



2022
Budget

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Message from the City Treasurer

I am pleased to present the 2022 Draft Operating Budget for the City of Richmond Hill. In a year where the challenges due to COVID-19 continued, Council and City staff worked tirelessly to continue to provide exceptional public service while minimizing the financial impact of the continuing pandemic on taxpayers. As a result of our efforts, we are able to achieve a 0% tax rate increase for 2022 – 0% for the second year in a row – while continuing to implement key projects supporting Council’s four Strategic Priorities.

- David Dexter, Director, Financial Services and Treasurer

Council Strategic Priorities | 2020-2022



Balancing
Growth and
Green



Getting
Around
the City



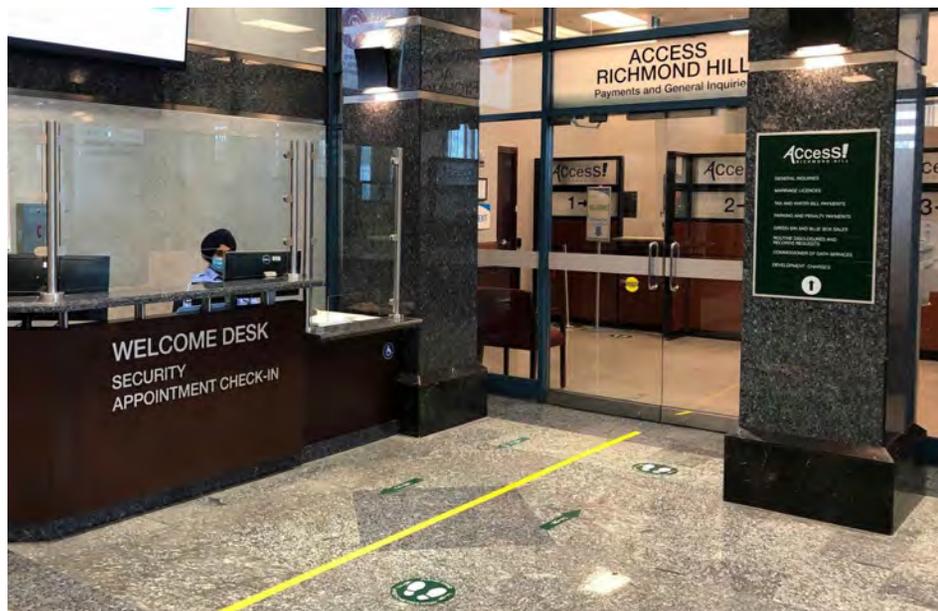
Strong
Sense of
Belonging



Fiscal
Responsibility

2021 Accomplishments

Throughout 2021, the Operating Budget supported City staff in delivering a variety of programs and services for the community. Examples of significant initiatives include:



Office of the City Manager

- Ongoing Lean Process Improvement Projects contributing to overall cost savings and improved customer delivery times
- Completed Office Space Review and led renovation and development of customer flow for New Ground Floor Service Centre
- Advised the Emergency Operations Centre team and provided various services to all Departments in implementing services during the COVID-19 pandemic under government constraints (enforcement matters; permitted operations, camps and various culture and recreation activities, etc.)
- Led Richmond Hill Centre program and successfully advocated for two subway stations in Richmond Hill including one in the core of Richmond Hill Centre
- Attracted and facilitated major investment including a new Amazon Delivery Station that will generate over 400 new jobs in Richmond Hill

Community Services

- Fire and Emergency Services directed and coordinated the City's response to COVID-19 recovery actions
- Adapted Recreation and Culture program delivery to meet Provincial COVID-19 guidelines, offering virtual programs, activity kits and outdoor programming and summer camp to the community

- Conducted a Core Service Review for Public Works Operations to optimize service and efficiency
- Placed a newly constructed Fire and Emergency Services Heavy Rescue vehicle in service
- Completion of the 2021 Fire Service Master Plan Project
- Completed updates to the Sign By-law



Firefighters with new truck



Oak Ridges Library



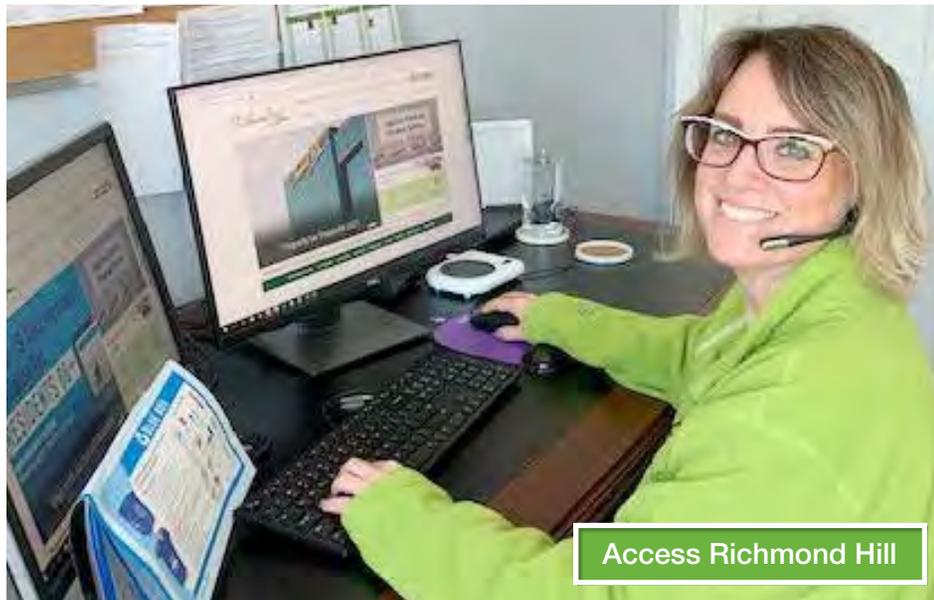
Virtual Fitness



Technology in Public Works vehicle

Corporate and Financial Services

- Access Richmond Hill continued to deliver services to residents during COVID-19 closures, as well as reopened in-person services to the public for all payments and general inquiries
- Completed 74 Digitization Program Initiatives to enable online payment, digitization of forms and submissions across all business areas
- Implementation of a more equitable Stormwater Management Rate structure, to be applied in 2022
- Launched and staffed mass vaccination clinic in coordination with York Region
- Won 3 international marketing awards for the Climate Change Framework document, myRichmondHill News community print newsletter and #DoingOurPart Celebrity COVID-19 video
- Amended the City's Development Charges By-law to reflect legislative changes to the Development Charges Act



Planning and Infrastructure

- Approved the Amazon Delivery Station in the Headford Business Park
- Completed Community Energy and Emissions Plan
- Completion of E-permit application and review system for housing projects
- Implemented digital transformation for digital engineering review and traffic data request processes
- Completed inclusion of the City's Core+ asset data including service levels, lifecycle and risk ratings into Enterprise Asset Management
- Active management of facilities during shutdowns to realize operational savings. Anticipating approximately 25% utility and operational savings



2022 Priorities

The 2022 Budget includes funding for the following initiatives to be commenced or completed in 2022:

Office of the City Manager

- Continue to implement the Council Strategic Priorities 2020-2022 including documenting and measuring progress and producing a final report
- Lease of surplus space at 225 East Beaver Creek
- Continue Lean Projects for Site Alteration, Development Inquiries, Field Services and Payroll processing
- Finalize the Richmond Hill Centre Secondary Plan and position the City to facilitate investment in Richmond Hill Centre
- Develop a specialized team to lead the approval of high-density development applications in Richmond Hill Centre

Community Services

- Completion of the Recreation and Culture Master Plan project and develop implementation plan
- Implement the Core Service Review for Public Works Operations
- Fire Services Master Plan implementation
- Fire and Emergency Services - Relocate the City's Emergency Operations Centre
- Community Standard Division - Parks Use By-law Update

Corporate and Financial Services

- Conduct 2022 Mayoral By-election, including post by-election tasks and the 2022 Municipal Elections
- Continue Electronic Document and Records Management System Implementation
- Roll-out of full Remote Water Meter process and Customer Portal in collaboration with IT
- Development of corporate HR Analytics including more robust safety metrics
- Supporting the organization by providing strategic communications advice and services, including supporting significant projects such as the 2022 municipal election, investment attraction strategy and planning for the RH150 celebration

Planning and Infrastructure

- Complete public engagement for various issues associated with the Comprehensive Zoning By-law project and continue ongoing work to align with the Official Plan Update
- Park Dedication By-law Update and Community Benefit Charge Development
- Completion of Development Engineering Fee Review, Development Planning Fee Review and Comprehensive Building Permit Fee Review project
- Update Enterprise Asset Management to include all Non-Core+ Assets

Planning for today and tomorrow

What is an operating budget?

