

DATE: February 16, 2021

REPORT NO: T-06-2021

SUBJECT: **2021 Draft Operating and Capital Budget**

CONTACT: Donna DeFilippis, Director of Finance and Treasurer

OVERVIEW:

- Council is presented with a Draft 2021 Operating and Capital Budget which includes a general tax levy of \$8,054,840 which represents a 5.68 % levy increase over 2020, after factoring in assessment growth. The overall tax bill (including all three taxing authorities) would increase by approximately 2.80% or \$122.61 for a home assessed at \$382,397.
- A total of \$6,016,500 in Capital and Special Projects are planned in 2021. Of this amount, \$2,175,000 is for road related work, including a \$630,000 project to hard-top a gravel road. The budget includes \$990,000 of debenture financing to support the road related works.
- Every \$75,300 of additional expenditure added to this Draft Budget equates to a 1% general tax levy adjustment which represents an approximate \$13 increase in taxes to the average homeowner. Alternatively, every reduction of \$75,300 would result in an approximate decrease of \$13 to the average homeowner
- A new hospital levy is to be established with an amount of \$95,500 to be levied in 2021. This represents an increase of 1.27% over the 2020 levy. This new hospital levy **is not** included in the general tax levy of \$8,054,840 and will result in an estimated 2021 increase of \$16.71 to the tax bill for a home assessed at \$382,397
- Budget approval is scheduled to be held at a special Council meeting on Monday, March 1st, 2021 at 6:30 p.m. and Tuesday, March 2nd at 6:30 p.m. (if required)

RECOMMENDATION:

1. That, Report T-06-2021, regarding the “2021 Draft Operating and Capital Budget”, dated February 16, 2021 be received for information.

ATTACHMENTS:

- **Schedule A** 2021 Draft Operating Budget Summary
- **Schedule B** 2021 Draft Operating Department Budgets
- **Schedule C** 2021 Reserve Transfers
- **Schedule D** 2021 Change Requests Included in Budget
- **Schedule E** 2021 Change Requests NOT Included in Budget
- **Schedule F** 2021 COVID-19 Budget Impact
- **Schedule G** 2021 Ten Year Capital Plan - Summary
- **Schedule H** 2021 Ten Year Capital Plan Detail-Expenditure
- **Schedule I** 2021 Ten Year Capital Plan Detail-Funding
- **Schedules J to P** 2021 Detail Capital Project Sheets by Asset Type
- **Schedule Q** Public Works Report PW-27-2020

ALIGNMENT TO STRATEGIC PLAN:

Theme #1 and #6

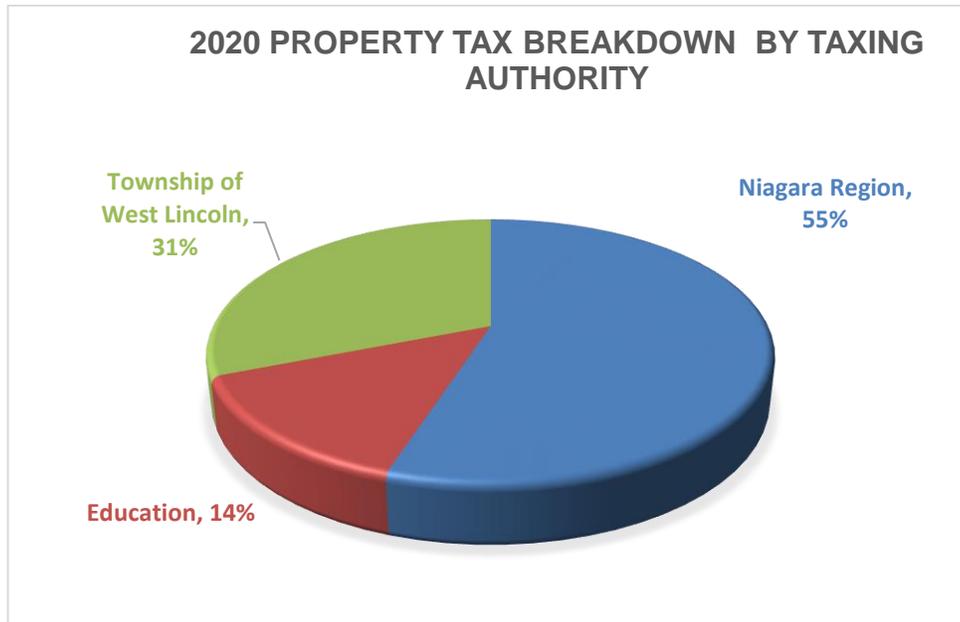
- Strong Transportation Connections – Building safe, connected and well maintained infrastructure networks.
- Efficient, Fiscally Responsible Operations – Maintaining a lean organization with innovative approaches and strong asset management.

