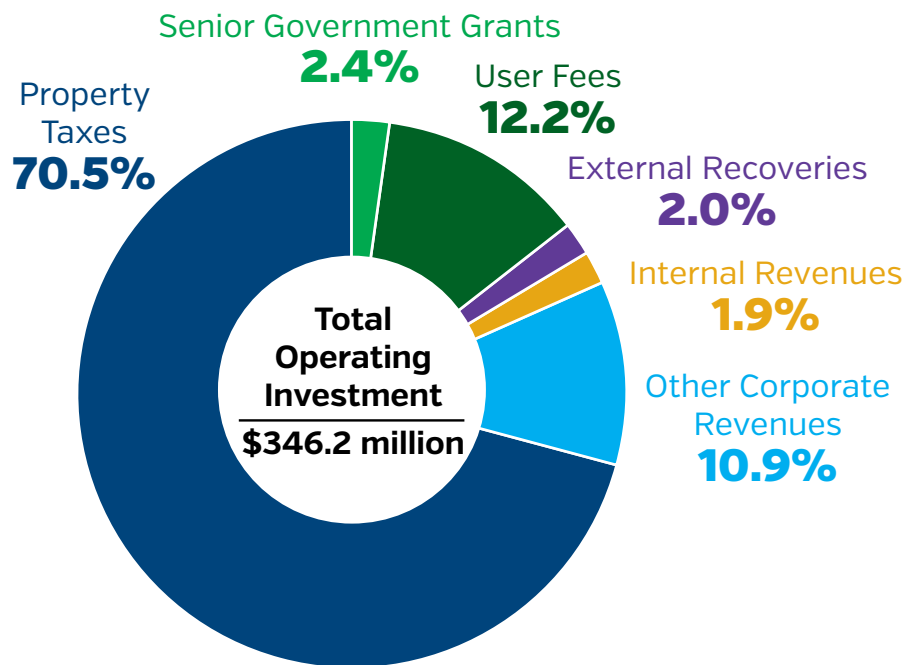
In accordance with the *Municipal Act, 2001*, the City of Burlington has by-laws which impose fees and charges for services or activities provided. Examples include: transit fares, permit fees, registration fees and rental revenue for the use of City facilities.

Internal Revenues/Charges

Internal Revenues are related to Internal Charges in that they are the revenues for work done for other services that are internal to the organization. The largest driver of these revenues is the revenue that Fleet Services receives for the work it performs for the other services within the City of Burlington. Other large drivers are the revenues that the City receives from Halton Court Services for a share of the revenue generated as well as the work of some City Services such as Information Technology, Finance and Human Resources perform for the functioning of the Halton Courts.

Other Corporate Revenues

These revenues include returns from the investment portfolio, managed by the Finance department, as well as the dividend and interest the City receives from Burlington Hydro. Other large items include Payments in Lieu of Taxation, Penalty and Interest on Taxes and Supplementary Taxes.



Capital Funding

Funding from Internal Sources

Cash

- **Infrastructure Renewal Reserve Fund (IRRF)**
This funding source is cash (tax levy) transferred from the dedicated infrastructure levy in the operating budget based on the Asset Management Plan. It is used to fund infrastructure renewal projects. Also included is a \$2.1 million draw from the Hydro Reserve Fund.
- **Capital From Current (CFC)**
This funding source is cash (tax levy) transferred from the operating budget to the capital budget. It is used to fund all types of capital projects.

Debentures (Debt)

Debentures are a source of financing whereby funds are borrowed and repaid with interest over time from the tax levy. Debt is an important part of the City's strategy for investment in assets that have a long-term useful life.

City Reserve Funds

The City maintains reserve funds for the purpose of financing certain future expenditures including the following:

- Vehicle Depreciation Reserve Funds
- Recreation, Community and Culture Facility Renewal Reserve Funds

Capital reserve funds are used extensively by the City in financing the capital program for the building of infrastructure and replacement of existing infrastructure.

Funding from External Sources

Development Related

- **Development Charges (DC)**
Development charges provide for a recovery from developers toward eligible growth related infrastructure. The City collects development charges to pay for increased capital costs (transportation, storm drainage, parks and recreation, library, transit and fire) arising from development. Development charges are established through a legislated background study and by-law process.
- **Park Dedication**
The City collects cash in lieu of parkland dedication. These funds are used for parkland acquisition and capital assets for public recreational purposes in accordance with governing legislation and municipal policy.

Capital Funding

Senior Government Funding

The city receives funding from senior levels of government, which includes the Provincial and Federal Government.

- **Provincial Gas Tax (PGT)**

The Provincial Gas Tax program was introduced in 2004 and provides funding to municipalities for transit capital and operating expenditures. Of the approximately \$2.38 million of funding received annually, the City uses \$880,000 to support transit operating expenditures with the balance used to support the transit capital program.

- **Canada Community Building Fund [formerly known as the Federal Gas Tax program]**

The Canada Community Building Fund was introduced in 2005 and provides approximately \$6.1 million of funding annually for infrastructure renewal. Of the total money received, 75% is used to fund road projects while the remaining 25% supports transit renewal needs such as the conventional transit bus replacement program.