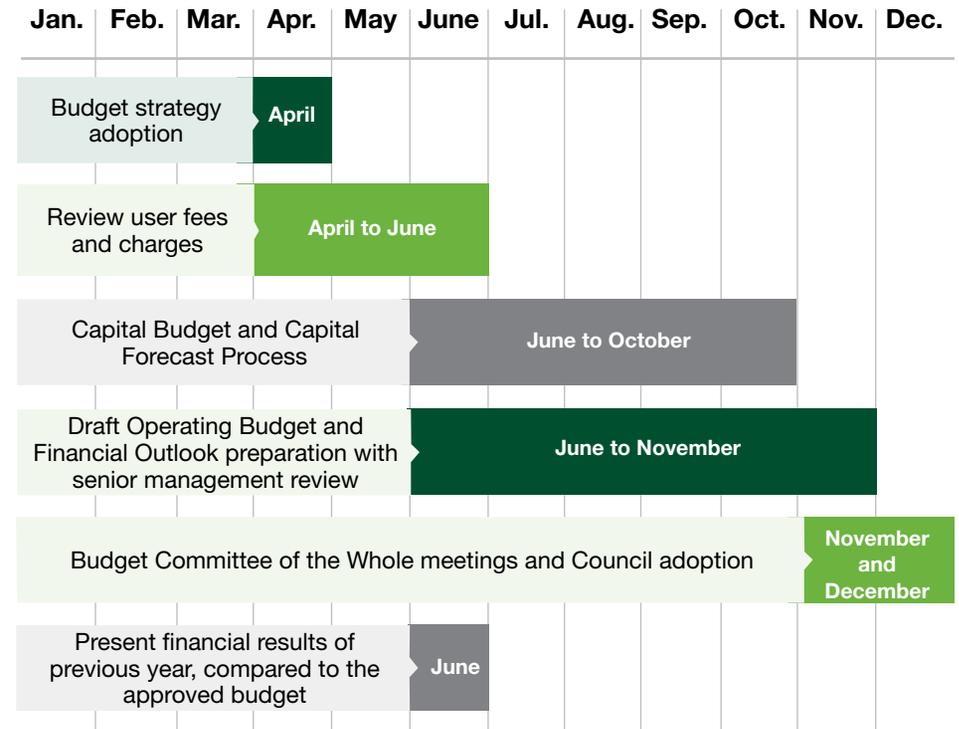
The City creates an operating budget to plan for the day-to-day operations residents rely on, such as road repair, fire services, parks maintenance, snow clearing and more. The budget includes costs for salaries, materials and supplies to provide those services. It is largely funded by tax dollars and user fees, such as charges for recreation programs and planning fees.

By law, municipal governments are not allowed to have a deficit. This makes the annual budgeting process important to ensure services and initiatives are planned and carried out in a financially responsible way. In addition to the operating budget, the City also creates a capital budget to plan for infrastructure costs related to City buildings, land and other capital projects.

It is important to note that less than one third of the taxes collected by Richmond Hill are used for City services. The majority of your tax payment is collected on behalf of the York Regional government and your school board.

How the budget cycle works

Richmond Hill's annual budget is a continuous, year round process.



Operating Budget Strategy

For the 2022 operating budget, Council adopted the budget strategy endorsed by the Budget Committee of the Whole (BCW) at the April 27, 2021 meeting to:

1. Support Council priorities;
2. Introduce a tax rate increase of no more than 0.0%;
3. Reflect the operating budget considerations outlined in Staff Report SRCFS.21.012 (2022 Capital & Operating Budget Strategy) as a guideline in the development of the 2022 Operating Budget.

Tariff of Fees Update

As part of the Operating Budget process, staff annually review the following year's Tariff of Fees and identify potential areas for revenue increases. This year, staff were directed to increase user fee revenues by up to the Consumer Price Index (1.9%), while keeping in mind cost recovery, comparability to other municipalities, affordability to residents/businesses given the financial hardships caused by COVID-19 and any COVID-19 pandemic guidelines set forth by the Province of Ontario. Council adopted the updated by-law on July 7, 2021, and the 2022 Draft Operating Budget reflects these new rates.

How to read the budget documents

Each City department has its own operating budget. The City's budget also includes the budget for Richmond Hill Public Library and corporate accounts.

The budget summary is presented in a number of formats: by budget pressure category, by expense and revenue categories and by department services.

There are five categories to explain why a department may experience an increase in their budget:

1) Base:

Providing the same level of service with inflationary impacts. Any identified efficiencies and savings will be reflected here.

2) Legislated:

Incremental costs from new legislation imposed on how we provide municipal services.

3) Annualization:

Incremental costs of a full year impact of staff and/or other initiatives approved in the previous year.

4) Growth/Service Enhancements:

Incremental costs from providing the same / enhanced levels of services to a growing community.

5) Unsustainable Revenue Sources:

Revenue items that have been historically unachievable, or that are unsustainable going forward.

The tables will also identify the type of expense or revenue source the department expects to experience over the year.

Expenditures categories are Personnel (permanent or casual), Contracts/Services, Materials/Supplies, Other Expenditures, and Contributions to Reserve/Reserve Funds.

Revenue categories are Taxation, User Fees and Fines, Investment Income, Grants, Revenues from Reserve/Reserve Funds, and Transfers from Other Internal Sources.

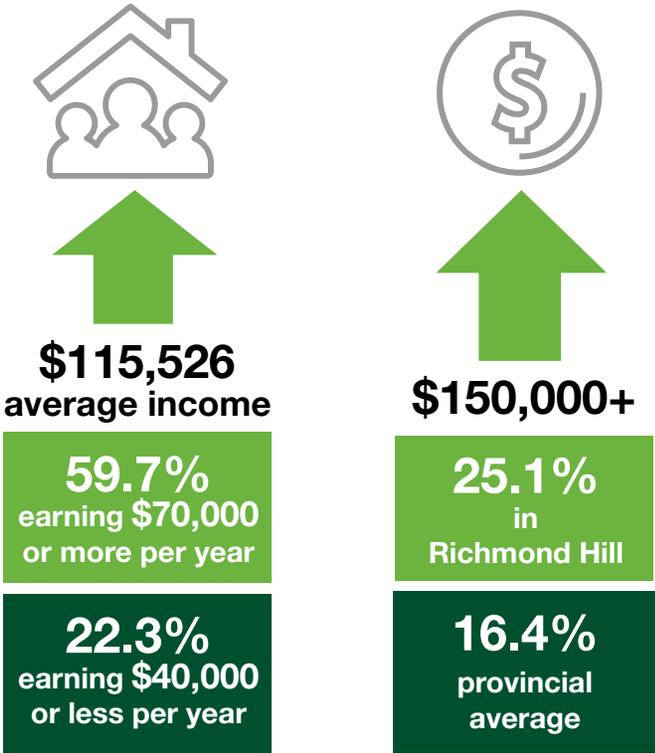
Demographics and Economy

Income

Based on the 2016 Census, the average 2015 Richmond Hill household income was \$115,526, with 59.7% of households earning \$70,000 per year or more, and only 22.3% of households reported an income of \$40,000 or less. In Richmond Hill 25.1% of households earn more than \$150,000 compared to the 16.4% provincial average. The median age of a Richmond Hill resident is 42.4, with 14.6% over the age of 65. The unemployment rate in Richmond Hill was 6.9%, compared to the Ontario rate of 7.47% in 2016. 77% of the population has attained a minimum post-secondary education.



