



Staff Report

Finance and IT Services

Report To: Special Committee of the Whole
Meeting Date: December 2, 2020
Report Number: FAF.20.158
Subject: 2021 Proposed Budget
Prepared by: Ruth Prince, Director of Finance and IT Services

A. Recommendations

THAT Council receive Staff Report FAF.20.158, entitled "2021 Proposed Budget";

AND THAT Council review the 2021 Proposed Budget and Proposed Additions to the Base Budget attachments.

B. Overview

This report outlines the 2021 Proposed Budget as well as the Proposed Additions to the Base Budget for the Committee of the Whole review. The 2021 Proposed Budget (Attachment 1) provides for the same service delivered in 2020 at a proposed tax levy in the amount of \$17,041,123 or a residential town tax rate of .003647428. This provides for a residential tax rate decrease of 1.01% percent over the 2020 residential town tax rate. This does not include any proposed additions/enhancements to the base budget. The 2020 Proposed Water Budget includes a zero percent rate increase and the 2020 Wastewater Proposed Budget includes a 2% rate increase.

C. Background

The Town of The Blue Mountains' Budget is the Town's annual financial plan and is the financial foundation for guiding decisions throughout the year. The budget process allows Council to review and prioritize the programs and services delivered by the Town. It provides insight and priorities to the work that will be completed over the upcoming years as well as future years that are referenced in the budget forecast.

D. Analysis

Council Direction

The attached 2021 Proposed Budget has been prepared with the direction received from Council.

Council provided staff with the following recommendations for the 2021 Budget:

B.3.4 2021 Budget, FAF.20.080

Moved by: Rob Potter

Seconded by: Alar Soever

THAT Council receive Staff Report FAF.20.080 entitled “2021 Budget”;

AND THAT Council endorse the following recommendations as included in this report;

1. Creation of an Appendix to be included at the back of the Budget Book with some of the statistics and graphs/charts;
2. That the Legal and Planning Departments will commence Zero-Based Budgeting in 2021, and the Community Services and Operations Departments will commence Zero-Based Budgeting in 2022;
3. Continue scheduling four days of Committee of the Whole budget meetings;
4. Separation of Operating and Capital which would include a complete Capital Section after going through the Operating divisions and departments;
5. Continue with the three year Operating budget;
6. Council setting a percentage increase or decrease target for the tax rate (Town rate only);
7. Continued inclusion of the Fees and Charges within the budget process;
8. Continued inclusion of a five-year capital forecast with year one being approved;
9. Full approval of multi-year projects in year one;
10. Endorsement of a new Public Notice process as included in this report;
11. Inclusion of a fiscal, cultural, social and environmental Return on Investment statement for addition to the budget requests;
12. Re-budgeting of uninitiated capital projects;

AND THAT Council direct staff to start the 2021 Budget process using the current levels of service and deliveries;

AND THAT Council endorse a target percentage change of 0% (zero percent) for the 2021 Tax Rate over the 2020 Tax Rate;

Councillor Bordignon	Yay
Councillor Hope	Yay
Councillor Matrosovs	Yay
Deputy Mayor Potter	Yay

Councillor Uram	Absent
Mayor Soever	Yay
Councillor Sampson	Yay

The motion is Carried.

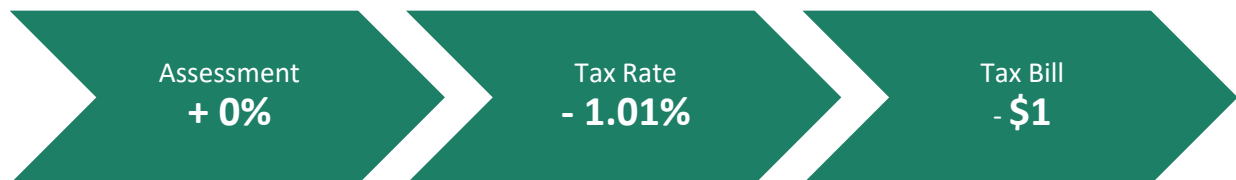
2021 Proposed Budget Highlights

2021 Proposed Operating Budget – Taxation

The 2021 Proposed Budget provides for the same service delivered in 2020 at a proposed tax levy in the amount of \$17,041,123 or a residential town tax rate of 0.00364743. This provides for a -1.01% 2021 residential town tax rate over the 2020 residential town tax rate. This does not include any proposed additions/enhancements to the base budget.

What does this mean for the average Town Property Tax Bill?

A property owner's tax bill is calculated by multiplying the assessed value by the Tax Rate.



The average property owner will see a 0% increase on their assessment. With the proposed tax rate, the average home assessed at \$620,000 may see the Town portion of their property tax bill decrease by \$1.

Due to the COVID-19 Pandemic, MPAC has frozen assessment for one year. The Ontario Government announced that the 2020 Assessment Update has been postponed and that property assessments for the 2021 taxation year will continue to be based on the fully phased-in January 1, 2016 current values (i.e., the same valuation date in use for the 2020 taxation year).

