

**To:** **COUNCIL**

**Meeting Date:** **12/02/21**

**Subject:** **2022 Draft Budget and Business Plan**

**Submitted By:** **Sheryl Ayres, Chief Financial Officer**

**Prepared By:** **Katie Fischer, Deputy Treasurer**

**Report No.:** **21-320(CRS)**

**File No.:** **C1101**

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## **Recommendation(s)**

THAT report 21-320(CRS) re: 2022 Draft Budget and Business Plan be received;

### **Capital Budget Recommendations**

THAT the 2022 capital expenditures and revenue sources in the amount of \$66,611,500 be approved;

AND THAT capital expenditures and revenue sources in the amount of \$8,160,000 be pre-committed for 2023 for projects A/00447-40 Riverside Dam Renewal and A/00714-40 Region – Dundas St Ph2 Hespeler to Shade, identified as requiring funding over a two-year period;

AND THAT, in accordance with s.s. 5(1) of the *Development Charges Act, 1997* and S. 5 of Ontario Regulation 82/98, it is the clear intention that any excess capacity provided by any of the above referenced works will be paid for by future development charges;

AND THAT any donations, grants or subsidies applied in the 2022 capital program to projects with development charges funding are to offset the non-growth-related costs of those projects;

AND FURTHER THAT the forecasted capital expenditures and revenue sources for 2023 through 2031 be approved in the total amount of \$515,604,500, to be revisited annually.

### **Water Utility Budget Recommendations**

THAT the 2022 water utility operating budget be approved in the amount of \$73,168,700 with a combined water and wastewater rate increase of 2.39% for the average household consuming 204 cubic meters annually;

AND THAT the preliminary water utility operating budget forecasts be approved, with a projected combined water and wastewater rate increase, for the average household consuming 204 cubic meters annually, of 3.57% in 2023, 3.23% in 2024 and 3.53% in 2025, to be revisited annually;

### **Operating Budget Recommendations**

THAT the 2022 tax-supported operating budget be approved with a tax levy of \$99,461,600, inclusive of the Cambridge Public Library Board's tax levy of \$7,787,300 and including assessment growth of 0.96%;

AND THAT if the actual net taxable assessment growth is different than 0.96%, any increase in the tax dollars generated will be transferred to the Rate Stabilization reserve or any decrease in tax dollars will be funded from the Rate Stabilization reserve;

AND THAT the non-union salary and wage increases align with the increases for the CUPE1882 (Inside Workers) employee group as per its collective bargaining agreement;

AND THAT the Preston Town Centre BIA, the Hespeler Village BIA, and the Downtown Cambridge BIA expenditures in the amount of \$83,600, \$31,630 and \$228,973 respectively and having a combined net tax levy of \$283,383 be approved;

AND THAT the Community Grants to each individual group as outlined in Appendix C of the 2022 Draft Budget and Business Plan (as revised) be approved in the amount of \$2,367,500;

AND THAT funding be approved in the amount of \$10,000 annually for each of 2022, 2023, 2024, and 2025 towards Wilfrid Laurier University Capstone Urban Studies Program;

AND THAT the transfers to and from Reserves and Reserve Funds as identified in the 2022 Draft Budget and Business Plan (or as amended by Council) be approved;

AND THAT the preliminary tax-supported operating budget forecasts be approved with a projected tax rate increase of 4.38% in 2023, 4.30% in 2024, and 2.89% in 2025, to be revisited annually.

AND FURTHER THAT the By-law(s) attached to this report be passed.

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## **Executive Summary**

### **Purpose**

- The 2022 Draft Budget and Business Plan contains the revenue and expenditure forecasts for the City's tax-supported operating, water utility and capital budgets. These budgets have been prepared by staff for approval by Special Council.

## Key Findings

- The 2022 Draft Budget and Business Plan is available for review at [www.engagewr.ca/budget-2022](http://www.engagewr.ca/budget-2022).
- Since the draft budget document was prepared, there have been the following amendments:
  - Increases to the Living Wage and minimum wage result in an increase of \$92,000 to the Operating budget;
  - The external funding to Climate Action Waterloo Region has been updated to match the commitment made of \$60,000;
  - Assessment growth has been finalized by MPAC to be 0.96 per cent for 2022.
- The draft 2022 budget highlights include:
  - Tax supported operating budget: A tax levy of \$99,461,600 inclusive of the Cambridge Public Library Board's tax levy of \$7,787,300 and including assessment growth of 0.96%. This represents a tax rate increase of 3.02%, which equates to \$43 impact to the average household with an assessment value of \$333,200 or \$13 per \$100,000 of residential assessment value;
  - Within the budget, however, is an additional \$1 million being set aside to ensure the sustainability of the City's finances as a result of significant core area waived development charges anticipated based on planning applications received to date. This \$1 million contribution to reserves works out to a tax rate increase of 1.04% and represents an annual cost to the average household of \$15. The remaining budget is well below inflation at 1.99%, which equates to an annual increase of \$28 for the average household.