- **Investing in Canada Infrastructure Program (ICIP)**

The ICIP is a national cost-shared infrastructure funding program between the federal government, provinces and territories, and municipalities and other recipients. There are three streams of funding in this program for which the City is eligible to receive funding:

- Public Transit
- Community, Culture and Recreation
- Green

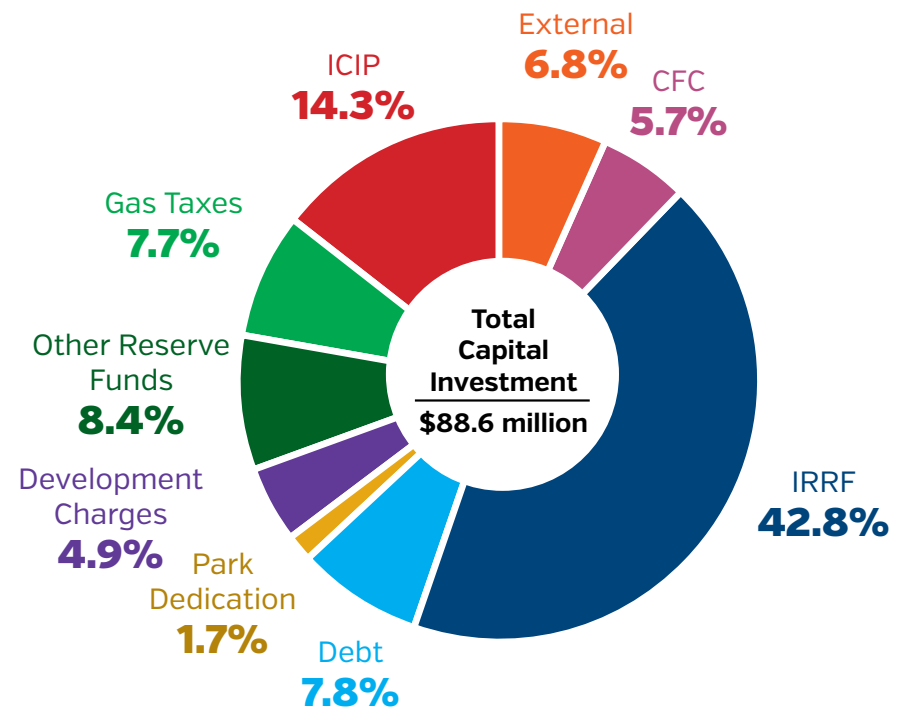
Funding under the Public Transit stream is included in the 10 year capital budget.

External Recoveries

The city receives funding from other area municipalities, school boards, other levels of government and agencies.

- **Recoveries from the Region of Halton and Other Municipalities**

The City receives funding to recover the costs of expenditures incurred on jointly procured projects with other municipalities or for work performed on their assets. The largest of these recoveries are received from the Region of Halton for water and wastewater works and our neighbouring municipalities of Oakville and Hamilton for work performed on boundary roads.



Financial Pressures and Risks

The City continues to closely monitor revenue sources and financial strategies to maintain financial sustainability as outlined in the objectives of the city's long-term financial plan. There are a number of issues that the City will need to be mindful of in 2024 and future years.

These pressures include:

Economic Considerations

Inflation, supply chain impacts and labour shortages in Ontario continue to pose an issue for municipalities.

- **Inflation** - In December, the Consumer Price Index (CPI) rose 3.4% on a year-over-year basis, following a 3.1% increase in November. While inflation numbers are lower than those experienced in 2022, this reduction (disinflation) does not mean that prices will fall, it simply means that prices are rising at a slower pace than the previous year.

The City is experiencing significant increasing costs for contracted services, utilities, software license fees and materials that place additional pressures on the budget. For 2024, these higher-than-average inflationary pressures are estimated to be \$1,882,924.

- **Supply Chain** - Many materials and supplies the city uses in construction activities are driven by market conditions and more recently significant price volatility and increased lead times during the COVID-19 pandemic. This results in the construction price index increasing higher than the rate of inflation. From 2017 to the second quarter of 2023, the construction price of erecting non-residential buildings was over 41% higher than in 2017, the year when the index base was set. This has had a significant impact on the City's capital program.

- **Foreign Exchange** - The City has a number of large purchases that are paid using United States (US) dollars such as fire trucks and software maintenance. The foreign exchange risk can cause large fluctuations in the market value of these goods at any time during the year given changing economic conditions. Legislation limits the City in its ability to protect itself against this risk as it is restricted in the amount of US dollars it can purchase in advance and prohibited from entering into foreign exchange contracts.



Financial Pressures and Risks

Human Resource Management, Labour Market and Workforce

Municipalities like other service organizations rely heavily on human resources to deliver the range and quality of services that residents have come to expect. Human resource costs (including benefits, training, etc.) as a percentage of the city's 2024 gross operating budget is 49.0%.

A significant risk to the corporation is the attraction and retention of staff. This has been a primary area of focus in recent years. As part of the 2023 Budget, a significant investment was made to update the non-union compensation system to make it more market competitive and provide a foundation improving on our ability to:

- Attract and hire qualified candidates to fill vacancies
- Retain employees in a highly competitive labour market

This update modernizes the current job evaluation system and compensation policies while realigning to the Council approved market position being the 65% percentile versus our municipal market comparators.

The non-union compensation update was the first step to building a foundation for attraction and retention strategies. Supporting and developing our current staff is just as important as attracting new and qualified candidates for vacancies. Over the next several years, workforce programs such as succession management, performance management and a diversity and inclusivity strategy also need to be enhanced/developed to address retention risks. With the introduction of our new Workday platform, we also want to seize the opportunity to integrate new functionality and transform our Human Resource business processes.

While approximately 160 additional staff positions were added in recent budgets, financial constraints prevented many other pent-up needs from being incorporated. This results in deficiencies in human capital, difficulties servicing a growing population, leading to risk in operations and compliance with legislation.

The City wants the best people working here to support our community and maintain quality of life. However, we are having a difficult time not only attracting candidates but also retaining our excellent staff particularly in high demand job categories [technical and professional positions].

Financial Pressures and Risks

Designing and Evolving our Organization (DEOO)

Since 2019, the City has taken a corporate-wide strategic approach to refine its functional design and organizational structure through Designing and Evolving our Organization (DEOO). As Council is aware, the City of Burlington has reached its tipping point where the ability to provide effective and quality services at current staffing levels is not sustainable.

DEOO has allowed the City of Burlington to continue to evolve to meet the changing environment to address the strengths and weaknesses of the organization in a strategic and comprehensive manner and most importantly prepare for the future.

Management is working across and throughout the organization to stabilize and enhance our competency, capability and capacity through resource needs – from people, process and technology – to be a customer-centered organization and to effectively deliver on our commitments.

