



Council Budget Committee Meeting
Elgin County Administration Building, Council Chambers
July 27, 2021, 1:00 P.M.

Agenda

- 1st Meeting Called to Order
- 2nd Approval of the Agenda
- 3rd Approval of the Minutes
- 4th Disclosure of Pecuniary Interest
- 5th Delegations – none
- 6th Briefings and Reports
 - 1. 2021 2nd Quarter Performance
 - 2. Changes to Prior Ten-Year Plan
 - 3. 2022 Budget Cycle Timing
 - 4. Small Business Sub-Class
- 7th Other Business
- 8th Correspondence – none
- 9th Date of Next Meeting
- 10th Adjournment



Council Budget Committee
DRAFT Meeting Minutes

Virtual Meeting via Webex
 April 20, 2021 at 1:00 P.M.

ATTENDEES: Warden Tom Marks (Budget Committee Chair)
 Councillor Mary French (Budget Committee Member)
 Councillor Ed Ketchabaw (Budget Committee Member)
 Councillor Dominique Giguère (Budget Committee Member)
 Jim Bundschuh, Director of Financial Services
 Julie Gonyou, Chief Administrative Officer
 Brian Masschaele, Director of Community and Cultural Services
 Jeff VanRybroeck, CEMC/Fire Training Officer
 Jennifer Ford, Manager of Financial Services/Deputy Treasurer
 Lisa Czupryna, Senior Financial Analyst
 Mathew Waite, Financial Analyst
 Katherine Thompson, Manager of Administrative Services
 Carolyn Krahn, Legislative Services Coordinator

1. CALL TO ORDER

The Council Budget Committee met this 20th day of April, 2021 at 1:00 p.m.

2. APPROVAL OF THE AGENDA

Moved by: Councillor French
 Seconded by: Councillor Giguère

RESOLVED THAT the agenda be approved as presented.

Recorded Vote

	Yes	No
Councillor French	Yes	
Councillor Giguère	Yes	
Councillor Ketchabaw	Yes	
Warden Marks	Yes	
	4	0

- Motion Carried.

3. APPROVAL OF THE MINUTES

Moved by: Councillor Ketchabaw
Seconded by: Councillor French

RESOLVED THAT the minutes of the meeting held on February 9, 2021 be approved.

Recorded Vote

	Yes	No
Councillor French	Yes	
Councillor Giguère	Yes	
Councillor Ketchabaw	Yes	
Warden Marks	Yes	
	4	0

- Motion Carried.

4. DISCLOSURE OF PECUNIARY INTEREST

None.

5. DELEGATIONS

None.

6. BRIEFINGS AND REPORTS

6.1 Draft 2020 Annual Report – Manager of Administrative Services

The Director of Financial Services and Manager of Administrative Services presented a draft of the 2020 Annual Report. The Annual Report will be published as an interactive webpage and will provide residents of Elgin with an easy-to-understand synopsis of the financial details found in the Financial Information Return (FIR).

Moved by: Councillor Ketchabaw
Seconded by: Councillor French

RESOLVED THAT with the Committee’s support and endorsement, the 2020 Annual Report be presented to County Council at the second meeting in May.

Recorded Vote

	Yes	No
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Councillor French	Yes	
Councillor Giguère	Yes	
Councillor Ketchabaw	Yes	
Warden Marks	Yes	
	4	0

- Motion Carried.

6.2 Budget Adjustments – Director of Financial Services

The Director of Financial Services presented changes to the budget since its approval by Council in February 2021. These changes have created the opportunity to adjust the budget to reduce net spend by \$550,000.

Moved by: Councillor Ketchabaw

Seconded by: Councillor French

WHEREAS the Committee has thoroughly reviewed the financial information;

THEREFORE BE IT RESOLVED THAT the budget adjustments be presented to Council once the 2020 actuals are available.

Recorded Vote

	Yes	No
Councillor French	Yes	
Councillor Giguère	Yes	
Councillor Ketchabaw	Yes	
Warden Marks	Yes	
	4	0

- Motion Carried.

6.3 2021 First Quarter Performance – Director of Financial Services

The Director of Financial Services presented the 2021 First Quarter Performance. The budget comparison shows a favourable year-to-date performance of \$176,000.

Moved by: Councillor Giguère

Seconded by: Councillor French

RESOLVED THAT the April 15, 2021, report titled, 2021 1st Quarter Performance, submitted by the Director of Financial Services, be received and filed for information.

Recorded Vote

	Yes	No
Councillor French	Yes	
Councillor Giguère	Yes	
Councillor Ketchabaw	Yes	
Warden Marks	Yes	
	4	0

- Motion Carried.

7. OTHER BUSINESS

None.

8. CORRESPONDENCE

None.

9. DATE OF NEXT MEETING

The Committee will meet again in late July or early August.