BACKGROUND:

Approval of the 2021 Operating and Capital Budget is scheduled to take place on Monday, March 1st, 2021. If necessary, Tuesday, March 2nd, 2021 has also been set aside as a budget meeting. The purpose of this report is to give Council an opportunity to review and discuss the draft budget prior to the formal budget meeting.

It is important for Council to realize that every \$75,300 increase or decrease in the tax funded budget equates to a 1% general tax levy adjustment. The increase in the amount needed from the tax base does not directly relate to an increase in taxes on a residential home, but rather it is the increase in the overall tax levy required year over year. Every \$75,300 of expenditure added to this budget will result in approximately a \$13 increase in taxes paid for an average residential home assessed at \$382,397. This information should assist Council in understanding the estimated effects of the draft budget as presented and alternatively how adjustments to the amount needed from the tax levy impacts the average residence.

Property owners in West Lincoln receive a tax bill from the Township that includes taxes levied by the Township, Niagara Region and Education. In 2020, the allocation between these three authorities is reflected below:



CORPORATE STRATEGIC PLAN:

On December 16, 2019, the Township of West Lincoln Council approved “Respecting Our Roots, Realizing Our Future,” a new Corporate Strategic Plan that will guide decisions and investments to 2029. The plan is structured around the following six themes:

1. Strong Transportation Connections – Building safe, connected and well maintained infrastructure networks.
2. Support for Business, Opportunities for Residents – Creating a positive image and a community where it is easy to do business.
3. Strategic, Responsible Growth – Welcoming new residents and businesses and respecting the heritage and rural identity that people value.
4. Local Attractions – Providing amenities, programs and services that bring the community together.
5. Community Health and Safety – Fostering a safe community where residents can thrive throughout their lives.
6. Efficient, Fiscally Responsible Operations – Maintaining a lean organization with innovative approaches and strong asset management.

Throughout the budget documents the relevant themes will be highlighted where appropriate so that Council and members of the West Lincoln community can see the correlation between the budget and the approved strategic plan.

CURRENT SITUATION:

The 2020 draft base budget requires an overall tax levy of \$8,054,840. However, assessment growth results in a portion of the tax levy increase not impacting the actual taxes paid by property owners. For the 2021 budget, residential assessment growth is estimated at \$97,000 (1.29%). This means that of the \$524,440 increase in the required tax levy, the first \$97,000 of that increase does not increase the taxes paid by property owners. In 2020, assessment growth was \$128,300 or 1.86%. The estimated impact to the total tax bill based on a value of **\$100,000 assessment** is as follows:

	2021 Total Taxes	2020 Total Taxes	Share of Tax Bill,2021	\$ Change	% Change
Assesment	\$ 100,000.00	\$ 100,000.00		\$ -	0.00%
Municipal	\$ 368.52	\$ 348.92		\$ 19.60	5.62%
Urban Service Area***	\$ 20.55	\$ 20.55		\$ -	0.00%
Total Township	\$ 389.07	\$ 369.47	33%	\$ 19.60	5.30%
				\$ -	
Region**	\$ 635.64	\$ 623.18	54%	\$ 12.46	2.00%
Education***	\$ 153.00	\$ 153.00	13%	\$ -	0.00%
				\$ -	
TOTAL	\$ 1,177.71	\$ 1,145.65		\$ 32.06	2.80%
** assume 2.0% increase to Niagara Region portion of taxes					
***no anticipated change					

For an average home assessed at \$382,397 the annual increase is \$122.61 or just over \$10/month.

