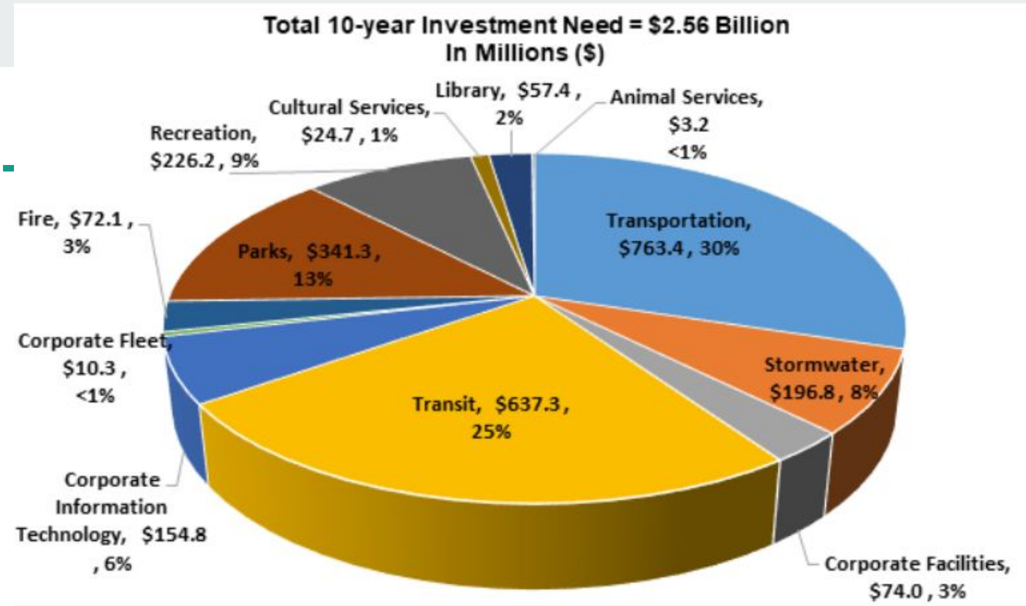
2022 Budget Process



The Corporate Asset Management Plan provides a framework for responsibly managing our infrastructure and other assets. Over the next 10 years, the City forecasts spending of about $1.4 billion to address the life cycle needs of its assets.

The 2021 Budget document is a disaster once you take a look into it, the 2019 SOLI dated June 23 2020 shows a needs of $2.56 billion over the next decade, meanwhile the budget says you will spend $1.4 billion, and the $2.56 billion figure is unmentioned, not only that, the 2019 SOLI shows the 10 year spending needs is $1.6 billion, where did the $200 million go? Note, that over $1.1 billion gap over 10 years, a gap of $110m a year, is only replacing existing infrastructure, not meeting population growth needs. The 2% infrastructure levy was designed with with the intention it'd be part of a 3-5% increase to the budget, compounding interest, but because of how the budget has been, it is simple interest.

10 Year Needs pg 107 from 10.6-7
https://www.brampton.ca/EN/City-Hall/meetings-agendas/City%20Council%202010/20200708cc_Agenda.pdf

10 year projected spending pg 24 SUMMARY - 17
https://www.brampton.ca//EN/City-Hall/budget/2021%20Budget/Approved%20Budget/2021_Approved_Budget_accessible.pdf

Treasurers normally keep a handful of preprepared tricks to make a budget work in times like a recession while minimizing property tax increases, the problem the City has is that the City burned through those tricks in the 2019 and 2020 budgets, the 2021 budget started to have real impacts on the City, the treasurer is out of rabbits to pull out of his hat. Any further attempts risk serious long term damage to the City

2022 Budget Process report

There are signals in this document, the question is, can you read the signals? Let's go through them

The Overview flags that the general operations budget has decreased 1.4% from 2018 to 2021, which doesn't sound bad, but once you adjust for inflation, this is actually a reduction of 6.3%, but it gets even worse. The inflation adjusted per capita general operations spend from 2018 was $665 per person, the 2021 budget with 2020 population is $582 per person, a 12.5% reduction. The operations budget is being driven into the ground. To recover from this, assuming 2% inflation would require 5 consecutive years of 5% increase.

They are also flagging that the assessment growth increase in 2020 was only 1.2%, this isn't enough to fund the need in services growth, the City is growing by 4% a year. You know how I am constantly trying to flag issues with insufficient development? 2020 had shortfall equivalent to a 3% property tax increase, if you fail to quickly fix the development process, the next term of council is going to need to do 5%+ property tax increases to tread water, and that doesn't count fixing the disastrous reductions to the operating budget.

The operations budget can't take more money being removed from it, this is why they are signaling to you that the City can't keep above the 20% threshold. The overall budget needs to grow on a per capita basis, the 2% infrastructure levy was intended to be compounding, not simple interest, 2% simple interest doesn't work when construction inflation is -5% compounding.

Review and assess impacts of:

- Increasing user fees where appropriate
- Delaying service growth
- Deferring city-wide strategic initiatives
- Reducing or realigning service levels to meet changes in public demand
- Maximizing eligible reserves to fund one-time operating expenditures
- Mitigating inflationary impacts through efficiencies and/or
- Alternative service delivery methods, as identified in the recent corporate-wide service reviews.

This list shows the City knows the price of everything, but the value of nothing

User fees need to be carefully implemented to ensure the harm doesn't outweigh the benefit, for example, increased user fees on recreation without considering impacts on lower income people can be quite regressive, and conflict with other policies like equity. In other cases, what the money is being raised from and what it is spent can change if it is progressive or regressive, for example, if you raised parking rates, and the reduced subsidy means you can now expand funding for recreation for low income families, this is pprogressive, but if you use it to lower green fees for golfing, it is regressive.

Delaying service growth can have all sorts of ugly side effects, generally, you still have to increase the service, but later it will cost even more. In other cases, delaying service growth can be quite expensive, for example, Brampton Transit delaying expanding service to the area north of Dixie and Inspire may have saved a couple of bucks for one year, but then residents had to go out and buy more cars. If in the process of saving half a million dollars for a single year, the residents are now spending a million a year, and the car loans are 8 years, how much did they really save?

The City of Brampton can't even meet legislated Accessibility compliance with the TOCP refresh document, what makes you think you can achieve strategic initiatives?

Changing demand, how do you know it actually structurally changed? Things might be normal by mid 2022, so how can you make guesses based on how things are now?

If you are going to use some of the reserve funds for funding one time operating expenditures, you need to make sure they are constantly replenished instead of how you've been draining them.