



Date: Monday, April 24, 2023

From: Samantha Buchanan, Acting Director of Corporate Services/Treasurer and Cynthia Fletcher, Chief Administrative Officer

Subject: 2023 Budget and Business Plan Update

Report FIN2023-05

This document and its attachments are public and available in an accessible format upon request.

Recommendation

That Council receive the 2023 Budget and Business Plan presentation (Appendix A) for information; and

That Council approve report FIN2023-05 titled 2023 Budget and Business Plan Update; and

That Council approve the Corporate Initiatives as reflected in Appendix B for inclusion in the final 2023 Business Plan Document; and

That Council hereby direct staff to present the 2023 Sums Required By-law for approval; and

That upon the County of Grey's adoption of their 2023 Tax Policy staff are hereby directed to present the 2023 Tax Rates By-Law for approval.

Background

Budget Review

The 2023 Draft Operating and Capital Budgets and Draft Business Plan were presented to Council at the [Special Council meeting on Monday February 27, 2023](#).

The total taxes to be levied as presented in the draft budget was \$11,891,000, resulting in a municipal tax rate of 0.632822%. When comparing the municipal tax rate to prior year's tax rate this change represents an increase of 5.92%. Using the average 2023 assessment for a single-family dwelling (294,000) this change would result in a municipal tax increase of \$104.00 over that of 2022.



Business Plan

The new concept of an annual Business Plan for the Township was endorsed by Council at a Special Council meeting. The annual Business Plan reflects the core services provided by each department, continuous improvement work (Department initiatives), and Corporate wide projects and initiatives. Going forward, an annual Business Plan will be presented in conjunction with the annual budget review. This will enable Council to consider the Human Capital investment of the Township in the same manner as finances. Future Business Plans will include a work plan that is achievable and aligns with Council and Community priorities, although it may take a few years to get to a realistic work plan with the current roster of initiatives and associated resources. The current challenge is presenting a 2023 Business Plan with a reasonable and achievable work plan, as there are too many priorities competing for the same limited staffing resources.

The current work plan has over 40 major Corporate initiatives, which draw resources from multiple departments. This workload represents a multi-year work plan. Without investment in Human capital, the list of major Corporate initiatives must be prioritized, with many items deferred to future years to present a valid Business Plan for 2023. Even with a prioritization process and deferral of many initiatives to future years, the Business Plan for 2023 remains unrealistic.

Staff is proposing the 2023 work plan, attached as Appendix B, be approved as part of the final 2023 Business Plan, with the caveat that the workload remains impractical. There will likely be carry over of certain 2023 initiatives to the 2024 work plan.

The remaining Corporate initiatives will be prioritized for inclusion in future years and their associated Business Plans. The current roster of initiatives will not be lost, and future annual Business Plans will consider the current roster and new initiatives. As best practice, Council should refer any "in-year" new work to the Annual Business Planning process, so Financial and Human Capital investment can be considered holistically.

Direction for Follow Up Information

At the Special Council meeting, Council provided direction to staff to present an addendum report regarding the following:

- 1) Calculation of the municipal tax rate for the Township using the formula depicted on slide 15 of the presentation,
- 2) A full list of items deferred at the staff-level in advance of the 2023 draft budget presentation,
- 3) Further detail regarding professional fees and consultant fees spent in the prior year,
- 4) List of vehicles and who they are used by/assigned to amongst staff,