Urban Service Area Special Charge:

The 2021 Draft Budget includes an Urban Service Area levy of \$192,530 (\$188,400 in 2020). The Urban Service Area levy is a special levy collected in the Urban Serviced Area of Smithville and funds the cost of streetlights and sidewalks (including sidewalk snow removal) within this designated area. Although the levy is increasing by 2.19%, we do not anticipate an increase in the actual taxes paid for these services after factoring in assessment growth.

2021 DRAFT BUDGET – OPERATING FUND ANALYSIS:

The 2021 draft budget indicates an increase to the tax levy of **\$524,440**. The points below will highlight the items contributing to this increase.

- 1) Inflationary Costs impacting most budget lines of approximately 1.9%, totalling **\$180,670**. This is based on the levy funded expenditures in the budget, which in 2020 totalled just over \$9 million. Some budget lines and departments may have incurred cost increase in excess of 2%, however, mitigating factors in other budget lines were used to offset these increases.

- 2) A decrease in anticipated Planning Fee Revenue, impacting the Planning Budget, totalling **\$58,550**
- 3) Overall increase to Reserves (levy supported) totalling **\$225,490**. This includes increases to accommodate the anticipated debenture costs to fund the replacement of Fire Station #2 (\$38,000 in 2021). Also includes amount necessary to fund the required debenture to accommodate additional road work as outlined in the Ten-Year Capital Plan (\$35,000 road rehabilitation and \$60,500 for hard-topping roads). Further details regarding reserve transfers are outlined in the report.
- 4) Change Requests included in budget totalling **\$59,730** and are discussed in detail later in this section of the report.

Schedules A and B provide current and prior year budget comparisons in Summary and Detail format by department.

RESERVE TRANSFERS:

Schedule C to this report provides a summary of the transfers in and out of reserves. The Transfers to Reserves represent contributions from the tax levy, except for the case of Water, Wastewater and Building. For these departments, the transfer to the reserve is funded through user rates. As indicated above, the levy supported transfer to reserves has increased by **\$225,490**. The chart below outlines each contribution and provides a comparison with the prior year.

The required transfer to reserves is reviewed each year and appropriate amounts are budgeted to ensure that funds will be available to complete the projects outlined in the Ten-Year Capital Plan. A reduction in the transfers in these reserves would result in larger increases necessary in future years, or the cancellation of a project in the ten-year capital plan. In some cases, a significant movement of projects to future years may also impact the required transfer.

CONTRIBUTION TO RESERVES 2021				
	2020	2021	Change	Change %
CONTRIB TO ARENA	12,600	12,850	250	1.98%
CONTRIB TO BRIDGES	133,000	150,000	17,000	12.78%
CONTRIB TO CAPITAL:				
General	139,000	150,600	11,600	8.35%
Roads Paved and Unpaved	-	95,500	95,500	100.00%
TOTAL CONTRIB TO CAPITAL	139,000	246,100	107,100	77.05%
CONTRIB TO CEMETERY	15,000	30,000	15,000	100.00%
CONTRIB TO CONTINGENCY	25,900	25,900	-	0.00%
CONTRIB TO ELECTION	36,000	36,000	-	0.00%
CONTRIB TO EQUIPMENT	350,000	368,400	18,400	5.26%
CONTRIB TO FACILITIES	69,400	71,000	1,600	2.31%
CONTRIB TO FIRE	321,000	359,000	38,000	11.84%
CONTRIB TO LIBRARY	36,000	36,100	100	0.28%
CONTRIB TO SEWERS	213,700	209,830	(3,870)	-1.81%
CONTRIB TO SIDEWALKS	9,000	9,100	100	1.11%
CONTRIB TO TECHNOLOGY	15,000	15,000	-	0.00%
CONTRIB TO WATER	269,300	301,320	32,020	11.89%
CONTRIB TO WINTER CNTRL	63,100	47,300	(15,800)	-25.04%
CONTRIB TO PLANNING	80,000	125,000	45,000	56.25%
	<u>1,788,000</u>	<u>2,042,900</u>	<u>254,900</u>	<u>14.26%</u>
Less User Fee Based	514,700	544,110	29,410	5.71%
TOTAL CONTRIBUTION TO RESERVES-LEVY BASED	<u>1,273,300</u>	<u>1,498,790</u>	<u>225,490</u>	<u>17.71%</u>