2021 Proposed Operating Budget – User-Fees

The Town has four departments, Water, Wastewater, Harbour and Building which are fully funded through user-fee revenues and do not rely on taxation.

Included in the 2021 Proposed Budget is a 0% increase to Water user-fees, 2% increase to Wastewater user-fees, 0% increase to Building fees, and a \$2 per foot increase to the Seasonal Mooring fees at the Harbour.

COVID-19

Staff are still expecting COVID-19 to have an impact on 2021 operations, and therefore, on the 2021 budget. Staff have included specific budget expenses which are included in Corporate Administration, By-law Services as well as the Beaver Valley Community Centre. Additionally, staff are expecting a loss of certain revenues in 2021 for the Craigleith Community Centre, Ravenna Hall, and the Beaver Valley Community Centre due to health guidelines and restrictions. The two Small Halls are included in the Facility and Fleet Division Budget.

Expenses in Corporate Administration have been included to cover a variety of expenses, such as sanitizer, masks, and other health and safety products. Funds are included in By-law Services to cover the cost of the additional vehicle leases and funding is available in the Beaver Valley Community Centre for additional staff.

It is also expected that Ravenna Hall and Craigleith Community Centre will lose most, if not all of its revenue from rentals in 2021 and staff estimate that the Beaver Valley Community Centre may lose up to 1/3rd of its rental revenues in 2021.

All COVID-19 related expenses as well as lost revenues have been funded by Working Capital for the 2021 Budget as it is currently unknown if any grant money will become available in 2021 for these expenses and losses. If grants do become available, funding from the Working Capital Reserve will not be used. However, if no funding is available and Working Capital is used, staff will bring forward a multi-year plan to pay back this money borrowed from the reserve. This will be detailed in Staff Reports throughout 2021 as information is available.

The following table outlines the expenses and lost revenues that are included in the 2021 budget due to COVID-19.

Addition Request	Division	2021 Budget
Expenses		
Purchased Services	Corporate Administration	\$ 50,000
Vehicle Leases	By-law Services	\$ 30,000
Salaries and Benefits	Beaver Valley Community Centre	\$ 32,500
Expenses funded through Working Capital		\$ 112,500
Lost Revenues		
Ravenna Hall Rentals	Facility and Fleet	\$ 2,300
Craigleith Community Centre Rentals	Facility and Fleet	\$ 8,260
Ice and Hall Rentals	Beaver Valley Community Centre	\$ 75,000
Lost Revenues funded through Working Capital		\$ 85,560
Total funded through Working Capital		\$ 198,060

2020 Year End Forecast

Taxation

The taxation funded departments are trending towards having a 2020 year-end deficit of \$358,260 which is due to the COVID-19 Pandemic. The Town has applied for Safe Restart Stage 2 funding from the Ontario government to fund this deficit. However, if the Town is unsuccessful with this grant, another source will have to be identified to fund this deficit.

Water and Wastewater

The Water Division is forecasting a year-end surplus of \$68,000 which is due to higher consumption charges than anticipated as more residents were spending time in the Blue Mountains during the pandemic. This balance will be transferred into Water's rate stabilization reserve to ensure that future rate increases are not dramatic.

Council did direct staff to reduce the Water Consumption Rate by 5% starting July 1, 2020 and this has decreased the possibility of a larger surplus, however, many residents were spending more time in the Blue Mountains since the start of the pandemic in March.

The Wastewater Division is forecasting to end the year very close to budget, with the possibility of a small surplus of \$5,000. This balance will be transferred into Wastewater's rate stabilization reserve to ensure that future rate increases are not dramatic.

User Fees

The Building Services Division is forecasting an estimated \$75,000 surplus by the end of 2020 which will be transferred into the Building Rate Stabilization Reserve Fund for future years where revenues do not cover expenses.

The Thornbury Harbour requested but was unsuccessful in receiving relief for the annual rental payment made to the Department of Fisheries and Oceans, which is estimated to be \$74,000 in 2020. With this payment, it is estimated that the Harbour will have a deficit of \$75,000 at the end of the year. Staff have applied for Safe Restart Stage 2 funding from the Ontario government to fund this deficit. However, if the Harbour is unsuccessful with this grant, the Harbour's reserve will be used to fund this deficit.

Public Engagement

A Public Information Centre and Public Meeting is scheduled for January 11, 2021 as per the 2021 Budget Timeline that is included in the Executive Summary in the attached 2021 Proposed Budget Package.

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

As per report and attached document.

H. In consultation with

Sam Dinsmore, Deputy Treasurer/Manager of Accounting and Budgets
Katherine Dabrowa, Budget Analyst
Vicky Bouwman, Financial Analyst
Senior Management Team

I. Public Engagement

The topic of this Staff Report has not been subject to a Public Meeting and/or a Public Information Centre as neither a Public Meeting nor a Public Information Centre are required. Comments regarding this report should be submitted to Ruth Prince, Director of Finance and IT Services at directorfit@thebluemountains.ca.

J. Attached

1. 2021 Proposed Budget Package

Respectfully Submitted,

Ruth Prince
Director of Finance and IT Services

For more information, please contact:
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