



FINANCE DEPARTMENT REPORT

Report number : **F-09-2022**

Subject : 2022 Budget Revision

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Reviewed by : Josée Brizard, CAO - Clerk

Date: April 4, 2022

INTRODUCTION:

The 2021 year ended with an average annual inflation rate of 3.4% which is well above the 2% seen in recent years. The last three months of the year saw inflation rates above 4.5% and in January the trend continued with a rate of 5.1%. In short, these unprecedented rates of inflation and their impact on prices could not have been foreseen when the budget was drafted in November 2021. In addition, the continued uncertainty and volatility of the markets, particularly for fuel, adds to the challenge of accurately forecasting the impact that all of this will have on the 2022 budget

INCREASES NOT INCLUDED IN THE 2022 BUDGET:

The known increases, as of March 2022, as well as their proposed financing are detailed below:

Item	Estimated increases	Subtotal	Notes
<i>Financed with taxes :</i>			
Diesel (public works)	\$119,725		Estimate based on 2021 consumption and the average of the 2021 vs 2022 prices to date. This is net of the 2 % increase already in the budget.
Gas (all depts)	\$82,305		Estimate based on 2021 consumption and the average of the 2021 vs 2022 prices to date. This is net of the 2 % increase already in the budget.
Culverts (public works)	\$68,000		
Sports Complex Loan – Increase in payments	\$16,015		Project scheduled to be completed in the fall of 2022. Therefore, three payments, Oct to Dec. Increase due to interest rate increase.
Touchette Bridge payments	\$11,055		Two payments, Nov and Dec. Estimated rate 3.72%, 25 year loan with Infrastructure Ontario.
2 nd Tandem Truck (public works) - First payments	\$6,500		Two payments, Nov and Dec 2022 upon estimated delivery of truck. 8 year loan with estimated rate of 3.27% (based on Infrastructure Ontario rate). Annual payments will be approximately \$39,000.
Subtotal – financed with taxes		\$303,600	A
<i>Financed with loans:</i>			
Increase in Sports Complex loan	\$64,056		The interest rate used to estimate payments on a 20-year loan is 2.94%. In March 2022, interest rates increased by approximately 0.70%. Given this increase in 3 months, a conservative estimate of 1% increase was used to calculate an estimated interest rate increase.

Item	Hausses estimées	Sous-totaux	Notes
Financed with loans (cont'd):			
Touchette Bridget	\$1,078,400		Additional work and cost increases, see report by McIntosh Perry (submitted by Public Works on April 4, 2022). Annual loan payments would be approximately \$60,000 (25 year loan, estimated rate of 3.72%).
2 nd Tandem Truck (public works)	\$274,381		See report TP-03-2022. A loan would be taken to finance this second truck scheduled for delivery in late 2022.
Subtotal – financed with loans		\$1,416,837	
Financed with reserves :			
Engineering fees	\$150,000		Cost related to land acquisition, report TP-31-2020 presented in closed session on October 23, 2020.
Subtotal – financed with reserves		\$150,000	
Total known increases		\$1,870,437	Of this total, \$1,078,400 is attributed to the Touchette bridge.

Therefore, the revised deficit now is :

Amount initially required to balance the budget in December 2021	\$253,561
Amount required in tax revenue to cover the increases not included in the budget (see above – subtotal A)	\$303,600
Deficit	<u>\$557,161</u>

OPTION 1 :

The budget presented in December proposed a 2.13% tax rate increase that represented \$253,561 in revenue to balance the budget. Taking into account the additional known increases presented above, a proposed tax rate increase of 4.53% would be required to meet the revenue shortfall of \$557,161.

OPTION 2 :

The second option proposes to eliminate capital projects in order to reduce the amount of money needed to balance the budget while keeping the tax increase as low as possible. That being said, the vast majority of road projects are funded from grants or cannot be deferred for various reasons. The following are proposed:

Amount from tax base required to cover increases not in the budget (above – see A)	\$303,600
Proposed projects to defer :	
Route 800 East (Latour Rd) – original cost of \$170,000 less 2022 costs incurred of \$17,091	\$152,909
Machabée St sidewalks	\$61,038
Subtotal	<u>\$213,947</u>

Amount required from tax dollars	\$89,653
Amount initially required to balance the budget in December 2021	\$253,561
Deficit	\$343,214

With this option, the proposed tax rate increase of 2.13% would be increased to 2.83% to balance the budget.

