

# EXECUTIVE SUMMARY



AS APPROVED ON DECEMBER 14, 2021

# MESSAGE FROM THE CAO



Mayor and Council,

I'm pleased to present the 2022 municipal operating budget for the Town of Aurora – the third year of an approved three-year budget. 2021 was a year of continuous change for both staff and Council, as we navigated ever-evolving health regulations and guidelines, adapted programs and services to meet changing needs and expectations, while keeping top of mind the safety of our staff and residents alike.

As this budget document goes to print, we are several weeks away from presenting the final report of the Town's municipal service delivery review. This review looked at the needs and expectations of the community, the performance and costs of the services we provide, and has as an outcome a number of recommendations for improved service delivery. With a completed service delivery review, staff are better positioned to support Council in making more informed and strategic, data-driven choices about municipal services, and to ensure that our services are delivered in a fiscally and operationally sustainable way. The prioritization and

implementation of the recommendations emanating from the review will form part of our work in 2022.

Based on the principles of the newly approved fiscal strategy, the 2022 operating budget includes a 2.9% tax increase – the same rate approved for the 2021 budget. This level of spending maintains all current service levels, as well as all planned initiatives of the multi-year budget, while still managing the impact of COVID-19 and of a reduction in assessment growth revenue. This has been accomplished by reducing costs in other areas, to ensure that staff were able to deliver on Council's budget expectations.

2022 is set to be an exciting year. Not only is it a municipal election year, but it will also mark the completion of the Town's largest capital project – Aurora Town Square, which represents 36% of a planned \$83.6 million capital budget. Realizing Council's vision for this project, which will change the landscape of our community and enhance our reputation in the region, continues to be a key priority of the entire Executive Leadership Team.

With light at the end of the COVID-19 tunnel, 2022 will still bring with it a number of changes: we will be introducing new processes, policies, and systems to adapt to an evolving workplace environment, continuing to prioritize the health, safety and well-being of staff and residents, and pursuing our road to Gold Certification under Excellence Canada.

As it was in 2021, the future of Aurora is bright: on behalf of the Executive Leadership Team, I look forward to working with Council, our employees, and our community to deliver exceptional services that make people proud to call Aurora home.

# The budget approved a tax increase of 2.9% in 2022

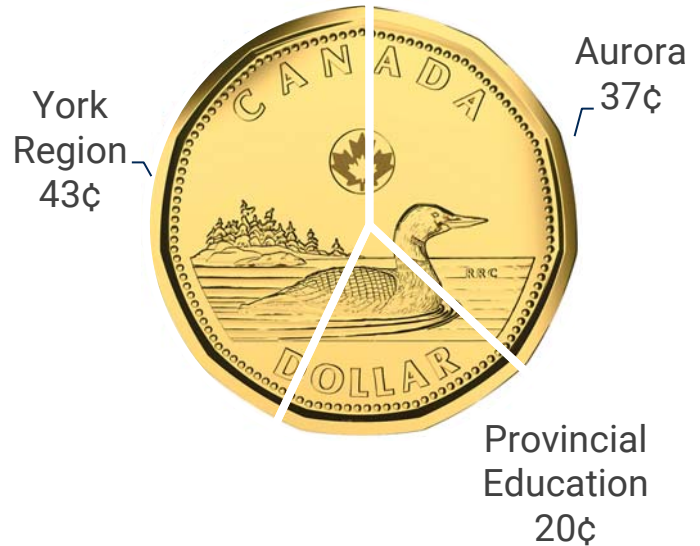
The Town of Aurora’s approved 2022 operating budget includes gross spending of \$108.2 million in 2022 with a tax increase of 2.9 percent. This tax increase remains at the same rate approved the previous year as part of the 2021 to 2022 budget while still maintaining all planned initiatives in the multi-year budget, managing the impact of COVID-19 and managing a 1.1 percent reduction of assessment growth revenue.

The approved budget includes user rates that pay for water, wastewater and stormwater services. These rates include savings in the purchased water and wastewater wholesale costs from York Region in 2021 and an increase of 3.3 percent in 2022.

The approved capital budget includes planned capital spending of \$83.3 million in 2022 with multi-year capital budget authority of \$1984.9 million to manage capital contractual commitments. The 10-year plan totals \$301.7 million.