Budget Component	Average Household Impact	Tax Levy Impact
Operating Budget Increase	\$28	1.99%
Waived Development Charges	\$15	1.04%
Total Operating Budget Impact	\$43	3.02%

- Water utility operating budget: Gross operating expenses in the amount of \$73,168,700 representing a combined increase for water and wastewater rates of 2.39% for the average household consuming 204 cubic meters of water annually, which equates to an annual impact of \$29 for the average household;
- The 2022 draft capital budget includes \$66,611,500 in capital investment for 2022, funded from various sources.

## Financial Implications

- For every tax dollar paid by residents or businesses in the community the City receives 0.36 cents. Therefore, although the City's draft budget proposes a tax levy increase of 2.96% this means that an average household will pay an additional 1.06% on their overall tax bill.
- The City's tax-supported and water utility budgets provide the financial and human resources required to deliver the levels of service to the community as approved by Council.
- The capital budget provides funding for the rehabilitation of existing assets as well as new assets to be constructed to support delivery of services to new growth that is occurring in the City.
- Details of the financial impact of the 2022 draft budget are provided in the 2022 Draft Budget and Business Plan found on the City's website at [www.engagewr.ca/budget-2022](http://www.engagewr.ca/budget-2022).

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## Background

The 2022 draft budget has been prepared in accordance with section 290 of the Municipal Act. The 2022 budget process began in June 2021 through Council direction to staff to present the budget with a base budget tax rate increase in line with inflation. In addition, all impacts from capital projects, growth and new service level initiatives were to be submitted as part of the 2022 budget process for consideration by Council.

Direction was also given to prepare a water utility budget consistent with the rates forecasted through the approved 2021 budget and in accordance with the long-range financial plan which forecasted revenue increase targets of 3.9% annually.

The proposed budget includes maintaining existing service levels, providing for continued response to the COVID-19 pandemic, and ensuring the safety of patrons and staff, and it also incorporates investments towards achieving the City's strategic actions while ensuring public value as outlined in the Strategic Plan section of the draft budget document.

The COVID-19 pandemic has continued to have significant impacts to the City's operations in 2021, and these are expected to continue into 2022. Staff remain resilient and adaptive to the changing restrictions to ensure the correct balance of services are being provided to the community while managing financial sustainability. Restrictions and closures have meant loss of revenue for the City, in particular with recreation programming. Further, ensuring the safety of patrons and staff is of the utmost importance, and as part of the commitment to health and safety, the City has seen increased costs for enhanced cleaning, greeters at facilities to monitor for capacity limits and compliance with health regulations, and personal protective equipment.

These loss of revenues and additional costs have resulted in an impact of close to \$4.5 million in 2021, and are expected to have a further impact of close to \$2.1 million in 2022. This impact has been offset by funding received through the federal-provincial Safe Restart Agreement and COVID-19 Recovery Funding programs. Staff will continue to monitor the impacts of the COVID-19 pandemic as the year progresses and report regularly to Council on how actual results differ from the assumptions used to prepare the budget.

The City's 2022 Draft Budget and Business Plan in its entirety is available for review on the City's website at [www.engagewr.ca/budget-2022](http://www.engagewr.ca/budget-2022).

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## Analysis

### Strategic Alignment

PEOPLE To actively engage, inform and create opportunities for people to participate in community building – making Cambridge a better place to live, work, play and learn for all.

Goal #2 - Governance and Leadership

Objective 2.5 Focus on the responsible management of financial resources, ensuring transparency and accountability.

The Budget and Business Plan is responsible financial planning and management of financial resources. The budget was posted on the City's website, and budget public delegations are planned for November 30, 2021 to ensure transparency and accountability of City spending.

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## Comments

Details of the 2022 draft budget are provided in the 2022 Draft Budget and Business Plan found on the City's website at [www.engagewr.ca/budget-2022](http://www.engagewr.ca/budget-2022) and delivered to members of Council under separate cover.

## Economic Update

The Canadian economy is once again growing robustly, enabled by a high vaccination rate and the associated easing of containment measures. While the Delta variant is requiring continued public health precautions and weighing on consumer confidence, domestic demand in Canada has continued to recover. In particular, spending on hard-to distance services has rebounded solidly. High vaccination rates have also reduced the risk to the economy of further widespread closures.

At the time of preparing the budget report, the Consumer Price Index measure of inflation was at a rate of 4.4 per cent in September 2021, and this has further increased to 4.9% for the month of October 2021. For the annual average, the Bank of Canada was forecasting the rate of inflation to be 3.0 per cent for 2021 during the time of budget preparation (July). As such, staff prepared the 2022 draft budget with a base budget target increase of 3.0 per cent with a focus on cost containment and efficiencies.

