



## **Staff Report FIN2019-048**

**Title of Report:** **FIN2019-048 2020 Budget – Capital and Special Projects**

**Department:** **Finance**

**Council Date:** November 6, 2019

**Recommendation:**

**Be it resolved that** Council receive Staff Report FIN2019-048 2020 Budget – Capital and Special Projects as information; and

**That** Council approves the amended 2020 Budget timeline as presented.

### **Background:**

Municipal Act, 2001 s. 290(1) requires a municipality shall:

“prepare and adopt a budget including estimates of all sums required during the year for the purposes of the municipality, including,

amounts sufficient to pay all debts of the municipality falling due within the year”.

On July 3, 2019, Council received Staff Report FIN2019-031 2020 Budget which contained a proposed timeline for the budget process.

On September 18, 2019, Council received Staff Report FIN2019-037 2020 Budget which contained an updated timeline for the budget process.

On October 9, 2019, Council received Staff Report FIN2019-039 2020 Budget which contained an overview of the 2020 Budget – Capital and Special Projects and the detailed 2020 Budget – 10 year Capital and Special Project Plan. The draft 2020 Capital and Special Projects Budget has a requirement from taxation of \$1,908,811, an increase \$152,111 from the 2019 level. The increase equates to an estimated blended tax rate increase of 1.4%.

On October 16, 2019, at the 2 pm meeting, Council received Staff Report FIN2019-040 2020 Budget which contained the unchanged 2020 Budget – Capital and Special Projects and recommended it, as presented, be considered for approval on November 6, 2019.

On October 16, 2019, at the 7 pm meeting, Council passed the following resolution:

**Be it resolved that** Council direct staff to prioritize the Olde Town Hall to be included in the 2020 Capital Budget for presentation at the next available Budget meeting; and **That** Council support Team Town Hall's request for the current ICIP grant application stream and direct staff to repair a robust application for the ICIP grant for the Olde Town Hall revitalization and renovation as a historical theatre, arts and cultural facility.

On October 31, 2019, Council discussed Staff Report FIN2019-041 2020 Budget – Capital and Special Projects which contained a proposed update to the 2020 Budget to reflect the addition of the Olde Town Hall project. The addition of the Olde Town Hall project reflected an increase to the 2020 requirement from taxation of \$81,000. The report was received for information only.

On October 31, 2019, Council also passed the following resolution:

Be it resolved that Council receive Staff Report FIN2019-042 2020 Budget – Operating as information; and That the 2020 Budget – Operating be presented for further discussion at the November 13, 2019 Special Meeting of Council; and That Council direct staff to bring back recommendations on savings to decrease the blended tax rate from 5.1% to 4%.

Staff Report FIN2019-042 2020 Budget – Operating updated the estimated impact of a 1% increase to the blended tax rate to be \$118,577.

**Staff Comments:**

As per Council's direction on October 16, 2019, the draft 2020 Budget – Capital and Special Projects reflecting a requirement from taxation of \$1,908,811, an increase \$152,111 from the 2019 level is being presented so that it can be considered for approval.

In the discussion on October 31, 2019, some members of Council suggested that approval of the 2020 Budget – Capital and Special Projects be delayed to the same time as the 2020 Budget – Operating.

Given Council direction that staff bring back recommendations on savings to decrease the blended tax rate increase, and as some of those recommendations will be to delay some capital projects, staff recommends that the approval of the 2020 Capital Budget be delayed. Staff suggests the following update to the budget timeline:

November 6-19	9am	Regular Council	Discuss 2020 Capital Budget
November 13-19	9am	Council/ Committee of the Whole	Discuss/Recommend 2020 Budget (Operating and Capital)
November 20-19	6pm	Public Information Meeting	Present the Recommended 2020 Budget
December-4-19	9am	Regular Council	Receive the public's comments from the Public Information Meeting; Approve the 2020 Budget.

**Financial Implications:**

The draft 2020 Capital and Special Projects budget has a requirement from taxation of \$1,908,811, an increase \$152,111 from the 2019 level.

The \$152,111 equates to an estimated blended tax rate increase of 1.3%.