Household Income



Census information is updated every 5 years. While the census was conducted in 2021, the results have not yet been released by Statistics Canada.

Financial Indicators

In developing the City of Richmond Hill's operating budget, staff considered economic pressures facing the average Richmond Hill household, balanced with the economic pressures facing the municipality. Predicting the future is always difficult especially given the uncertainty surrounding COVID-19. Where feasible, staff have considered historical financial indicators and economic forecasts.



The Province of Ontario's 2021 Fall Economic Outlook and Fiscal Review (November 4, 2021) projects:

- The unemployment rate to be at around 6.6%
- The Canadian Dollar to be about \$0.80 compared to the American Dollar at the end 2022
- The economy to grow 4.5% in 2021.

The annual Consumer Price Index (CPI) is projected to reach 2.6% in 2021. The CPI measures year-over-year price increases and is based on an average household's spending habits. It should be noted, however, that the inflationary pressures faced by a municipality are higher than consumer inflation. The table below provides examples of inflationary and investment pressures experienced by the municipality.

| Price Indices | 2021 (%) |
|---|--------------|
| Construction Price Indices (non-residence) | 7.65 |
| Commercial | 7.64 |
| Industrial | 8.90 |
| Institutional | 6.64 |
| Electricity | 1.90 |
| Natural Gas | 16.30 |
| Gasoline | 32.80 |
| Water (York Region Wholesale rate increase) | 0.00 |

| Investment Rates | 2022 (%) Forecast |
|--------------------------------|-------------------|
| Bank of Canada Overnight Rate | 0.75 |
| Three-Month Treasury Bill Rate | 0.80 |
| 10-Year Bond Rate | 2.00 |

Source: RBC Economics Research, Financial Markets Forecast

Source: Statistics Canada unless otherwise noted

Growth Indicators

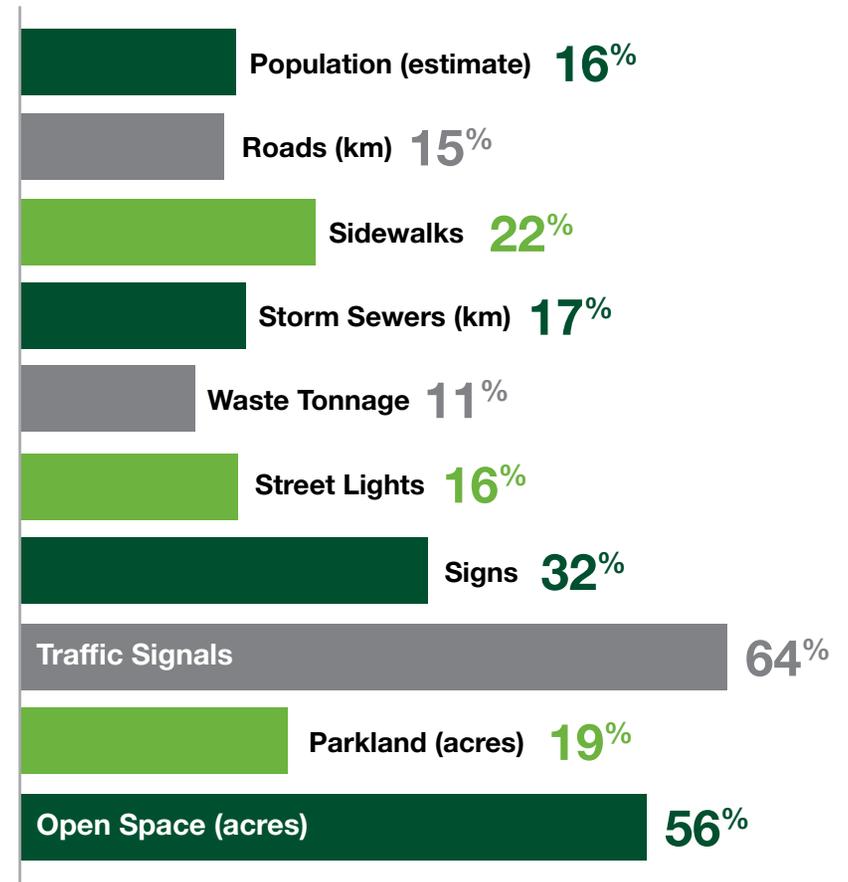
In addition to inflationary and contractual rate increases, the City of Richmond Hill's population also continues to grow. This results in increased costs for City services and the operation and maintenance of infrastructure. The table below shows how many of these costs have grown since 2008.

| | 2008 | 2013 | 2018 | 2022 Forecast |
|------------------------|---------|---------|---------|---------------|
| Population (estimates) | 183,850 | 199,284 | 206,883 | 212,467 * |
| Roads (km) | 529 | 540 | 572 | 610 |
| Sidewalks (km) | 583 | 635 | 670 | 709 |
| Storm Sewers (km) | 482 | 506 | 525 | 565 |
| Waste Tonnage | 55,468 | 55,532 | 54,256 | 61,725 |
| Street Lights | 14,703 | 15,721 | 16,224 | 17,000 |
| Signs | 9,424 | 11,802 | 12,089 | 12,478 |
| Traffic Signals | 22 | 29 | 34 | 36 |
| Parkland (acres) | 731 | 764 | 820 | 869 |
| Open Space (acres) | 1,644 | 2,029 | 2,113 | 2,559 |

* Forecast from York Region long range planning

Additional Growth pressures for 2022 include the Fire Master Plan, Public Works Enhancement Program (includes Windrow Removal), Insurance Premiums and IT software applications and maintenance.

% Growth since 2008



Property Assessment Growth

Every four years, the Municipal Property Assessment Corporation (MPAC) updates all the property assessment values in Ontario, with the changes phased-in over four years. The last update was January 2016, with the values phased-in for the taxation years 2017 through to 2020.

Due to COVID-19, MPAC has postponed the property assessment update until further notice. As a result, property assessments for the 2022 taxation year will remain the same as 2020. The average residential property assessment value for 2022, excluding multi-residential properties, is \$1,145,900.

It is important to note that assessment value changes do not affect the total amount of taxes received by the municipality. The property tax rates are re-evaluated annually to provide the same tax revenue. There may be fluctuations, however, between homeowners, where some may increase and some may decrease, depending on how their property assessment has changed compared to the municipal average.



The 2022 Budget

2022 Tax Levy Impacts

The 2022 Draft Operating Budget proposes a \$0 increase (i.e. 0% tax rate increase). The following schedule compares the incremental change of the 2022 Draft Operating Budget from the 2021 Budget:

| Operating Budget – Tax Levy Impacts | 2021 Budget | 2022 Draft Budget |
|-------------------------------------|--------------|-------------------|
| Base | \$ (373,500) | \$16,700 |
| Legislated | 113,700 | 172,500 |
| Annualization | - | 145,500 |
| Growth/Service Enhancements | 732,400 | 960,900 |
| Property Tax/Supplementary Tax | (1,472,600) | (1,720,600) |
| Unsustainable Revenue Sources | 1,000,000 | 425,000 |
| Tax Levy Increase | - | - |

Total City Budget

If approved, the City of Richmond Hill's 2022 Total Expenditure Budget will be \$373.5 million, including the Operating, Capital Asset Sustainability, Water and Wastewater, Stormwater Management and Capital Budgets.

| Total Expenditure Budget | 2021 Budget | 2022 Budget | Increase/ (Decrease) |
|-------------------------------|----------------------|----------------------|----------------------|
| Operating | \$184,238,900 | \$189,079,800 | \$4,840,900 |
| Capital Asset Sustainability | 6,571,700 | 7,768,500 | 1,196,800 |
| Water and Wastewater Services | 87,579,000 | 92,080,800 | 4,501,800 |
| Stormwater Management | 4,406,000 | 7,119,700 | 2,713,700 |
| Capital | 37,979,600 | 77,423,800 | 39,444,200 |
| Total Budget | \$320,775,200 | \$373,472,600 | \$52,697,400 |

Operating Budget

The 2022 Draft Operating Budget proposes a \$0 increase over the 2021 budget. Base pressures present a net \$16,700 increase compared to 2021, the modest base increase was achieved through staff identifying considerable savings opportunities and efficiencies, as well as increasing user fees, draws from reserves and other internal sources. The budget aims to phase out reliance on unsustainable revenues, totaling \$425,000. Legislated, Annualization and Growth pressures (excluding assessment

growth) combine to increase budget by \$1,278,900, offset by property assessment growth revenues of \$1,720,600.

