

Appendix A: Additional Information about Economic Assumptions Influencing the 2022 Budget

The following economic assumptions influence the figures included in the 2022 operating budget, the cumulative effect would produce an unacceptably high tax increase:

1. General inflation factors applied to costs, unless otherwise noted are based on the Bank of Canada inflationary control target of 2.0%. Inflation projections from three of the major banks that have inflation forecasts for 2022 ranging from 2.2 to 2.8%. A 2.2% inflationary increase is worth approximately \$1.4 million.
2. It is anticipated that Covid-19 will have lasting effects on the organization. While the 2022 forecast anticipates utilization of services such as transit and leisure facilities may return to pre-pandemic levels, it is also expected that additional measures put in place such as enhanced cleaning and personal protective equipment will remain in effect.
3. Staff are forecasting a 5% increase in natural gas costs as well as an increase of 2.5% for hydro costs. The financial impact for natural gas is \$100,000 and \$280,000 for hydro.
4. Overall, salaries and benefits reflect the effects of negotiated collective bargaining agreements as well as additional personnel approved through previous budgets.

Overall, salaries and benefits account for a \$4.4 million (excluding Police) increase over the 2021 budget.
5. In addition WSIB premiums have significantly increased. The total impact is forecasted to be an additional \$375,000 in 2022.
6. Contributions for capital have been increased by 4.9% for 2022 in accordance with the Capital Budget Policy, which calls for the greater of 2.0% or the first quarter increase in the Non-Residential Building Construction Price Index (Ottawa) (NRBCPI Ottawa), or the most current NRBCPI Ottawa available at the time of developing the forecast. As of the first quarter of 2021, this index was 4.9%. This increases capital spending on the tax levy by approximately \$2.0 million.
7. Preliminary estimates from the outside Boards includes Nickel District Conservation Authority (2% increase to the operating grant and 14% increase to the capital grant), Greater Sudbury Public Library and Greater Sudbury Police Service (GSPS). It also includes staff's estimate of a change in Public Health Sudbury & Districts' budget (5% to remain consistent with the Provincial cap), resulting in an increase to the 2022 budget by \$3.7 million.
8. Insurance is anticipated to increase approximately 20%.
9. Software Expenses is anticipated to increase 119% due to the increasing costs of software licenses and annual maintenance.
10. A number of contractual increases across the organization to provide services.
11. Social housing provincial funding allocations for 2022 are decreasing by approximately \$550,000. The allocations will be phased out entirely by 2031.

12. Several of the business cases that were approved in the 2021 budget have additional requirements in 2022. The increase on the tax levy to ensure that these initiatives are successful is approximately \$1 million.
13. Several efforts were made to reduce the property tax levy increase in the 2021 budget including delaying debt for capital projects therefore delaying the debt repayment, as well as a contribution from reserves to offset the direct budget pressures related to Covid-19. To ensure that the previously approved capital projects are completed, the debt repayment amounts have been increased to reflect the total amount required. As well the budgeted contribution from reserve and other one-time funding has been removed as staff are anticipating that the pressures related to Covid-19 in 2022 will not be significant.