

Report to Council

Report Title: 2020 Municipal Budget

Prepared By: Trish Serratore, Chief Financial Officer

Department: Finance

Date: February 18, 2020

Report Number: FIN2020-04 **File Number:** C11FIN, F05

Attachments: Appendix A - Summary of Budget Changes
Bruce County Service Comparison
Appendix B - Projected Reserve Fund Balance

Recommendation:

That the Council of the Municipality of Brockton hereby receives Report Number FIN2020-04 – 2020 Municipal Budget, prepared by Trish Serratore, Chief Financial Officer for information and in doing so, approves bringing forward a by-law to accept the 2020 Municipal Budget in the amount of \$ _____

Report:

Background:

Staff presented the draft 2020 budget to Council on February 3, 2020 and February 4, 2020. Following those meetings, staff have reviewed the various recommendations from Council and have been able to make significant changes within the budget by deferring various projects, analyzing areas to further trim including committee and board expenses and increased the funding for significant capital expenditures from Reserve Funds.

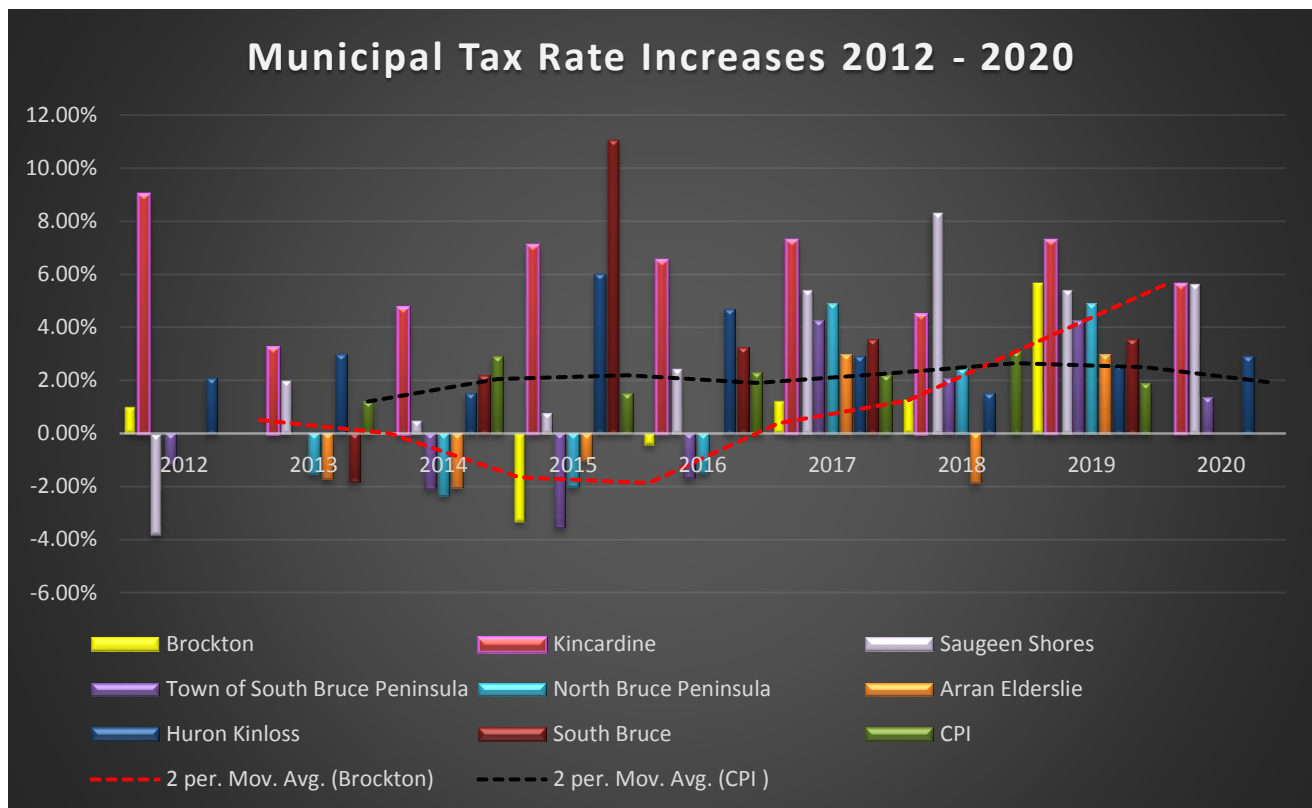
Comparative Municipal Tax Rate Information:

For Council's information, staff have gathered the municipal tax rate increases for our neighbouring municipalities within Bruce County from 2012 – 2020. The chart below illustrates the various municipal tax rate increases (and decreases) for each municipality, as well as the cost of living increase - Ontario Consumer Price Index (CPI) for each year.

As you can see, the Municipality of Brockton has been below the average increases for most of Bruce County, as well as being below the CPI increases each year. With the operating costs increasing each year by a minimum of CPI, there are many limitations for growth within the Municipality if we continue to have minimal increases to the tax base.

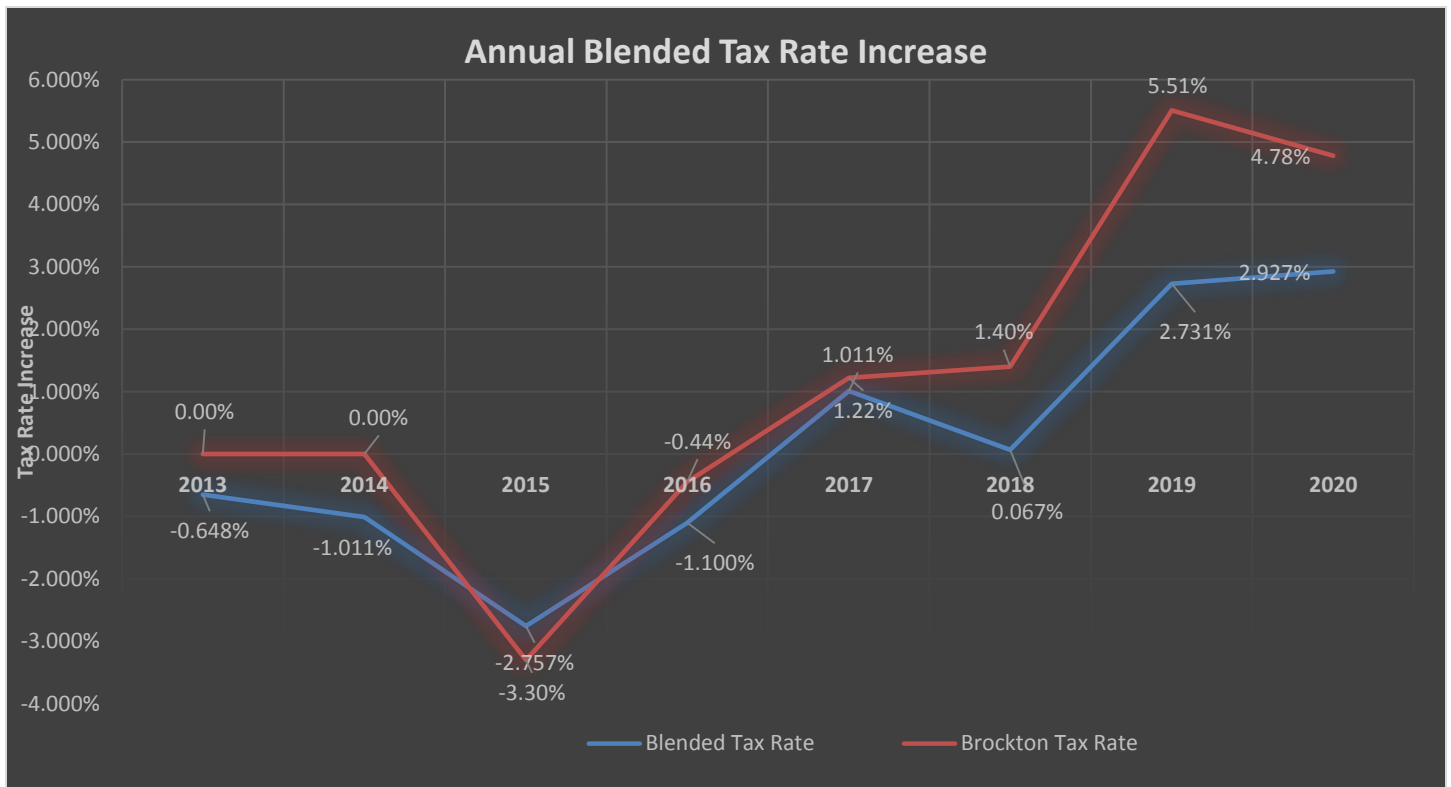
Staff have also included those municipalities that have (or close too) completing their 2020 municipal budget and what the projected tax rate impact will be.

Bruce County - Municipal Tax Rate Increase										
	2012	2013	2014	2015	2016	2017	2018	2019	2020	Average Increase/Decrease
Brockton	1.00%	0.00%	0.00%	-3.30%	-0.44%	1.22%	1.27%	5.64%		0.67%
Kincardine	9.00%	3.22%	4.73%	7.08%	6.50%	7.28%	4.47%	7.28%	5.60%	6.13%
Saugeen Shores	-3.80%	2.02%	0.51%	0.81%	2.48%	5.41%	8.31%	5.41%	5.65%	2.98%
Town of South Bruce Peninsula	-1.17%	0.00%	-2.07%	-3.54%	-1.68%	4.25%	2.08%	4.25%	1.38%	0.39%
North Bruce Peninsula	0.00%	-1.53%	-2.33%	-2.01%	-1.48%	4.90%	2.45%	4.90%		0.61%
Arran Elderslie	0.00%	-1.72%	-2.03%	-1.02%	0.00%	3.00%	-1.85%	3.00%	-	-0.08%
Huron Kinloss	2.09%	3.00%	1.50%	5.99%	4.70%	2.90%	1.50%	2.60%	2.90%	3.02%
South Bruce	0.00%	-1.83%	2.19%	11.07%	3.23%	3.57%	0.00%	3.57%		2.72%
CPI		1.20%	2.90%	1.50%	2.30%	2.20%	3.10%	1.90%		2.16%



Blended Tax Rate Information:

Many municipalities will quote the blended tax rate as this is the overall impact to the residents. The blended tax rate is a combination of the Education, County and Municipal tax rates. Below is a chart that illustrates the blended tax rate for Brockton residents, as of 2019, including the projected 2020 rate.



Taxable Assessment

Brockton has the third lowest taxable assessment within Bruce County.

The chart below illustrates the total 2020 taxable residential and farmland assessment for all municipalities within Bruce County. Currently, 42% of Brockton's taxable revenue is generated from the farm tax class, which only pays 25% of the residential rate, thus, leaving a significant need for increased tax rates to generate the revenue base required for the municipal operations and capital requirements. Whereas other neighbouring municipalities such as Kincardine, South Bruce Peninsula and North Bruce Peninsula have a very high residential tax base and would generate increased revenue with a lower municipal tax rate.

Residential vs. Farmland Assessment

	Residential	% of total RT Assessment	Farmland	% of total FT Assessment	Total Taxable Assessment
Saugeen Shores	\$2,546,708,105	95%	\$130,820,300	5%	\$2,677,528,405
Kincardine	\$1,580,355,981	71%	\$630,976,000	29%	\$2,211,331,981
Town of South Bruce Peninsula	\$1,775,397,400	93%	\$139,141,700	7%	\$1,914,539,100
Huron Kinloss	\$1,172,479,166	62%	\$712,043,253	38%	\$1,884,522,419
North Bruce Peninsula	\$1,519,007,808	94%	\$100,168,400	6%	\$1,619,176,208
Brockton	\$872,441,449	58%	\$641,103,750	42%	\$1,513,545,199
South Bruce	\$458,670,800	39%	\$721,755,428	61%	\$1,180,426,228
Arran Elderslie	\$539,283,170	52%	\$504,369,353	48%	\$1,043,652,523

Residential vs. Farmland Assessment

	Residential	% of total RT Assessment	Farmland
Saugeen Shores	\$2,546,708,105	95%	\$130,820,300
Kincardine	\$1,580,355,981	71%	\$630,976,000
Town of South Bruce Peninsula	\$1,775,397,400	93%	\$139,141,700
Huron Kinloss	\$1,172,479,166	62%	\$712,043,253
North Bruce Peninsula	\$1,519,007,808	94%	\$100,168,400
Brockton	\$872,441,449	58%	\$641,103,750
South Bruce	\$458,670,800	39%	\$721,755,428
Arran Elderslie	\$539,283,170	52%	\$504,369,353

In addition to the lowest assessment base, Brockton has:

- The third highest population, after Saugeen Shores and Kincardine (which both have the highest assessment base).

- Operates three landfills, whereas Saugeen Shores has one and Kincardine has two.
- Has nearly 264kms more roadway than Saugeen Shores
- OPP Agreement includes court costs
- Has over double the amount of bridges and culverts compared to Saugeen Shores
- Is the only municipality with a municipal child care centre
- Has multiple fire agreements

Please note the attachment “Bruce County Comparators” for a breakdown of the information above.

Although Brockton remains at the highest tax rate within the county based on the items outlined above, the municipality requires the higher tax rate to off-set the reduced assessment base and still provide the infrastructure and services needed for the municipality which has a vast rural area and population base.

Long-Term Debt

Historically, Brockton has relied on long-term debt for some of the larger capital expenditures to maintain and replace infrastructure.

Below is a chart that illustrates the balance as of the beginning of 2019 plus the 2020 beginning balance which included additional long-term debt acquired during the year. The long-term debt has increased \$975,008 during 2019 and a proposed increase for 2020 of \$3,714,000 for capital expenditures. Staff will continue to apply for grant opportunities to reduce the burden on the long-term borrowing.

OUTSTANDING LOAN	2019	2020
SOUTH STREET PHASE I RECONSTRUCTION 2016-057	744,000	719,287
LEE & COATS 2017-074	558,900	495,065
WALKERTON FIRE HALL & PROPERTY - 2002 81 & 2003 56	340,344	269,928
JACKSON & YOUNGE STREET - 2004-034	345,381	296,857
LOAN BY-LAW 2008-73 (NON WATER/SEWER PORTION)	165,780	132,624
ZETTLER LAND - EASTRIDGE - 2013-037	309,550	278,602
WALKERTON LANDFILL -2013-100	937,500	875,000
WALKERTON DAYCARE-2014-077	387,000	322,500
SOCCER FIELDS 2016-057	359,883	295,083
McCURDY BRIDGE	250,000	237,688
CAYLEY ST RECONSTRUCTION	400,000	386,248
KAAKE DRAIN		11,941
McCURDY BRIDGE #2		242,051
SIDE ROAD 10		126,739
TRACKLESS		147,552
PICK-UP TRUCK		140,000
CDCF LOAN		92,868
CDCF ENTRANCE - MUNICIPAL SHARE		321,685
DE-OX WATER		40,000

BALL DIAMOND ENTRANCE		108,322
BRIDGE 11		233,307
Total	4,798,338	\$5,773,346

Staff have reviewed the proposed 2020 budget and have deferred many infrastructure projects and minimized many operating costs to a level that will be difficult to continue into the future without impact on the residents without extensive long-term borrowing, or depleting the reserve funds or high tax rate increase. The recommended changes are outlined below and the attachment called “Summary of 2020 Budget Changes” which summarizes the financial effects.

Reserve & Reserve Fund Balances

Over the last few years Council has been dedicated to capital improvements through long-term borrowing and contributing to Reserve Funds for future infrastructure needs.

Appendix B shows the projected balance for the end of 2020. Although there is a lot of areas within the Municipal budget that we are contributing to the reserve funds, we are using more than we are contributing. The anticipated beginning balance for both Reserves and Reserve Fund is \$8,534,220 with an ending balance of \$6,656,801, with \$1,877,419 being used for capital improvements in 2020.

Analysis:

Since the first budget draft was presented, there have been several modifications to both the operating and capital budgets as follows:

Council – Decreased \$18,600

- Reduced Broadcasting to \$5,000
- Reduce Training to \$6,000

General Government – Increased \$48,000

- Remove OPG (DGR) funding \$45,000
- Add Transfer from Reserve Fund \$7,000 – Community Heritage Reserve for maintenance work to the Armoury Building
- Added Reserve Fund Transfer – Future Community Signage \$10,000

Human Resources – Decreased \$5,000

- Reduced \$5,000 – Support Programs

ERBP – No Change

EDC – Decreased \$9,750

- Remove the Walkerton Sign \$30,000
- Visitor Information Centre – Decreased \$6,000
- Added \$50,000 for natural gas project

- Removed \$15,000 for Community Improvement Plan – deferred until 2021
- Remove Spruce the Bruce Funding \$5,000
- Added \$3,750 RF – Main Street Revitalization Grant for Banners, unused in 2019

Cemetery – No Change

Animal Control – No Change

Heritage – Decrease \$8,500

- Reduced Publications \$1,500
- Reduced Art Show \$2,000
- Added Spruce the Bruce Funding for Murals \$5,000

Library – Decrease \$7,750

- Cargill Library – Building Maintenance reduced \$4,000
- Walkerton Library – Supplies reduced \$750
- Walkerton Library - Building Maintenance reduced \$3,000

Brockton Child Care – No Change

Physician Recruitment – Decrease \$37,500

Fire Services – No Change

Emergency Measures – Decrease \$10,000

- Cut Reserve Fund transfer for the Emergency Measures to \$15,000

OPP and PSB - Decrease \$4,287

- Increase in Court Security Prisoner Transportation Grant \$4,287

Conservation Authority – Decrease \$20,000

- Decrease in Valley Side Study to \$10,000

Planning – Decrease \$10,000

- Removed reviewing of Zoning Review \$5,000 to be deferred until the County of Bruce's Official Plan has been completed
- Added Revenue Site Plan Administration Fee \$5,000

Property Standards – No Change

Recreation – Decrease \$60,027

- Admin – Decrease 4,027
 - Changes in Wages and Benefits for the replacement of Recreation Supervision position
 - Increase in contribution to Elmwood Community Centre
- Parks – Decrease \$10,000

- Increase in revenue of \$10,000 in Misc. Revenue
- Pool – No Changes
- Community Centre - No changes to Operating, capital decrease of \$5,000
 - Added Condenser Cooling Tower \$70,000 – funded from RF
 - Reduced 2 Compressor Refurbishment \$9,000
 - Removed auditorium renovation \$20,000
- Lobies – Reduced \$36,000
 - Removed the electrical upgrades to Lobies Park
- Day Camp – Deduced \$3,000
 - Increase in registration by \$3,000
- Programs – no change
- Soccer – No Change
- CDCF – Decrease in capital \$12,000
 - Reduced Dredge to \$12,000
 - Removed duplicated revenue source \$17,000

Brant and Greenock Landfill – reduced \$5,000

- Increase user fees \$5,000
- EAC Committee - \$3,000 deferred projects to 2021

Public Works – Reduced \$350,000

- Reduced training \$5,000
- Reduced Building Maintenance \$10,000
- Reduced Winter Maintenance \$25,000
- Removed Misc. Paving - \$50,000
- Increased review from sale of surplus assets \$75,000
- Increased transfer from RF \$185,000

Streetlights – Reduced \$2,000

- Supplies – Reduced \$2,000

Conclusion

The total impact of the above factors equates to a municipal tax rate increase of 4.78% which has an overall blended tax rate increase of 2.92% to Brockton residents.

Brockton has done an excellent job at continuing to provide good service levels with minimal tax rate increases over an extended period of time. However, with increased growth pressures and aging facilities and infrastructure, planning and financially preparing for future needs is essential and this will require responsible tax rate increases.

Sustainability Checklist:

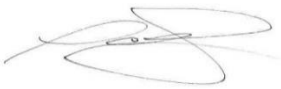
What aspect of the Brockton Sustainable Strategic Plan does the content/recommendations in this report help advance?

- | | |
|---|-----|
| • Do the recommendations help move the Municipality closer to its Vision? | Yes |
| • Do the recommendations contribute to achieving Cultural Vibrancy? | Yes |
| • Do the recommendations contribute to achieving Economic Prosperity? | Yes |
| • Do the recommendations contribute to Environmental Integrity? | Yes |
| • Do the recommendations contribute to the Social Equity? | Yes |

Financial Impacts/Source of Funding:

- Do the recommendations represent a sound financial investment from a sustainability perspective? Yes
-

Respectfully Submitted by:



Trish Serratore, Chief Financial Officer

Reviewed By:



Sonya Watson, Chief Administrative Officer