Included in the budget is the funding of resources towards Strategic Priorities initiatives previously approved by Council, including implementation of the Lean Program, Asset Management Plan, Fire Master Plan and the Public Works Enhancement Program.



Operating Budget Pressures

| Budget Category | 2021 Budget | Base | Legislated | Annualization | Growth/ Service Enhancements | Unsustainable Revenue Sources | 2022 Draft Budget | Increase/ (Decrease) from 2021 |
|---------------------------------------|------------------------|----------------------|--------------------|------------------|------------------------------|-------------------------------|------------------------|--------------------------------|
| Personnel - Permanent | \$113,809,000 | \$742,400 | \$140,700 | - | \$1,230,900 | - | \$115,923,000 | \$2,114,000 |
| Personnel - Casual | 10,464,700 | 241,600 | 13,800 | - | 13,100 | - | 10,733,200 | 268,500 |
| Personnel Expenditures | 124,273,700 | 984,000 | 154,500 | - | 1,244,000 | - | 126,656,200 | 2,382,500 |
| Contracts/Services | 22,903,000 | 251,000 | 130,900 | 15,500 | 604,200 | - | 23,905,600 | 1,001,600 |
| Materials/Supplies | 22,094,900 | 726,100 | - | - | 158,500 | - | 22,979,500 | 884,600 |
| Other Expenditures | 5,534,700 | 319,800 | - | 130,000 | 28,000 | - | 6,012,500 | 477,800 |
| To Reserve and Reserve Funds | 9,432,600 | 94,400 | - | - | - | - | 9,527,000 | 94,400 |
| Non-Personnel Expenditures | 59,965,200 | 1,391,300 | 130,900 | 145,500 | 790,700 | - | 62,423,600 | 2,458,400 |
| Total Expenditures | \$184,238,900 | \$2,375,300 | \$285,400 | \$145,500 | \$2,034,700 | - | \$189,079,800 | \$4,840,900 |
| User Fees and Fines | (39,482,100) | (858,300) | - | - | - | - | (40,160,400) | (858,300) |
| Investment Income | (4,200,000) | - | - | - | - | 425,000 | (3,775,000) | 425,000 |
| Grants/Donations | (1,768,900) | 107,500 | 18,000 | - | - | - | (1,643,400) | 125,500 |
| From Reserve and Reserve Funds | (11,330,100) | (1,118,200) | (130,900) | - | (1,073,800) | - | (13,381,800) | (2,322,900) |
| From Other Internal Sources | (7,660,700) | (489,600) | - | - | - | - | (13,653,000) | (489,600) |
| Non-Taxation Revenues | (64,441,800) | (2,358,600) | (112,900) | - | (1,073,800) | 425,000 | (67,562,100) | (3,120,300) |
| Taxation | (118,797,100) | - | - | - | (1,720,600) | - | (121,517,700) | (1,720,600) |
| Total Revenues | \$(184,238,900) | \$(2,358,600) | \$(112,900) | - | \$(2,794,400) | \$425,000 | \$(189,079,800) | \$(4,840,900) |
| Total Overall Levy Requirement | - | \$16,700 | \$172,500 | \$145,500 | \$(759,700) | \$425,000 | - | - |

Operating Budget Pressures by Department

| Department | 2021 Budget | Base | Legislated | Annualization | Growth/ Service Enhancements | Unsustainable Revenue Sources | 2022 Draft Budget | Increase/ (Decrease) from 2021 |
|-------------------------------------|---------------|-----------------|------------------|------------------|------------------------------------|-------------------------------------|----------------------|--------------------------------------|
| Community Services | 62,853,000 | 234,500 | 31,800 | - | 634,500 | - | 63,753,800 | 900,800 |
| Corporate and Financial Services | 25,120,400 | 768,600 | - | 130,000 | 87,500 | - | 26,106,500 | 986,100 |
| Planning and Infrastructure | 23,215,300 | 60,800 | - | - | 112,900 | - | 23,389,000 | 173,700 |
| Office of the City Manager | 5,219,800 | 86,500 | - | - | - | - | 5,306,300 | 86,500 |
| Corporate Accounts | (9,781,000) | (1,310,100) | 140,700 | - | 126,000 | 425,000 | (10,399,400) | (618,400) |
| Taxation | (114,405,000) | - | - | - | (1,720,600) | - | (116,125,600) | (1,720,600) |
| RH Public Library Board | 7,777,500 | 176,400 | - | 15,500 | - | - | 7,969,400 | 191,900 |
| Net Budget Requirement | - | \$16,700 | \$172,500 | \$145,500 | (\$759,700) | \$425,000 | - | - |



A. Base Pressures

This chart shows the inflation-related budget pressures where it costs more to maintain the same level of service. Efficiencies and savings are also reflected.

| Expenditures Personnel | 2021 Budget | 2022 Draft Budget | Increase/ (Decrease) |
|-------------------------------|----------------------|--------------------------|-----------------------------|
| Personnel - Permanent | \$113,809,000 | \$114,551,400 | \$742,400 |
| Personnel - Casual | 10,464,700 | 10,706,300 | 241,600 |
| Subtotal - Personnel | \$124,273,700 | \$125,257,700 | \$984,000 |

| Expenditures Non-personnel | 2021 Budget | 2022 Draft Budget | Increase/ (Decrease) |
|-----------------------------------|----------------------|--------------------------|-----------------------------|
| Contracts/ Services | \$22,903,000 | \$23,154,000 | \$251,000 |
| Materials/ Supplies | 22,094,900 | 22,821,000 | 726,100 |
| Other Expenditures | 5,534,700 | 5,854,500 | 319,800 |
| Transfers to Other Funds | 9,432,600 | 9,527,000 | 94,400 |
| Subtotal - Non-personnel | \$59,965,200 | \$61,356,500 | \$1,391,300 |
| Total Expenditures | \$184,238,900 | \$186,614,200 | \$2,375,300 |

| Revenues | 2021 Budget | 2022 Draft Budget | Increase/ (Decrease) |
|------------------------------|-----------------------|--------------------------|-----------------------------|
| User Fees and Fines | \$(39,482,100) | \$(40,340,400) | \$(858,300) |
| Investment Income | (4,200,000) | (4,200,000) | - |
| Grants/Donations | (1,768,900) | (1,661,400) | 107,500 |
| Reserves and Reserve Funds | (11,330,100) | (12,448,300) | (1,118,200) |
| Other Internal Sources | (7,660,700) | (8,150,300) | (489,600) |
| Non Taxation Revenues | \$(64,441,800) | \$(66,800,400) | \$(2,358,600) |
| Net Base Pressure | \$119,797,100 | \$119,813,800 | \$16,700 |