10. ADJOURNMENT

Moved by: Councillor French
Seconded by: Councillor Ketchabaw

Resolved that we do now adjourn at 1:37 p.m.

Recorded Vote

	Yes	No
Councillor French	Yes	
Councillor Giguère	Yes	
Councillor Ketchabaw	Yes	
Warden Marks	Yes	
	4	0

- Motion Carried.

Julie Gonyou,
Chief Administrative Officer.

Tom Marks,
Chair.



REPORT TO BUDGET COMMITTEE

FROM: Jim Bundschuh, Director of Financial Services

DATE: July 19, 2021

SUBJECT: 2021 2nd Quarter Performance

RECOMMENDATION:

THAT the June 19, 2021, report titled, 2021 2nd Quarter Performance, submitted by the Director of Financial Services, be received and filed for information.

INTRODUCTION:

The budget comparison for the County shows favourable 2nd Quarter performance of \$225,000 bringing year-to-date (YTD) performance to \$402,000. The County's strong financial position continues to be the result of prudent management of the COVID crisis by Council combined with significant financial support from the province.

DISCUSSION:

Performance in the salary lines of the budget was the largest contributor to our favourable performance as a result of positions temporarily being left vacant. Economic Development/Planning, Library Services, Administrative Service, Engineering, Human Resources and Museum/Archives wage performance totalled \$227,000 in the second quarter.

Provincial Offenses/Collections (POA) revenue is below normal as a result of COVID, although the impact on the County is minimal (\$4,000 YTD). Cost savings of \$170,000 in this department did not fully offset the revenue loss of over \$400,000 resulting in an over budget balance of \$230,000 and as such no payments were made to the municipal partners. The local treasurers are aware Municipal Partner Payments may be zero even for the full year, or at a minimum significantly below budget as a result of COVID. It is hoped that 2022 will show performance better than budget as the court backlog is addressed.

FINANCIAL IMPLICATIONS:

	June 2021 Year-To-Date			Apr-Jun
	Budget YTD	Actual YTD	Perf YTD	Perf QTD
0) Corporate Activities	(18,028,698)	(18,028,563)	(135)	(103)
1) Warden And Council	184,076	172,556	11,520	6,067
2) Administrative Services/Ag/PSB	458,570	420,511	38,059	10,193
3) Financial Services	355,157	353,262	1,895	1,241
4) Human Resources	319,572	311,065	8,507	9,914
5) Administrative Building	76,779	66,421	10,358	(104)
6) Corporate Services	519,270	519,270	0	-
7) Engineering Services	(71,310)	(79,082)	7,772	842
8) Homes For Seniors Services	279,388	260,405	18,984	14,049
9) Museum/Archives	319,527	281,090	38,437	13,307
10) Library Services	1,320,686	1,241,738	78,948	50,466
11) Information Technology	474,205	473,668	537	1,246
12) Provincial Offenses	(62,276)	(58,514)	(3,762)	(8,050)
13) Ambulance & Emergency Services	1,766,710	1,772,086	(5,376)	2,900
14) Economic Development & Tourism	446,718	250,886	195,832	123,164
Grand Total	(11,641,625)	(12,043,200)	401,574	225,132

ALIGNMENT WITH STRATEGIC PRIORITIES:

Serving Elgin	Growing Elgin	Investing in Elgin
<input type="checkbox"/> Ensuring alignment of current programs and services with community need. <input checked="" type="checkbox"/> Exploring different ways of addressing community need. <input type="checkbox"/> Engaging with our community and other stakeholders.	<input type="checkbox"/> Planning for and facilitating commercial, industrial, residential, and agricultural growth. <input type="checkbox"/> Fostering a healthy environment. <input type="checkbox"/> Enhancing quality of place.	<input checked="" type="checkbox"/> Ensuring we have the necessary tools, resources, and infrastructure to deliver programs and services now and in the future. <input type="checkbox"/> Delivering mandated programs and services efficiently and effectively.

Additional Comments:



**LOCAL MUNICIPAL PARTNER IMPACT:**

None.

COMMUNICATION REQUIREMENTS:

None.

CONCLUSION:

The performance in the second quarter will provide Council with the financial flexibility to deal with any risks and opportunities that may arise as the rest of this year progresses.

All of which is Respectfully Submitted

Approved for Submission

Jim Bundschuh
Director of Financial Services

Julie Gonyou
Chief Administrative Officer





REPORT TO BUDGET COMMITTEE

FROM: Jim Bundschuh, Director of Financial Services

DATE: July 20, 2021

SUBJECT: Changes to Prior Ten-Year Plan

RECOMMENDATION:

THAT the July 20, 2021, report titled, Changes to Prior Ten-Year Plan, submitted by the Director of Financial Services, be received and filed for information; and,

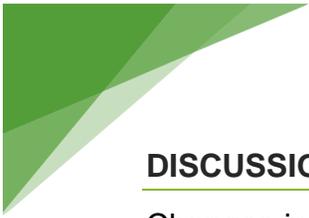
THAT changes to the 2021-2030 ten-year plan of \$2,680,000 be approved for inclusion in the 2022 budget cycle review.