Annually, DEOO includes the following process:

- Assessing current state of resources based on risks and service needs
- Updating the plan including resource rationalization and process improvement
- Presenting the plan for review and approval in principle
- Recommending Council consideration and approval of updated DEOO Plan and related budget implications

By following these steps, DEOO has become a part of our natural process of aligning our resources to the achievement of strategic objectives and effective and efficient service delivery while managing risk. Through this process, resource needs are identified and prioritized, giving consideration to rationalization where it makes sense and process improvements. These decisions are reflected in an annually updated DEOO plan and incorporated into the budget.

Included within the 2024 Budget, additional staffing requests are reflected in the recommended Key Investments under the category of Sustaining City Services and are supported by business cases.

Financial Pressures and Risks

COVID-19 Pandemic

The COVID-19 pandemic continues to impact city programs and services. It is now recognized that a portion of the revenue losses experienced during the pandemic are now permanent in nature. A total of \$653,000 in permanent revenues reductions have been included. These reductions include declines in parking fine revenues and transit fares as a result of shifting consumer behaviour.

Legislative Changes

Recent provincial legislation and regulations are forecasted to have significant impacts on the City's finances and future budgets.

Bill 109, *More Homes for Everyone Act, 2022* - Bill 109 received Royal Assent on April 14, 2022. While parts of this legislation came into force at the time of Royal Assent, significant portions of Bill 109 came into effect in July 1, 2023. Bill 109 was introduced by the province with the stated intention of accelerating development application review timelines and streamlining the approval process to allow new housing to be constructed quicker.

One of the key legislative changes resulting from Bill 109 includes a requirement to refund Zoning By-law Amendment and Site Plan Application fees if a decision is not issued within legislated timelines. Staff's intent is to avoid application fee refunds; however, we should consider the potential for refunds, the extent of which is difficult to predict due to unanticipated issues. Further, an emerging issue appears to be a slowdown in the development market, potentially affecting development applications coming forward, thereby impacting the predictability of these revenues going forward.

Based on historic and anticipated development application trends, approximately \$2 million of annual application fees are at risk of being refunded if applications are not processed within legislated timelines. Historically, the fees charged for development applications reflect the staff effort involved in processing the applications. Bill 109 introduces changes to that funding model by requiring application fees to be refunded if a decision is not made within the legislated timelines, regardless of the amount of staff time and effort dedicated to that file.

Bill 23, *More Homes Built Faster Act, 2022* - The goal of the legislation is to facilitate the construction of 1.5 million new homes in Ontario by 2031. The Bill received Royal Assent on November 28, 2022. The omnibus bill amends a number of existing statutes including: the *Planning Act*, *Ontario Heritage Act*, *Development Charges Act*, *Conservation Authorities Act*, and *Ontario Land Tribunals Act*, amongst others.

The legislative amendments amount to the most drastic changes to the land use planning process that Ontario has seen in years.

Amongst other things, Bill 23 will:

- Restrict the ability of the municipality to obtain or deliver future parkland and open space through land conveyance or cash-in-lieu;
- Restrict the ability of the municipality to deliver much needed growth-related capital infrastructure given the introduction of caps, exemptions, phase-in of charges and ineligible costs related to development charges

Financial Pressures and Risks

The City is committed to the long-standing principle that new growth is financially sustainable and that development related charges pay for growth-related infrastructure, facilities and parks to support the development of complete communities. The principle of growth paying for growth is a critical consideration to avoid or minimize the burden of growth costs falling on existing taxpayers.

The changes in Bill 23, namely those impacting development charges and parkland dedication fees (including land conveyance), will have significant detrimental consequences to municipal finances limiting the City's revenue potential to support growth-related infrastructure.

Under Bill 23, revenues from development charges and parkland dedication fees (including land conveyance) are artificially lowered which will increase the burden on municipalities to fund growth-related infrastructure from other revenue sources, which are limited. Therefore, the revenue to provide the required infrastructure will put greater pressure on the property tax base and will impact the City's debt capacity through the increased use of long-term debt and associated financing costs.

This affects all facets of the City's capital program as the limited funding envelope impacts our ability to deliver infrastructure needs related to renewal, growth and new strategic projects, resulting in tough choices between maintaining existing assets and building new infrastructure.

Development Charge reserve fund balances are not abundant or excessive given our multi-year capital forecast needs. The funds are used efficiently and are only spent to provide timely infrastructure associated with growth. Based on rising costs and already reduced revenues in these areas, planning for growth related projects are already seeing delays and insufficient funding.



Financial Pressures and Risks

Assessment Growth

An important consideration in the preparation of the budget is estimating the rate of growth expected in the community which affects both revenues and expenses in the capital and operating budgets. Growth in the community will result in incremental tax revenues from assessment growth. It also drives the requirement to expand services and infrastructure such as roadways, parkland and facilities to a growing community.

The 2024 budget includes assessment growth at 1.02%. This provides approximately \$2,232,180 of additional revenue to offset inflation and growth-related costs in the base budget. The 1.02% reflects increased assessment from new construction offset by reductions to assessment resulting from appeals based on Assessment Review Board (ARB) decisions and Requests for Reconsideration. Assessment growth has declined sharply from historical values. Average assessment growth from 2005-2009 was 2.0 times higher than that realized today. While growth has remained low in recent years it is forecasted to increase as new residential units are added to accommodate population growth.

Year	Net Assessment Growth
2020	1.07%
2021	0.34%
2022	0.45%
2023	0.60%
2024	1.02%
2020-2024 Average	0.70%

Over the past five years, net assessment growth has ranged from a high of 1.07% to a low of 0.34% for an average of 0.70%.

2023 BMA Management Consulting Inc. financial condition assessment (F-19-23)

In May 2023, Council received the Financial Condition Assessment report which provided an analysis of the city's current financial health and position, observations, and review of the city's existing financial policies.

