

Council eyes 2.9% tax increase for next three years

By Brock Weir

Council is eyeing a 2.9 per cent increase to the municipal portion of your tax bill each year through 2022.

The target figure has been released ahead of the start of talks surrounding the Town's 2020 Operations Budget later this month.

Local lawmakers will consider this budget target at the Committee level this week and, if approved, this is the increase both department leads and Council members will shoot for once budget talks begin on November 18.

The 2.9 per cent target is the result of Council's direction this past spring tasking staff with developing Aurora's first multi-year operating budget for the next three fiscal years with an eye of reaching a tax rate increase equal to the rate of inflation for each of the year, plus a further 1 per cent earmarked to support the Town's fiscal strategies and infrastructure, including top-ups to various reserve accounts.

Staff's recommended draft operating budgets for 2020, 2021 and 2022 result in a required tax levy increase of 2.9 per cent for the next three years, which is 0.1 per cent lower per year than the direction received by Council, said Jason Gaertner, Manager of Financial Management, for the Town of Aurora in his report to Council. The Town has adopted a multi-year budgeting framework where Council approves the first year's budget of its term and receives an accompanying forecast of the next three budgets. In the second year of its term, Council will approve a three-year operating budget, including all related tax impacts.

Using multi-year budgets and forecasts improves fiscal health and service delivery through better coordination of budgeting and strategic priorities; greater certainty for departments in managing expenditures and service levels; improved fiscal discipline of the organization; streamlined budget reviews that focus on key changes in assumptions and the reasons driving such changes; allowing staff to develop budgets with fixed targets in place, allowing early response to circumstances and budget constraints of such targets; reduces uncertainty about future year tax levies; [and] provides longer-term outlook to outside organizations that rely upon the Town for a share of their funding, which enables them to plan and deliver their programs more effectively.

Some of the issues and tax pressures addressed through this multiyear forecasting, he added, include cost of living adjustments for existing municipal staff, the Town's share of growth for the Central York Fire Services, a cost shared with the Town of

Newmarket, and new staffing requirements at the Town level.

This budget, however,
does not include any further costs that might be related to the development of
Library Square and the operations of the Aurora Cultural Centre.

Together, Council and staff are in the process of refining the final design and requirements related to the construction of a new community hub, currently referred to as Library Square, said Mr. Gaertner. The planned Library Square work includes many dimensions [including] an addition to the Church Street School, a new outdoor square, [a] pedestrian bridge linking the new addition and the Library, a new parking configuration, and a new library vestibule, program rooms and Yonge Street entrance.

The total required investment for this project is presently estimated to be \$47.9 million. The Town's proposed investment strategy for this project includes the use of debt as a source of funding. The Town's debt tolerance for this project was defined as the debt principle cannot exceed a point where its annual carrying costs exceed an equivalent value to a 1 per cent tax rate increase being \$484,700 in 2020. The investment strategy for this project plans to use the maximum defined debt threshold. The debt is expected to be required in late 2021 or early 2022. This provides the Town time to phase in the annual carrying costs, principal and interest of this debt. It is recommended that this new debt's annual cost equivalent of a 1 per cent tax increase be phased in over 2020 and 2021 in two equal tax rate increases of 0.5 per cent.

The Aurora Cultural Centre (ACC) has identified further operating pressures over the next three years totalling \$107,400 due to base salary funding catch-up and rental income losses due to the tenants of the Church Street School having to vacate the building during the construction of Library Square.

The Town has budgeted inflationary increases of \$8,300, \$8,500 and \$8,700 for 2020 to 2022 respectively, said Mr. Gaertner. Once these available amounts have been applied to the pressures, the net remaining ACC funding requirements become \$58,700, \$10,500, and \$12,800 for the next three years. Staff recommend that each of these net remaining pressures be funded out of existing Library Square operating budget funding that is included in staff's recommended draft budget, thus avoiding the need for any further incremental tax rate increases. If Council does not support staff's recommendations in this regard, a further tax increase in addition to the identified 2.9 per cent per year would be necessary.