INTRODUCTION:

On February 9, 2021 Council approved the 2021-2030 ten-year plan with net income of \$84,793,000 and a capital spend of \$209,053,000. The budgets currently stand at \$83,549,000 for net income and \$210,489,000 for capital. The purpose of this report is to review the \$2,680,000 of changes with the Budget Committee.

	(Increase)/ Decrease
I) Net Income	
Budget	(83,549,301)
Prior Plan	(84,793,079)
Change	(1,243,778)
II) Capital	
Budget	210,488,796
Prior Plan	209,052,540
Change	(1,436,257)
Total Changes	(2,680,035)

The details of the changes to the Council approved ten-year plan are included in the Attachment.



DISCUSSION:

Changes in the ten-year plan to staffing have resulted in increased costs of \$2,264,000 including the incremental cost for the Deputy CAO and a new position for Senior Counsel. This amount equals 0.6% of our levy.

A tax increase of \$171,000 over the ten-year plan will be required to fund the intranet project. Additionally, \$44,000 has been added for the Connectivity consultant and \$23,000 for Dietary software. These three items equal 0.06% of the levy.

Capital budget of \$97,000 has been added for pick-up trucks for Engineering Services which represents 0.02% on the levy. Additional capital budget for the Terrace Lodge redevelopment has been corrected to incorporate the January 26, 2021 Council approved increase and to correctly reflect costs spent pre-2019 for the development of alternatives for this project.

The balance of the changes is explained by an adjustment for 2021 inflationary wage increases for both salary and union, providing a reduction in cost of \$470,000 or 0.1% on the levy.

Management is currently undertaking a detailed review of the ten-year plan for the 2022 budget cycle. The first step of this process is identifying risks and opportunities to determine further changes to be recommended for inclusion in the 2022 ten-year plan.

FINANCIAL IMPLICATIONS:

The 2021 ten-year plan was approved with tax increases on the average home of 3.6% for 2022-2029, reducing to 2% (the assumed rate of inflation) starting in 2030. The changes since budget approval increase net spend over ten years by \$2,680,000, which if no further reductions are incorporated into the 2022 budget cycle, represents 0.6% incremental change on the previously planned 3.6% average property tax increase.



ALIGNMENT WITH STRATEGIC PRIORITIES:

Serving Elgin	Growing Elgin	Investing in Elgin
<input type="checkbox"/> Ensuring alignment of current programs and services with community need. <input checked="" type="checkbox"/> Exploring different ways of addressing community need. <input type="checkbox"/> Engaging with our community and other stakeholders.	<input type="checkbox"/> Planning for and facilitating commercial, industrial, residential, and agricultural growth. <input type="checkbox"/> Fostering a healthy environment. <input type="checkbox"/> Enhancing quality of place.	<input checked="" type="checkbox"/> Ensuring we have the necessary tools, resources, and infrastructure to deliver programs and services now and in the future. <input type="checkbox"/> Delivering mandated programs and services efficiently and effectively.

Additional Comments:

LOCAL MUNICIPAL PARTNER IMPACT:

None.

COMMUNICATION REQUIREMENTS:

None.

CONCLUSION:

Management is currently conducting a detailed budget review, starting with a review of risk and opportunities. Recommendations from that risk and opportunities review will be brought to the September Budget Committee meeting for consideration.