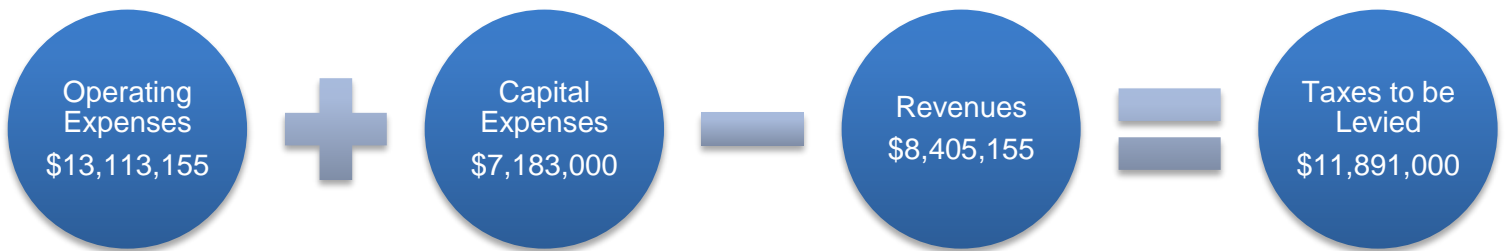
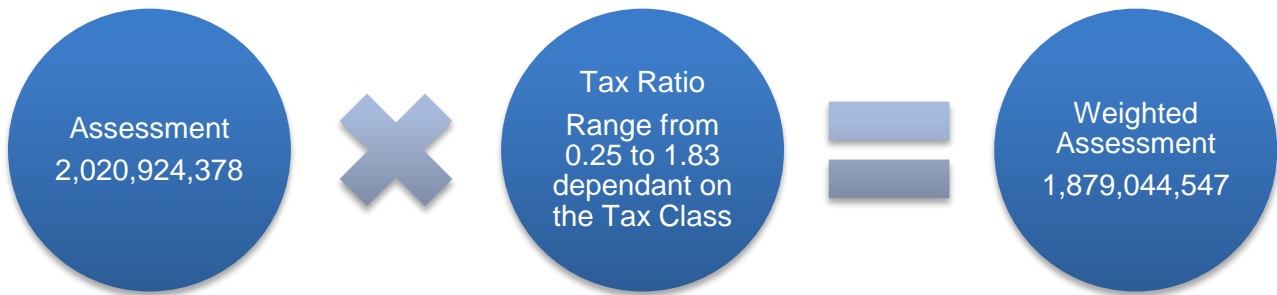


- 5) More information related to the bridges EA study and scope of work,
- 6) Include an option to lease the proposed gravel retriever for a one-year period opposed to purchasing it outright,
- 7) Include the Customer Services Representative position in the 2023 budget,
- 8) That staff be directed to find savings in the draft 2023 budget where possible,
- 9) That staff be directed to analyze the corporate initiatives list within the draft business plan and priorities items based on the criteria highlighted in slide 33 of the presentation and outline implications of deferral.

Analysis

1) Calculation of the Municipal Tax Rate for the Township

Dollars shown immediately below are reflective of amounts at the time of preliminary budget discussions (February 27, 2023); adjusted amounts based on Council direction to date are shown further in the report.





2) A Full List of Items Deferred at the Staff-Level

Preliminary Taxes to be Levied (before staff-level deferment)	\$ 13,026,000
<i>Less:</i>	
Utility ATV	40,000
Rubber floor upgrades at Shallow Lake Community Centre	50,000
Rail trail upgrades	50,000
Budgeting and reporting software	30,000
Living snow fence program	16,500
Permanent full-time Customer Service Representative	65,000
Permanent full-time Community Services Facilitator	88,500
Phase-in Funding – Tandem plow truck	250,000
Phase-in Funding – Tractor	100,000
Phase-in Funding – Brushing arm	50,000
Phase-in Funding – Energy demand conservation strategies	25,000
Cost Savings – 1 Ton pickup	30,000
Cost Savings – Electric vehicle charging station	55,000
Cost Savings – Traffic calming	25,000
Cost Savings – Sewer extension	50,000
Funding Source (taxes to reserves) – Sewer extension	50,000
Funding Source (taxes to reserves) – Float trailer	60,000
Funding Source (taxes to reserves) – Balmy Beach waterline	100,000
 Taxes to be Levied (as presented on February 27, 2023)	 \$ 11,891,000



The 2022 municipal tax rate was 0.00597448; a municipal tax rate of 0.00693225 would have resulted in an increase of 16.03% over 2022.

3) Further Detail Regarding Professional Fees and Consultant Fees Spent in the Prior Year

Consultant and professional services provide knowledge and expert skills. As these providers work with a variety of businesses, they have a broader and deeper knowledge



of business trends, industry challenges, best practices, and new technologies. Consultants and professionals have the right expertise, and we are often hiring a team of professionals who are all located within one office. When we hire consultants and professionals, we pay only for the services that are needed, when we need them.

