



Date: 2020-06-03

From: Kassie Rocca, Director of Finance

Subject 2020 Operating and Capital Budget

Report FIN2020-08

Recommendation

That the report from Kassie Rocca, Director of Finance, regarding the 2020 Operating and Capital Budget be received, and

That Council of the Township of Georgian Bluffs approve the changes to the 2020 draft budget as outlined in the report, and

That Council directs staff to present the 2020 Sums Required By-Law, operating and capital budgets, and the 2020 Tax Rates By-law for approval at the council meeting on June 17, 2020.

Background

The 2020 draft budget was presented to council and the public on January 28th, 2020. Council directed the treasurer to make a few changes and asked for more information on a few items. On March 27, 2020, an emergency was declared in the Township of Georgian Bluffs to assist with the containment of COVID-19. All council meetings were moved to electronic meetings and further discussion of the 2020 budget was deferred until staff could research and implement a strategy for public engagement. The clerk has since implemented multiple avenues of participation for the public including videoconferencing, teleconferencing and email/dropbox submissions. As a result, staff are now comfortable discussing the 2020 budget while still ensuring transparency and communication with ratepayers.

Highlights of expenses from the draft budget presented January 28, 2020 include:

- Completion of the Sarawak Family park upgrades
- \$700,000 in Road resurfacing work
- 1.7% COLA for Non-Union staff and 1.9% for unionize employees as per collective agreement
- Salary and per diem meeting rate increases for councillors
- Increase in land claim legal fees of \$175,000
- Cost for new cemeteries operator contract
- \$30,500 increase in OPP and police service board costs
- \$17,000 increase in library costs
- Capital work at Derby, Shallow Lake, and Kemble community centres
- Replacement vehicles for roads and building departments
- \$100,000 to implement initiatives identified in the Recreation Master Plan
- Live streaming equipment for council meetings

Analysis

The starting point for budget discussions is the draft budget discussed on January 28, 2020. The draft budget is attached for reference.

Airport

Amount funded by GB Taxation (As presented January 28, 2020)	\$402,650.00
Changes in Capital:	
Add: Blower Repairs	\$32,700.00
Less: Zero Turn Lawn Mower	(\$25,000.00)
Less: Planning Studies	(\$5,000.00)
Changes in Operating:	
Less: Vacant Airport Manager Position	(\$76,200.00)
Add: Airport Management Contract	\$97,500.00
Add: Reduction in Parking & Landing Revenues	\$7,500.00
Less: Scheduled Service	(\$40,000.00)
Revised Amount to be funded by GB Taxation	\$394,150.00

- At the January 28th meeting, Council directed that in order to pay for repairs to the broken blower at the airport, it be paid for out of the 2020 capital budget and an equivalent dollar value of items included in the 2020 draft capital budget be eliminated. The final bill to repair the blower came in at \$32,700, so the zero turn lawnmower and the planning studies have been eliminated from the 2020 capital budget.
- The airport manager position became vacant effective April 1, 2020. Council hired Loomex to manage the airport for 6 months while the direction moving forward at the airport was discussed. Due to COVID, public meetings regarding the future of the airport were cancelled and have yet to be rescheduled. To be conservative, the budget was revised to include the cost of the Airport Management contract from April 1-December 31, 2020 and 9 months of the cost for an airport manager was removed. Should Council decide to fill the airport manager position, there will be a savings on this budget line.
- Council did not proceed with entering a contract with FLYGTA for scheduled service in 2020. Therefore this line item was removed from the draft budget
- Due to COVID, traffic at the airport has decreased. Therefore, estimated Parking & Landing revenues have been decreased. Although traffic at the airport could rebound with the lifting of COVID restrictions, it is difficult to estimate the affects at this time.