All of which is Respectfully Submitted

Approved for Submission

Jim Bundschuh
Director of Financial Services

Julie Gonyou
Chief Administrative Officer

	Change from Prior Plan
I) Net Income	
Administrative Building	
0000030 Manager Corporate Facilities	5,076
0000031 Building Science Technologist	3,609
0000032 Admin Assistant	123
0000052 Director	(136,326)
0000054 SRF - Council Chambers Renovations	100,000
Administrative Services	
0000011 Wages CAO	8,960
0000012 Wages Administrative Coordinator	3,609
0000014 Wages Administrative Assistant	2,841
0000015 Wages Legal Assistant	3,330
0000018 Wages County Barrister & Solicitor	6,100
0000143 Wages Prosecutor/Counsel	4,891
0000145 Wages - Corporate Communications & Engagement Coordinator	3,306
0000146 Wages - Legislative Services Coordinator	3,330
0000200 Wages Senior Counsel	(1,918,050)
Ambulance	
0000031 City of St. Thomas Share Excluding Provincial	(206)
0000033 Director/CAO	471
0000047 CEMC and Fire Trainer	1,416
Archives	
0000021 Archivist Assistant 1	3,330
0000022 Archivist Assistant 2	2,794
0000026 Summer Student - YCW Archives	315
0000027 Digitization	245
0000028 Internship Term A - YCW Archives	322
0000032 Internship Term B - YCW Archives	314
Bobier Villa Building & Property	
0000064 Mechanical Equipment Replacements	161,466
0000068 Maintenance Job Shadowing	(24,911)
0000069 IPAC BV Enhanced Cooling	139,478
Bobier Villa Dietary	
0000015 Manager of Support Services	80,826
Bobier Villa General & Admin	
0000031 Amortization	(6,845)
0000032 Clerk - 1	2,841
0000033 Clerk - 2	1,704
0000034 Director of Homes & Senior Services	2,532
0000035 Administrator EM & BV	2,859
Bobier Villa Housekeeping	
0000009 Manager of Support Services	40,413
Bobier Villa Nursing & Personal Care	
0000016 Training Coordinator	12,368
0000018 New Hire Orientation	42

	Change from Prior Plan
0000032 RN	(10,202)
0000035 DON - Manager of Resident Care	5,304
0000038 Direct Care Staff Funding	577
0000040 RN - Step 6	17,961
0000041 RN - Step 7	6,147
0000048 DON - CMI / Quality Supervisor	649
0000052 BV LTC Medication Safety Technology	49,992
Bobier Villa Program & Support	
0000017 Manager of Program & Therapy	687
Corporate Activities	
0000020 PIL Township of Southwold	(1)
0000052 IPM Scholarship	(5,000)
0000067 EF - Efficiency Funding Reserve	46,439
0000079 SRF - Phase 1	544,266
0000117 SRF - Unallocated Reserve	(544,266)
0000131 SDR - Director of Information Technologies Reserve	1,861,453
0000132 Ontario Covid 19 Sick Leave Benefit	1
0000133 Broadband Committee Initiatives	(44,360)
0000134 EF - IT Support and Maintenance HCM	541,000
0000135 EF - Senior Services Study	(28,232)
Corporate Services	
0000014 Payroll Charges	269,599
Council	
0000003 Development	5,000
0000014 Wages Council	6,691
Economic Development	
0000029 Students Tourism	955
0000038 WOWC Staffing	327
0000042 Manager	5,915
0000044 Admin Assistant	2,795
0000045 Business Development Co-ordinator	3,842
0000046 Tourism Services Co-ordinator	3,330
Elgin Manor Building & Property	
0000057 IPAC EM Enhanced Cooling	72,860
Elgin Manor Dietary	
0000015 Manager of Support Services	2,934
Elgin Manor General & Admin	
0000024 Purchased Services	(1,500)
0000026 Special - General Store	1,500
0000031 Amortization	6,845
0000032 Clerk - 1	2,841
0000033 Clerk - 2	2,819
0000034 Director of Homes & Senior Services	2,461
0000035 Administrator EM & BV	4,289
0000044 Covid Funding EM	50,000

	Change from Prior Plan
Elgin Manor Housekeeping	
0000009 Manager of Support Services	733
Elgin Manor Nursing & Personal Care	
0000016 Training Coordinator	18,149
0000018 New Hire Orientation	161
0000032 RN	20,240
0000035 DON - Manager of Resident Care	5,323
0000036 DON - Resident Care Coordinator	4,313
0000038 Direct Care Staff Funding	539
0000040 RN - Step 7	6,358
0000047 DON - CMI / Quality Supervisor	1,299
0000049 EM LTC Medication Safety Technology	88,038
Elgin Manor Program & Support	
0000017 Manager of Program & Therapy	1,474
Emergency Measures	
0000012 CEMC and Fire Trainer	3,643
0000014 Admin Assistant EOC	2,722
0000015 SRF - Admin Assistant EOC	106
Engineering Services	
0000017 Director	(136,326)
0000018 Deputy Director	5,915
0000019 Asset Management/GeoTech	3,609
0000020 Admin Assistant	123
0000198 Coop Student 1	917
0000199 Coop Student 2	917
0000313 SDR - In House Design Technician	4,906
Financial Services	
0000012 Wages Director of Finance	7,382
0000014 Wages Senior Financial Analyst	4,075
0000015 Wages Purchasing Coordinator	4,075
0000016 Wages Financial Analyst	3,308
0000017 Wages Admin Assistant	2,557
0000024 Wages Manager of Finance	5,034
Human Resources	
0000017 Wages HR Manager	5,076
0000018 Wages HR Assistant	1,027,553
0000019 Wages HR Assistant	3,609
0000020 Wages Accessibility Coordinator	3,609
0000023 Wages HR Director	4,212
0000025 SRF - HR Assistant Contract	246
0000026 Wages HR Coordinator	(1,157,182)
Information Technology	
0000013 Wages IT Manager	5,915
0000014 Wages IT Coordinator	4,075
0000015 Wages Senior Network Analyst	3,842