SCHEDULES :

Schedule A – Roads projects

Schedule B – UCPR Municipality Tax rates

RECOMMENDATION :

It is recommended that council :

- defer a large part of the Route 800 East (Latour Rd) project;
- defer the Machabée St sidewalks project;
- approves tax rate of 2.83% to balance the budget;
- approves a loan to finance the increased costs of the Touchette Bridge;
- approves that the cost of engineering fees be paid from reserves.

Nadia Knebel, CPA, CA
Treasurer

SCHEDULE A

REVISED CAPITAL BUDGET (March 2022) / BUDGET CAPITAL RÉVISÉ (Mars 2022)

		ADDITN'L COSTS / COÛTS									
OTHER ASSETS	AUTRES ACTIFS	ORIGINAL TOTAL COST/ COÛT TOTAL	ADDITN'L COSTS / COÛTS ADDITIONNELS - granular	ADDITIONNELS - granular not roads/pas pour routes	ADDITN'L COSTS / COÛT ADDITIONNEL - other / autres	RESERVES/ RÉSERVES	GRANTS/ OCTROIS	ADDITNL OCIF GRANT	OTHER/AUTRES CONTRIBUTIONS	L-T DEBT/ DETTE À L-T	NET COST/ COÛT NET
Public Works	Travaux publics										
Land acquisition	Acquisition de terrain	100,000				(100,000)					-
Satellite office - exterior siding & insulation	Revêtement & isolation bureau satellite	25,000									25,000
Speed Machine	Détecteur de vitesse	5,300									5,300
Road 800 East (Latour Rd)	Route 800 Est (Ch Latour)	170,000									170,000
Culverts, catch basins, & storms	Ponceaux, puisards, égoux pluviaux	150,000			68,000						218,000
Culvert City of Ottawa	Ponceau ville d'Ottawa	800,000	30,000					(57,356)		(772,644)	-
Lefevre Rd low level crossing culvert	Chemin Lefebvre - ponceau passage à niveau	30,000									30,000
Touchette bridge	Pont Touchette	2,508,000			1,078,400	(318,609)	(2,089,916)				1,177,875
Gauthier St, St-Isidore - sidewalks	Rue Gauthier, St-Isidore - trottoirs	54,975		2,000							56,975
Sabourin Road, St-Isidore	Ch Sabourin, St-Isidore	58,050	1,300				(58,050)	(1,300)			-
Concession 10 (net with Alfred-Plantagenet)	Concession 10 (net with Alfred-Plantagenet)	171,658	28,125					(199,783)			-
Concession 20	Concession 20	340,375	25,880				(340,375)	(25,880)			-
Ste-Catherine St - sidewalks	rue Ste-Catherine - trottoirs	8,400									8,400
Drouin Road	Chemin Drouin	184,975	8,440				(169,975)	(8,440)	(15,000)		-
Machabee St	Rue Machabee - trottoirs	59,663	1,375								61,038
Des Pins Street	Rue des Pins	183,351	2,817				(65,832)	(120,336)			-
Lavergne	Lavergne	198,245	4,220				(129,733)	(72,732)			-
Savage Rd	Ch Savage	45,121	5,237					(5,237)	(45,000)		121
Racette Sideroad	Chemin Racette	86,085		1,823			(59,663)	(1,375)			26,870
Limoges - sidewalks	Limoges - trottoirs	14,000									14,000
	Total	5,193,198	107,394	3,823	1,146,400	(418,609)	(2,913,544)	(492,439)	(60,000)	(772,644)	1,793,579

SCHEDULE B

TAUX D'IMPOSITION 2021 & HAUSSE PROPOSÉ POUR 2022 (AU BUDGET) 2021 TAX RATES & PROPOSED 2022 RATES (AT BUDGET)

Municipalité Municipality	Résidentiel Residential	Hausse proposée 2022 / Proposed increase 2022
Hawkesbury	0.01667789	2.00%
Nation	0.01284462	2.13%
Rockland	0.01256262	2.95%
Alfred & Plantagenet	0.01247105	2.50%
Russell	0.01090536	2.50%
East Hawkesbury	0.01042800	3.00%
Champlain	Info non disponible / Info not available	
Casselman	Info non disponible / Info not available	

The table above is presented in order of highest to lowest rate and shows the rates proposed in the budget.