Included in the above is an increase to the Fire Reserve of \$38,000. The 2020 Budget included the replacement of Fire Station #2 at a cost of \$1,900,000. The budgeted financing for this project was as follows:

- Development Charges \$714,400
- Debenture \$942,600
- Community Fund \$243,000

The Draft 2020 Budget introduced a proposed increase to the Fire Reserve of \$76,000 to accommodate future debenture repayments. As part of the 2020 final budget approval, a decision was made to defer this budget increase of \$76,000 to the 2021 budget. Based on the current status of the project, staff anticipate that debenture repayment will not occur until 2022, as such, the required increase of \$76,000 is being allocated between two years, with an increase of \$38,000 in 2021, and another increase of \$38,000 required in 2022.

At the September 21, 2020 Public Works meeting, report PW-27-2020 was presented which outlined the results of the 2020 Roads Needs Study. Included was an analysis of the costs of hard-topping gravel roads. Staff have included the recommended projects in the ten-year capital plan. To meet the funding requirements for 2021, debentures totalling \$990,000 would have to be issued. In order to ensure the debenture can be repaid the levy needs to be increased by \$35,000 to maintain current assets and \$60,500 to hard-top gravel roads. Further discussion regarding the impact of the Roads Needs study on the budget is outlined further in the report.

The remaining reserve increases are required to meet the needs of the ten-year capital plan. If these amounts were decreased, the result would be larger increases in future years. Alternatively, the removal of items from the ten-year capital plans or a significant deferral of projects may reduce the required transfer.

CHANGE REQUESTS

Schedules D and E of this report summarizes all of the Change Requests put forward by departments as part of the budget process. For each Change Request you will find a description, justification, budget impact and alignment to the Township's Strategic Plan. The total value of all of these change requests is \$350,570, with \$261,230 having a direct impact to the Tax Levy and \$89,340 having an impact to the Water and Wastewater Reserves. Senior Staff carefully reviewed and discussed these change requests and were very conscious of the fact that they could not all go forward due to the budget impact they would have. However, they are all attached so that Council could review and consider what the needs are coming forward from Township departments. The requests that have not been included in this budget document will most likely be requested once again in future budget deliberations. **Schedule D** provides details regarding the Change Requests included in the 2021 Budget and **Schedule E** provides details on the Change Requests that have been deferred.

It was a difficult process to evaluate and rank all of these requests. Senior staff considered public safety, impact to service levels, amount of the request and consequences of delaying the request. At the end, a value of \$59,730 has been included in the levy based budget. These are staff recommendations and are presented for Council review and approval. As a result of this analysis, the ranking for these change requests are as follows:

2021 Change Request Summary				
Rank	Change Request	Included in 2021	Deferred	Total
Tax Levy Impact				
1	Additional Volunteer Firefighters Stn 1	\$ 26,940		\$ 26,940
3	Accounting Clerk/General Secretary Position Change	\$ 16,790		\$ 16,790
4	Part-Time Communications Officer-Municipal Cost Sharing	\$ 16,000		\$ 16,000
5	Additional Volunteer Firefighters Stn 2		\$ 17,950	\$ 17,950
6	Full-Time Human Resources Advisor		\$ 88,550	\$ 88,550
7	Establishment of Community Improvement Plan Fund		\$ 50,000	\$ 50,000
8	Consulting Fees - Road Condition Inspections (Pavement Management System Update)		\$ 20,000	\$ 20,000
9	Preventative Maintenance (Spot Repairs & Crack Sealing)		\$ 25,000	\$ 25,000
	Total	\$ 59,730	\$ 201,500	\$ 261,230
User Fee/Reserve Impact				
2	Water and Waste Water Operator	\$ 89,340	\$ -	\$ 89,340