This report outlined some of the key fiscal challenges the city is facing including:

- A heavy reliance on property taxes to manage the city's day-to-day operations. Limited assessment growth and increasing service demands resulting from changing demographics and community intensification continue to stretch these revenues.
- Continued city growth while growth-related funding tools are being limited by provincial legislation [development charges, community benefits charges, and park dedication revenues]. This affects the city's ability to provide new growth-related capital infrastructure thereby placing an increasing reliance on the city's existing assets to deliver services. As a result, further pressure is placed on the city's tax revenues to support additional debt financing costs for new capital investments and infrastructure renewal funding to support aging assets.
- BMA has placed several of the city's reserve funds in a caution status, as a result of declining balances from the period 2018-2022.

Financial Pressures and Risks

- Capital reserve funds have decreased by 31% [\$12.8 million] since 2018. Low reserve fund balances result in insufficient funding to manage annual renewal needs or address the infrastructure funding gap or backlog. This can result in increased reliance on the tax levy and possible additional debt financing to address now-needs.
- The city's asset consumption ratio is 39%, which is higher than the peer municipal comparator average and median. A high ratio reflects older assets by comparison. Many of the assets in the city are reaching the mid-point of their estimated useful life, signifying increased annual renewal needs as assets begin to reach the end of their useful life.
- Continued elevated inflation and balancing desired levels of service will require the city to increase the pace of the increases to the dedicated infrastructure levy to avoid further increases to the backlog.

Infrastructure Funding Deficit and Asset Management Plan (AMP)

The Asset Management Financing Plan update approved by Council in May 2023 (F-20-23), provides a long-term planning horizon, with long term goals and objectives of sustainability, predictability, and stability; that the assets are managed for present and future residents in a fair and sustainable manner.

This report provided a high-level interim update to the city's asset replacement values by taking into consideration recent economic pressures that have impacted the plan since it was last presented in 2021. The updated financial strategy recommended an increase to the dedicated infrastructure renewal levy from 1.6% to 2.0% of the City's portion of the overall levy in 2024 with subsequent increases following the completion of the 2025 Asset Management Plan. This recommendation is in line with the challenges impacting asset management and flagged in the BMA financial condition assessment. It is important to emphasize that any downward adjustment to the approved dedicated infrastructure levy below the 2.0% will significantly impact the management of city assets and service delivery of our \$6.3 billion worth of existing assets.

There are multiple long-term factors (e.g. climate change) that impact the asset management financial plan in the following areas:

- **Net New Additions to the City's Asset Base** – The City's inventory of physical assets is continuously growing through the construction and acquisition of new infrastructure. This infrastructure supports key services, but also represents a long-term financial obligation.

Financial Pressures and Risks

- **Escalating Level of Service (LOS)** – The city’s existing inventory of assets is based on renewing or replacing assets at similar function or equivalent utility.

Much of the City’s infrastructure is following an “incurred standard,” meaning that in the absence of a defined level of service, there is an expected level of service that the City has been delivering on. This expectation supports projects that are aligned to the City’s Vision to Focus initiatives and overall Strategic Plan. As service levels increase, the infrastructure needed to support service delivery will be costlier and will need to be reflected in future analysis.

- **Inflation, Commodity Prices and Supply Chain Constraints** – The economic impacts of inflation and rising industry costs has limited the City’s ability to address new and state of good repair needs. Prices for key materials used in infrastructure construction have risen between 15-25% in recent years. Multiple factors are driving these increases, including global supply chain backlogs. These factors result in a reduced capital renewal program and making less progress against the infrastructure renewal backlog.

Local Boards

Local Boards include the Burlington Public Library, Burlington Museums, Art Gallery of Burlington, The Burlington Performing Arts Centre (BPAC), Tourism Burlington and Burlington Economic Development. For 2024, a base budget increase of 1.75% was provided for local boards, equating to \$288,739.

Multi-year Community Investment Plan (CM-03-22)

In April 2022, the Multi-Year Community Investment Plan (MCIP) provided a foundation and strategic focus for proposed multi-year community investment opportunities.

In December 2023, staff reported to Council on Phase 2 of the Multi-year Community Investment Plan (MCIP). The MCIP outlined capital infrastructure requirements related to master plans completed to date such as the Parks Provisioning Master Plan, Integrated Mobility Plan, Fire Master Plan as well as land requirements that may facilitate some of these infrastructure developments. The MCIP will scope known needs over the next 25 years.

Further to the above, staff will be working towards bringing a revised comprehensive long-term financial planning document forward as per BMA’s recommendation in Q1, 2025. This plan will incorporate the multi-year community investment plan (MCIP), 2025 Asset Management Financial Plan and the multi-year operating budget simulation to provide a holistic view of the multiple financing strategies, the fundamental needs, and overall management of risk considered into one platform. This will be aligned with the Council approved Long-Term Financial Plan (F-12-22) which outlined strategic objectives and policies to ensure financial sustainability and responsible financial management.

City's Asset Portfolio

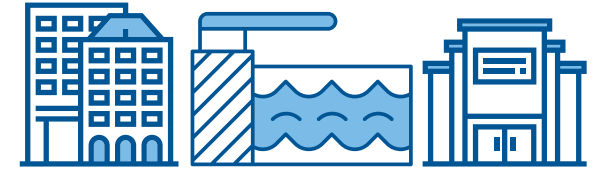
The City has assets with an estimated combined replacement value of \$6.3 billion. Approximately 70% of the 10 year capital program addresses the renewal needs of these assets. The Asset Management Financing Plan includes incremental increases to infrastructure renewal funding using a dedicated levy which provides increased annual funding to the capital renewal program. It is the largest funding source for these types of projects and helps the city ensure its assets are in a state of good repair.



\$134m

Fleet and Equipment

\$6.3 billion
Total replacement value



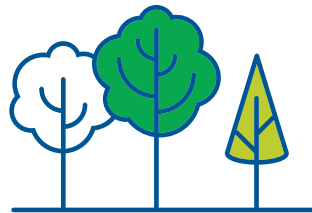
\$1.61b

Facilities and Buildings



\$193m

Stormwater



\$344m

Parks and Natural Assets



\$3.9b

Roadways



\$79.5m

Information Technology

Planning for the Future - Reserves and Reserve Funds

Reserves and reserve funds, when used in conjunction with debt policies, are a critical component of a municipality's long-term financial plan and financial health.