Overall Georgian Bluffs

Tax Levy **\$10,041,885.00**
 (As presented January 28, 2020)

Changes in Capital:

Less: Savings on One Ton Truck	(\$34,750.00)
Less: Use of additional gas tax funds	(\$150,000.00)
Less: One Way Plow	(\$10,000.00)
Less: Sweeper for Loader	(\$30,000.00)

Changes in Operating:

Less: Adjustment to Airport Budget	(\$8,500.00)
Add: Lost revenue due to COVID (Penalty & Interest, Bag Tags, Arena Rentals)	\$106,050.00
Add: Increase to Gravel Maintenance	\$40,000.00
Add: CAO Recruitment	\$37,500.00
Add: Increase to Vehicle Repairs Budget	\$10,000.00
Add: 50% Share Keady Arena	\$35,000.00

Revised Tax Levy **\$10,037,185.00**

- \$120,000 was included in the draft capital budget for the purchase of a one ton truck. Actual cost through the RFT process was \$85,250
- At December 31, 2019, there was \$292,000 in the Gas Tax Reserve fund. In order to reduce the tax levy, road resurfacing projects in the draft budget that were originally funded by the tax levy are now going to be funded using Gas Tax Reserves. All \$700,000 of road resurfacing projects in 2020 will now be funded by the OCIF Formula funding and Gas tax funds.
- The Director of Operations has eliminated the one way plow and sweeper for the loader that was presented in the draft budget. This has been done in order to purchase more gravel for gravel maintenance, without increasing the tax levy
- As discussed at previous council meetings, the 2020 draft budget has been adjusted to account for lost revenues related to the COVID pandemic. Exact cost of lost arena rentals and bag tags is unknown at this time so a conservative estimate was used.
- After draft budget discussions on January 28th, Council hired Phelps group to recruit a new CAO for the Township. The cost to hire Phelps has been included in the revised budget

- At budget discussions on January 28th, Council discussed increasing the vehicles repairs and maintenance budget. An increase of \$10,000 has been included in the revised budget.
- There is an agreement with the former Sullivan and Derby Townships that requires the Township of Georgian Bluffs to pay 50% of the operating deficit each year for the Keady arena. In 2019, Chatsworth assumed the operations of the Keady arena on July 1st, and Georgian Bluffs was required to pay \$17,858 for the 2019 operating deficit. As Chatsworth will be operating the Keady arena for all of 2020, it is anticipated that the operating deficit will be higher in 2020. Therefore, \$35,000 has been included in the revised 2020 budget to account for Keady arena costs.

There are still a lot of unknowns about the overall impact of COVID on the Township and what the recovery from COVID will look like going forward. However, Township operations have continued throughout the emergency and so have Township expenses. When revising the budget, the goal was to keep the township's tax levy similar to the draft amount presented in January. The revised tax levy amount of \$10,037,185 is a 2.7% increase over the 2019 municipal tax levy of \$9,764,196. Given that the CPI increase in Ontario for 2019 was 2.2%, a 2.7% increase in the municipal tax levy is reasonable. Assessment growth and changes in assessment will allow us to increase our tax levy for 2020 while decreasing the municipal tax rate.

Financial Impact

	Residential Rates		
	2020	2019	
Municipal	0.00559358	0.00567890	1.5% decrease in municipal rate
County	0.00356034	0.00357933	
Education	0.00153000	0.00161000	
	<u>0.01068392</u>	<u>0.01086823</u>	1.7% decrease in combined rate

With the proposed changes including in this report, the municipal tax rate for 2020 will decrease 1.5% from 2019. Overall, the combined tax rate for the Township for 2020 will have a 1.7% decrease from prior year.

	Residential Taxes		
	2020	2019	
Assessment	\$ 306,685.00	\$ 306,685.00	
Residential Tax Rate	0.01068392	0.01086823	
Taxes	\$ 3,276.60	\$ 3,333.12	\$56.53 decrease

For a home assessed at \$306,685 that does not have a change in assessment from 2019 to 2020, they will see a reduction in their property taxes of \$56.53.

Strategic Priorities

1. Improve Communication, Collaboration and Transparency

The Township of Georgian Bluffs wishes to become more transparent and improve communication with all ratepayers, stakeholders, and neighbouring municipalities. Communication is key in all aspects of Township governance and service.

Conclusion

The proposed tax levy for Georgian Bluffs for 2020 is \$10,037,185. Combined with County and Education rates, taxpayers in the Township of Georgian Bluffs would see a 1.7% decrease in their tax rate in 2020 compared to 2019. With Council's support, staff will bring back the sums required and tax rate bylaws for approval on June 17, 2020.

Respectfully Submitted:

Reviewed by:

Kassandra Rocca, Director of Finance

Anne-Marie Shaw, Interim CAO