



Staff Report

Finance and IT Services

Report To: Special Committee of the Whole
Meeting Date: February 1, 2021
Report Number: FAF.21.009
Subject: 2021 Draft Budget – Public Comments
Prepared by: Ruth Prince, Director of Finance and IT Services

A. Recommendations

THAT Council receive Staff Report FAF.21.009, entitled “2021 Draft Budget – Public Comments” for information purposes.

B. Overview

This report outlines the comments from the Public Meeting for the 2021 Draft Budget, which was held on January 11, 2021 at 5:00 p.m., as well as Staff’s response to these comments.

C. Background

The 2021 Draft Budget has been reviewed by Council and the Public over a series of meetings throughout 2020 and 2021. On January 11, 2021, the Town held a Public Meeting to provide the public with the opportunity to review and comment on the 2021 Draft Budget and 2021 Draft Water and Wastewater Budget.

The timeline, as presented to Council, is to bring forward a By-law to adopt the estimates of all sums required for 2021 on February 8, 2021 for Council’s consideration.

The Town received two written comments prior to the Public Meeting and no verbal comments during the Public Meeting. Below is a summary of the comments received from the public.

D. Analysis

Written comments received for Deputation made at the December 8, 2020 Special Committee of the Whole Budget Review Meeting – Budget Review Committee (Blue Mountain Ratepayers Association)

At the December 14, 2020 Council resolved as follows:

December 14, 2020

Moved by: Jim Uram

Seconded by: Paula Hope

THAT Council direct staff, in coordination with Mayor Soever and Councillor Sampson as Chair of Finance and Administration, to respond to the Blue Mountains Ratepayers Association deputation of December 8, 2020 and all comments received in response to the 2021 Budget,

Councillor Bordignon	Yah
Councillor Hope	Yah
Councillor Matrosovs	Yah
Deputy Mayor Potter	Yah
Councillor Sampson	Yah
Councillor Uram	Yah
Mayor Soever	Yah

The motion is CARRIED.

The Blue Mountain Ratepayers Association (BMRA) started off by complimenting the Town by noting some positive points and accomplishments. A few highlights are that the Town appears to have handled the complexities of COVID-19 very well, the Town continually asked for broad public engagement via 17 different council committees and the Town has maintained excellent financial reserves for the municipality. A fulsome list of the positive points and accomplishments can be found in Attachment 1.

In addition, some concerns and shortfalls were noted which required staff responses.

1. Appears to this point that the work to implement Zero Base Budgeting (ZBB) has been limited to implementing time sheets for Town staff. While we recognize this data will be necessary to effectively apply ZBB, the 2021 budget does not seem to identify areas where ZBB should provide budget "wins" – ie efficiency enhancements and opportunities to reallocate resources to areas of greater value or impact

Response – Staff appreciate the comment. In accordance with the staged implementation program proposed in earlier Staff Reports and approved by Council, ZBB has now been implemented in all departments except for Community Services and the Operations

Department which will be implemented in 2022. Council directed staff to maintain existing service delivery levels as part of the ZBB exercise.

ZBB has indeed delivered some efficiencies, but these are typically masked by the increased service delivery demands associated with the rapid growth of the Town, and in particular the strains imposed on staff complements due to COVID-19 related service delivery changes.

As a result of ZBB, a significant budget “win” is that we are able to maintain existing service delivery levels, even in the face of COVID-19 limitations and restrictions and still deliver a zero tax rate increase prior to any additions – the additions to the budget reflect service level increases that some community members indicated were priorities for 2021.

2. An extended history of the inability of TBM to complete capital projects on time and within approved past budgets. Depreciation is greater than new capital builds and has been for some time.

Response – The 2020 year-end process has not been completed and the final 2020 capital spend and 2020 depreciation amounts are not at this time known.

3. Failure to execute The Thornbury Wastewater Headworks project on time and within budget has been identified by the Town’s operations staff as a serious shortfall. BMRA has been told mitigation processes have been put in place so a repetition of faults will not occur again

Response – Staff appreciate the comment. A more detailed reporting on outstanding projects is now included in the monthly Flash Report provided to Council by Staff. That reporting provides Council and the public with a high-level picture of the project status using financial and timeline criteria.

4. No mention of the potential future budgeting demands from the Asset Management Plan, and the size of the infrastructure gap identified earlier by the Hemson study

Response – The Town is continually working on asset management that will exceed the current legislated requirements. Not all asset classes had an approved asset management plan when the 2020 budget was released; however, those that did are included in the budget.