The residential tax bill includes three different property taxes: provincial education, York Region and the Town of Aurora. Aurora’s share of the residential tax bill is expected to be 37 percent in 2022.

## Aurora’s share of the tax bill



### Vision

To become a progressive community with small town charm.

### Mission

Deliver exceptional services that make people proud to call Aurora home

### Values

The Town of Aurora values the following:

1. We respectfully challenge each other in the pursuit of excellence
2. We consider the big picture and each other when making decisions
3. We trust employees to do the right thing
4. We treat each other as valued customers
5. We take risks, learn from mistakes and challenge our successes

## The operating budget focuses on changes to the approved budget

The 2022 operating budget focuses on the changes to the budget approved last year, while the overall tax levy percentage increase has not changed the assessment growth is lower. This created a tax levy pressure that needed to be managed through a combination of increased revenues and cost savings in the budget.

Last year, the budget forecasted 2.2 percent in assessment growth for 2022. This budget has reduced the assessment growth to 1.1 percent. This resulted in the need to reduce the overall net tax levy by \$611,600 to maintain the 2.9 percent tax levy approved in the 2021 to 2022 budget.

COVID-19 is expected to continue to have an impact in 2022, in particular resulting in lower recreation revenues and additional facilities maintenance costs. The 2021 Recovery Funding for Municipalities received from the provincial government is planned to be used to offset this impact.

## The impact on the average resident's tax and water bills

For the average home in Aurora assessed at \$800,000, the Town's share of the tax bill in 2021 is \$2,465.70. This amount will increase by 2.9 percent or \$71.51 to \$2,537.21 in 2022. This increase is the same amount approved in the budget last year.

On average, each resident consumes 54 cubic meters of water per quarter (three months) which results in a total bill of \$295.92 in 2021. The rates in this budget for water, wastewater and stormwater will increase this average bill by \$16.71 to \$312.63 in 2022.

Compared to the rates in the multi-year budget approved last year, the average bill will be lower. The average bill in 2022 is estimated to be \$312.63 which is \$5.40 less. This reduction relates mostly to the savings in purchased water and wastewater services from York Region in 2021 partially offset by an increase to the rates they charge effective April 1st, 2022.

