

## MUNICIPALITY OF TEMAGAMI 2023 BUDGET COMMENTS

### 2022 Fiscal Review

After many years of inflation around the 2% level, in 2021, inflation for Ontario was 6.5%. During the budget deliberations last year, Council settled on a tax increase of 4% on the hopes that measures taken by the Bank of Canada and other levels of government would reduce inflation. The result is that inflation was not slowed as quick or lowered as much as was hoped when these measures were put in place.

The Municipality also experienced some increases much larger than inflation. Our insurance bill, for example, increased by \$35,481 or 25.9%. Similar to the increase you experienced when you filled up your vehicle, we also saw large increases in our fuel costs. For us, the cost of fuel impacts more than what it costs to fill up but also cost of gravel, patching materials and, for the first time from some suppliers, we were charged a delivery surcharge. As an illustration, the cost of gravel increased by 30% in 2022 when compared to the cost in 2021.

The Municipality did try to minimize the effect of increased costs by scaling back some of our capital projects. Some of these projects, however, most notably the repair of the manholes in Temagami North, needed to move forward to fix other issues. Prior to the manhole repair project being completed, our use of the sewage lagoon in Temagami North was 96% of capacity and after the repairs were completed our capacity is at 67%. Certainly an indication of the need for this work to be completed.

In 2022, we used just over \$400,000 of funds held in reserve. About \$130,000 of this was to cover the increased operating costs noted above. At the end of the year, our reserves were \$3.3 million. Given our infrastructure and operations this may be a little low according to financial scholars but at this balance, Council is able to act should funding programs be announced or if there is a need for immediate repairs.

### 2023 Budget Planning

As noted above, the 2021 rate of inflation was 6.5%. While there was some improvement, the 2022 rate of inflation, as reported in the budget for the Province of Ontario, was 6.3%. With simple math, this translates to a increase cost of living of 12.8%. Council's guidance initially was to prepare a budget with another 4% increase. The result of this was a budget that would use about one third of our reserves in this year alone. Given this, Council directed that communication be sent requesting feed back with an 8% increase in the tax levy for 2023. Again, using simple math, with an increase in the cost of living of 12.8% and with the 4% increase in taxation we had last year, an 8% increase this year is still below the cost of living increase for the two years.

Last year, a new Asset Management Plan was adopted by Council. This plan highlighted next steps required to gain a better understanding of the condition of our assets, especially those underground, and create better definitions for levels of service. By completing these steps, the financial needs of our assets can be better estimated.

The 2013 edition of the Asset Management Plan noted that consideration was being given to increases of 2% per year which would result in a capital levy of \$926,000 by 2018. This did not happen. In 2023, the capital portion of the tax levy (assuming an 8% increase) is \$705,600. Both of these are lower than the anticipated annual requirement of \$1,084,300 indicated in the 2022 Asset Management Plan. The work being done for condition and level of service definitions could possibly lower this annual need.

Apart from gaining a better understanding of our assets, Council is moving ahead with programs where there is provincial or federal funding, water and sewer items as advised by OCWA and the bridge report that is required every second year. Other capital projects (most to be funded through reserves) have been put on hold this year.

Other activities for 2023 is further implementation of our Service Delivery Review, our Solid Waste Management Master Plan and our Recreation Strategy. There is a possibility of major capital in the water and sewer area. This is being planned so only the service rates for these areas would be increased and more complete information, when available, will be considered by Council as well as form a further communication to you.

One notable difference from last year is the operation and charges for the transfer stations. There has not been an increase in the fees charged for our ratepayers who rely on the transfer stations for their waste disposal needs for a number of years although the cost to provide these services has increased. For example, in 2022 the cost to service the transfer stations was \$73,679 while the special area rate raised \$40,056. As part of the Solid Waste Management Master Plan, changes to operations of the transfer stations were recommended to Council by an Ad Hoc Committee. After review, the cost budget for the transfer stations this year is \$123,000. Along with this budget, there will also be a segregation of other revenues received (tipping fees) and a reconciliation each year as we move forward.

Other service areas are expecting increases. Most notably is the cost of curbside garbage collection with the increase due to the increased price of fuel.

A summary of the various rates are:

Type	2023	2022	+/-	%
Tax Rate (Residential)	<b>0.883200%</b>	0.824210%	0.058990%	7.16%
Transfer Station	<b>0.055500%</b>	0.017900%	0.037600%	207.26
Water Rate	<b>\$1,288.19</b>	\$1,261.08	\$27.11	2.15%
Sewer Rate	<b>\$397.25</b>	\$366.50	\$30.75	8.39%
Grinder Rate	<b>\$385.96</b>	\$330.95	\$55.01	14.25%
Collection Rate	<b>\$103.78</b>	\$84.31	\$19.47	23.09%
Estimated By Type				
No User Rates				7.16%
With Transfer Station				11.59%
All User Rates				5.35%
No Grinder				6.65%

A couple of points to keep in mind. First, with a modest increase to our assessment base, an 8% increase in the tax levy equates to a 7.16% increase in the tax rates. Second, for those properties with flat rate services charges, your actual percentage increase will depend on your assessed value. The figures above are based on averages. For the average property, the tax increase would be \$150. A summary of the budget amounts is provided below. For more information, budget presentations can be found [here](#). If you are viewing this in print, information is available in agenda packages posted on our website or please contact the office for assistance.

Council has not yet approved this budget. If you have a comment, please reply to [communicate@Temagami.ca](mailto:communicate@Temagami.ca) or through our mail/drop box by **May 4, 2023**. Council will review comments received at their meeting of May 11, 2023.

Municipality of Temagami  
2023 Budget Summary

	2022		2023	Budget Increase	
	Budget	Actual	Budget	\$	%
Municipal Taxation	4,179,869	4,196,918	4,521,687	341,818	7.56%
Provincial Grants	1,411,255	1,438,739	1,105,176	(306,079)	(27.70%)
Federal Grants	134,000	151,529	473,881	339,881	71.72%
User Charges	936,826	986,649	1,102,210	165,384	15.00%
Investment Income	116,000	204,159	160,000	44,000	27.50%
Other Revenue	19,000	43,951	97,000	78,000	80.41%
<b>Total Revenue</b>	<b>6,796,950</b>	<b>7,021,945</b>	<b>7,459,954</b>	<b>663,004</b>	<b>8.89%</b>
<b>Operations</b>					
General Government	1,264,370	1,189,281	1,322,725	58,355	4.41%
Protection	843,730	761,279	744,735	(98,995)	(13.29%)
Public Works	1,936,742	1,900,083	1,518,842	(417,900)	(27.51%)
Environmental	1,151,516	1,140,776	1,200,698	49,182	4.10%
Health	63,900	52,361	59,180	(4,720)	(7.98%)
Social Services	1,438,262	1,438,262	1,507,698	69,436	4.61%
Parks, Recreation and Culture	666,165	694,375	776,096	109,931	14.16%
Planning and Development	487,375	253,213	257,550	(229,825)	(89.24%)
<b>Total Operations</b>	<b>7,852,060</b>	<b>7,429,630</b>	<b>7,387,524</b>	<b>(464,536)</b>	<b>(6.29%)</b>
Balance for Year	(1,055,110)	(407,685)	72,430		
Reserves Start of Year	3,715,592	3,715,592	3,307,907		
<b>Reserves End of Year</b>	<b>2,660,482</b>	<b>3,307,907</b>	<b>3,380,337</b>		