Page 284 of the 2020 Draft Budget – Fleet Asset Management snapshot. This chart is an update of the Town’s current state of the fleet assets as per the approved Fleet Asset Management Plan.

Page 285 of the 2020 Draft Budget – Fire has an annual transfer to the Fire Asset Replacement Reserve Fund; this amount has been calculated through the approved asset management plans to date.

Page 295 of the 2020 Draft Budget – The Roads and Drainage division has two transfers included in the 2020 draft budget; one for the Roads and Drainage Asset Replacement Reserve Fund the other for the Bridges and Culverts Asset Replacement Reserve Fund; both amounts have been calculated through the approved asset management plans to date.

Page 303 of the 2020 Draft Budget – Bridges and Culverts Asset Management snapshot. This chart is an update of the Town's current state of the bridge and culverts assets as per the approved Bridges and Culverts Asset Management Plan.

Page 304 of the 2020 Draft Budget – Sidewalk Asset Management snapshot. This chart is an update of the Town's current state of the sidewalk assets as per the approved Sidewalk Asset Management Plan.

Through 2021 staff will continue to bring forward the remaining asset classes and will write a comprehensive asset management plan for the Town. Once approved that plan will continue to inform the annual budgets on both the operating and capital side.

5. No detail of TBM costs expended to date in support of Attainable housing. Town has purchased land, assisted in demolition and applied staff time. BMRA suggests there should be a budget page outlining Town expenditures and anticipated financial returns as this project will be included in the consolidated year-end financial statements.

Response – Included in the Planning Services budget (page 163 and 164) is the annual transfer of \$20,000 to the Blue Mountains Attainable Housing Corporation (BMAHC). The BMAHC is a separate entity and is not required to include their budget in the Town's annual budgeting process. The acquisition of land for attainable housing is recorded as an asset on the Town's books as it is a temporary investment by the Town in the activities of BMAHC. The final ownership of that asset will be determined by BMAHC and the Town after consideration of all of the tax and other implications of ownership by the Town or BMAHC.

The BMAHC has voluntarily agreed to make all of its Board meetings public and as a separate entity, it undergoes its own budget process. However, the suggestion that the BMAHC be required to provide its financial reporting to the Town and that be included in the Town's annual budget process will be considered as a modification for the 2022 Budget process when that is presented to Council for a decision.

6. There appears to be insufficient fiscal restraint displayed during the current development boom of the municipality. A significant amount of revenue from increased municipal assessment taxes is present in budget 2021, but none of the money appears to have been directed to reserves. We have become aware of other similar municipalities that have chosen to cap increased spending from the revenue generated by municipal tax growth. In fact, if all additional items proposed in the budget are approved, our understanding is that tax supported Town expenditures will increase by approximately 2.5%. We believe that setting a 0% increase for total spending would be responsible.

Response – We are a rapidly growing community with average annual growth of 4.06% over the last three years. In addition, there are clear expectations from our community for enhanced engagement and communication. Expenditures on communications alone are \$791,000 in 2020, or \$92 per household. The Town is currently sitting at a draft 1.37% tax rate increase over 2020, primarily driven by increased service levels in some categories over 2020. Further direction from Council could result in a 0% tax rate increase over 2020 with some

prioritization done on the individual department's 2021 work plans, or reduction of service level deliveries.

Regarding reserves, General Reserves are budgeted to reduce only slightly (from \$9,197,411 to \$8,872,870) and Discretionary Reserves from \$32,908,947 to \$25,423,571. The latter reduction is driven primarily by new capital investments in our water and wastewater infrastructure driven by replacement needs as those assets reach the end of their useful lives.. Development Charge Reserves have increased significantly from \$16,525,604 to \$18,570,546 reflecting the growth you have referred to and the associated increases in capital spending associated with that growth.

7. BMRA is concerned about the increasing amount of municipal tax assessment dollars directed to County and not available for the Town to spend on needed capital projects such as a modern community center.

Response – The County budget is outside of the control of Town staff and Council; however, Council shares your concern that the increase of tax dollars flowing to the County and Education level crowds out our ability to fund needed services at the local level. Due to high property assessments, our ratepayers contribute an average of \$891 more per household to Grey County than the average for the rest of the municipalities. This is a function of the current value assessment and a two tier governance system, which are provincial policy matters.

8. BMRA is delighted with the Town's request for public engagement via numerous council committees. But the current number of 17 committees is a cause for concern – not clear how the town can manage the resources and tax dollars requested to assist with these committees. We know a number of committees have struggled to gain traction in 2020.

