



Date: 2021-05-05

From: Kassie Rocca, Director of Finance

Subject 2021 Operating and Capital Budget

Report FIN2021-14

Recommendation

That the report from Kassie Rocca, Director of Finance, regarding the 2021 Operating and Capital Budget be received, and

That Committee hereby approves the amendments to the 2021 draft budget as outlined in this report, and

That staff are hereby directed to present the 2021 Sums Required By-Law, operating and capital budgets, and the 2021 Tax Rates By-law for approval at the May 12, 2021 Council meeting.

Background

The 2021 draft budget was present to Council and the public on March 30, 2021.

The total taxes to be levied presented in the draft budget was \$10,525,354, resulting in a municipal tax rate increase of 3.46%.

When combined with the education and county tax rates, the overall tax increase for our ratepayers was 2.5%. On the average home assessed at \$289,685, the result was an increase in taxation of \$77.90.

At budget deliberations, Council directed staff to investigate additional upgrades to Township parks and recreation facilities, specifically Centennial Park and Kemble Community Centre.

Since the budget deliberations on March 30th, staff have been working to include the feedback received from both Council and the public into an amended 2021 budget.

Additional grant announcements have also been made by various levels of government as outlined below.

Analysis

One time doubling of Gas Tax Funds

On March 25, 2021, the Federal government announced changes to the Gas Tax fund. Bill C-25 changed the name of the fund to the Canada Building Community fund and increased funding by \$2.2 billion in 2021. Included in the draft 2021 budget was Gas Tax funding of \$332,343 to be spent on road resurfacing projects. With this one time doubling of Gas Tax funding, the Township's allocation for 2021 increased by \$319,491.

Staff propose spending a portion of the additional funding on upgrades to the driveway at Centennial Park. Work includes removal of the current concrete surface; work to improve the slope of the driveway; resurfacing the driveway with asphalt; installing guiderails along the driveway; and installing gates at the entrance to the park so that the facility can be properly closed in the winter. Estimated cost of the project is \$200,000.

An additional \$10,000 of gas tax funds will be spent to replace four flag poles at parks throughout the Township.

The remaining unspent gas tax funds, estimated to be \$109,491, will be transferred into reserves for use in 2022.

As grant funding is being used to complete the upgrade to the Centennial park driveway and replace flag poles, there is no impact to the proposed 2021 tax levy.

Investing in Canada Infrastructure Program- Community, Culture, and Recreation funding

On April 8, 2021, the Government of Canada announced that the Township's grant application under the Investing in Canada Infrastructure Program was successful, and that the Township will receive \$1,242,944 from the Federal and Provincial government to complete upgrades at the Kemble Community Centre.

Township staff are currently working to determine next steps for the Kemble Community Centre Project. Staff will bring a report to Council detailing scope, timelines and funding sources for the project. It is expected that the design stage of the project will commence in 2021, with construction to start in 2022. As the budget impact for 2021 is anticipated to be minimal, no adjustments have been made to the 2021 proposed budget for this project.

Organization and Compensation Review

On April 21, 2021, Council received presentations detailing the findings of the Organization and Pay review performed by Pesce & Associates. The presentations were received by Council and referred to staff for additional details concerning implementation timelines, costs, etc. As of May 5th, 2021, Council has yet to approve any changes to the Township's organizational structure and non-union pay grids. An open session report and update is scheduled to be presented to Council and the public on May 12, 2021.

The 2021 draft budget included contingencies in the salaries and benefits budget for anticipated findings from the review completed by Pesce & Associates. Staff are working to prepare recommendations for changes to the Organizational structure and pay grids that will have a minimal impact on the Salaries & Benefits included in the draft 2021 budget. Therefore, no changes to the draft 2021 tax levy are proposed because of the Organization and Pay review. Approval of the budget does not approve changes to the organizational structure or pay grids. This will be done through a separate report to Council.

Airport Feasibility Study

A special Council meeting was scheduled for April 20, 2021 to consider the Airport Feasibility study prepared by the Loomex Group. In consultation with the Loomex Group and Grey County, the presentation was postponed in order to ensure the study is as fulsome and detailed as possible. At the time this report was written, the meeting had yet to be rescheduled.