Below is a summary of consultant and professional fees that were paid in 2022 based on the service focus.

Service Focus	Service Provider(s)	2022 Expenditure
Legal – Planning, By-law and General	Aird & Berlis LLP, Middlebro & Stevens LLP, Thomson & Tuer Professional Corporation, Hicks Morley Hamilton Stewart, Donnelly Murphy – Lawyers PC	\$ 118,602.41
Legal – Land Claim	Weir Foulds	\$ 71,825.52
Accounting	BDO Canada	\$ 34,890.98
IT Services	Infinity Network Solutions (Excludes licenses and hardware)	\$ 52,582.55
Architectural	Masri O. Inc.	\$ 29,186.40
Engineering	GM BluePlan Engineering	\$ 16,529.26
Climate Action	Woods Environment & Infrastructure Solutions, WSP	\$ 28,332.02
Development Charges Study	Watson & Associates Economists	\$ 12,052.19
Water Treatment and Testing	Ontario Clean Water Agency (OCWA)	\$ 468,190.00
Master Servicing Plan	GSS Engineering	\$ 57,959.54
Planning	Buckton Consulting Inc., Benner and Company, J.L. Richards & Associates, WSP Canada Inc.	\$ 48,592.08
Drainage	GM Blue Plan, R. J. Burnside & Associates, WSP Canada	\$ 81,225.98
Integrity Commissioner	Principles Integrity	\$ 11,654.27
Job Evaluations	Ward & Uptigrove Consulting	\$ 8,547.84
Tax Registration and Sales	RealTax Inc., Ontario Tax Sales Inc.	\$ 24,528.08
Cemetery Care	Owen Sound Vault Works Ltd.	\$ 41,075.38

4) List of Vehicles and Who They are Used By/Assigned to Amongst Staff

Administration

One (1) – SUV

2015 Hyundai Tucson, used by all administrative staff.



Community Services

Two (2) – $\frac{3}{4}$ Ton Pickup

2018 Dodge Ram and 2019 Ford Pick-up, used by all staff members of the community services department.

Building/By-law

Two (2) – $\frac{1}{2}$ Ton Pickup

Both 2022 Dodge Ram, used by all staff members of the Building and By-Law department.

Infrastructure

Four (4) – $\frac{1}{2}$ Ton Pickup

2015 Chevrolet Silverado, assigned to one lead hand.

2017 GMC Sierra, used by all members of the infrastructure department.

2022 Chevrolet Silverado, assigned to one Public Works supervisor.

2022 Ford F150, assigned to Project Supervisor.

One (1) – $\frac{3}{4}$ Ton Pickup

2021 Dodge Ram, assigned to one lead hand.

One (1) – 1 Ton Pickup

2007 Chevrolet Silverado, used by all staff members of the infrastructure department.

One (1) – 3 Ton Pickup

2020 Dodge Ram, used by all staff members of the infrastructure department.

5) More Information Related to the Bridges EA Study and Scope of Work

The item included in the draft budget reflects an order of magnitude estimated cost of repair, based on the previous OSIM inspection reports. The estimate does not include further study to determine full extent of rehabilitation.

Staff expect the updated OSIM report in May and will be developing a 10-year capital plan as part of the larger Asset Management Plan.

6) Include an Option to Lease the Proposed Gravel Retriever for a One-Year Period Opposed to Purchasing it Outright

Township staff recommend removing the gravel retriever at this time. This has no impact on the annual tax levy as the purchase was to be funded from reserves.

Township staff will be arranging a demonstration of the equipment with a neighbouring municipality to gain a more in-depth understanding of the equipment. If, after the demonstration, staff believe the equipment would be essential for the Township's ongoing operations a separate report will be presented for Council's consideration.

7) Include the Customer Services Representative Position in the 2023 Budget



Staff have included \$ 65,000 related to the salaries and benefits of this position while preparing this follow-up report.