	Change from Prior Plan
0000016 Wages Network Analyst	3,330
0000017 Wages Network Analyst	3,294
0000018 Wages Admin Assistant	284
0000054 Graham Scott Enns Server Rental	18,000
0000056 EF - Intranet Maintenance	(170,654)
0000057 Wages IT Director	(1,932,675)
0000058 HCM Annual Support/Maintenance	(818,600)
0000059 HCM Contingency	(117,000)
Land Division	
0000013 Planner New	818
Library Services	
0000026 Director	7,148
0000027 Co-ordinator	4,060
0000028 Manager Prog & Comm Dev	3,609
0000029 Administrative Assistant	2,841
0000030 Library Technician 1	4,517
0000031 Library Technician 2	4,496
0000032 Inter-Library Loans Clerk	4,005
0000033 Collections Exchange Processing	4,005
0000034 Driver Maintenance Person	3,937
0000046 Workshop Hours	428
0000047 On call hours	2,721
0000048 Supervisor Aylmer	3,609
0000049 Supervisor Belmont Springfield	3,609
0000050 Supervisor Straffordville Port Burwell	3,609
0000051 Supervisor Shedden Port Stanley	3,609
0000052 Supervisor Dutton West Lorne Rodney	3,624
0000053 Library Assistant Aylmer 1	2,794
0000054 Library Assistant Aylmer 2	2,794
0000055 Library Assistant Aylmer 3	2,701
0000056 Library Assistant Aylmer 4	2,794
0000057 Library Assistant Aylmer 5	2,794
0000058 Library Assistant Belmont Springfield 1	2,794
0000059 Library Assistant Belmont Springfield 2	2,329
0000060 Library Assistant Belmont Springfield 3	1,390
0000062 Library Assistant Straffordville Port Burwell 1	2,445
0000063 Library Assistant Straffordville Port Burwell 2	1,622
0000064 Library Assistant Straffordville Port Burwell 3	1,585
0000065 Library Assistant Straffordville Port Burwell 4	2,794
0000066 Library Assistant Shedden Port Stanley 1	2,794
0000067 Library Assistant Shedden Port Stanley 2	2,794
0000068 Library Assistant Shedden Port Stanley 3	2,317
0000069 Library Assistant Shedden Port Stanley 4	2,329
0000070 Library Assistant Dutton West Lorne Rodney 1	2,794
0000071 Library Assistant Dutton West Lorne Rodney 2	3,113

	Change from Prior Plan
0000072 Library Assistant Dutton West Lorne Rodney 3	2,015
0000073 Library Assistant Dutton West Lorne Rodney 4	2,794
0000084 Library Assistant Dutton West Lorne Rodney 5	1,843
0000085 Library Assistant Dutton West Lorne Rodney 6	1,382
0000086 Library Assistant Dutton West Lorne Rodney 7	2,794
Museum	
0000025 Curator	3,842
0000026 Museum Assistant 1	2,841
0000029 Donations - Summer Student	350
0000035 Donations - Museum YI Term A	17
Planning	
0000015 Admin Assistant	247
0000019 Planner New	5,027
0000021 Junior Planner	3,630
0000023 Shared Planner Southwold and West Elgin	319
Provincial Offenses Act	
0000021 Municipal Partner Payments	(15,836)
0000033 POA Supervisor	3,842
0000034 POA Clerk 1	3,330
0000035 POA Clerk 2	3,330
0000036 POA Clerk 3	3,330
0000037 Part-time staff	564
Terrace Lodge Adult Day	
0000001 Province of Ontario	36,890
0000010 Equipment	(56,732)
0000015 Wage & Benefit Adjustment	19,843
Terrace Lodge Building & Property	
0000039 IPAC TL Enhanced Cooling	110,000
Terrace Lodge Dietary	
0000015 Manager of Support Services	2,200
Terrace Lodge General & Admin	
0000032 Clerk 1	2,841
0000033 Clerk 2	2,841
0000034 Director of Homes & Senior Services	2,532
0000035 Administrator TL	7,014
Terrace Lodge Housekeeping	
0000010 Manager of Support Services	1,467
Terrace Lodge Nursing & Personal Care	
0000016 Training Coordinator	18,149
0000018 New Hire Orientation	166
0000032 RN	(11,893)
0000035 DON - Manager of Resident Care	5,202
0000036 DON - Resident Care Coordinator	3,458
0000038 Direct Care Staff Funding	577
0000040 RN - Step 6	9,568