**Communications & Community Action Plan Impact:**

This report has been written and presented to Council in accordance with:

- Goal 1 – Attracting New and Supporting Existing Businesses and Farms
  - o Action 1

The residents and businesses of Southgate envision a growing and diverse local economy, which respects our agricultural background while also attracting new businesses and new employment opportunities in keeping with the renewed growth of our population.
  - o Strategic Initiatives
    - 1-B

By 2023, the Township will have completed a bypass road between Hwy 10 and the industrial park.
    - Immediate Initiatives
      - ii) Township Staff will direct our engineers to proceed with Hwy #10 Bypass Road design process and develop a project budget cost in 2019 and 2020.
      - iii) Township staff will work with our engineers to provide capital budget numbers for the Hwy #10 Bypass Road construction project for the 2020 budgeting cycle.
- Goal 2 – Revitalizing Downtown Dundalk
  - o Action 2

The residents and businesses of Southgate envision our largest town once again becoming a source of community pride and a hotbed of community activity, with much-improved appearance and a broader range of business opportunity.
  - o Strategic Initiatives
    - 2-E

The Township will increase its support for, and promotion of, community events, festivals, parades, library activities, and other events that attract people to the downtown area.
    - Immediate Initiatives
      - i) The Township should look to invest in the downtown business section to address accessibility concerns and to develop a plan to create a more attractive and welcoming commercial area on Proton Street between Main and Holland Streets
- Goal 3 – Promoting Health Services and Housing Choices
  - o Action 3

The residents and businesses of Southgate envision a caring community which meets the needs of all ages and incomes for a

healthy and comfortable life, even as our population grows and changes.

- Strategic Initiatives
  - 3-B  
The Township will have been a significant advocate for and contributor to a new and expanded South East Grey Community Health Centre clinic in Southgate.
  - Immediate Initiatives
    - i) The Township will continue its support of the South East Grey Community Health Centre through its community programs, support services and clinic services.
    - ii) The Township will continue its support and advocate for the South East Grey Community Health Centre in its efforts to seek Ministry of Health capital funding to locate a new clinic on municipal property in the Village of Dundalk.
- Goal 4 – Adequate and Efficient Public Facilities
  - Action 4  
The residents and businesses of Southgate expect the Township to plan and adequately provide for public facilities for gatherings, recreation and doing business with the Township, while recognizing at the same time that facility needs can change with age and a changing population.
  - Strategic Initiatives
    - 4-A  
The Township will have identified the growth-related impacts on municipal facilities, and will have designed solutions to expand its facilities, or develop new facilities, as required.
    - Immediate Initiatives
      - i) Township staff have been talking about a Multi-Use Community Facility for some time and budgeting for a future community municipal facility. The requirement is based on our present needs, community feedback and the future population growth we anticipate from our present rate of residential development. Those needs include but are not limited to a gathering place with recreational uses, provides a location with accessible municipal services and cultural events, that would serve as a community hub. Staff should continue to develop a planning and funding model for Council to consider for initial discussions.
      - ii) The Township in light of accessibility challenges with the present Southgate Municipal Office should present a report to Council as a consideration to locate a new municipal office within a Multi-Use Facility building. A consolidation of municipal services in one location would gain economic savings of capital investment and long-term operating costs should be a consideration.

- 4-B  
The Township will have made a decision on the future viability and uses of the Olde Town Hall, and will have taken action accordingly.
  - Immediate Initiatives
    - i) Township Staff will need to consider budget requirements for 2020 and in future years based on Council's decision on how we proceed with the future of the Olde Town Hall building and property.
- 4-C  
The Dundalk arena auditorium will have had an elevator installed and the necessary renovations will have been completed, in order to accommodate the expanded Early-ON program and a wider variety of programming for youth, seniors, and newcomers to the community, and possibly a cafeteria.
  - Immediate Initiatives
    - ii) Township Staff will promote community and recreation programs provided in this facility to attract and welcome youth, seniors and newcomers to Southgate through our Community Electronic signs, Facebook page, Township's website and community engagement tools.
- 4-D  
The Township will have reviewed all facilities it owns to determine their condition and utilization and to develop a business case for the future use or disposition of each facility.
  - Immediate Initiatives
    - i) Township staff should complete additional work and assess for the 2020 budget cycle as part of our annual facilities assessment process and review, to take a deeper look at our facility use and revenues, in comparison to our annual operational expenses and similar community facilities in the area. The financial assessment report should consider and report as a business case report to either continue to support the facility and the community needs with a consideration for future capital investments, future facility consolidation to reduce taxpayer costs with disposal of the facility asset and also consider excess lands around community facilities, that could have other uses such as affordable housing projects or could be sold to generate revenues and for redevelopment.
- Goal 5 – Upgrading our “Hard Services”
  - Action 5  
The residents and businesses of Southgate recognize our linear services – roads, bridges, water and sewer works, for example – to be a fundamental purpose of municipal government. This infrastructure needs to be serviceable and sustainable so that our businesses and communities can thrive and grow.