CPI inflation is expected to remain elevated for the rest of 2021 and into 2022 due to the ongoing supply disruptions created by the pandemic and higher energy prices. By the end of 2022 it is expected to ease as these pressures dissipate. Major banks in Canada are forecasting inflation ranging between 2.4 to 3.4 per cent as an annual average in 2022. The Bank of Canada has projected the 2022 inflation rate to be 3.4 per cent in its October 2021 Monetary Policy Report, and the Province of Ontario has projected inflation of 2.6 per cent in its 2021 Fall Economic Statement released November 4, 2021.

The labour market is recovering with a rebound in employment in hard-to distance sectors. Despite an unemployment rate that remains above its pre-pandemic level, some firms are facing challenges finding workers.

In Canada, Gross Domestic Product (GDP) – the measure of all the goods and services produced in the economy – is forecast to grow by approximately 5 per cent for 2021. This is slightly weaker than earlier forecasts, by about 1 percentage point, as a result of weaker than expected rebound in exports, consumption, and business investment stemming mostly from the impacts of supply chain disruptions. Housing market activity is also anticipated to decline.

## Strategic Plan

In 2021, Cambridge Council approved the updated Cambridge Connected strategic plan. This community-focused plan provides a foundation for decision-making, setting priorities and ongoing performance management in order to deliver high quality public service. The community priorities reflected in the strategic actions help to inform the projects and initiatives that make up the department business plans. Cambridge Connected includes thirteen strategic actions, which the City either leads or collaborates with others to achieve.

Pages 22 to 28 of the 2022 Draft Budget and Business Plan highlight how the proposed budget and business plans support the City's work towards these thirteen strategic actions, including:

- Detailed design of the Fountain Street Soccer Complex, Preston Auditorium expansion, and Recreation Complex to create and activate spaces that offer things for people to do;
- Achieving a World Health Organization Age Friendly designation to support providing age-friendly services that are accessible to all;
- Implementation of the Core Area Transformation Fund to support establishing our core areas as attractive destinations;
- A comprehensive review of Citizen Advisory Committees to enhance equity and inclusion efforts;
- Phase two infrastructure construction to support North Cambridge Business Park, to help lay the foundation for future community building;
- Riverside Dam Renewal project to enhance opportunities to enjoy built and natural heritage;
- Economic Development Strategy to help enable small business to succeed;
- Carbon Reduction Feasibility Study to take action to combat climate change;
- IT Security Operations Centre to prepare for emergency prevention and recovery; and
- Implementation of Cycling Master Plan and Transportation Master Plan recommendations to promote and develop more transportation options.

### **Tax-Supported Operating Budget**

Subsequent to preparation of the 2022 budget document, increases to Living Wage and minimum wage have been announced. In Waterloo Region, Living Wage will be increasing from \$16.35 per hour to \$17.20 per hour and the province announced a minimum wage increase from \$14.35 per hour to \$15.00 per hour effective January 1, 2022. These increases are expected to have a total impact to the City's budget of \$92,000 that has not been included in the published 2022 draft budget.

Further, through continuing review of the 2022 budget document, it was identified that the funding committed to Climate Action Waterloo Region is \$60,000 for 2022. This results in an increase to the City's original published draft budget by \$30,000. The amended Appendix C – External Funding to the budget document is attached as Appendix C to this report.

In addition, the draft budget was prepared based on estimated assessment growth of 0.90 per cent. Since budget preparation time, MPAC has completed their assessment changes for the year and assessment growth is now known to be 0.96 per cent for 2022. This increase to assessment growth helps offset the tax rate increase.



Summary of Budget Changes	\$ Amount	Tax Levy Impact
Draft 2022 Budget Increase - as published	\$2,853,000	2.96%
Living Wage & Minimum Wage	\$92,000	0.10%
Climate Action Waterloo Region	\$30,000	0.03%
Assessment Growth - increase to 0.96%	(\$56,400)	-0.06%
Draft 2022 Budget Increase - revised	\$2,918,600	3.02%
Draft 2022 Tax Levy	\$99,461,600	

The result of these changes is a tax rate increase of 3.02 per cent, a slight increase from the draft originally published. This is in-line with the overall inflation forecasts noted above, which project inflation of three per cent for 2021 and a range of 2.4 to 3.4 per cent for 2022. This increase equates to a \$43 impact for the average household with an assessment value of \$333,200, or \$13 per \$100,000 of residential assessment value.