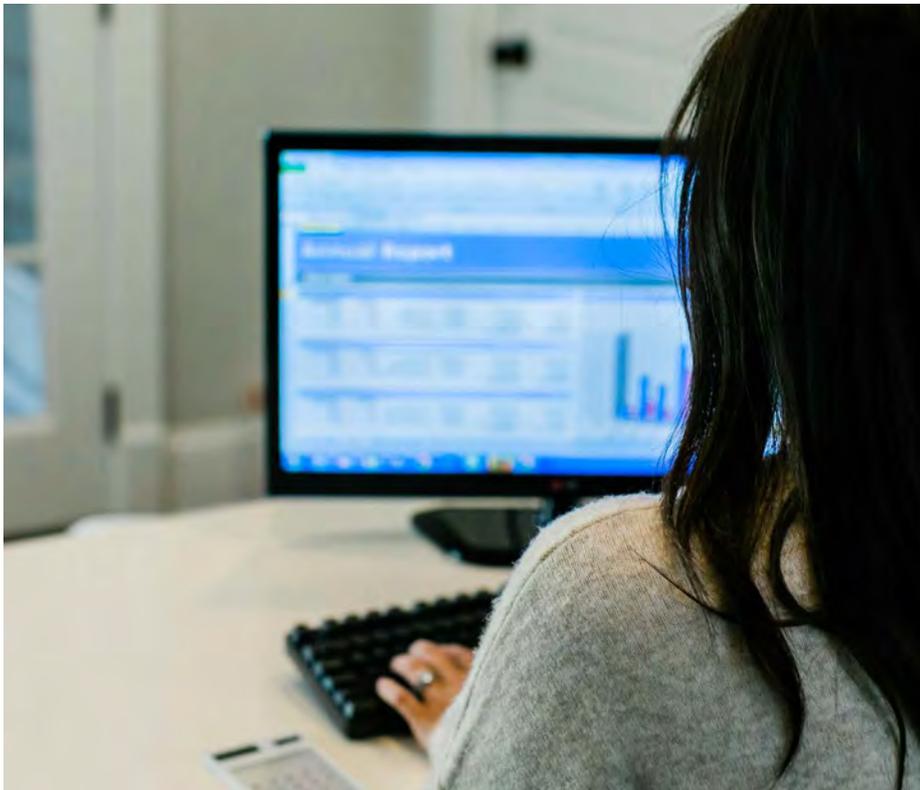


Base Expenditure Pressures

Personnel expenditure pressures include cost of living adjustment provisions and adjustments to benefit rates and grade/step-rate increases.

Rising insurance premium rates along with the increased costs in collection development expenses, winter material supplies and hydro rates contributed to the majority of increases in Contracts and Materials.

IT computer hardware and software maintenance, mainly related to antivirus software, modeling software, additional backup servers and VPN licences provided the increase in Other Expenditures.



Base Revenue Pressures

User fees and fines revenues are budgeted to increase by \$858,300. Approximately \$300,000 of the increase is related to property tax interest and penalties revenues, which has been budgeted based on the forecasted trend in 2021. The additional revenue increases are mainly the result of increases in Lake Wilcox parking fines, facility rentals, aquatic, arena, general program and Theatre fees, reflective of the approved 2022 Tariff of Fees By-law. User fees and fines also included the full year operation of the second ice pad at Ed Sackfield arena.

Grants and Donations decreased \$107,500 mainly due to the Small Business Enterprise Centre's program receiving York Region funding of \$110,000 in the prior year, which was to be used mainly for grants under the small business recovery program. The additional funding is not part of the 2022 Operating budget.

Transfers from Reserves have increased by \$1,118,200 mainly due to additional draws to fund increases in personnel costs within Building Services and Development Engineering for the digitization projects and development related activities. Also, increased draws for Library operations were needed to address core capability gaps.

Transfers from internal sources have increased by an additional \$489,600 due to transfers from the Water and Wastewater Fund as a result of additional efforts and resources identified in the Operating Fund for Water and Wastewater activities as identified in the Rate Study exercise. Similarly, the Operating Fund also received increased transfers for Stormwater related activities.

B. Legislated Pressures

The below items represent the budget pressure changes due to legislative requirements.

| Department | Description | 2022 Draft Budget |
|-------------------------------------|--|-------------------|
| Various Departments | Minimum Wage Increase | \$154,500 |
| CFS – Clerk’s Office | Remediation costs to ensure online documents are AODA compliant | 105,900 |
| CFS – Clerk’s Office | Funding from Tax Rate Stabilization Reserve | (105,900) |
| CFS – Financial Services | Consulting costs related to Accounting Standards changes | 25,000 |
| CFS – Financial Services | Funding from Tax Rate Stabilization Reserve | (25,000) |
| CSD – Recreation and Culture | Integration Services revenue decrease due to support payment fees adjustment | 18,000 |
| Legislated Requirements | | \$172,500 |

C. Program Annualization

The financial impact to the 2022 budget totals \$145,500 related to annualized computer software expenses.

| Department | Description | 2022 Draft Budget |
|----------------------------|--------------------------------|-------------------|
| CFS - IT | IT Computer Software (EnerGov) | \$130,000 |
| Library | IT Computer Software (EnerGov) | 15,500 |
| Total Annualization | | \$145,500 |

D. Net Growth Pressures

The net growth pressure contributes to a budget reduction of \$759,700. These are pressures from providing the same level of service but to a growing community due to larger volumes or higher levels of activity. Growth pressures include new resources and programs, as well as the taxation revenue increase from property assessment growth summarized below:

| Growth/Services Enhancement | 2022 Draft Budget |
|--|--------------------|
| New Staffing Resources requested in 2022 | \$200,400 |
| New Program Resources requested in 2022 | 760,500 |
| Property Assessment Growth | (1,720,600) |
| Total Growth Pressures | \$(759,700) |

E. New Program Resources Growth Pressures

In supporting a growing community, the City incurs additional costs to expand staffing and programs to accommodate a larger population. The staffing and programs' financial impact totals \$960,900. The following table provides a list of the incremental staffing and programming costs for providing services to a growing community:

| Department | Description | 2022 Draft Budget |
|-----------------------|--|-------------------|
| Staffing | | |
| CSD - Fire | Firefighter (16) | \$795,200 |
| | - Community Enhancement and Economic Vitality Reserve Fund | (795,200) |
| PID - IPDE | Project Manager - Infrastructure Modelling | 172,900 |
| | - Fully funded from Dev Eng Reserve | (172,900) |
| PID - IPDE | Project Coordinator - Illumination | 135,100 |
| | - Partially funded from Dev Eng and Inspection Reserve | (108,200) |
| PID - IPDE | Senior Transportation Planner | 107,500 |
| | - Partially funded from Dev Eng Reserve | (21,500) |
| CFS - Clerk's | Legislative Assistant | 87,500 |
| Total Staffing | | \$200,400 |

| Department | Description | 2022 Draft Budget |
|------------------------------------|--|-------------------|
| Programs | | |
| CSD - PWO | Public Works Enhancement Program | \$500,000 |
| OCM - RHC | Richmond Hill Centre Development Team and Consulting Costs | 471,200 |
| | - Funded from Strategic Rapid Transit Reserve | (422,000) |
| | - Fully funded from Dev Eng Reserve | (49,200) |
| CSD - PWO | Snow Windrow Opt Out Program - contract costs | 126,000 |
| CSD - PWO | LDD Moths program (SRCS.21.13) | 109,000 |
| OCM - SGR | Age Friendly Community Strategy | 100,000 |
| | - Funded from Tax Rate Stabilization Reserve | (100,000) |
| OCM - SGR | Diversity, Equity, Inclusion Strategy | 100,000 |
| | - Funded from Tax Rate Stabilization Reserve | (100,000) |
| CSD - PWO | Streetlight Hydro for new subdivision | 20,500 |
| CSD - PWO | Container purchases for new subdivision | 5,000 |
| Total Programs | | 760,500 |
| Total Staffing and Programs | | \$960,900 |

F. Property Assessment Taxation Growth

In 2022, the property assessment growth is expected at 1.46%, generating an additional \$1,720,600 in taxation revenue.

The net impact of Growth pressures including new resources and programs, property assessment and supplementary taxes growth is a budget reduction of \$759,700.