	Change from Prior Plan
0000041 RN - Step 7	22,922
0000047 DON - CMI / Quality Supervisor	1,299
0000050 TL LTC Medication Safety Technology	97,820
Terrace Lodge Program & Support	
0000017 Manager of Program & Therapy	1,467
Warden	
0000010 Wages Warden	2,284
I) Net Income Total	(1,243,777)
II) Capital	
Administrative Building	
0000021 Exterior Building Capital Repairs/Parking	101,030
0000024 Cooling Tower Replacement - Admin	(144,030)
0000041 Roof Repairs - Admin	43,000
0000054 SRF - Council Chambers Renovations	(100,000)
Bobier Villa Building & Property	
0000025 Flat Roof Replacement	60,000
0000032 Flat Roof	(60,000)
0000064 Mechanical Equipment Replacements	(15,562)
0000069 IPAC BV Enhanced Cooling	(139,478)
Bobier Villa Nursing & Personal Care	
0000052 BV LTC Medication Safety Technology	(49,992)
Elgin Manor Building & Property	
0000019 Security/Resident Safety	(3,000)
0000025 Misc Bldg	3,000
0000056 Covid Capital EM	(50,000)
0000057 IPAC EM Enhanced Cooling	(218,764)
Elgin Manor Nursing & Personal Care	
0000049 EM LTC Medication Safety Technology	(88,038)
Engineering Services	
0000085 Road 31 Rehabilitation (Dalewood)	7,854
0000090 Road 36 Resurfacing (Sparta to Rd 45) - paved shoulders	(7,846)
0000278 Pickup Truck Replacement	(51,300)
0000314 Pickup Truck Addition	(45,900)
Information Technology	
0000033 HCM System	125,000
0000035 Dietary Software	(22,731)
0000055 EF - Intranet Implementation	(18,207)
Terrace Lodge Building & Property	
0000013 Building Renovation	(553,473)
0000039 IPAC TL Enhanced Cooling	(82,725)
0000040 IPAC TL 2021-22 Minor Capital	(27,275)
Terrace Lodge Nursing & Personal Care	
0000050 TL LTC Medication Safety Technology	(97,820)
II) Capital Total	(1,436,257)
Grand Total	(2,680,034)



REPORT TO BUDGET COMMITTEE

FROM: Jim Bundschuh, Director of Financial Services

DATE: July 20, 2021

SUBJECT: 2022 Budget Cycle Timing

RECOMMENDATION:

THAT the July 20, 2021, report titled, 2022 Budget Cycle Timing, submitted by the Director of Financial Services, be received and filed for information.

INTRODUCTION:

In past years, the budget process begins in the 4th quarter of the proceeding year, with budget approval in February. As the land fill tax ratio needs to be recalculated to keep this Payment In-Lieu (PIL) revenue neutral, a revised by-law is brought to Council in the 2nd quarter to adjust this one ratio.

For the 2022 budget cycle, management began the process last month, with the goal of obtaining budget approval in December and approval of the by-law in March.

DISCUSSION:

Starting the budget reviews with management in June will allow management to improve its planning process leading to an improved budget outcome. With a budget approved in December, departments can begin planning their coming year spending with a greater degree of certainty than in the past. The proposed timing below does allow for the fact that outside factors (i.e. provincial changes) may materialize after that approval. The proposed timing for the approval of the by-laws is March, allowing for the updated revenue neutral landfill ratio to be incorporated, as well as allowing for any external factors to be incorporated.

Timing	Forum	Topics
June/July 2021	Kick-Off Meeting with Leadership Team	Review changes already made since February approval
		Discuss risk and opportunities for 2022-2031
July 27, 2021	Kick-off Meeting with Steering Committee	Discuss taxation policy, particularly the Small Business Class

		Review changes already made since February approval
		Discuss risk and opportunities for 2022-2031
		Solicit direction from committee
August 2021	Finance works with departments	Incorporate Risks and Ops into budget model
	Public Input	Issue a Bang The Table survey for public engagement
September 2021	Leadership Team	Review proposed operating and capital budget
		Preliminary look at tax rate implications
October 2021	Steering Committee #2	Review preliminary budget which incorporates public feedback
		Seek committee direction for enhancements to the preliminary budget
Early November 2021	First budget meeting with Council	Review major changes from 2021 plan and potential impact on taxation
Mid November	Leadership Team	Finalize proposed budget
Late November	Steering Committee #3	Final review of budget
Early December 2021	Council #2	Approval of budget and review of tax ratios and rates (with a static land fill ratio/rate)
Early March 2022	Steering Committee #3	Review final MPAC assessment and impact on rates
		Review provincial changes impacting budget and implications on the levy
		Present final tax ratios, rates and levy
Late March	Council #3	Final approval of ratios, rates and levy

FINANCIAL IMPLICATIONS:

The proposed budget timing does not directly impact the County's financials, but indirectly, it should provide an advantage. The early start to the process allows for enhanced deliberation by the management team which should result in more solid proposals being brought forward to the committee. The adoption of the budget before year-end will allow staff to begin their spending planning earlier, thereby potentially taking advantage of better pricing for some purchases.