The 2021 proposed budget included \$456,000 of taxation to be spent on the Warton Keppel International Airport. This figure includes taxation contributions for airport operations, capital projects, and debt payments for the loan to purchase the airport.

Staff recommend proceeding with approval of the 2021 budget in advance of receiving the airport feasibility study results. Approving the budget does not necessarily approve capital investment in the airport facility. Any items costing more than \$20,000 require an RFP and Council approval to move forward. Therefore, Council can approve the 2021 draft budget and still defer any capital spending until after the Airport Feasibility results are presented to Council.

Tax Policies approved by Grey County

Upper tier municipalities are responsible for setting the tax policies and tax ratios for their lower tiers. At their Committee of the Whole meeting on April 22, 2021, Grey County Committee passed the following motion:

That Report FR-CW-12-21 regarding 2021 property tax policies be received; and

That County Council eliminate the Commercial and Industrial vacant and excess subclass discounts with corresponding tax ratio reductions to the Commercial and Industrial class to maintain the class-by-class balance as outlined in Report FR-CW-12-21; and

That County Council adopt the remaining current 2020 tax ratios and the tax reductions for the 2021 taxation year; and

That in the absence of Provincial Regulations for the new Small Business Property Subclass, and the financial impact analysis required, that the new Small Business Property Subclass be considered in a future budget year; and

That the necessary By-laws be drafted for Council's consideration and approval.

In 2020, Commercial and Industrial properties that were deemed to be vacant or excess land had their own subclasses and received discounts in taxation of 30% and 35%, respectively. The vacant land subclass applied to properties that are included in either the commercial or industrial classes as a result of zoning or planning details, but have no assessable improvements (buildings). The excess land subclasses captured portions of improved property that are in excess of the amount of land required to support the improved portions of the land under municipal planning rules. Any portion that is considered the improved portion is taxed at the full class tax rate while the excess portion is taxed at the discounted rate. Beginning in 2017, the Province provided flexibility for changes to the reduction percentages available for the vacant and excess subclasses including the ability to modify the discount percentages or discontinue the subclasses all together. The County has approved passing a by-law to eliminate the vacant and excess land subclasses for 2021.

With the elimination of the vacant and excess land subclasses, tax burden shifts onto the commercial and industrial tax classes as properties are now taxed at the full commercial and industrial tax rates. To maintain approximate class level burdens, the County has adjusted the tax ratios for commercial and industrial taxes. The intent is to keep the total commercial and industrial taxation similar before and after the elimination of the subclasses. The effects of these policy changes will be discussed further in the financial impact section of this report.

Financial Impact

The proposed tax levy for 2021 remains unchanged at \$10,525,354 from the draft budget presented to Council on March 30, 2021. Additional projects have been added to 2021 and will be funded from other revenue sources.

Elimination of the Commercial and Industrial subclasses and adjusting the Commercial and Industrial tax ratios increases the change in the municipal tax rate over prior year from 3.46% to 3.48%.

When combined with the education and county tax rates, the overall tax increase for our ratepayers is 2.52%. On the average home assessed at \$289,685, the results in an increase in taxation of \$78.02.

Strategic Priorities

The Township of Georgian Bluffs strives to deliver effective and cost-efficient services. Operational excellence is promoted by the Township by focusing on fiscal responsibility.

Conclusion

Staff presented the draft budget to Council on March 30, 2021. Adjustments have been made to the draft budget to include additional capital projects at Centennial Park and the Kemble Community Centre. Staff recommend finalizing the 2021 budget by passing the Sums Required by-law and Tax Rate by-law at the May 12, 2021 Council meeting.

Respectfully Submitted: **Kassandra Rocca**, Director of Finance / Treasurer

Report Approval Details

Document Title:	2021 Operating and Capital Budget.docx
Attachments:	
Final Approval Date:	Apr 29, 2021

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

Jenn Burnett, Senior Planner

Tim Lewis, Chief Building Official / By-law Enforcement Officer

Steven Dollmaier, Director of Operations

Janet Hilts, HR Manager

Brittany Drury, Clerk

Al Meneses, Chief Administrative Officer