



REPORT N° FIN2019-026

Date	17/07/2019
Submitted by	Frédéric Desnoyers
Subject	2020 Budget Guideline Report
File N°	Click here to enter text.

1) **NATURE/GOAL :**

This report sets out the requirement for budgetary direction from council to facilitate staff's preparation of the 2020 budget.

2) **DIRECTIVE/PREVIOUS POLICY :**

N/A

3) **DEPARTMENT'S RECOMMENDATION :**

THAT the Committee of the Whole recommends that Council accepts the 2020 budget timetable, as proposed in Report No. FIN2019-026; and

THAT Council provide staff with direction with respect to the tax rate increase for 2020; and

THAT Council approve the budget deliberations process, as described under Option 1 in Report No. FIN2019-026.

QUE le comité plénier recommande que le Conseil accepte le calendrier pour le budget 2020, tel que proposé au rapport no. FIN2019-026; et

QUE le Conseil donne à l'administration une direction concernant l'augmentation du taux de taxe 2020; et

QUE le Conseil approuve le processus de délibération budgétaire, tel que décrit à l'option 1 du rapport no. FIN2019-026.

4) **BACKGROUND :**

In order for staff to begin the detailed budget process, it is important that Council provides direction so that the draft budget that is provided to Council is aligned with their vision.

The past 8 years' increases in the City's tax rates are identified in table 1:

Table 1 – Property Tax Rate Changes – City Services							
2019	2018	2017	2016	2015	2014	2013	2012

2.92%	2.84%	2.46%	1.96%	0.00%	7.50%	11.13%	12.00%
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*Average of 5.10%

5) **DISCUSSION :**

The budget changes presented in Appendix A represents primarily the changes required to maintain the same service level as 2019.

The 2020 budget guidelines and draft timeline are submitted for Council's consideration. The following information is for the consideration of Council.

Budget timetable

The 2019 budget timetable is identified below for Council's consideration

Table 2 – PROPOSED 2020 BUDGET TIMETABLE	
Budget Guideline Report – Council	August
Operating budget workshop – Staff	September
Council input	September
Capital budget workshop – Staff	October
Draft budget book – Council/Public	October 21
Council deliberations (including Library Board and public presentations)	November 5,6,7
Council deliberations (if needed)	November 12 & 13
Council approval	December 2

Budget deliberation process

The administration is always rethinking the budget deliberation process in order to be more effective.

Once a target is set by Council regarding the tax rate adjustment, administration will prepare the budget to reflect Council's vision. Council will receive a budget report outlining how the tax rate was achieved. The budget book will contain all of the detailed adjustments necessary to reach Council's goal.

Two options are proposed for the budget deliberation process.

Option 1:

A general presentation will be made to explain all of the significant changes and their impact on the operational budget. There will be a question period at the end where Council can ask any question that they would like and

propose adjustments, if needed. Capital projects will be presented one by one to Council for review and approval. The proposed option would take approximately 2 nights, 1 for the operating budget and 1 for the capital budget.

Option 2:

Departmental presentations will be made to explain all of the significant changes in their departments for the operational budget. Only changes that are related to service level or discretionary over \$5,000 will be presented. There will be a question period at the end of every department where Council can ask any question that they would like. Capital projects will be presented one by one to Council for review and approval. The proposed option would take approximately 3 nights.

Council input:

Council we be able to provide input on the 2020 budget by completing a designated form a returning it before the end of September.

Provincial budget:

The impact of the Provincial government on municipal funding levels cannot be addressed until further details are known. As of the writing of this report there have been no confirmations of the funding identified below. This is normal. Approvals typically come in close to budget review in November. The following is a summary of the provincial funding that is in the City's 2019 budget base, that have not yet been confirmed for 2020:

- Ontario Municipal Partnership Grant: \$610,100
- Library grant: \$25,000
- Ontario Community Infrastructure Fund (OCIF): \$522,474
- Child-care subsidies (FGF): \$490,990

Tax-Supported operating budget:

Staff have initiated the internal budget process for 2020 and, as such, the list of potential pressures and risks are being compiled and will be brought forward through the budget process in the Fall. The pressures and risks will be thoroughly reviewed to ensure that the 2020 budget request minimizes the impact to the tax levy. The known budget pressures and impact on the tax rate are identified in a summary on Appendix A and in detailed in Appendix B, attached. At this point in time the budget pressures are resulting in a 6.15% tax increase. Should Council set a tax rate of 3% that means a further reduction of 3.15% would need to occur.

As mentioned above staff will continue to review this list and look for options to reduce and mitigate the impact to the tax rate.

Appendix C will be handed out at the Council meeting. It will provide Council with a one page snapshot of where the City gets its revenue and where it is

spent.

Municipal fees and charges:

Staff undertook a comprehensive review of all its fees and charges during the 2019 budget and proposed a general increase of 4% to meet market conditions. As was the case last year, it is expected that Director's will again review their fees and charges but that the increases will be more in line with inflation. An increase of 2-3% on all smaller fees and licences is included in the pressures.

Capital budget:

The 10 Year plan approved in 2017 will be used as a foundation for the 2020 Capital budget. An increase of \$300,000 on Pay-as-you-go is included in the changes for the operational budget, primarily to cover for inflation in the capital budget costs.

Rates Services:

Water and Sewer services

In 2019, Hemson Consulting provided an updated model of the City's water and sewer rates. It proposes average rate increases of 2% for the variable rate and 4% for the fix rate over the next few years for the maintenance and future growth of our water and sewer infrastructure. The proposed rates for 2020 are provided in table 2. The proposed increase will be analysis to make sure enough revenue is collected to cover all water & sewer expenses.

Waste Services

In 2016, the City tendered its waste management contract and Tomlinson Inc. was the preferred proponent. In the 2019 budget, Council revisited the rates for waste and made and made changes to the billing for home-based businesses and increased the commercial rate. The rates for 2020 will be based on a review of 2018 & 2019 data and the rates will be set in time for the approval of the 2019 budget.

6) **CONSULTATION:**

Consultation will occur as proposed in the budget timetable

7) **RECOMMENDATIONS OR COMMENTS FROM COMMITTEE/ OTHER DEPARTMENTS :**

Senior management have been involved in the discussions which helped generate this report.

8) **FINANCIAL IMPACT (expenses/material/etc.):**

As included in this report

9) **LEGAL IMPLICATIONS :**

N/A

10) **RISK MANAGEMENT :**

N/A

11) **STRATEGIC IMPLICATIONS :**

N/A

12) **SUPPORTING DOCUMENTS:**

Appendix A – 2020 Budget pressures – Summary

Appendix B – 2020 Budget pressures – Detailed