

Memorandum

Date: February 7, 2023

To: Members of Council

From: Hillary Bryers, Acting Treasurer, Finance

Subject: Proposed 2023 Budget Update

In 2017, Council adopted a subsidy policy in order to understand the cost of providing recreation services and to acknowledge that recreation services are not self-funding (fees, sponsorship etc.). Each year Council considers the subsidy for recreation services as part of the budget process.

The pandemic has significantly impacted the operating costs and revenues due to facility closures, limited enrollment and a freeze on user fees. In 2022, the approved subsidy was 56%. When preparing the 2023 proposed budget a 59% subsidy assumption was made. A final recommendation on subsidy is made prior to Council deliberation and consideration as part of the budget report.

As staff continue to work on the final budget submission and further calculations on the recreation subsidy, it is being proposed to withdraw \$562,000 from the operating contingency reserve. Staff believe this will support the revenue loss in recreation programs due to the lingering effects of the pandemic.

As such, it is being recommended to maintain the recreation subsidy at 56%, or its 2022 level. This results in the reduction of the proposed tax increase. The table below reflects the change and includes the Region's proposed increase:

Typical 2022 Assessment of \$662,000**	2022 Property Tax bill (\$)	Estimated 2023 Property Tax Bill (\$)	Estimated \$ Change	Estimated % Change
Town	2,570.50	2,647.96	77.46	3.01%
Region*	1,857.29	1,935.18	77.89	4.19%
School Board*	1,012.86	1,012.86	-	0.00%
Total	5,440.65	5,596.00	155.35	2.86%

Further work will be completed in 2023 regarding what is driving the cost of the subsidy and to analyze the true costs of offering recreation services in the Town of Caledon. Further information on the Recreation subsidy will be included in the Staff Report pertaining to User Fees to be considered on February 15th.

The final proposed Budget will be presented to Council at a General Committee – Budget Meeting on February 15, 2023 for consideration.

*Please note the Region and Education portions are estimates and will not be final until the Region of Peel passes its budget.

**The assessed value is based on the Municipal Property Assessment Corporation's current value assessments that are currently as of January 1, 2016 and will be used in 2023 taxation.

