



## **Staff Report FIN2019-050**

**Title of Report:** FIN2019-050 2020 Budget

**Department:** Finance

**Council Date:** December 4, 2019

**Recommendation:**

**Be it resolved that** Council receive Staff Report FIN2019-050 2020 Budget as information; and

**That** Council approve the 2020 Budget 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.

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 a resolution that directed staff to include the Olde Town Hall in the 2020 Capital Budget for presentation at the next available Budget meeting.

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 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 reported a 1% increase to the blended tax rate to be \$118,577.

On November 6, 2019, Council received Staff Report FIN2019-048 2020 Budget – Capital and Special Projects and updated the remaining 2020 Budget timeline to defer approval of the 2020 Budget - Capital and Special Project to December 4, 2019. The remaining 2020 Budget timeline, as amended, is as follows:

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

On November 13, 2019, Council passed the following resolution:

**Be it resolved that** Council receive Staff Report FIN2019-049 2020 Budget as information; and

**That** Council direct staff to revise the 2020 budget as discussed in Committee of the Whole; and

**That** Council direct staff to present the revised 2020 Budget information at the November 20, 2019 Public Information Meeting; and

**That** Council consider approval of the revised 2020 Budget at the December 4, 2019 Council Meeting.

**Staff Comments:**

The draft 2020 Budget with departmental highlights is provided as Attachment 1. The draft 2020 Budget presented has a requirement from taxation of \$7,384,704, an increase of \$722,535 from the 2019 level, which would result in a blended tax increase of 4.0%.

The summary of adjustments discussed on November 13, 2019 resulted in a net reduction of \$17,000, based on the cost of replacing Unit 294 with a used vehicle being \$51,000. However, staff has proposed increasing the budget for the replacement to \$65,000, an increase of \$14,000, based on subsequent research. The summary of adjustments is provided as Attachment 2.

The 2020 Budget Schedule of Reserves, Deferred Revenue and Reserve Funds is provided as Attachment 3.

The 2020 Budget – Capital and Special Projects is provided as Attachment 4.

A Public Information Meeting (PIM) occurred on November 20, 2019 to present the 2020 Budget to the public and solicit comments. As the budget presented was based on the November 13 discussions which anticipated the cost of replacing Unit 294 being \$51,000, it reflected a requirement from taxation of \$7,370,704, an increase of \$708,535 from the 2019 level, and an estimated blended tax increase of 3.9%. The PIM presentation is provided as Attachment 6. At the PIM, the 2020 Budget survey results, Attachment 5, were read out. Staff notes that all 6 submissions were made prior to the initial budget meeting discussion on October 9, 2019. There were no written comments nor verbal comments received at the Public Information Meeting.

**Financial Implications:**

The draft 2020 Budget has a requirement from taxation of \$7,384,704, an increase of \$722,535 from the 2019 level.

Staff estimates an increase in the blended tax rate of 4.0%. As the adjusted 2019 Tax roll (reflecting all supplementals and write-offs) and the preliminary 2020 Tax roll is not yet available, staff has made several assumptions to arrive at the estimated blended tax rate impact. Specifically, 2019 Growth of \$285,096, an increase to the County’s revenue neutral tax rate of 2%, and a decrease to the provincial education tax rate of 2%. A 1% increase or decrease in the blended tax rate is approximately \$118,577.

|   | <u>2019</u>         | <u>2020</u>         | <u>Variance \$</u> |
|---|---------------------|---------------------|--------------------|
| Net Operating Expenditures                  | \$ 4,905,469        | \$ 5,528,850        | \$ 623,381         |
| Capital/Reserves/Sp Prj                     | 1,756,700           | 1,855,854           | 99,154             |
| <b>Total to Raise from General Taxation</b> | <b>\$ 6,662,169</b> | <b>\$ 7,384,704</b> | <b>\$ 722,535</b>  |
| Supplementaries                             | \$ 100,000          | \$ 282,279          | \$ 182,279         |
| Write-offs                                  | (45,000)            | (30,000)            | 15,000             |
| Growth                                      | \$ 55,000           | \$ 252,279          | \$ 197,279         |
| Budgeted Taxation                           | \$ 6,717,169        | \$ 7,636,983        | \$ 919,814         |
| Taxation based on Ending Assessments        | \$ 6,947,265        | \$ 7,384,704        | \$ 437,439         |
| Non-Budgeted Growth                         | \$ 230,096          |                     |                    |
| Budgeted Growth                             | \$ 55,000           |                     |                    |
| <b>Total Growth</b>                         | <b>\$ 285,096</b>   |                     | <b>\$ 285,096</b>  |
|   |                     |                     | <b>\$ 722,535</b>  |

|   | 2020                 |           |            |
|---|----------------------|-----------|------------|
|   | Est. Revenue Neutral | Proposed  | % Increase |
| Southgate                                       | 0.726203%            | 0.771929% | 6.3%       |
| County of Grey                                  | 0.354049%            | 0.361130% | 2.0%       |
| Education                                       | 0.159253%            | 0.156068% | -2.0%      |
| Total   | 1.239505%            | 1.289127% | 4.0%       |
| Estimated Blended Residential Tax Rate Increase |                      |           |            |

**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.
    - 1-E
      - By 2023, the Township will have updated the Official Plan and zoning bylaw to provide flexibility to provide for business, help to reduce processing requirements, and help to provide future opportunities for success.
      - Immediate Initiatives
        - i) Township staff will complete the necessary work and community consultation in the review of the Southgate Official Plan for completion in 2020.
        - ii) Township staff will create a new Southgate Official Plan for Council adoption in 2020.
- 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.