G. Unsustainable Funding Sources

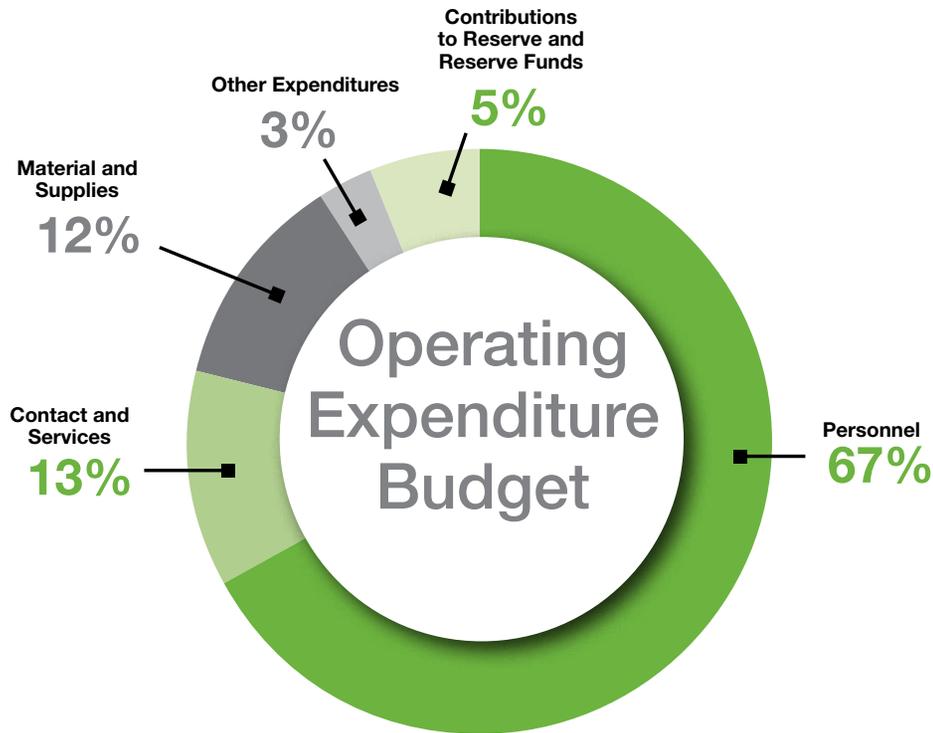
With the continued low interest rate environment, the draft budget reflects a decrease in investment income by \$425,000, which represents half of the final phase in amount of \$850,000 to reduce the investment income by \$2.52 million. This is in an effort to align the current \$3.775 million investment income budget to a level that is closer to actual short-term returns.

| Unsustainable Revenue Sources | 2022 Draft Budget |
|--------------------------------------|-------------------|
| Investment Income – Phased reduction | \$425,000 |
| Unsustainable Revenue Sources | \$425,000 |



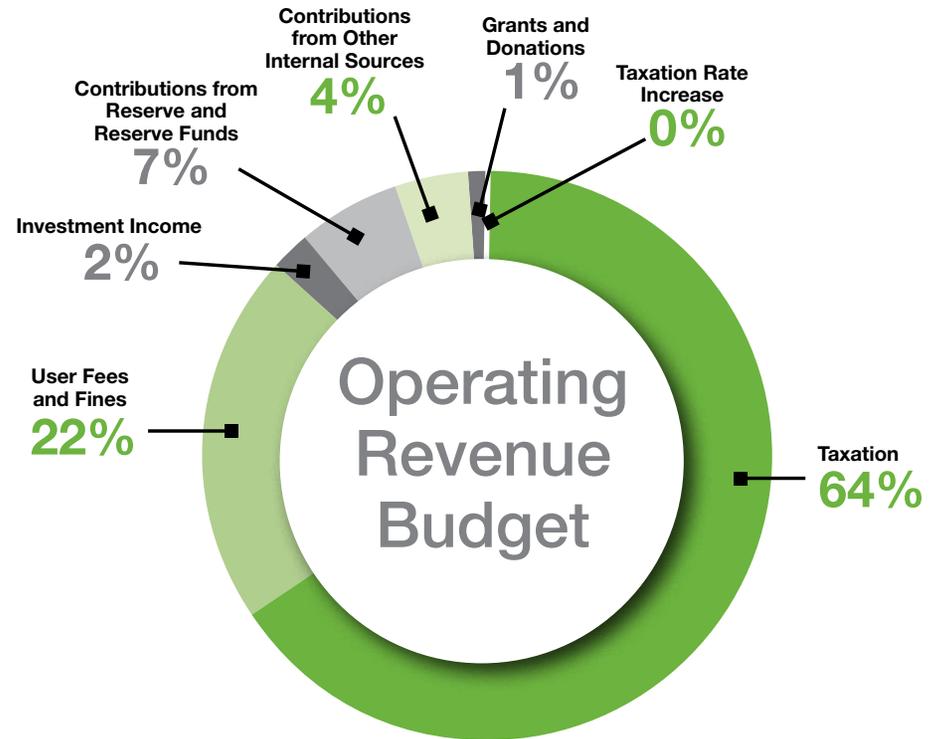
J. Operating Expenditures

Operating Expenditures is comprised of personnel expenditures representing 67% of the budget. Contracts and Services and Materials and Supplies represent 25% of the total expenditure budget.



K. Revenue Sources

The most significant portion of the revenue is property taxation which represents 64% of the total revenue budget. User Fees and Fines represent 22%, Contributions from Reserve and Reserve Funds and Other Internal Sources are 11%, Investment Income contributes 2% and Grants & Donations make up another 1%.

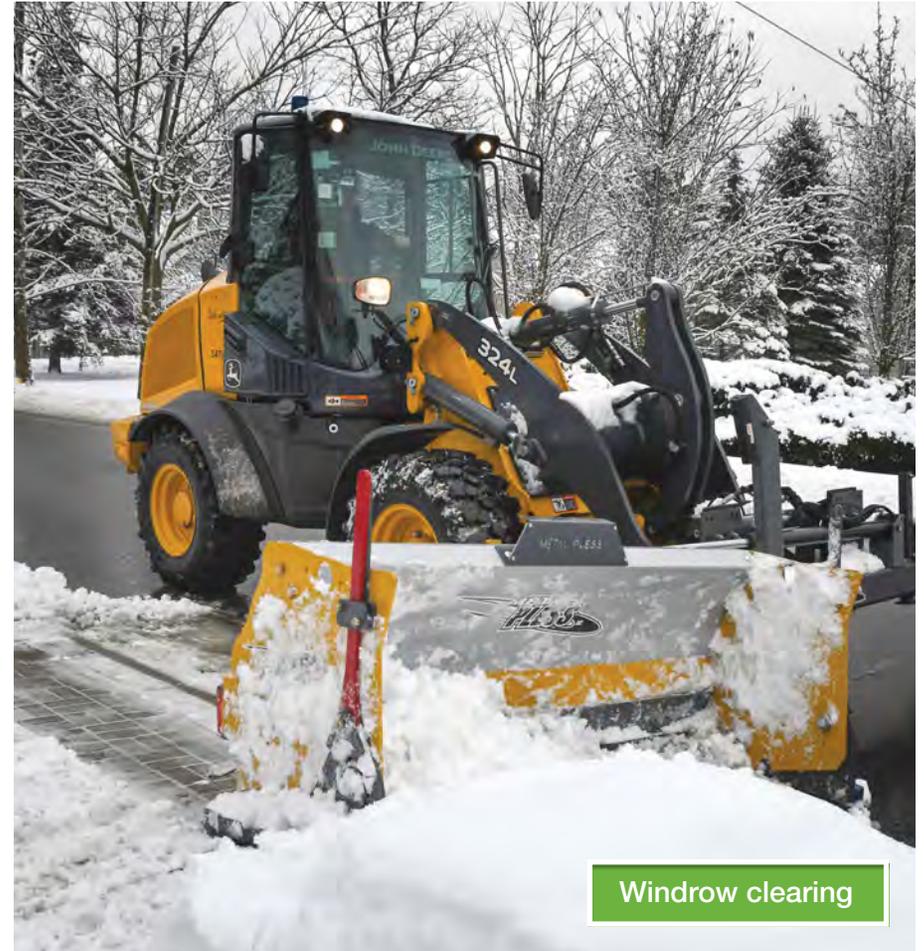
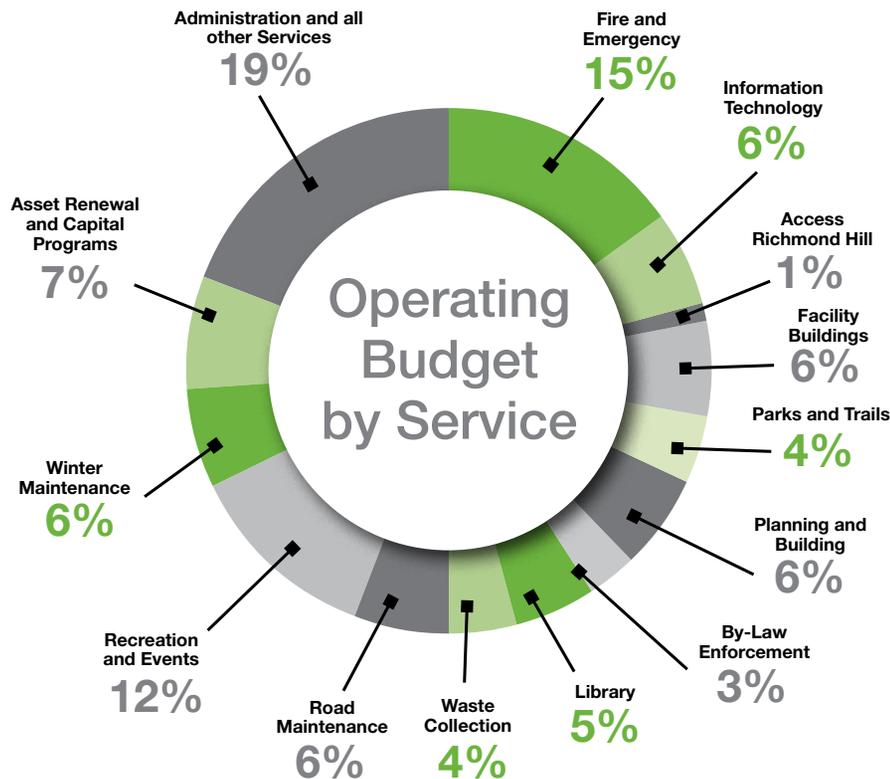