Within the budget, however, is an additional \$1 million being set aside to ensure the sustainability of the City's finances. This is as a result of significant waived development charges based on three planning applications received to date (55 Kerr Street, refer to 21-094(CD), 130 Water Street North, refer to 21-286(CD), and 255 King Street West, refer to 21-228(CD)), as well as certain tax appeals currently before the Assessment Review Board which may result in a refund of taxes paid. With these three development applications, the City could see waived development charges totaling \$16 million based on today's rates. This far exceeds that annual budgeted amount of \$1.35 million and could lead to a significant deficit for the City that would need to be funded. At present time, the uncommitted balance in the Rate Stabilization Reserve is only \$8 million, which is on the low end of the recommended range of 5 to 15% of gross expenses. To work towards mitigating this financial impact, staff have included a \$1 million contribution to the rate stabilization reserve, which works out to a tax rate increase of 1.04% and represents an annual cost to the average household of \$15.

Aside from this major item, the remaining budget is well below inflation at 1.99%, which equates to an annual increase of \$28 for the average household.

Budget Component	Average Household Impact	Tax Levy Impact
Operating Budget Increase	\$28	1.99%
Waived Development Charges	\$15	1.04%
Total Operating Budget Impact	\$43	3.02%



The major drivers resulting in the 3.02% tax rate increase are laid out on pages 29 to 59 of the 2022 Draft Budget and Business Plan and summarized in the table below.

Summary of Budget Changes	\$ Amount	Tax Levy Impact
Waived Development Charges	\$1,000,000	1.04%
Base Budget	\$1,599,400	1.66%
One-Time	\$510,000	0.53%
Growth	\$70,500	0.07%
Impacts from Capital Projects Previously Approved by Council	\$592,500	0.61%
Impacts from 2022 Capital Projects	\$63,200	0.07%
Assessment Growth	(\$917,000)	-0.96%
Draft 2022 Budget Increase - revised	\$2,918,600	3.02%
Draft 2022 Tax Levy	\$99,461,600	

The major drivers to the tax rate increase include:

- The contribution to reserves to ensure financial sustainability as a result of waived development charges, representing a tax rate increase of 1.04 per cent.
- Base budget increase of 1.66 per cent reflecting:
  - Rising costs due to inflation on salaries and wages, spending on utilities and other programs, net of savings realized through efficiencies and increased revenues.
  - In addition, the base budget also incorporates savings of \$0.7 million from the retirement of debt issued in 2011 for the Drayton Theatre, the contribution towards the capital budget with an increase of \$0.4 million, an increase of \$0.1 million resulting from increased insurance costs, and increased user fee revenues following a review of the City's fees and charges.
- One-time items that have impacts to the budget for a limited time, totalling \$510,000 and representing a tax rate increase of 0.53 per cent. These include various items such as training for Fire Services, one-time costs in Forestry, one-time technology costs for growth positions, and others as itemized on page 35 of the 2022 Draft Budget and Business Plan.

- Growth investments in enhancing services and supporting the growth of the community result in a 0.07 per cent tax rate increase. These impacts include \$18,400 in net tax increment grants supporting brownfield development in the City's cores, and various new growth positions that have been identified as priorities to deliver services and programs. To help fund these growth positions, an additional \$1 million in gapping savings has been incorporated into the budget based on a review of historic actual salary and wage savings resulting from employee turnover.
- Impacts from capital represent 0.68 per cent tax rate increase. These are summarized in the table below.

IMPACTS FROM CAPITAL	\$ AMOUNT
Debt Charges	\$316,800
Fire Station 6	196,000
Technology Services	35,000
Growth Equipment	37,000
Other	70,900
Total Impacts from Capital	\$655,700

- Assessment growth, the sum of all the changes that happen to the City's tax base during a year and representing the growth of the City's tax base, help offset the City's 2022 growth and impacts from capital. As noted above, assessment growth for 2022 has been updated based on MPAC final information to be 0.96 per cent.

The full-time equivalent number of employees ("FTE's") included in the 2022 tax-supported operating budget are found on page 48 of the 2022 Draft Budget and Business Plan, excluding the local boards of the Business Improvement Areas (BIA's), as follows:

DEPARTMENT	2021 BUDGET RESTATED	2022 BASE ADJUSTMENTS	2022 GROWTH & CAPITAL IMPACTS	2022 TOTAL FTE
Mayor & Council	3.00	1.00		4.00
Office of the City Manager	17.00	(1.00)	2.00	18.00
Corporate Services	271.80	8.53	7.50	287.83
Corporate Enterprise	31.03			31.03
Community Development	144.20	3.57	7.71	155.48
Infrastructure Services	183.73	(0.37)	5.79	189.15
Idea Exchange	75.20	(0.20)		75.00
<b>Total FTE</b>	<b>725.96</b>	<b>11.53</b>	<b>23.00</b>	<b>760.49</b>

The 2022 tax-supported operating budget includes a net increase of 34.53 FTEs. Of these, 11.53 result from in-year and base service level changes such as the increased By-Law Compliance staff and Heritage Planner approved in 2021.