Reserves and reserve funds provide tax rate and cash flow stability when the City is faced with unforeseen or uncontrollable events such as the COVID-19 Pandemic. It ensures cash flows are sustained and allows for internal financing for temporary or one-time expenditures. Furthermore, these funds provide the City flexibility to manage debt levels and plan for future liabilities.

- **Stabilization Reserves and Reserve Funds** – These reserves and reserve funds are used to mitigate raising taxes or reducing service levels due to unforeseen or temporary events. In order to maintain a prudent level, the City is targeting an uncommitted balance in stabilization reserves and reserve funds of between 10–15% of net revenues.

As of December 2023, the consolidated balance of reserve funds is below the target at 7.6%.

- **Capital Reserve Funds** – Annual contributions to capital funds that are consistent and predictable is vital for the future rehabilitation and replacement of assets.

The City is targeting a balance of a minimum of 2% of the total asset replacement value. Based on the City's total asset replacement value of \$6.3 billion, this equates to an estimated \$126 million.

As of December 2023, the City's uncommitted consolidated balance in capital renewal reserve funds is approximately \$31.0 million, well below the intended target.

- **Corporate Reserves and Reserve Funds** – These reserves and reserve funds are used to manage costs that will be transferred to future generations, as the City incurs liabilities that do not have to be paid immediately. Reserves and reserve funds in this category include Employee Accident (self-insured WSIB), Benefits and Insurance costs.

Contributions to corporate reserves and reserve funds should take into consideration the liability associated with these funds. A sufficient budget allocation is required to fund in-year WSIB costs and post-employment benefits so that the Employee Accident Reserve Fund and Benefits Reserve Fund can eventually be replenished to cover the future liabilities.

To begin to address the city's financial health, the 2024 Budget includes \$337,000 for increased financial sustainability targeted towards increased provisions to key corporate and discretionary reserves and reserve funds in 2024 with additional phased funding included in the Multi-Year Forecast.

City of Burlington Reserves and Reserve Funds

As at December 31, 2023

Capital Related Reserves and Reserve Funds	Uncommitted Balance
Development Related Reserve and Reserve Funds	\$ 27,910,526
Vehicle and Equipment Reserve Funds	\$ 2,748,510
Transit Related Reserve Funds	\$ 2,357,543
Other Capital Reserve Funds	\$ 19,099,766
Total Capital Related Reserves and Reserve Funds	\$ 52,116,345
Operating Related Reserves and Reserve Funds	Uncommitted Balance
Stabilization Reserves and Reserve Funds	\$ 26,253,099
Corporate Reserve Funds	\$ 9,784,160
Corporate Reserves	\$ 58,556
Total Operating Related Reserves and Reserve Funds	\$ 36,095,815
Local Boards and Programs Specific Reserves and Reserve Funds	Uncommitted Balance
Program Specific Reserve Funds	\$ 23,799,864
Local Boards Reserve Funds	\$ 11,016,774
Program Specific Reserves	\$ 7,460
Total Local Boards and Program Specific Reserves and Reserve Funds	\$ 34,824,098
Total Reserves	\$ 7,794,413
Total Reserve Funds	\$ 115,241,845
Total Reserves and Reserve Funds	\$ 123,036,258

Numbers may not add due to rounding

Climate Emergency

In 2019, City Council declared a climate emergency, prioritizing the fight against climate change by requiring Council and staff to apply a climate lens to the City's plans, actions and the budget.

In 2022, staff presented the first climate adaptation plan to Council, Climate Resilient Burlington - A Plan for Adapting to Our Warmer, Wetter and Wilder Weather. The process started by assessing climate data for Burlington and completing a Climate Projections Report [2021], which forecasts a future of warmer, wetter and wilder weather. Climate change is a risk multiplier, meaning that although risks such as flooding already exist, the severity and frequency of flooding will increase over time.

Based on the results of the Climate Projections Report, a Climate Change Vulnerability and Risk Assessment was completed with participation from staff and community stakeholders. This process involved identifying multiple consequences for each climate hazard or opportunity and then assessing risk for each of the consequences. The value of this assessment was to focus Climate Resilient Burlington on the highest risks, such as high winds, freezing rain, heavy snowfall, extreme heat, cooling demand and stormwater flooding, among others. Identifying these risks helped to provide the basis for the actions presented in the plan, building on an inventory of initiatives already in progress to prepare for the changing climate.

Climate Resilient Burlington has five themes with 32 actions, and aligns with Canada's National Adaptation Strategy to support potential future monitoring and reporting requirements, including:

- Resilient Built and Natural Infrastructure
- Thriving Natural Environment
- Health and Well-Being
- Disaster Resilience
- Strong and Resilient Economy

The impacts of a changing climate can have a significant impact on the City's budget. For example, increasing extreme weather events such as wind, freezing rain, extreme heat and cold can result in operational expenditures due to clean-up costs, more frequent emergency response and recovery efforts, and unbudgeted impacts to infrastructure requiring repairs and/or replacement. Climate Resilient Burlington provides a strategic pathway for all City departments to apply a climate lens in decision making to prepare for the changing climate.

The application of a climate lens also involves identifying measures for the City to reduce its impact on climate change. The City is showing leadership by transitioning away from the use of fossil fuels in its operations through greening its fleet and buildings. Investments in energy efficiency measures, renewable energy and electric mobility help reduce greenhouse gas emissions and may require higher upfront investments, but can save the city on operating costs in the longer-term.