Operating Budget – Capital Asset Sustainability

Continuing with the Capital Asset Sustainability Strategy adopted by Council as part of the 2016 Operating Budget, the City will charge a Capital Asset Sustainability Fee to support the repair and replacement of capital assets as outlined in the City’s Asset Management Plan. The 2022 increase of 1% tax rate equivalent will generate an additional \$1,196,800 for future capital asset funding for a total revenue budget of \$7,768,500. All of these funds are allocated to the City’s Tax-Supported Capital Reserve Funds.

Operating Budget Summary by Services

The combined operating budget proposes a \$189,079,800 in total expenses for the 2022 budget. The budget supports various municipal services, with the largest proportion in Administration and Other Services as well as Fire and Emergency Services.



Windrow clearing

Financial Outlook

As part of the budget process, staff have forecasted the expected pressures for 2023-2025. Below is an updated Financial Outlook.

Tax Levy Increases and Financial Outlook

| City Services | 2022 Draft Budget | 2023 Outlook | 2024 Outlook | 2025 Outlook |
|--|-------------------|--------------------|--------------------|--------------------|
| Base | \$16,700 | \$1,549,700 | \$1,722,900 | \$1,851,400 |
| Legislated | 172,500 | - | - | - |
| Growth | 1,106,400 | 929,700 | 1,225,500 | 1,102,100 |
| Property Tax/ Supplementary Tax | (1,720,600) | (1,795,200) | (1,853,700) | (1,913,000) |
| Unsustainable Funding Sources | 425,000 | 425,000 | - | - |
| Tax Levy Increase | - | \$1,109,200 | \$1,094,700 | \$1,040,500 |
| Tax Rate Increase | 0.00% | 0.91% | 0.87% | 0.80% |
| COVID-19 Related Impact | 5,599,000 | - | - | - |
| Funded - Safe Restart Agreement | (4,872,590) | - | - | - |
| Funded - Tax Rate Stabilization Reserve | (726,410) | - | - | - |
| Tax Levy Increase | - | \$1,109,200 | \$1,094,700 | \$1,040,500 |
| Tax Rate Increase | 0.00% | 0.91% | 0.87% | 0.80% |
| Public Works Enhancement | - | 500,000 | 500,000 | 500,000 |
| Fire Master Plan (16 Firefighters) | - | 500,000 | 500,000 | 500,000 |
| Tax Levy Increase | - | \$2,109,200 | \$2,094,700 | \$2,040,500 |
| Tax Rate Increase | - | 1.74% | 1.67% | 1.58% |
| Recreation Programs - COVID-19 impact | - | 2,778,100 | 1,852,100 | 926,100 |
| Tax Levy Increase (incl. Rec Programs - COVID-19) | - | \$4,887,300 | \$3,946,800 | \$2,966,600 |
| Tax Rate Increase | - | 4.02% | 3.15% | 2.29% |
| Capital Asset Sustainability | \$1,196,800 | \$1,214,700 | \$1,254,400 | \$1,294,400 |

For the purpose of Outlook calculations, it is assumed that the User Fees increase 2% per year, CPI is 2% and the Assessment Growth is 1.5%.

2023 Outlook

The 2023 Financial Outlook projects a tax levy impact of \$2,109,200, before COVID-19 related impacts. The incremental staff to be added is approximately \$506,700 starting mid-year. The financial impact includes the incremental expenditure for the Public Works Enhancement Program, Fire Master Plan, IT Strategy, Regular Business as well as phased reduction to investment income. The outlook also includes a potential deficit of \$2,778,100 in Recreation Programs with the assumption that COVID-19 will continue to play a factor into 2023 and public participation in group activities is not expected to fully return to pre-COVID-19 levels. The total tax levy impact is \$4,887,500 (or 4.02%) after consideration of COVID-19 related impacts.



2024 Outlook

The 2024 Financial Outlook projects a tax levy impact of \$2,094,700, before COVID-19 related impacts. The incremental staff to be added is approximately \$414,800, plus another \$506,700 annualized impact from prior year. The financial impact mainly includes the incremental expenditure for the Public Works Enhancement Program, Fire Master Plan, IT Strategy and Regular Business. The outlook also includes a potential deficit of \$1,852,100 in Recreation Programs with the assumption that COVID-19 will have lasting effects into 2024 and public participation in group activities will be much different than pre-COVID-19 levels. The total tax levy impact is \$3,946,800 (or 3.15%) after consideration of COVID-19 related impacts.

2025 Outlook

The 2025 Financial Outlook projects a tax levy impact of \$2,040,500. The incremental staff to be added is approximately \$426,600, plus another \$414,800 annualized impact from prior year. The financial impact includes the incremental expenditure for the Public Works Enhancement Program, IT Strategy and Regular Business. The outlook also includes a potential deficit of \$926,100 in Recreation Programs with the assumption that COVID-19 will have lasting effects into 2025 and public participation in group activities will be much different than pre-COVID-19 levels. The total tax levy impact is \$2,966,600 (or 2.29%) after consideration of COVID-19 related impacts.

Financial Impact from COVID-19

The 2022 Draft Operating Budget reflects the financial impact of mainly a business-as-usual environment while also considering the effects of a new normal. However, as the City continues towards a recovery path from COVID-19 in 2022, there will continue to be new data and corresponding regulations that may substantially change how the City operates. The situation remains fluid and it is imperative that the City remains flexible in order to adapt.

Throughout 2021, multiple lines of business have been affected and none more so than the Recreation and Culture division. Many recreation programs and theatre events have had to be delayed, postponed or offered virtually because of social distancing requirements. This has generated significant losses in program revenues, which were partially mitigated by savings in casual staff and facility costs. Other impacted revenue streams include reduced parking fines and park permits as a result of social gathering restrictions. Investment income was also forecasted significantly below expectations due to the continued low interest environment.