The 2022 Draft Budget also proposes an additional 23 FTEs based on a needs assessment in order to maintain service levels. Impacts from increasing volume of open capital projects, changing processes following the upheaval caused by the COVID-19 pandemic, and a focus on delivering public value have resulted in these proposed FTEs. To help fund these growth positions, an additional \$1 million in gapping savings has been incorporated into the budget based on a review of historic actual salary and wage savings resulting from natural employee turnover.

For further details of the proposed FTE changes, please refer to page 49 of the 2022 Draft Budget and Business Plan.

The attached Municipal Fees and Charges Bylaw outlines the fees the City will charge for programs and services in 2022 to meet the revenue requirements included in the budget. Council approval of the attached bylaw is required to enact these fees.

## Water Utility Budget

The 2022 draft water utility operating budget includes gross operating expenses of \$73,168,700. This represents a combined increase for the water and wastewater rates of 2.39% for the average household consuming 204 cubic meters of water annually. This equates to an impact of \$29 per year. The increase is the result of continued investment in the City's water and sewer networks and working towards sustainability of the City's core infrastructure. Additional details are laid out on pages 60 to 66 of the 2022 Draft Budget and Business Plan.

In June, 2019 Council approved a Long-term Financial Plan for Water and Wastewater. This plan forecast that an increase of 3.9% was required annually to maintain water and wastewater assets in a state of good repair, provide sustainable cash flows, maximize

financial flexibility and maintain programs and services at their current levels. The draft budget has been prepared with a projected increase below the target approved in the Long-Term Financial Plan through a combination of improved inflow and infiltration targets based on better than expected results in recent years and reducing contributions to capital reserve funds. The reduction in the contribution to capital reserve was made possible through the annual surpluses realized in 2019 and 2020 which placed additional funds into the water and wastewater capital reserve funds.

The FTE's included in the 2021 water utility budget are found on page 65 of the 2022 Draft Budget and Business Plan and are as follows:

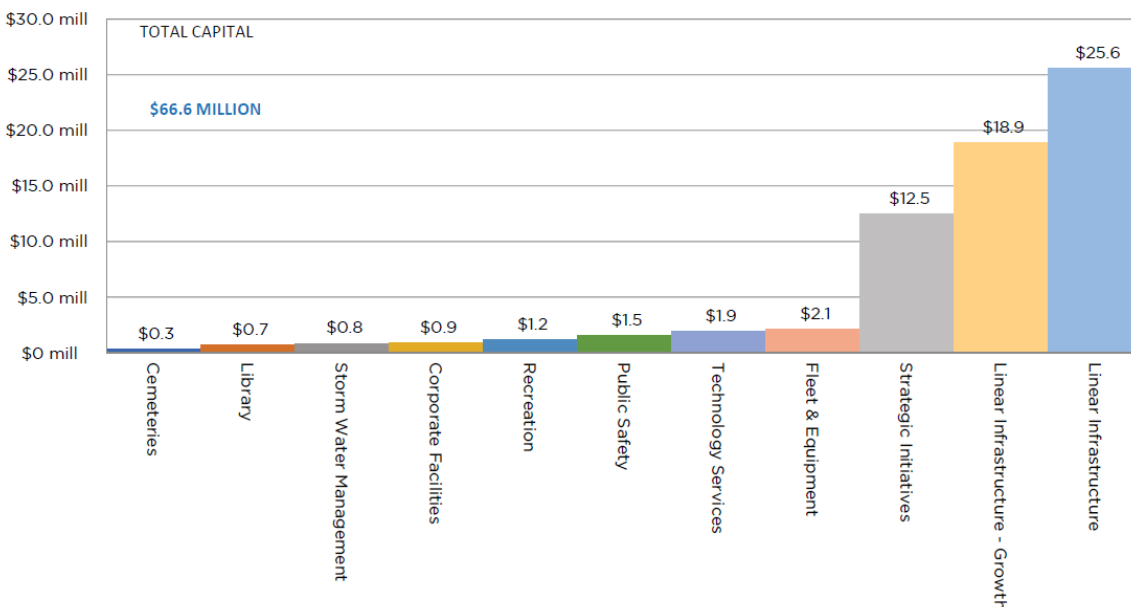
DEPARTMENT	2021 BUDGET RESTATED	2022 REALLOCATION OF STAFF	2022 GROWTH & CAPITAL IMPACTS	2022 TOTAL FTE
Water	57.36	0.17	0.25	57.78
Sewer	39.98	(1.33)	0.25	38.90
<b>Total FTE</b>	<b>97.34</b>	<b>(1.16)</b>	<b>0.50</b>	<b>96.68</b>

## Capital Budget

The capital budget provides funding to maintain infrastructure in good repair, to provide reliable and efficient services, build new infrastructure for service improvements, support future growth, and to implement priorities identified by the City's strategic plan. The capital Budget is the City's capital investment plan, covering repairs and renovations to existing City assets, as well as new assets built or acquired through growth or strategic economic investments.