- Strategic Initiatives
  - 5-A
 

While continuing to invest an average of 45% of tax dollars on maintenance/ repair/ reconstruction of road and bridge infrastructure, Council will consider an additional 1% levy, compounding, dedicated exclusively for upgrading the road and bridge network.

    - Immediate Initiatives
      - i) Township staff will develop budgeting to consider this 1% additional levy on taxpayers as a proposed investment in our municipal roads and bridge infrastructure in our annual capital proposed investments, starting in 2020 and going forward to achieve the investment levels required in our future Asset Management Plan.
      - ii) Township Council will consider this 1% additional levy on Southgate taxpayers, as a proposed investment in our municipal roads and bridge infrastructure during budget discussion as part of our annual capital project investments, starting in 2020 and going forward to achieve the investment levels required in our future Asset Management Plan.
  - 5-B
 

The Township will have adopted a long-term asset management plan for the timely repair, replacement, and expansion of the Township's infrastructure, facilities, and other assets.

    - Immediate Initiatives
      - i) The Township Council and staff should promote, educate and adopt the new Asset Management Policy approved by Council in 2019 to be part of our thinking culture when establishing short and long term capital budgets, and in the prioritizing of asset investments in new projects or to extend the life cycle of existing infrastructure.
      - ii) The Township will continue to complete 10 year capital budget planning on an annual basis utilizing our assessment reports to make the best possible decisions related to asset maintenance, replacement and expansion decisions.
      - iii) Township staff will continue to work with service providers to implement the Municipal Data Works software solution to track our investments and support Asset Management decisions in Southgate.
  - 5-C
 

The Township will have increased wastewater treatment capacity in Dundalk to support growth.

    - Immediate Initiatives
      - i) The Township will be working with suppliers to explore wastewater capacity solutions through the Request for Information responses received by that proposal intake and working with our Consultant Engineers, Grand River Conservation Authority and industry

- experts in consultation with the Ministry of Environment, Conservation and Parks staff.
- ii) The Township will work toward completing the Wastewater Environmental Assessment and public process to recommend solutions for implementation.

- 5-D

The Township will have erected a new water tower in Dundalk.

- Immediate Initiatives

- i) The Township has completed the Water Environmental Assessment process that will support the construction of a water tower in Dundalk in the next 4 years.

## Goal 6 – Citizen Engagement

- Action 6

The residents and businesses of Southgate expect their local government to be transparent and approachable, to provide clear and timely information, and to explain and seek their input on issues and decisions facing the community.

- Strategic Initiatives

- 6-B

The Township will work with existing organizations, including the Historical Society, in reviewing its built and natural heritage, and planning for the future of its cultural and recreational assets.

- Immediate Initiatives

- i) Township staff will consult with those Community groups with interests in cultural and recreation assets being considered for development in Southgate to develop partnerships and sustainable use arrangements.
      - ii) Township staff will work with interested Community groups to seek planning input and feedback on cultural and recreation assets being developed in Southgate.

## Concluding Comments:

The draft 2020 Capital and Special Projects Budget has a requirement from taxation of \$1,908,811, an increase of \$152,111 from the 2019 level. The increase equates to an estimated blended tax rate increase of 1.3%. Staff recommends that the 2020 Budget timeline be amended to delay approval of the 2020 Capital and Special Projects Budget.

Respectfully Submitted,

**Dept. Head:**      ***Original Signed By***  
William Gott, CPA, CA, Treasurer

**CAO Approval:**    ***Original Signed By***  
Dave Milliner, CAO

**Attachments:**

1. 2020 Budget - Capital and Special Projects