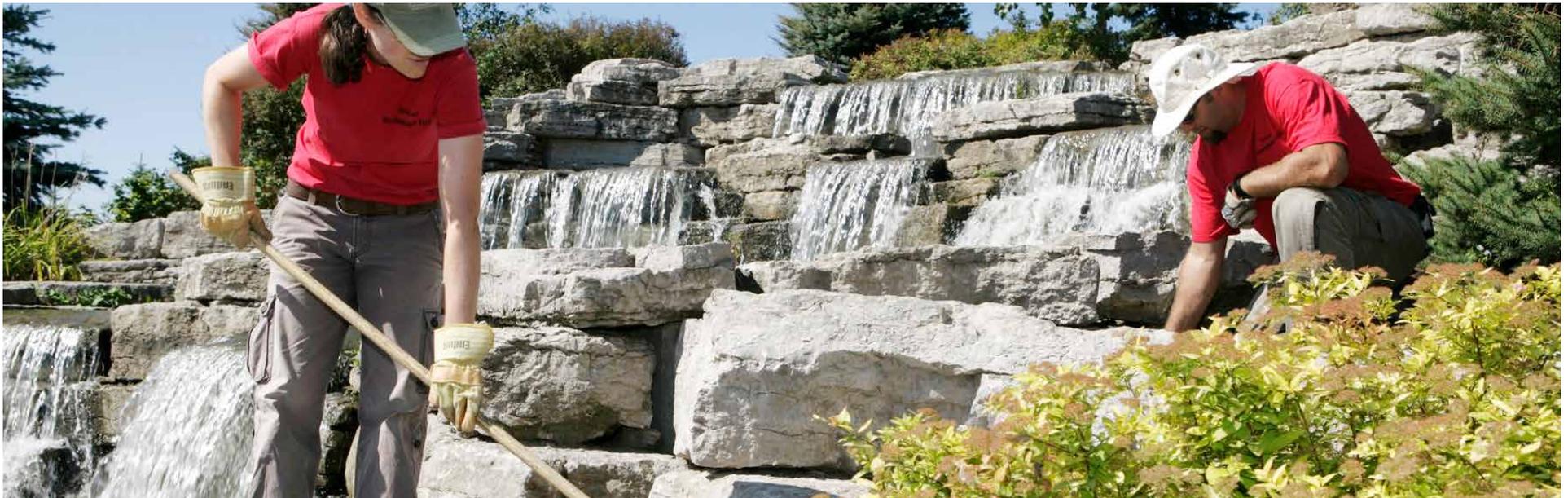
Looking forward to 2022, a lot of the same issues encountered in 2021 may impact the City in the upcoming year. Under the Recreation and Culture section, there is a projected net loss

impact of \$3,480,700, where it is assumed that there will be a gradual recovery in the confidence level of the general public in participating in various recreation events or programs. An average of 65% of the pre-COVID-19 business-as-usual participation rate is included as part of programming and event activities, which reduces the expenses but limits the revenue opportunities, leading to a net loss of \$2.287 million. There is also an additional cost of \$1.193 million for casual staffing needed to verify the vaccination status of all the patrons entering the community centres and arenas, as a result of the legislated Vaccine Certificate Policy (September 2021).



Public Works Operations continues to provide front facing services while remaining agile throughout the various province-mandated public health restrictions and requirements. With the continued trend of working from home, the Energy and Waste Section forecasts an increase in garbage and recycling collection expenses of \$281,200 offset against a reduction in expenses for community outreach and education program costs. Fire and Emergency Services anticipates financial pressures of \$192,500 in an extended COVID-19 recovery phase in 2022. Additional cleaning supplies, protective equipment and overtime as a result of the restrictions on combining crew staff to cover for absenteeism is required to maintain daily operations. The gradual recovery from COVID-19 may limit community-based events, reducing the opportunity for the Fire division to achieve the annual expected revenue.

Under the Corporate Accounts section, investment income is estimated to be approximately \$1.235 million below expectations due to the continued low interest environment. Meanwhile, development planning revenues may also be impacted by \$513,100, as a result of stagnant growth from a COVID-19 recovery phase. In the case of further restrictions, Library operations anticipates net savings of \$254,800 due to reduced casual staffing costs, offset by lower library-generated revenues from reduced hours of operations. The below table highlights some of the larger or known financial impacts, totaling a \$5,599,000 deficit (excluding Library), that the City anticipates may occur as a result of continued COVID-19 recovery. For example, the City generated savings from reducing discretionary spending in the form of training and conference costs, amongst other measures. After first taking this proactive approach to finding savings, the City will then look to utilize the remaining funding from the Safe Restart Agreement and Provincial COVID-19 Recovery Funds, and from the Tax Rate Stabilization Reserve to subsidize any further deficit in 2022.



COVID-19 Related Impact (Favourable)/Unfavourable

| | 2022 Draft Budget | Office of the City Manager | Community Services | Corporate and Financial Services | Corporate | Planning and Infrastructure | Library | 2022 Draft Budget (with Covid related impact) | Variance (Fav)/Unfav |
|---------------------------------------|------------------------|----------------------------|----------------------|----------------------------------|--------------------|-----------------------------|--------------------|---|----------------------|
| Expenditures | | | | | | | | | |
| Personnel Costs - Full Time | \$108,866,600 | - | \$(16,600) | - | - | - | - | \$108,850,000 | \$(16,600) |
| Personnel Costs - Casual | 10,733,200 | - | (1,629,000) | - | 53,800 | - | - | 9,158,000 | (1,575,200) |
| Contracts/Services | 22,320,400 | (30,000) | (550,000) | (35,000) | - | - | - | 21,705,400 | (615,000) |
| Materials/Supplies | 21,914,300 | - | (437,000) | (85,700) | (65,000) | (103,000) | - | 21,223,600 | (690,700) |
| Other Expenditures | 6,012,500 | - | (49,300) | - | (3,000) | - | - | 5,960,200 | (52,300) |
| Transfers to Other Funds | 2,655,300 | - | (45,600) | - | - | - | - | 2,609,700 | (45,600) |
| Total Expenditures | \$172,502,300 | \$(30,000) | \$(2,727,500) | \$(120,700) | \$(14,200) | \$(103,000) | - | 169,506,900 | \$(2,995,400) |
| Revenues | | | | | | | | | |
| User Fees and Fines | (40,139,600) | - | 6,674,500 | 104,400 | - | 513,100 | - | (32,847,600) | 7,292,000 |
| Taxation | (114,946,000) | - | - | - | - | - | - | (114,946,000) | - |
| Investment Income | (3,775,000) | - | - | - | 1,235,000 | - | - | (2,540,000) | - |
| Grants/Donations | (1,224,000) | - | 67,400 | - | - | - | - | (1,156,600) | 1,235,000 |
| Reserve and Reserve Funds | (12,236,800) | - | - | - | - | - | - | (12,236,800) | 67,400 |
| Other Internal Sources | (8,150,300) | - | - | - | - | - | - | (8,150,300) | - |
| Total Revenues | \$(180,471,700) | - | \$6,741,900 | \$104,400 | \$1,235,000 | \$513,100 | - | \$(171,877,300) | \$8,594,400 |
| Net Budget (excluding Library) | \$(7,969,400) | \$(30,000) | \$4,014,400 | \$(16,300) | \$1,220,800 | \$410,100 | - | \$(2,370,400) | \$5,599,000 |
| Net Budget (Library) | 7,969,400 | - | - | - | - | - | (254,800) | 7,714,600 | (254,800) |
| Net Budget Total | - | \$(30,000) | \$4,014,400 | \$(16,300) | \$1,220,800 | \$410,100 | \$(254,800) | \$5,344,200 | \$5,344,200 |

2022 Draft Operating
Budget Overview

2022
Budget