- Strategic Initiatives
  - 2-B  
The Township will have developed, adopted and implemented Community Improvement Plans for settlement areas, including incentives for downtown redevelopment and re-use.
    - Immediate Initiatives
      - iii) Staff will investigate external funding opportunities to assist with CIP redevelopment and create incentive programs to partner with local businesses as part of the CIP to accelerate the improvement in appearance and business startup opportunities.
  - 2-C  
The Township will have modified or eliminated the vacant commercial premises tax rebate program, in order to remove disincentives to restoration and re-use.
    - Immediate Initiatives
      - i) Township staff will complete research and create staff report for Council to consider on the vacancy tax rebate program for commercial properties providing options and a staff recommendations to modify the policy to prevent owners sitting on properties. The policy should consider that the rebate program could be applied for a defined period of time to allow for building restoration and property upgrades in an effort to lease out the property.
  - 2-D  
The Township will have taken aggressive action to enforce compliance by downtown buildings with property standards Building Code, and Fire Code regulations.
    - Immediate Initiatives
      - i) Township staff will schedule visits to inspect all downtown buildings for Building and Fire Code compliance. The goal will be to work with property owners to ensure safety and compliance with property standards, the Ontario Building Code and Fire regulations on a timely (60 to 90 days) and proactive approach in 2019 and 2020 to correct issues.
      - ii) Township staff will seek compliance and resolution of concerns by property owners whenever possible for property standards, the Ontario Building Code and Fire regulations issues. When property owners do not comply or make an effort to reach compliance, staff will take an aggressive approach with action to enforce compliance through municipal Orders and/or the issuance of a summons to appear before a judge to seek a Court Orders to comply.
      - iii) Township will continue to increase training and expertise of our staff related to Fire Prevention and continue to work with other

areas Fire Service providers for support related to inspections and compliance issues.

- 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) Township staff will work with Community Group to promote community events through the electronic signs, website and social media advertising.
    - ii) The Township will look to review funding support through our Grants, Donations & Funding Policy or consider increasing our donations budget, as well as provide administrative support to secure external grant funding for Community Groups for the events, festivals and parades they organize in Southgate.
    - iii) 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
  - 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.
    - 3-C  
The Township will have worked with the County, Public Health, Police, and other agencies to develop a profile of the Southgate population in 10-15 years time, and to develop a shared image of the health, housing, and social services that will be required by that time.

- Immediate Initiatives
      - i) Township staff develop a profile image of the Southgate population in 2020 through newcomer surveys and consultation with community residents through information engagement tools to seek the needs for health services needs, housing requirements and social service support.
      - ii) Township staff develop a profile image of the Southgate population in 2020 through consultation with Public Health, South East Grey Community Health Centre, County Social Services and Community Police staff to survey the needs of the community for health services needs, housing requirements and social service support.
      - iii) Township staff will work with the County of Grey to support the developing of a Community Safety and Well Being Plan for Southgate to support its future growth and ensure the Township is a safe place for its residents to live, work and play in 2020.
- 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.
- 4-E  
The Township will have projected the likely demand for/viability of ice sports at the Dundalk arena in 10-15 years time, and will have developed a business case for the future ice sport usage, or for alternative non-ice uses, as appropriate.
  - Immediate Initiatives



- i) Township staff and the Recreation Committee of Council will annually assess the trends of ice usage and ice sports in the Dundalk Arena to create programs and investments if necessary, to increase ice rentals during the winter months.
- Goal 5 – Upgrading our “Hard Services”
  - o 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.
  - o 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.
  - iv) The Township will consider in 2020 budget cycle the hiring of a dedicated staff person to fill the role of an Asset Management Coordinator & Financial Analyst to better report and support decisions related to life cycle investing in Southgate assets.
- 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 2020 Budget has a requirement from taxation of \$7,384,704, an increase of \$722,535 from the 2019 level. Staff estimates an increase in the blended tax rate of 4.0% would be required.

Respectfully Submitted,

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

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

**Attachments:**

1. 2020 Budget
2. 2020 Budget – Summary of Adjustments
3. 2020 Budget – Schedule of Reserves, Deferred Revenue and Reserve Funds
4. 2020 Budget – Capital and Special Projects
5. 2020 Budget – Survey Results
6. 2020 Budget – Public Information Meeting Presentation