ALIGNMENT WITH STRATEGIC PRIORITIES:

Serving Elgin	Growing Elgin	Investing in Elgin
<input type="checkbox"/> Ensuring alignment of current programs and services with community need. <input checked="" type="checkbox"/> Exploring different ways of addressing community need. <input type="checkbox"/> Engaging with our community and other stakeholders.	<input type="checkbox"/> Planning for and facilitating commercial, industrial, residential, and agricultural growth. <input type="checkbox"/> Fostering a healthy environment. <input type="checkbox"/> Enhancing quality of place.	<input checked="" type="checkbox"/> Ensuring we have the necessary tools, resources, and infrastructure to deliver programs and services now and in the future. <input type="checkbox"/> Delivering mandated programs and services efficiently and effectively.

Additional Comments:

LOCAL MUNICIPAL PARTNER IMPACT:

None.

COMMUNICATION REQUIREMENTS:

None.

CONCLUSION:

Staff has begun their budget deliberations and any direction that the Committee can provide at this time will help inform those deliberations. This report is specifically seeking the Committee's input on budget timing, but any other feedback that the



Committee wishes to provide at this time will enhance the proposed budget that staff will be presenting to the Committee in the fall.

All of which is Respectfully Submitted

Jim Bundschuh
Director of Financial Services

Approved for Submission

Julie Gonyou
Chief Administrative Officer





REPORT TO COUNTY COUNCIL

FROM: Jim Bundschuh, Director of Financial Services

DATE: July 20, 2021

SUBJECT: Small Business Sub-Class

RECOMMENDATION:

THAT the July 20, 2021, report titled, Small Business Sub-Class, submitted by the Director of Financial Services, be received and filed for information.

INTRODUCTION:

The Province has now released O.Reg. 331/21 establishing the rules and requirements associated with the Optional Small Business Property Tax Class it announced last fall.

DISCUSSION:

Previously, the Province introduced, and Elgin adopted the Small Farm Value-Added Sub-Class. This sub-class had well defined rules that allowed MPAC to manage the process for any municipalities that adopted this sub-class. The rules stated that any farm commercial/industrial roll number valued below \$1 million would receive a 75% reduction in the tax rate on the first \$50,000 of assessment in municipalities that adopt the class. MPAC identifies the properties and moves the appropriate assessment to the new class.

In contrast, the Small Business sub-class requires that the municipalities be responsible for administering this sub-class. MPAC's sole responsibility will be to move properties as specified by municipalities into and out of the Sub-class. Potentially further complicating matters is that the legislation allows for multiple sub-classes within the Small Business sub-class. Not only is more than one Small Business Property Tax Class within a Jurisdiction allowed, but the eligibility requirements of these multiple Classes may differ from one another. What this means is:

- Separate Sub-classes with different rules may be established for each lower tier municipality.
 - That separate sub-classes can be established in different geographic parts of a municipality to reflect differences in circumstance, level of relief, etc.
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Municipalities can also set the level of discount at anything up to 35%, create the sub-class in either or both the Broad Commercial and Broad Industrial Property Tax Classes and even require landlords to pass on the reduction in taxation levels to tenants. As a result, municipalities have unprecedented flexibility in determining what relief should be provided and to whom, should they decide to implement it.

The only component of the Small Business sub-class that is the same as the Small Farm Value-Added sub-class is that the responsibility for the creation of the Sub-class rests with the County.

But while O.Reg. 331/21 provides municipalities unprecedented flexibility, the Province has set specific requirements that must be fulfilled for it to consider authorizing a matching reduction in Education Taxes. To qualify to be eligible for this matching reduction in Education Tax, municipalities must provide the following to the Minister of Finance:

- A municipal by-law outlining the program requirements as well as estimated total municipal tax relief to small businesses.
- Evidence that the municipality conducted consultations with business stakeholders regarding the small business property subclass.

The Ministry of Finance will then review the materials provided and advise on a “case-by-case” basis whether the Province will provide matching reductions in the Education Tax rate.

It is interesting that O.Reg. 331/21 states that municipalities have the option – but are not required to use an application system for determining eligibility of properties for inclusion in the sub-class. Further, the Regulation states that even if applications are required, that in taxation years subsequent to the initial year, that the requirement for applications can be waived. This means is that:

- Municipalities can leave the determination of what properties are to be placed into the sub-class to specific staff members, or;
- That if applications are required, they can be deemed to only be necessary when:
 - o making the initial request for inclusion in the sub-class, or;
 - o when there have been changes to the property that change its eligibility for inclusion.