Response - Staff appreciate the comment. The Committee structure is a new initiative of this Council and reflects the mandate given to this Council to get the input of the community on critical issues and subjects. Most Committees of Council have heavy agendas (there were 181 committee meetings last year), and all have recently challenged themselves to focus on priorities. There is a lot of work to do and Council and Staff are happy to have the help. The work carried out by the Committees would cost much more if farmed out to consultants.

Written comment received from Katy Bell

I would like to submit comments to be shared with council at the upcoming budget meeting regarding the proposed tax increase. I have two serious concerns with the proposal: 1) young families are effectively being precluded from living in the area as they simply cannot afford to live here. With home prices rising (at an alarming rate) and a lack of housing inventory available, families simply cannot live here or may be forced to move into another area as a result. 2) Many people were out of work for at least 3 months over the past year as a result of the pandemic. The Town deferred 2020 tax bill payment by 1 month in an effort to help residents meet the payment- indicating that council acknowledges the difficult economic environment. Now instead of continued support to the constituents, council will introduce a tax hike?

Response – The Town is currently sitting at a draft 1.37% tax rate increase over 2020, with further direction from Council a 0% tax rate increase over 2020 can be achieved with some prioritization done on the individual department's 2021 work plans.

E. Strategic Priorities

1. Communications and Engagement

We will enhance communications and engagement between Town Staff, Town residents and stakeholders.

2. Organizational Excellence

We will continually seek out ways to improve the internal organization of Town Staff and the management of Town assets.

3. Community

We will protect and enhance the community feel and the character of the Town, while ensuring the responsible use of resources and restoration of nature.

4. Quality of Life

We will foster a high quality of life for full-time and part-time residents of all ages and stages, while welcoming visitors.

F. Environmental Impacts

None.

G. Financial Impact

The Town's 2021 Draft Budget presently requires a Town tax levy increase of 5.2%, however due to growth in assessment, the tax rate will see an increase of 1.37%. For a house assessed at 620,000 it may see an increase of \$31.00 for the Town's portion of the property tax bill.

H. In consultation with

Sam Dinsmore, Deputy Treasurer/Manager of Accounting and Budgets
Katherine Dabrowa, Budget Analyst
Rob Sampson, Councillor, Chair of Finance and Administration
Alar Soever, Mayor

I. Public Engagement

The topic of this Staff Report has been the subject of a Public Meeting which was held on January 11, 2021. Those who provided comments at the Public Meeting, including anyone who has asked to receive notice regarding this matter, have been provided notice of this Staff Report.

J. Attached

1. Comments received from the BMRA
2. Comments received from Katy Bell

Respectfully Submitted,

Ruth Prince
Director of Finance and IT Services

For more information, please contact:
Ruth Prince
directorfit@thebluemountains.ca
519-599-3131 extension 228

BMRA Comments on the Town of Blue Mountains 2021 Draft Budget

Having reviewed the 2021 draft TBM budget, the Blue Mountain Ratepayers Association would like to offer the following observations, thoughts and concerns.

Positive Points and Accomplishments

- The Town appears to have handled the complexities of Covid 19 very well overall:
 - Identified numerous savings
 - Managed Covid legal and bylaw issues, and hired part time staff to support enforcement
 - Tried to spend where needed to support the community and our business segment
- Staff elected to generously reduce TBM expenses by giving up COL increase approved by council in budget 2020. They definitely deserve appreciation for having taken that step.
- We applaud the Council directed goal for a zero per cent increase that TB residents will be paying on their 2021 tax bills. That kind of stability and certainty is important given the current pandemic challenges we're all facing.
- Kept the Town safe from Covid 19 and communicated regularly via websites, video conferencing and public notices
- Continually asked for broad public engagement via 17 different council committees
- Trying to manage the continuing record municipal growth, with enhancements having been made to the Development and Engineering Department to better meet infrastructure project deliverables
- Maintaining excellent financial reserves for the municipality
- Hired a new Operation Director to bring a fresh look and improved management skills to the senior management team
- Hired staff at the fleet and transportation management position to make better use of these assets, and hopefully to reduce costs

Concerns and Shortfalls

Beyond these actions that we believe merited recognition, there are a number of areas where we would like to see enhancements, or shifts in priorities.