The 2022 draft capital budget includes \$66,611,500 in capital investment for 2022 in the following areas:

## 2022 CAPITAL INVESTMENT BREAKDOWN BY CATEGORY



Key projects proposed in the 2022 budget include:

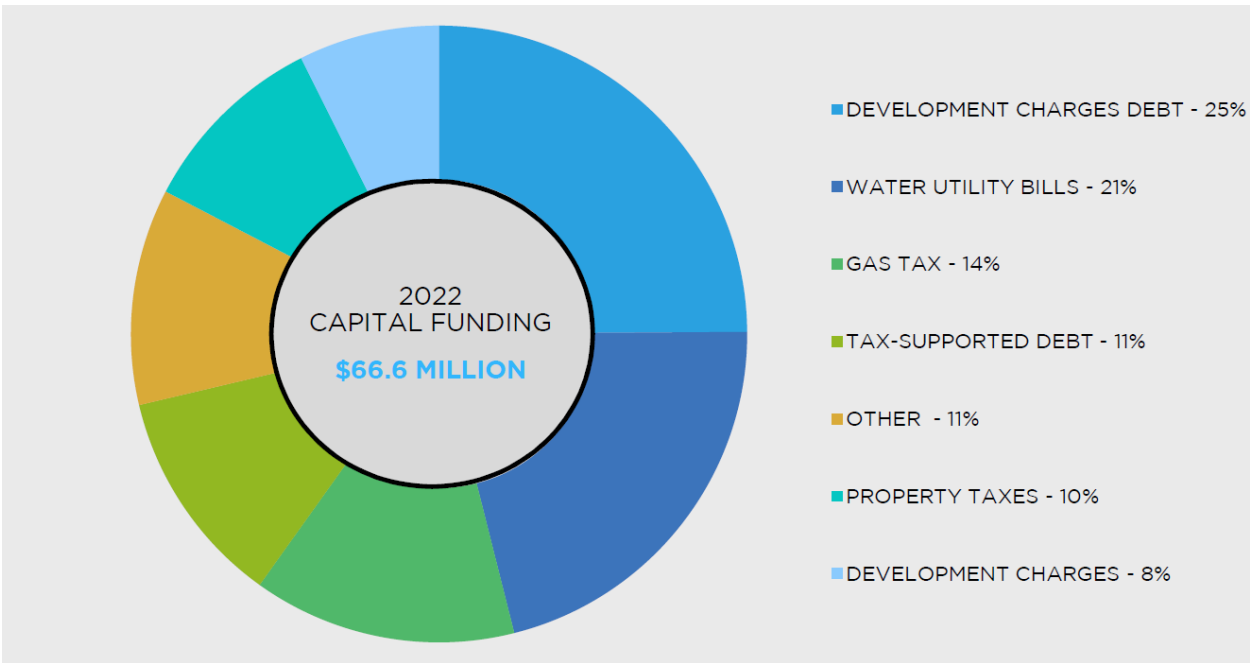
- \$7.6 million of debt financing in 2022 and an additional \$7.6 million of debt-financing pre-committed in 2023 for Riverside Dam;
- \$3.4 million in 2022 and an additional \$0.6 million pre-committed in 2023 for the Dundas Street Phase Two from Hespeler to Shade, coordinated with the Region;
- \$0.6 million towards the waived development charges and building permit fees for the Cambridge Sports Complex expansion;
- Implementation plan for stormwater management funding strategy;
- Various technology services projects including IT security operations centre;
- Infrastructure to support the growth in the North Cambridge Business Park and Southeast Galt;
- Newland pool repairs;
- Roof repairs to the heritage Ferguson Homestead & Cottage;
- Design of the Preston/Blair Pedestrian Bridge, with 50% of the funding coming from the Region of Waterloo;
- Carbon Reduction Strategy;
- Heritage Condition Assessment;
- Design of the Soper Park amenity replacement; and
- Commencing the work towards the 2024-2027 Strategic Plan.

The first two projects noted above, Riverside Dam and Dundas Street Phase Two, note amounts that are proposed to be pre-committed in 2023. Through Council approval of the 2022 budget, funds will be committed in 2022 to contractors following the City's procurement practices, but the 2023 pre-committed amount will not actually result in cash outflow until 2023.

The City's 2022 capital investment plan includes significant investment towards growth and intensification, which is primarily paid by Development Charges. The amount of development charge funding required for 2022 exceeds what the City has collected in the Development Charge Reserve Funds. Therefore, the City will be required to borrow \$16.6 million in 2022 until Development Charge's are collected from future growth to repay the principal and interest payments on this debt. This is reflected in the growth debt funding category.

The 2022 draft capital budget also proposes debt financing of \$7.6 million in 2022 and pre-committed debt financing of an additional \$7.6 million in 2023 for the Riverside Dam Renewal project.