Climate Emergency

The City now has three related plans to take action on climate change:

- The Corporate Energy and Emissions Management Plan [2019] with a target for City operations to be net carbon neutral by 2040
- The Climate Action Plan [2020] with a target to become a net carbon neutral community by 2050
- Climate Resilient Burlington – A Plan for Adapting to Our Warmer, Wetter and Wilder Weather [2022]

Recent Accomplishments

- Carbon Disclosure Project – the City completes an annual detailed report through this organization including a greenhouse gas emissions inventory; climate related risks and vulnerabilities; and actions to prepare for a changing climate and actions supporting decarbonization. In 2022, the City achieved an A rating for its climate reporting.
- Solar Capital Plan – a plan to guide investment in solar installations for City facilities. The most recent solar installation is located at the Kilbride Fire Station.
- Funding to continue the Plumbing Permit Fee Grant Program - providing residents with financial support for improvements in their homes and businesses to reduce the risk of basement flooding
- Completion of four deep energy efficiency retrofit feasibility studies for four City facilities, including Brant Hills Community Centre; Appleby Ice Centre; and Fire Stations
- Plains Road separated bike lanes including a rain garden installation.
- Continued expansion of electric vehicle charging stations at City facilities.

What's next?

- Integrated Mobility Plan – to support sustainable transportation options in our community
- Funding support from The Atmospheric Fund and Natural Resources Canada
- Urban Forest Master Plan and Woodland Management Strategy – both will provide strategic direction for management in response to new challenges related to urban development, climate change and extreme weather and invasive pests.
- Young tree pilot study – a three-year study to assess growth and survival rates of trees planted with fungi and soil supplement versus without
- Canadian Network of Asset Managers Applied Climate Action Cohort – training in the operationalization of climate change through asset management
- Assessing future options to continue to support homeowners to complete deep energy efficiency retrofits to reduce their carbon footprint.
- Working with Burlington Hydro to assess grid capacity to support the growth in electric vehicles, heat pumps, solar energy and battery storage; as well as consider measures to improve grid resilience to prepare for a changing climate.
- Research and report on municipal incentives to support solar installations within the community.
- A community climate resilience education program to help residents understand risks, adaptation actions, funding opportunities and relevant City initiatives.

City of Burlington's Debt Policy

The Province of Ontario legislates a municipal debt limit of no greater than 25% of revenues. Consistent with the City of Burlington's Long-Term Financial Plan, the City's debt policy limits the total debt charges and liabilities to 12.5% of revenues [half of the Provincial limit].

As of December 31, 2023, the City's total debt charges as a percentage of own source revenue is estimated to be 10.85%, which is below the Council approved policy of 12.5%, and below the provincial limit of 25%. The City's debt policy includes a provision to temporarily exceed the limit to a maximum of 15% for a maximum period of three years for major capital projects. The city's current and forecasted estimate of debt limit remains within the provisions of the policy.

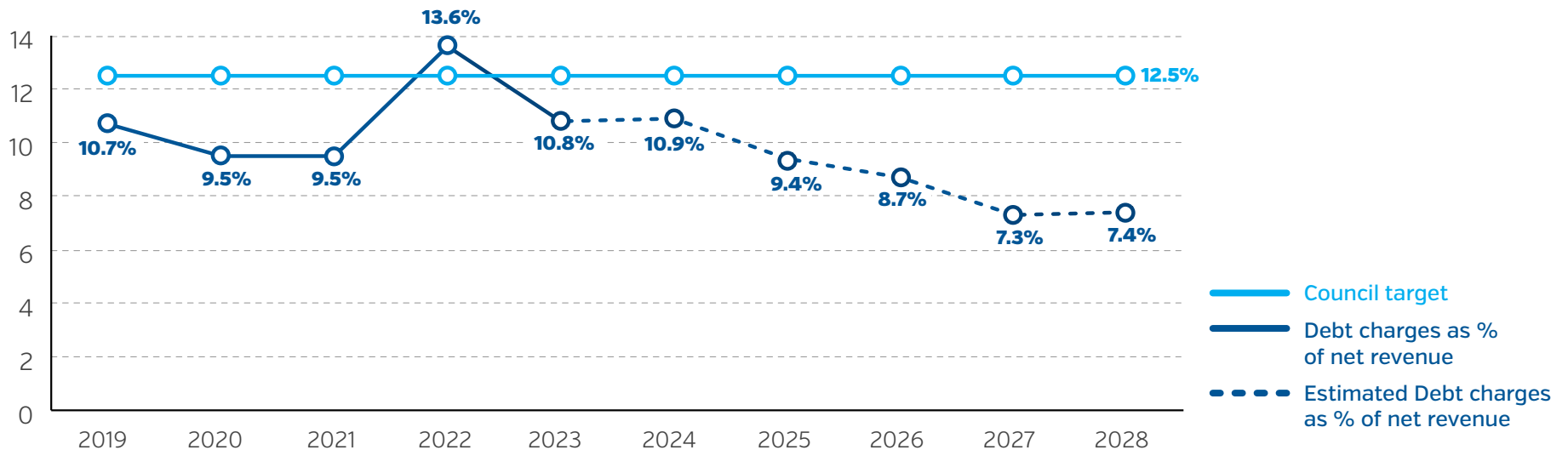
The City has an estimated \$73.8 million in total principal debt outstanding. Taking into consideration principal debt

repayments of \$14.2 million, \$54.7 million in debt issued and \$47.7 million in debt which has been approved and not issued, total City principal debt outstanding and remaining to be issued at year end 2023 is \$162 million.

An effective debt policy is an important part of having a responsible financial plan. By controlling debt levels, it allows the City to make the necessary spending choices. It is also designed to keep our city financially stable and sustainable, while allowing the flexibility to borrow money in the future as unexpected capital needs arise.

Staying within the provisions of the city's debt policy ensures Burlington's commitment to the long-term principle of responsible debt management.

Debt Charges as a Percent of Previous Year's Net Revenues



Key Investments

Key Investments are proposed variations in the budgeted expenditures or revenues for which separate budget disclosure is warranted.