**Annual tax increase**  
for house assessed at \$800,000

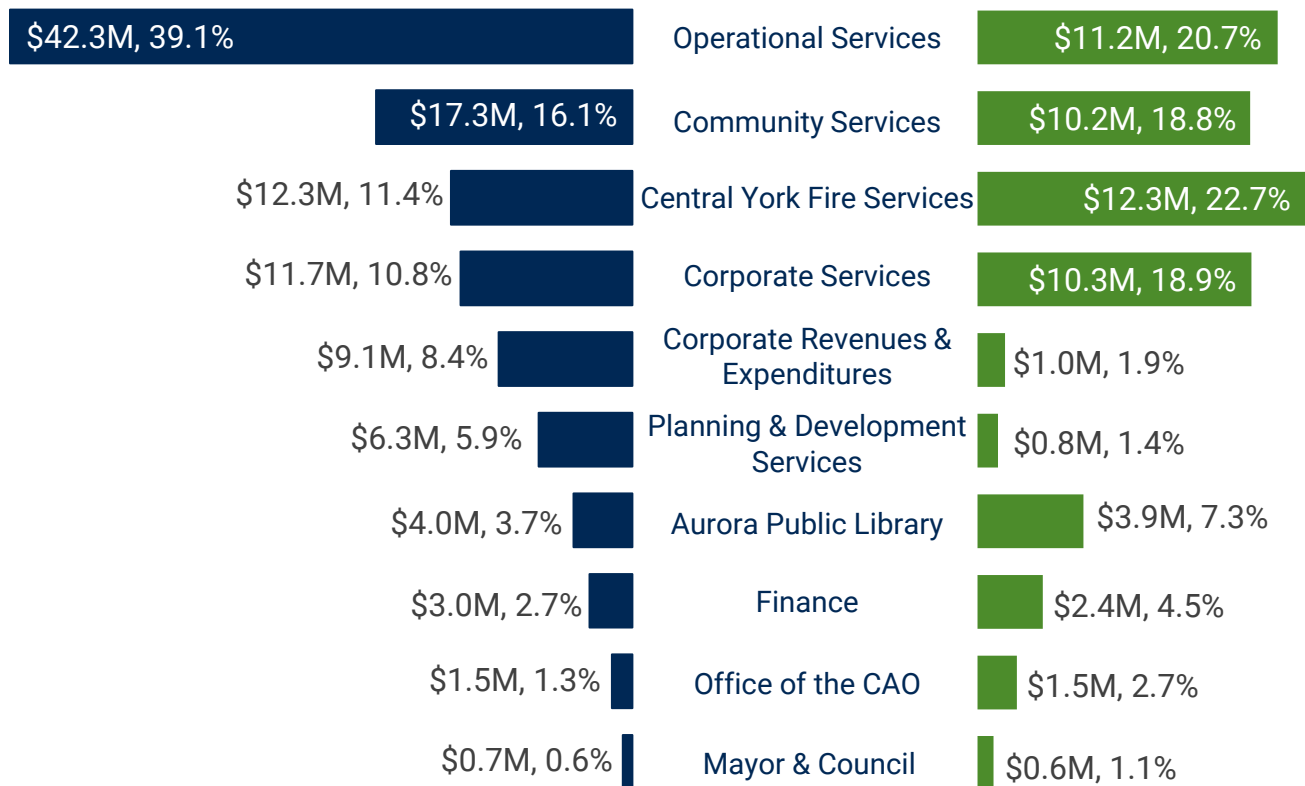


**Quarterly water bill\* increase**  
with an average consumption of  
54m<sup>3</sup>/quarter



\* Includes water, wastewater and stormwater charge

## 2022 budget departmental share of the gross spending and net tax levy



### The reliance on the tax levy varies across departments

The Town of Aurora provides a wide variety of services that depend on tax levy funding. Some services are more reliant on taxes than those that generate revenues through user fees or user rates like water, wastewater and stormwater in Operational Services.

The Operational Services budget has the highest gross expenditures at 39.1 percent. However, on a net tax levy basis, it is the second highest at 20.7 percent after Central York Fire Services at 22.7 percent. The reason for this shift is because Operational Services includes water, wastewater and stormwater which are fully funded through user rates where the costs for Aurora's share of Central York Fire Services are fully tax funded.

### The capital budget includes a mix of asset management, growth and studies

Planned capital spending in 2022 includes a significant investment of \$30 million to complete Aurora Town Square. This represents 36 percent of the \$83.3 million planned for 2022 making growth & new projects the largest share of the 2022 planned capital spending at 65 percent.

The 10-year capital plan continues to invest in asset management with rehab and replacement projects representing 52 percent of this capital plan, growth and new 47 percent which includes the completion of the construction of Aurora Town Square and studies and other at one percent.

## The fiscal strategy informed the development of the 2022 budget

The fiscal strategy was approved by Council in 2021. The fiscal strategy provides a long-term view of financial sustainability through the balancing of the four strategic pillars: Revenue Management (Tab 3 Operating Budget), Capital Planning (Tab 4 Capital Budget) and Reserve Management and Debt Management (Tab 5 Reserves and Debt Management).

This budget supports the fiscal strategy through the following:

- **Revenue management:** Maintaining a predictable tax levy at 2.9 percent by managing budget pressures through expenditure savings and revenue adjustments, continuing to reduce the budget reliance on supplementary taxes and managing one-time COVID-19 pressures through the use of grants
- **Capital planning:** Adding an additional \$11 million in rehab and replacement projects and identifying future asset management needs over the long-term through the first phase of the second generation asset management plan
- **Reserve management:** Increasing contributions to asset management reserves through the one percent increase in the tax levy for fiscal strategy and looking ahead at reserve balances to manage the capital plan
- **Debt management:** Identifying annual debt repayments over the 10-year plan, recommending policy to convert tax-funded debt repayment costs to asset management reserve contributions once the debt is fully paid off

## More work to come to improve future budgets

The fiscal strategy's strategic action plan identifies the work to come over the next few years to support long-term financial sustainability. In 2022 the following are included in the fiscal strategy strategic action plan:

- Alignment of the 2023 capital budget with the Development Charge Study in preparation for the next study in 2024
- Development policies for reserve management and debt management
- Improve investment returns by moving towards becoming a prudent investor
- Develop a long-term forecast model for water, wastewater and stormwater services including evaluating rates needed to reach full-cost recovery for asset management needs