The capital budget includes the following sources of funding:



Further analysis on the 2022 capital budget can be found in pages 67 to 87 of the 2022 Draft Budget and Business Plan.

As mentioned above, the capital budget includes a total of \$24.2 million in debenture funding to finance the proposed capita projects. Approval of the attached debenture by-law is required by the Region of Waterloo to confirm Council's intention that projects outlined in the 2022 capital budget require debenture financing to proceed with construction of new assets or rehabilitation of existing assets.

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## Existing Policy/By-Law

On September 8, 2014 Council approved the Budget Control By-Law 152-14 and financial policies resulting from the Corporate Financial Review.

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## Financial Impact

Details of the financial impact of the 2022 draft budget are provided in the 2022 Draft Budget and Business Plan found on the City's website at [www.engagewr.ca/budget-2022](http://www.engagewr.ca/budget-2022).

The impact of the 2022 draft budget to the City's reserve and reserve funds can be found on pages 88 to 92 of 2022 Draft Budget and Business Plan.

For every tax dollar paid by residents or businesses in the community the City receives 0.36 cents. Therefore, although the City's draft budget proposes a tax levy increase of 2.96% this means that an average household will only pay an additional 1.09% on their overall tax bill.

### Impact on Total Tax Bill (based on avg. assessment of \$333,200)

	Share of Tax Bill	2021 Tax Bill	2022 Projected Change	2022 Projected Tax Bill	Impact on Total Tax Bill \$	Impact on Total Tax Bill %
City	36%	\$ 1,429	3.02%	\$ 1,472	\$43	1.09%
Region*	51%	\$ 2,014	2.00%	\$ 2,054	\$40	1.01%
School Boards**	13%	\$510	0.00%	\$ 510	\$0	0.00%
<b>Total</b>	<b>100%</b>	<b>\$3,953</b>	<b>2.10%</b>	<b>\$4,036</b>	<b>\$83</b>	<b>2.10%</b>

\* Regional staff are in the process of finalizing operating budgets and intend to bring forward a budget that meets the Council approved guideline in the range of 2%-3% as per staff report CAOSPL-21-02/COR-CFN-21-35 to Budget Committee on October 20, 2021.

\*\* Consistent with recent experience, the 2022 education rate is presented in alignment with the prescribed rate currently outlined in O.Reg. 400/98 and is subject to change through the approval of final 2022 rates by the Province.

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## Public Input

The City's annual budget survey is an informative way for staff and Council to learn about the community's priorities for spending. Staff carefully considered the thoughts and opinions expressed and used them to inform the 2022 budget preparation.

The 2022 budget survey was available on [engageCambridge.ca](http://engageCambridge.ca) from June 28 through July 29, 2021. A total of 133 residents participated in the online survey. Full survey results were presented to Council in staff report 21-240(CRS) on September 14, 2021.

A summary of the survey feedback is included on pages 8 to 9 of the 2022 Draft Budget and Business Plan.



The public is further able to provide input to the 2022 Draft Budget and Business Plan by registering to be a delegate at the Budget meeting held by Special Council on December 2, 2021.

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## Internal/External Consultation

The 2022 budget was developed in consultation with staff from all City departments as well as the Idea Exchange and reviewed by the Corporate Executive Team.

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## Conclusion

The 2022 draft budget has been prepared with a tax rate increase of 3.02%, below the forecast rate of inflation and the approved guideline from Council of an operating budget with a target base budget increase generally in line with the Consumer Price Index inflation rate.

The draft water utility operating budget for 2022 includes gross operating expenses of \$73,168,700. This represents a combined increase for the water and wastewater rates of 2.39% for the average household consuming 204 cubic meters of water annually. This increase is below the approved annual increase of 3.9% as per the Long-Range Financial Plan for Water and Wastewater approved in 2019.

The draft capital budget includes \$66,611,500 million in capital investment into assets owned and maintained by the City. This investment supports the long-term sustainability of assets to maintain current levels of service as per the City's Asset Management Plan.

The 2022 draft budget is available for review at [www.engagewr.ca/budget-2022](http://www.engagewr.ca/budget-2022). The 2022 draft budget is now at the stage of review and approval by Special Council.

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## Signature

### Division Approval



Reviewed by Legal Services

**Name: Sheryl Ayres**

**Title: Chief Financial Officer**

## Departmental Approval



**Name: Dave Bush**

**Title: Deputy City Manager**

## City Manager Approval



**Name: David Calder**

**Title: City Manager**

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## Attachments

- Appendix A: Debt By-law
- Appendix B: Municipal Fees and Charges By-law
- Appendix C: External Funding

## THE CORPORATION OF THE CITY OF CAMBRIDGE

## By-law 21-XXX

Being a by-law of the Corporation of the City of Cambridge to authorize the issuance of debentures for the rehabilitation of existing assets and construction of new assets contained in the Capital Funding Program.