In 2024, these Key Investments measures have been divided into two categories as follows:

Sustaining City Services

- Continued phased implementation of Designing and Evolving Our Organization initiative - DEOO including additional staffing resources in Transportation, Transit, Customer Experience, Forestry and corporate support areas to meet community expectations and manage workload challenges. [2024-2029]
- A resource to support the Community Housing Initiative
- Additional support in the By-law Compliance department which will modernize service delivery with more staff to keep the community safe.
- A continued transformation of City services onto new digital technology platforms with new and improved customer experiences, business processes, vendor management and fiscal efficiencies.
- The continued evolution of Digital Services to deliver human-centred, scalable, agile technology solutions to meet customer needs through engagement, achieve business outcomes and develop innovative responses to policy challenges.
- Four (4) additional firefighters to fully staff Fire Station #8 as recommended in the Fire Master Plan [Report BFD-03-22]
- Additional Winter Maintenance at School Crosswalks
- Improved investments in Forestry Service in the areas of grid pruning and pest management [2024]

Enhancing Services

- Ongoing funding to support the Burlington Lands Partnership [2024]
- Incremental annual funding for the Multi-year Community Investment Plan [2024-2029] including a dedicated provision for future strategic land acquisition.
- Additional Winter Maintenance of various parking lots [2024]
- One-time funding to support Vision 2050



Property Tax Impact

The 2024 budget reflects service efficiencies, leveraging non-tax revenue sources, addressing risk, and continuing on a path towards long-term financial sustainability.

For 2024, this consists on a base amount of \$239,431,591 plus recommended key investments of \$4,611,403 for a total net tax levy of \$244,042,994. This net tax levy represents 70.5% of total operating revenues in 2024.

The 2024 Budget recognizes higher than average inflation; addresses the long-term financial impacts of COVID-19; dedicates funding to ensure our assets are maintained in a state of good repair; includes strategic community investments for the next 50 years; stabilizes and enhances city services and confirms a compensation program that reflects the council approved market position.

All of this will ensure residents continue to receive the programs and services that provide for the high quality of life in Burlington.

The overall tax increase for 2024 is 6.58%. This is the impact to your property tax bill (City of Burlington, Halton Region, and Boards of Education) and is equivalent to \$56.70 per \$100,000 of residential current value assessment (CVA). Burlington's portion of the overall increase is 4.99%.

The following table provides a breakdown of the City's portion of the overall tax increase:

	Budget Change	Overall Tax Impact
Base Budget Impact including Assessment Growth*	\$ 9,035,318	1.50 %
Infrastructure Renewal Levy	\$ 4,384,000	0.96%
Impacts of Prior Council Decisions	\$ 701,189	0.15%
Impacts of Previously Approved Capital Projects	\$ 6,104,538	1.35%
Cumulative Impact	\$ 20,225,045	3.97%
Key Investments		
Sustaining City Services	\$ 3,110,532	0.69%
Enhancing City Services	\$ 1,500,871	0.33%
Total Impact City	\$ 24,836,448	4.99%
Estimated Overall Tax Impact* (City, Region, Education)**		6.58%

* After Assessment Growth 1.0183% ** Halton Region 4.76% and Board of Education 0.0%

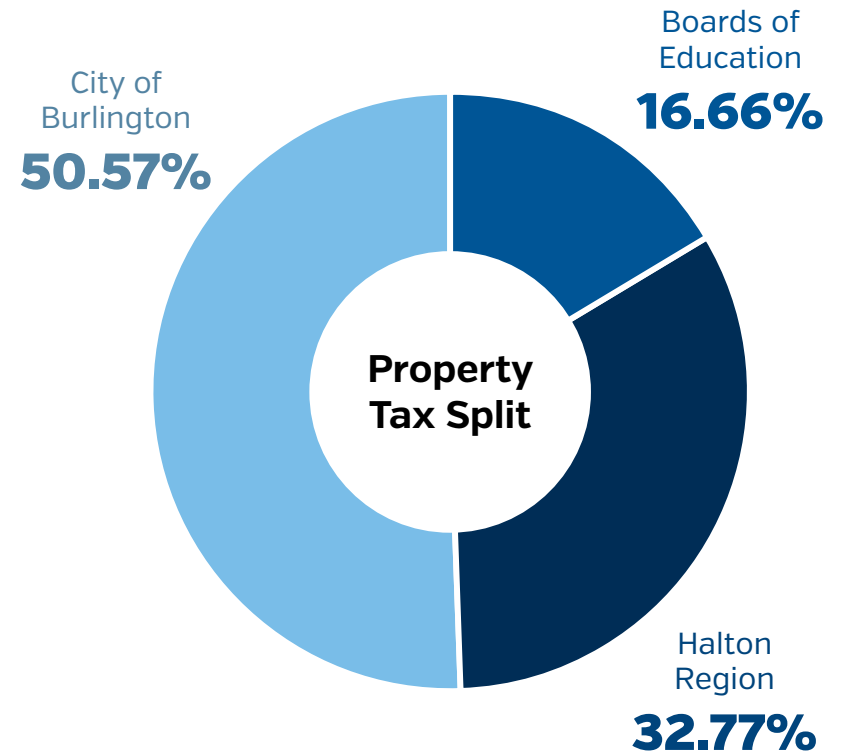
Property Tax Impact

Property Tax Split

The City of Burlington collects taxes for the City, Halton Region and Halton School Boards. For each \$1.00 in residential taxes collected, approximately 50.57% stays with the City, 32.77% goes to Halton Region and 16.66% goes to the Halton School Boards.

City Tax Rate Calculation

Taxpayers across the whole city are responsible for paying their proportionate share of those services charged to the entire city. The net cost of these services is approximately \$213.6 million. In addition to the “whole city” services, urban area taxpayers are also responsible for paying for certain unique services that have traditionally been charged to urban residents only. These services include such things as transit, storm sewers, sidewalks, etc. resulting in an additional net cost of approximately \$30.4 million. The total net costs are then divided by the total assessment base to determine the tax rates for each property class.