8) Staff were also asked to find savings in the Draft 2023 Budget where possible

Staff have reviewed the operating and capital budget to find additional cost savings. These savings have been included in the Final Financial Analysis below.

9) Analysis of the Corporate Initiatives list within the Draft Business Plan: Prioritized based on the following criteria (from Slide 33 of original presentation): Contractual Commitment, Legislated Requirement/Compliance, Streamlines Service/Process, Impact of Deferral

The 2023 Annual Business Plan should include a roster of work that is achievable, with available staffing resources. The challenge in 2023 is presenting an achievable work plan that demonstrates progress toward Council and Community priorities, as there are too many initiatives competing for the same limited staffing resources.

Staff has met several times to review the backlogged list of initiatives and has included in Appendix B the following:

- Contractual Obligations
- Certain legislated/Compliance Initiatives
- Short-Term Accommodations
- Certain Department Initiatives that are required or will support the Contractual Obligations, Legislated/Compliance Initiatives or Short-Term Accommodations Initiatives

The remaining Corporate Initiatives will be deferred for inclusion in future Annual Business Plans.

The list of Corporate Initiatives for 2023 remains at 17, which is still impractical given the current staffing level and available staff resources.

Human Capital: The majority of Township staffing resources are aligned to provide day-day core service to the community. The Township has 44 full-time staffing positions, 36 of which are aligned to providing core service. Two staff positions are assigned to the Fire Department (Chief and Deputy Chief). The 8 remaining staff members also have core service and departmental initiative responsibility. Of the 8 staff members who have the capability to lead major corporate initiatives, 2 are on a parental leave and there is currently a vacancy for a Senior Management position.



With only 5 available people with capacity/capability to lead these initiatives, staff is flagging for Council the 2023 Business/Work Plan may be unrealistic to achieve. In addition to a small team, the Township has experienced some fluidity in the workforce.

Recently, 2 experienced staff members left the Township for personal and/or career development reasons. The need to recruit for these vacancies has required other team members to shift focus from other priorities. With a small staff team, the impact of a few changes has a great ripple effect on staff and the associated work plan.

Currently, there is no contingency related to staff time in any area, which affects the ability to provide continuity of service, assume new work, or adjust to unexpected changes.

Considerations

- 1) An element of fluidity in the workforce is a reality in the municipal sector.
- 2) Even simply looking at contractual obligations and regulatory requirement related Corporate Initiatives, the workload remains unrealistic for the current staffing level and staffing gaps (leaves of absence and vacancies).
- 3) The current roster of Corporate Initiatives will not remain static.
- 4) Departments need the ability to focus on improvement and changing regulatory requirements.
- 5) Core Service suffers when staff have overwhelming workloads.
- 6) The inability to properly focus on priorities with adequate resourcing, puts the Township at risk in several areas: reputation, financial, community, regulatory.

Final Financial Analysis

Taxes to be Levied (as presented on February 27, 2023)	\$ 11,891,000
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Add

Increase in Council professional development – Council direction	10,500
Increase in Council salaries & benefits – Council direction	22,000
Increase in Administrative salaries & benefits – Council direction	
Customer Services Representative	65,000
Increase in Drainage – to address ongoing drainage issues in the Township	
	15,000
Increase in Winter Control (Note 1)	20,000
Increase in Parks/Recreation training – increased to \$2,500 per approved FTE	9,500

Less

Increase in Investment income (Note 2)	200,000
Decrease in Administrative professional fees – Legal land claim	25,000
Decrease in Planning professional development – adjusted to \$ 3,000 per approved FTE	2,500



Decrease in Operations fleet – vehicle declared surplus	10,000
Decrease in Road maintenance – identified additional cost savings	10,000
Increase in Grant funding for Road Construction (Note 3)	15,000
Removal of Energy Demand Conservation Strategies (Note 4)	25,000

Adjusted Taxes to be Levied \$ 11,745,500

Note 1: Staff recommend increasing the winter control budget as the actual cost of sand/salt for the 2022 year was \$ 294,344.06 with an initial 2023 budget of \$ 130,000, this cost was offset by staff vacancies resulting in lower salaries & benefits within this program. The 2023 budget for this item is set at \$ 150,000.