Further flexibility and discretion are being given to municipalities as they can:

- Determine whether the process by which it is determined what properties are to be included in the Sub-class will be a purely administrative process (similar to that used by

MPAC) in which the Treasurer will identify the properties that should be considered by the Program Administrator for inclusion in the class, or;

That property owners will need to prepare and submit an application in order for their property to be considered for inclusion in the sub-class.

Choosing the former option put the onus on the municipality to ensure that all qualifying properties are brought captured for inclusion in the sub-class. It does, however, also allow staff to precisely quantify the amount of relief that is being provided.

On the other hand, an application system puts the onus on the property owners to identify if they believe their properties should qualify and will likely, regardless of the amount of advertising undertaken, result in a lower number of properties being moved to the sub-class. As a result, the lost tax revenue resulting from the relief provided under an application-based system can be expected to be less, but it will be difficult to extrapolate the magnitude of the loss. It is important to note that application systems can also be expected to cost significantly more to operate as it will be necessary to:

- Design the application form
- Create a distribution method (paper, electronic, etc.)
- Assign staff to process the applications received, answer questions, assist applicants, etc.

These duties would be in addition to the tasks common to the routine administration of the Small Business sub-class that a municipality must perform whether an application system is used, or staff make the decisions internally. Examples of these common responsibilities are:

- Incorporating a review of the requirements, application of, level of discount and means of funding the Small Business Property Tax Sub-class into the County's and LMPs annual Tax Policy review and setting process. The County can create, eliminate, or modify our use of this optional Property Tax Subclass annually within the parameters set by the Municipal Act, the City of Toronto Act, O.Reg. 282/98 under the Assessment Act as now amended by O.Reg. 331/21
- Appointing Program Administrator(s). The Administrator must be an employee of the municipality. This can be an employee of the County or an employee in each LMP, but not both.
- The Program Administrator(s) shall annually:
 - o Provide MPAC with a list of the properties that are to be contained in the Small Business Property Sub-class for that taxation year.

- o Provide the Minister of Finance the information required to determine if the Province will provide a matching Education Tax reduction.
- o Post a “public registry” in an electronic format of the properties that have been identified as being part of the sub-class.
- Appointing an Arbitrator to hear complaints. O.Reg. 331/21 specifies that this person is to be a municipal employee
- Developing a reconsideration process under which the Arbitrator will hear complaints regarding decisions made by the Program Administrator. This reconsideration process has specific requirements and protocols set out in O.Reg. 331/21 that are unique to the administration of this sub-class.
- Ensuring that if a property owner is not satisfied with the Arbitrator’s decision regarding their Reconsideration Request, that they are aware that they can exercise the right to appeal the Arbitrator’s decision to the ARB in the usual manner.

FINANCIAL IMPLICATIONS:

The financial implications of rolling out this sub-class could vary significantly based on how it is implemented. What is certain is that there will be an administrative cost for doing so and that cost could be quite significant under an application-based process.

ALIGNMENT WITH STRATEGIC PRIORITIES:

Serving Elgin	Growing Elgin	Investing in Elgin
<input checked="" type="checkbox"/> Ensuring alignment of current programs and services with community need. <input checked="" type="checkbox"/> Exploring different ways of addressing community need. <input checked="" type="checkbox"/> Engaging with our community and other stakeholders.	<input checked="" type="checkbox"/> Planning for and facilitating commercial, industrial, residential, and agricultural growth. <input type="checkbox"/> Fostering a healthy environment. <input type="checkbox"/> Enhancing quality of place.	<input checked="" type="checkbox"/> Ensuring we have the necessary tools, resources, and infrastructure to deliver programs and services now and in the future. <input type="checkbox"/> Delivering mandated programs and services efficiently and effectively.



LOCAL MUNICIPAL PARTNER IMPACT:

In addition to reduced property tax revenue if this program is implemented, this program will have a significant workload implication on the LMPs.

COMMUNICATION REQUIREMENTS:

If Council were to chose to enact this sub-class, community engagement will be required prior to implementation and then again on an annual basis.

CONCLUSION:

The local treasurers have discussed the implications and complications associated with the Small Business sub-class and unanimously agree to recommend against implementing it given the complexity of the program. The treasurer's recommendation considered that additional staff will most likely be required to support the program, the potential for adverse reactions for those businesses that are deemed not to qualify, and the fact that all other sub-classes, including residential, will need to adsorb the cost of not only the tax relief, but also the overhead cost of administering the program. It is important to note that not implementing this program for 2022 does not preclude implementing it in future years. If in the future the province were to modify the regulations to allow MPAC to provide support similar to how the Small Farm Value-Added sub-class is managed, the treasurers would certainly reconsider their position.

All of which is Respectfully Submitted

Jim Bundschuh
Director of Financial Services

Approved for Submission

Julie Gonyou
Chief Administrative Officer