	2023 Share of Tax Bill	2024 Share of Tax Bill	2023 Taxes	2024 Budget Change	2024 Taxes	\$ Impact on Tax Bill	% Impact on Tax Bill
Burlington	48.90%	50.57%	\$ 421.25	10.21%	\$ 464.27	\$ 43.02	4.99%
Halton	33.34%	32.77%	\$ 287.20	4.76%	\$ 300.88	\$ 13.68	1.59%
Education	17.76%	16.66%	\$ 153.00	0.00%	\$ 153.00	\$ -	0.00%
TOTAL *	100.00%	100.00%	\$ 861.45	6.58%	\$ 918.15	\$ 56.70	6.58%

* Per \$100,000 urban residential assessment. Numbers may not add due to rounding.

Property Tax Impact

Property Taxes

Property taxes remain the largest and most important revenue source for municipalities. The two components required for determining property taxes are:

- The current assessed value of the property
- The tax rate applied to the property class

Assessment

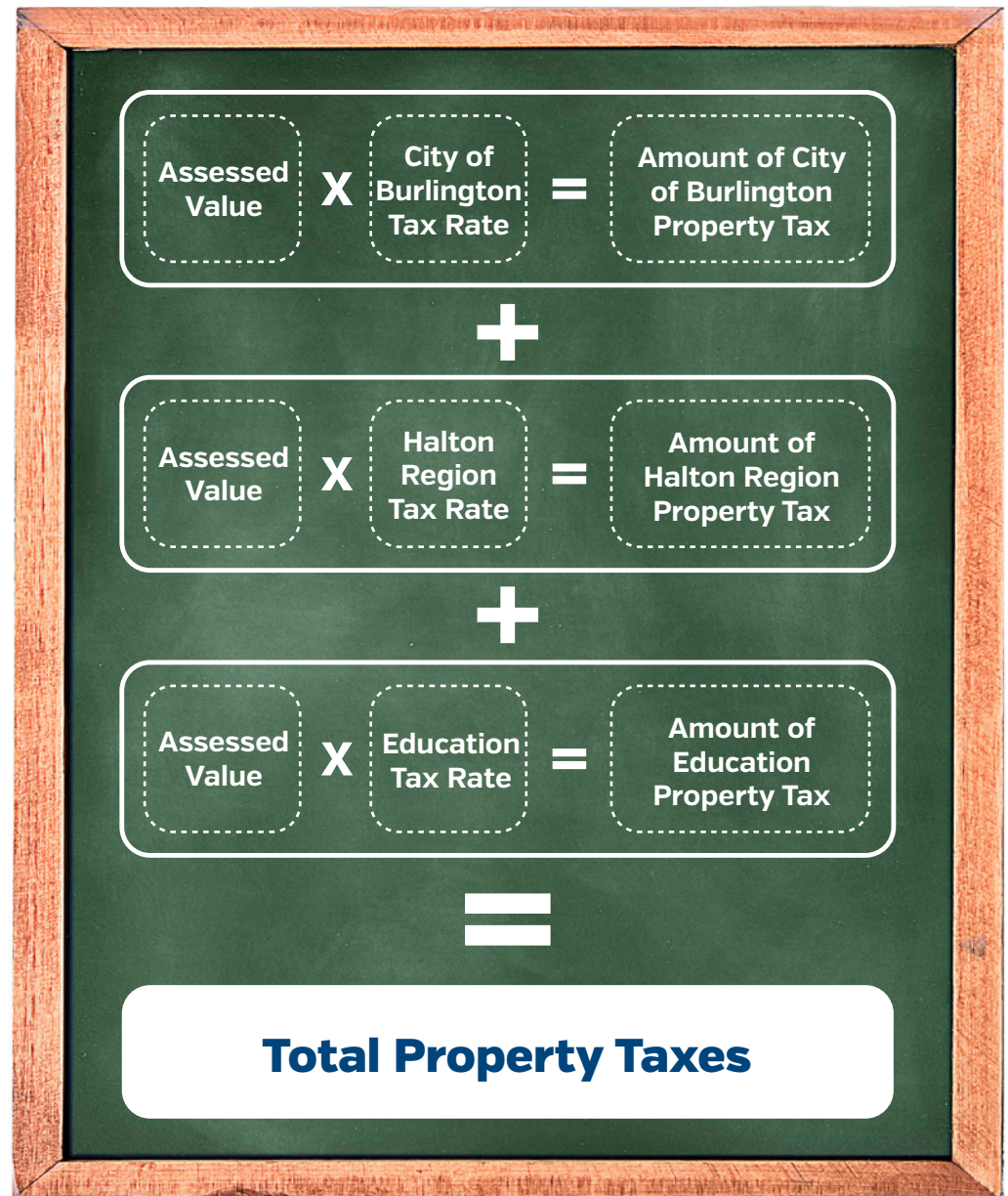
Current value assessment is the amount of money that a property would sell for, if sold at arm's length, by a willing seller to a willing buyer. The Municipal Property Assessment Corporation (MPAC) is responsible for setting assessment values for all properties in Ontario.

Residential Tax Rate

The tax rate consists of three components: The City of Burlington, Halton Region and The Halton Boards of Education. The city and regional portions are based on budgetary needs while the education portion is based on the provincial education funding requirements. The residential tax rate is determined by dividing the budgetary needs by the total assessment base. Tax rates are set for each property class.

Calculating Property Taxes

Property taxes are calculated using the property's assessed value, the municipal tax rates (City and Region) and the Education tax rate:



Property Tax Comparison

Burlington's taxes are competitive

As with all municipalities, the City of Burlington strives to strike the right balance for its residents: maintaining existing services, programs and infrastructure and sometimes enhancing services, while managing tax increases. In a climate of increasing costs and significantly reduced user-fee revenues, this can be a challenge. Burlington's residential property taxes remain below the group average when compared to similar homes in municipalities across the Greater Toronto Area (GTA).

Residential Property Tax Burdens

Detached Bungalow - BMA Management Consulting Inc. - Municipal Study 2022