- Appears to this point that the work to implement Zero Base Budgeting (ZBB) has been limited to implementing time sheets for Town staff. While we recognize this data will be necessary to effectively apply ZBB, the 2021 budget does not seem to identify areas where ZBB should provide budget "wins" – ie efficiency enhancements and opportunities to reallocate resources to areas of greater value or impact
- An extended history of the inability of TBM to complete capital projects on time and within approved past budgets. Depreciation is greater than new capital builds and has been for some time.
- Failure to execute The Thornbury Wastewater Headworks project on time and within budget has been identified by the town's operations staff as a serious shortfall. BMRA has been told mitigation processes have been put in place so a repetition of faults will not occur again
- No mention of the potential future budgeting demands from the Asset Management Plan, and the size of the infrastructure gap identified earlier by the Hemson study
- No detail of TBM costs expended to date in support of Attainable housing. Town has purchased land, assisted in demolition and applied staff time. BMRA suggests there should be a budget page outlining Town expenditures and anticipated financial returns as this project will be included in the consolidated year-end financial statements
- There appears to be insufficient fiscal restraint displayed during the current development boom of the municipality. A significant amount of revenue from increased municipal assessment taxes is present in budget 2021, but none of the money appears to have been directed to reserves. We have become aware of other similar municipalities that have chosen to cap increased spending from the revenue generated by municipal tax growth. In fact, if all additional items proposed in the budget are approved, our understanding is that tax supported Town expenditures will increase by approximately 2.5%. We believe that setting a 0% increase for total spending would be responsible.
- BMRA is concerned about the increasing amount of municipal tax assessment dollars directed to County and not available for the Town to spend on needed capital projects such as a modern community center.
- BMRA is delighted with the Town's request for public engagement via numerous council committees. But the current number of 17 committees is a cause for concern – not clear how the town can manage the resources and tax dollars requested to assist with these committees. We know a number of committees have struggled to gain traction in 2020.

From: [Corrina Giles](#)
To: [REDACTED]
Cc: [council](#); [Jennifer Moreau](#); [Nathan Westendorp](#); [Ruth Prince](#); [Ryan R. Gibbons](#); [Shawn Carey](#); [Shawn Everitt](#); [Will Thomson](#); [Tracy Petrescu](#)
Subject: RE: Contact Form from Katy Bell
Date: Thursday, December 17, 2020 9:43:53 AM
Attachments: [image001.png](#)
[image002.png](#)

Good morning Ms. Bell,

I acknowledge receipt of your comments regarding the draft 2021 Budget and confirm I have forwarded the same to Council for their information and consideration. Your comments will be included in the record of the January 11, 2021 Public Meeting, and attached to a followup staff report regarding this matter.

Kind regards,



Corrina Giles, CMO

Town Clerk

Town of The Blue Mountains, 32 Mill Street, P.O. Box 310, Thornbury, ON
N0H 2P0

Tel: 519-599-3131 ext. 232 | Fax: 519-599-7723

Email: [REDACTED] | Website: www.thebluemountains.ca

Please be advised that the Town of The Blue Mountains has reopened Town Hall. Town Hall is open from 8:30 – 4:30 pm Monday to Friday. Customers are reminded that for in-depth service needs, such as planning services, building services, applying for a marriage licence and the commissioning of documents, appointments are required. Appointments will need to be scheduled in advance by contacting the appropriate department. Contact information is available on the Town website by visiting: www.thebluemountains.ca/staff-directory.cfm or by calling 519-599-3131.

As part of providing [accessible customer service](#), please let me know if you have any accommodation needs or require communication supports or alternate formats.

From: websitecommittee@thebluemountains.ca <websitecommittee@thebluemountains.ca>

Sent: Thursday, December 17, 2020 7:08 AM

To: Town Clerk <townclerk@thebluemountains.ca>

Subject: Contact Form from Katy Bell

Name: Katy Bell

Email: [REDACTED]

Phone: [REDACTED]

Message:

I would like to submit comments to be shared with council at the upcoming budget meeting regarding the proposed tax increase. I have two serious concerns with the proposal: 1) young families are effectively being precluded from living in the area as they simply cannot afford to live here. With home prices rising (at an alarming rate) and a lack of housing inventory available, families simply cannot live here or may be forced to move into another area as a result. 2) Many people were out of work for at least 3 months over the past year as a result of

the pandemic. The Town deferred 2020 tax bill payment by 1 month in an effort to help residents meet the payment- indicating that council acknowledges the difficult economic environment. Now instead of continued support to the constituents, council will introduce a tax hike?

Attachments: