



STAFF REPORT

Report From: Daniel Waechter, Chief Financial Officer / Treasurer

Meeting Date: February 24, 2020

Subject: 2020 Municipal Budget

RECOMMENDATION

That Council approve the Municipal Budget for the year 2020 as follows:

	Operating & Reserves	Capital	Total 2020 Budget
Expenditures	33,269,448	9,410,306	42,679,754
Revenues	17,666,258	7,770,934	25,437,192
Total Municipal Taxation	15,603,190	1,639,372	17,242,562

That the Town of Saugeen Shores Tax Levy be set to \$17,242,562; and

That the BIA levies for 2020 be set at \$33,000 for the Port Elgin BIA and \$29,350 for the Southampton BIA; and

That the Tax Levy By-law establishing the 2020 Tax Rates be considered by Council at a future date.

BACKGROUND

Based on the assumptions outlined below, a Town of Saugeen Shores Tax Levy set at \$17,242,562 will result in a combined blended tax rate increase of 3.00%. This represents a \$109.07 increase to the average household assessed at \$320,000.

If any variables change significantly from the presented or assumed values, Staff will inform Council and use strategies to mitigate any potential effect on the 2020 Tax Levy. Staff have prepared the 2020 Budget with a projected total tax levy of \$17,242,562.

The following changes have been incorporated into the final budget after direction was received from Council in the initial Operating and Capital Budget meetings in November and of December 2019:

Operating Budget

Legacy Reserve Fund

- Increased the budgeted transfer to the Legacy Reserve Fund by an additional \$750,000 over the 2019 amount

SMART Funding

- Increased the budgeted amount of SMART funding from \$130,000 to \$140,622.52

Information Technology

- Reduced the salary and benefits for the IT Manager position from \$132,000 to \$90,000 to consider the impact of a mid-year hire
- Added \$28,000 for an IT Security Monitoring contract

Community Incentive Program (CIP)

- Added \$90,000 for developer incentives, funded by expected 2019 operating surplus that will be transferred to the Future Capital Reserve at year-end and transferred back to the 2020 operating budget to cover the budgeted CIP

Corporate Donation – Rotary District Conference

- Added \$5,000 for sponsorship of the 2020 Rotary District Conference being held in Saugeen Shores, to be funded by a transfer from the Tax Stabilization Reserve

Capital Budget

Snyder St. Reconstruction Design

- Project added at \$50,000 to be funded by taxation

Bruce Road 25 Outlet Design

- Project added at \$5,000 to be funded by taxation

Rainbow Crosswalks

- Project added at \$10,000 to be funded by taxation (\$5,000) and community donations (\$5,000)

Water Bottle Fill Stations

- Project added at \$5,000 to be funded by taxation

Accessible Change Table (Port Elgin Beach House)

- Project added at \$5,000 to be funded by taxation

Other Proposed Operating Budget Changes (Post Budget Meetings)

Labour Adjustments

- Labour costs have been increased by \$74,791 based on the following factors:
 - New assumptions regarding the collective bargaining process
 - Adjustments to expected hiring timing and vacancies
 - Changes to the Economic Adjustment (the proposed budget uses a 2% Economic Adjustment)
 - Adjustments based on employee job evaluations

Insurance Adjustments

- Insurance premiums have been increased by \$28,463 based on actual billing from our provider
- It is anticipated that coverage will be reviewed in 2020 and that Staff may recommend seeking competitive proposals from alternate providers for insurance coverage in 2021

Bruce Area & Solid Waste Recycling (BASWR) Contributions

- The Saugeen Shores portion of the BASWR 2020 budget has been increased from an initial estimate of \$229,813.19 to \$251,262.80 now that the final BASWR budget has been passed
- The \$251,262.80 due to BASWR represents an increase of 14.80% over 2019
- The \$21,449.61 difference is offset by a reduction to the transfer to the Landfill Expansion Reserve and does not have an effect on the tax rate

Water Department – Debt Payments

- The originally presented budget did not show any budget for payments towards an OMEIFA loan used for water infrastructure dating back to 2009
- The debt payments of \$566,198 have been added to the budget, and the transfer to the Water Reserve reduced by the same amount
- The debt payments were already included in the Water Financial Plan completed in 2019, and the budget now more accurately reflects the figures in the Water Financial Plan

Other Considerations

A number of requests from outside organizations were presented to Council during the initial budget meetings. The requests from the following organizations are not included in this proposed budget:

- Saugeen Rail Trail Association (\$5,000 increase to annual grant)
- Women's House Serving Grey and Bruce
- Huron Shores Hospice

The Women's House Serving Grey and Bruce location in Saugeen Shores has been exempt from Municipal property taxes since its inception in 2009 through Saugeen Shores By-Law 87-2010 and Bruce County By-Law 2010-012. In 2019, the taxes on the property would have been \$6,288.19 (Saugeen Shores portion of \$3,281.41).

Council may choose to adopt a motion to include additional funding for one of these organizations in the 2020 budget. Staff recommend that any funding directed towards these groups be transferred from the Tax Stabilization Reserve in order to maintain the Tax Levy at its current proposed total.

The Port Elgin BIA and Southampton BIA are not proposing any changes to their total levies. The Port Elgin BIA budget is presented in Schedule F and the Southampton BIA budget is presented in Schedule G.

The County of Bruce rates have not been formally adopted by Bruce County Council and any unforeseen changes would affect the Town's ability to raise the proposed levy within the presented total blended tax rate increase of 3.00%.

Negotiations with both the International Union of Operating Engineers (IUOE) and the Saugeen Shores Police Association are still ongoing. This budget still incorporates assumptions regarding those negotiations.

Due to the fact that it could be some time before the above assumptions are known it is recommended that the Town of Saugeen Shores proceed with budget approvals so that projects can commence in a timely manner to meet project schedules.

Schedule "A" is the summary of each department's burden on the tax levy for 2020 compared to the 2019 approved budget.

Schedule "B" provides a summary of the 2020 Capital Budget.

Schedule "C" illustrates the 2020 property tax rates and levies by Assessment Class compared to 2019.

Schedule "D" illustrates the impact of the proposed 2020 tax rates on a typical residential property in Saugeen Shores.

Schedule "E" provides a comparison of the blended rate in 2020 compared to 2019 for each Assessment Class.

Schedule "F" provides the Port Elgin BIA 2020 budget.

Schedule "G" provides the Southampton BIA 2020 budget.

Schedule "H" provides a summary of budgeted full-time positions.

Schedule "I" outlines the projected Reserve and Reserve Fund activity to December 31, 2020.

The 2020 Budget includes a recommendation of net transfers totalling \$1,346,152 in to our Reserve and Reserve Fund Accounts through operating and capital activity.

	2020 Projected
Transfers to Reserve & Reserve Funds	\$7,277,015
Transfers from Reserve & Reserve Funds	\$5,144,428
Year-End Balance	\$30,591,525

The summary of 2020 Operating and Capital Budgets and related schedules will be available on the Treasury page of the municipal website at saugeenshores.ca once approved.

FINANCIAL IMPACT

2020 Tax Levy of \$17,242,562.

Prepared By: Daniel Waechter, Chief Financial Officer / Treasurer

Reviewed By: Sue Murray, Director, Corporate Services

Approved By: David Smith, Chief Administrative Officer _____