**WHEREAS** it is necessary to rehabilitate existing assets and construct new assets for the City as identified in the City's capital program for the capital projects of: Riverside Dam Renewal; SE Galt Dundas St PS, Forcemain, Trunk Sewer & Watermain; East Side NS Collector Rd (Allendale Rd to Middle Block Rd); and debenture monies to pay for the costs thereof at an estimated cost of \$24,183,000;

**NOW THEREFORE BE IT RESOLVED THAT the Corporation of the City of Cambridge enacts as follows:**

1. **THAT** the construction, installation and rehabilitation costs of the capital projects above mentioned is hereby authorized at an estimated cost of \$24,183,000;
2. **THAT** the Treasurer may, subject to the approval of the Council, arrange with any bank or person for temporary advances of money to meet the costs of capital works pending the completion of the works and issuance of debentures;
3. **THAT** the Regional Municipality of Waterloo be requested to issue debentures on behalf of the City of Cambridge for an amount not to exceed \$24,183,000. Said debentures shall bear interest at such rate as the Council of the Regional Municipality of Waterloo may determine for varying terms and amounts as follows:
  - a. \$7,600,000 for a term not to exceed fifteen years;
  - b. \$16,583,000 for a term not to exceed twenty years;
4. **AND THAT** this by-law shall come into force and effect on the day it is passed.

Enacted and Passed this 9<sup>th</sup> day of December, 2021.

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MAYOR

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CLERK

THE CORPORATION OF THE CITY OF CAMBRIDGE

By-law 21-XXX

Being a by-law to adopt Municipal Fees and Charges for 2022

**WHEREAS** a local municipality shall in each year prepare and adopt a Budget including estimates of all sums required during the year for the purposes of the municipality, pursuant to the Municipal Act, S.O. 2001, c. 25, Section 290;

**WHEREAS** pursuant to Section 69 of the Planning Act, R.S.O., 1990, Chap. P13, Council may, by by-law, prescribe a tariff of fees for the processing of applications made in respect of planning matters;

**WHEREAS** some of the municipal fees and charges are prescribed by by-law pursuant to the requirements of various statutes;

**AND WHEREAS** it is deemed advisable to adopt the municipal fees and charges, pursuant to the Municipal Act, S.O. 201, c. 25, Section 391,

**NOW THEREFORE BE IT RESOLVED THAT the Corporation of the City of Cambridge enacts as follows:**

1. **THAT** the 2022 Municipal Fees and Charges as set out in Appendix 'A' attached to and forming part of this by-law are hereby adopted;
2. **THAT** by-law 20-109 be repealed effective January 1, 2022;
3. **AND THAT** this by-law shall come into full force on January 1, 2022.

Enacted and Passed this 9<sup>th</sup> day of December, 2021.

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MAYOR

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CLERK

## Appendix C

### External Funding

External Funding Description	2021 Budget (\$)	2022 Budget (\$)
<b>Multi-Year Approved Funding Agreements</b>		
Waterloo Region Economic Development Corporation	320,000	320,000
Chamber/Visitor Information	195,000	165,000
WLU Capstone	10,000	10,000
Queens Square Christmas Tree	1,100	1,100
Celebrations of Women	3,000	3,000
<b>Total Multi-Year Approved Funding Agreements</b>	<b>\$ 529,100</b>	<b>\$ 499,100</b>

<b>Community Grants Program</b>		
<b>Total Community Grants Program Funding Available</b>	<b>\$ 399,800</b>	<b>\$ 354,800</b>

<b>Other External Funding</b>		
Neighbourhood Association Assistance	1,151,800	1,151,800
Waterloo Region Tourism Marketing Corporation	91,800	91,800
Grants - Heritage	15,000	30,000
Downtown BIAs	28,600	35,600
Environmental Projects	8,500	8,500
Fire Hall Museum	27,200	27,700
Waterloo Region Police School Safety Patrollers	4,700	4,700
Community Outdoor Rinks	1,200	1,200
Donation from State of City revenues	1,000	1,000
St Lukes Place EPC	21,900	21,900
Fairview Mennonite Home EPC	15,600	15,600
Waterloo Region Children's Safety Village	600	600
Sustainable Waterloo	6,400	6,400
Residential Energy Efficiency Program	21,500	21,800
Waterloo Region Small Business Centre	14,000	14,200
Communitech	5,000	5,000
Climate Action Waterloo Region	27,400	60,000
Community Energy Investment Strategy	15,000	15,800
<b>Total Other External Funding</b>	<b>\$ 1,457,200</b>	<b>\$ 1,513,600</b>

<b>Total External Funding</b>	<b>\$ 2,386,100</b>	<b>\$ 2,367,500</b>
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