

**TO:** Mayor Caul & Members of Council

**FROM:** Dawn Galusha, Treasurer

**DATE:** January 28, 2020

**SUBJECT:** Preliminary 2020 Operating Budget

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## **BACKGROUND**

Administration has been working on operational projections and capital needs for the coming year. The Operating projections were presented to the Executive Committees at the beginning of January. Typically, Administration does an intense line by line review after a draft has gone to Council. This year, in the interest of time and to ensure Council is provided with a Budget that we feel is accurate, Administration reviewed the budget line by line in advance of sending the information to Council.

The Preliminary 2020 General Operating Budget presented, indicates a deficit of **\$493,541**.

The major external uncontrollable components accounting for 41.7% of this increase are:

• OPP Contract increase	\$ 76,670
• Ontario cannabis Legalization Fund	14,693
• Destinations Northern Ontario- TIC Grant	15,000
• Northwestern Health Unit Levy	30,698
• OMPF reduction	<u>68,900</u>
Total	<b><u>\$205,961</u></b>

At this time, we do not have the RRDSSAB Levy information, so no change has been addressed in this preliminary budget. RRDSSAB provided a presentation at the recent RRDMA meeting, in which it stated Canada CPI at 2.0% and Ontario CPI at 2.2%. If the increase is 2.2%, the potential increase to our budget is \$43,036. In addition to external forces, we have increased reserves transfers by 1.4%, amounting to \$154,000. This value is equal to the infrastructure deficit reserve funding increase required by the Asset Management Plan.

On the flip side, we have implemented savings of \$95,000 for Point Park Litigation and \$21,030 for the Community Safety and Wellbeing Plan. Throughout the operating budget there are various changes as can be seen on the line by line review of the budget as well as in reviewing the Summary pages.

The Preliminary Water and Sewer balanced budgets are incorporated in the budget document package, but they do not have a direct impact on the General Operating budget. The Water & Sewer Budgets are stand-alone utilities supported by Water & Sewer rates, which are a cost of living, but do not directly affect taxation rates.

On a positive note, we are in the final year of the four-year cycle for property assessment phase-in. This means additional assessment is added to the taxation roll which may provide for additional taxation

revenue. For example, if the 2019 overall tax rates (Municipal and Education combined rates) were applied to the 2020 assessment, it is estimated that approximately \$218,840 additional taxation revenue would be realized.

Summary of General Operating Budgets for 2019 as compared to 2020:

<b>Division</b>	<b>2019</b>	<b>2020</b>	<b>Increase/Decrease</b>	<b>Amount</b>	<b>% of Total Increase</b>
Corporate	(10,036,985)	(9,993,999)	Revenue decrease	42,986	8.71%
Admin & Finance	1,046,345	1,147,463	Net Increase	101,118	20.49%
Emergency Services	3,366,404	3,546,529	Net Increase	180,125	36.50%
Community Services	2,034,567	2,127,343	Net Increase	92,776	18.80%
Operations & Facilities	3,267,530	3,316,500	Net Increase	48,970	9.92%
Planning & Development	322,140	349,705	Net decrease	27,565	5.58%
Total Budget Increase				493,540	

You can see the attached Analysis of Ontario CPI, Tax Rates and Tax Ratios 2010-2019, with rate information using \$493,540. In our preliminary budget, we do not include the changes to the compensation structure to meet applicable Pay Equity requirements.

Some consideration to offset the increase could be to use the Town portion of the Municipal Accommodation Tax to assist with the costs of operating the Tourist Information Centre, Sorting Gap Marina and the Museum.