Note 2: Historically when preparing the budget staff have used a five-year average of actual investment income earned. Due to bank prime rates being unusually higher than prior years staff recommend increasing for the 2023 year.

Note 3: Noted below, staff recommend removal of crack sealing work on Concession 5, which was funded from grant revenue. Those grant funds are then eligible to be reallocated to road construction work which was originally funded from the tax levy. By reallocating the grant funds this decreases the portion of the project to be funded from taxes.

Note 4: These initiatives will stem from the corporate climate action plan. As part of the business plan the completion of these initiatives will not be achieved in 2023, but instead in future years. Therefore, this item will be brought forward as an initiative in future budgets.

Budget Changes Since February 27, 2023, Special Council Meeting with no Tax Levy Impact

While reviewing the original list of Corporate Initiatives the following initiatives were identified as being deferred at this time:

- 1) Removal of crack sealing work on Concession 5 - \$ 15,000 funded from grants. The grant funding for this work has been reallocated to Road Construction.
- 2) Removal of gravel retriever – \$ 50,000 funded from reserves
- 3) Removal of float trailer - \$ 60,000 funded from reserves
- 4) Removal of Climate Action Green Fleet study – \$ 50,000 funded from reserves
- 5) Removal of Community Improvement Plan initiatives – \$ 40,000 funded from reserves
- 6) Removal of Master Stormwater management plan for East Linton/Township – \$ 85,000 funded from reserves
- 7) Removal of public citizen portal – \$ 50,000 funded from reserves

While reviewing the original list of Corporate Initiatives the following initiative was identified as needing to be added to the 2023 year:



- 1) Addition of Asset Management Plan/Modernization – \$ 200,000 funded from reserves. A further staff report will be presented to Council in May 2023 outlining more details of this project for Council's consideration.

Financial Impact

The total 2023 taxes to be levied as presented above is \$11,745,500, resulting in a municipal tax rate of 0.625078%. When comparing the municipal tax rate to prior year's tax rate this change represents an increase of 4.62%. When combined with the 2023 tax rate for the County of Grey's and Education this will be a combined tax rate increase of 2.95%.

Using the average 2023 assessment for a single-family dwelling (294,000) and the combined residential tax rate, this would result in an estimated tax increase of \$ 97.55 over that of 2022. When compared to the amounts initially presented on February 27, 2023 (\$ 120.32), this would be savings of \$ 22.77.

Strategic Priorities

The 2023 Operating and Capital Budget and Annual Business Plan supports the fifth strategic goal of the 2020-2024 Township of Georgian Bluffs Strategic Plan; to deliver effective and cost-efficient services.

Conclusion

The draft 2023 Budget and Business Plan were presented to Council on February 27, 2023. At that time Council provided direction to staff to present an addendum report regarding various items, as outlined in this report. Staff recommend that the 2023 Sums Required By-Law be presented for approval and that upon the County's adoption of their 2023 tax rates and tax policy, the 2023 Tax Rate By-Law be presented for approval.

Following the Special Council meeting of February 27, 2023, staff met several times to address follow up items, analyze areas for potential savings and prioritize the roster of current Corporate and Departmental Initiatives for the Annual Business Plan.

The proposed tax rate is 4.62%, and the proposed 2023 Business Plan includes 17 Corporate Initiatives which staff flag as still an impractical number given available resources. The intent will be to accomplish as many as possible, recognizing there may be carryover of some work to the 2024 Business Plan.

Respectfully Submitted:

Samantha Buchanan, Acting Director of Corporate Services/Treasurer, and
Cynthia Fletcher, Chief Administrative Officer





Report Approval Details

Document Title:	2023 Budget and Business Plan Update.docx
Attachments:	- 2023 Budget and Business Plan Follow Up.pptx - Appendix B - Business Plan Corporate Initiatives.pdf
Final Approval Date:	Apr 20, 2023

This report and all of its attachments were approved and signed as outlined below:

Cynthia Fletcher, Chief Administrative Officer