ANALYSIS BY DEPARTMENT:

Schedule B to this report provides detailed departmental budgets. Below are some key points:

General - Increase of \$509,980. This cost centre includes the levy increase that is part of the 2021 budget, thus the large variance. Other revenue is lower by \$49,960 based on an anticipated reduction in the amount of interest revenue that will be earned in 2021. This decrease in revenue is offset by debenture interest payments being reduced by \$23,000 and an increase of \$18,000 in the anticipated development charge revenue allocated to repayment of the recreation centre debt. The final mitigating factor is an increase in the OMPF (Ontario Municipal Partnership Fund) of \$7,700. Contribution to reserves totalling \$13,200 is increasing and is mainly attributable to an increase in the Capital Reserve of \$11,600

Equipment - this department balances to zero, as costs related to the repair and maintenance of vehicle and equipment (except for fire) is allocated to other service areas. The contribution to the Equipment Reserve has increased by \$18,400.

Corporate Management - increase of \$53,850. This budget area includes two change requests: \$16,790 to increase a part-time Clerk position to full-time and \$16,000 representing the half year cost of a part-time communication position. Other items to note is that Corporate Insurance is budgeted to increase at the time of renewal in June 2021. All municipalities throughout Ontario are being impacted by large increases between 20 and 30 percent. This budget includes an increase of 20% effective June 1st, 2021, resulting in an increase to the overall insurance budget of \$34,900. Insurance is allocated between numerous departments and you will see this budget line appearing in many areas. Staff were able to mitigate this increase by reviewing other budget lines and keeping increases to below 2% and in some cases not increasing budgets at all. In addition, staff have increased the tax write-off budget from \$89,600 to \$74,800, an increase of \$14,800. Staff is aware of large ARB (Assessment Review Board) settlements dating as far back as 2012 that have been settled in late 2020 and will require adjustment in 2021. These appeals are the result of property owners challenging their property assessment to MPAC.

Fire - increase of \$86,050. This includes an increase to the Fire Reserve of \$38,000 as discussed earlier in the report. Also included is a Change Request to increase the compliment of volunteer firefighters by six, at a cost of \$26,940.

Roads Paved and Unpaved - increase of \$156,290. Included in this amount is the additional \$95,500 transfer to the Capital Reserve to fund future debenture payments required for Road Capital Projects.

Winter Control - decrease of \$4,230. As a means of mitigating the levy increase, the contribution to the Winter Control budget has been reduced by \$15,800, with a contribution of \$47,300 in 2021. At the end of 2020, the Winter Control Reserve has a balance of \$475,200. With the 2021 contribution the balance will be \$522,500. Annual contributions

are made to this reserve with the goal of having a balance equal to one year of operating costs.

Bridges and Culverts - increase of \$16,100 as a result of an increase to the Bridge Reserve totalling \$17,000.

Cemeteries - increase of \$66,170. The 2021 cemetery budget now has an allocation for wages and benefits. This is not an increase in the overall budget; it is an adjustment between departments. This accounts for \$40,330 of the increase. In addition, the transfer to the cemetery reserve is increasing by \$15,000 to \$30,000 in order to fund the cemetery projects contained in the ten-year capital plan.

Parks and Recreation - in many cases the same staff work between the parks and recreation departments. Similar to cemeteries, there has been a re-allocation of staffing between departments. Combined, the Parks and Recreation Departments have a 2021 budget of \$1,314,170 compared to \$1,307,600 in 2020 which represents an increase of \$6,570, which is less than 1%.

Libraries - the Library Board approves the budget that is presented to Council in this report. Included is an increase to “Pages” hourly wage rate, having an impact of approximately \$6,000. The contribution to the Library reserve has increased by \$100 over 2020, at \$36,100.

Planning and Heritage - increase of \$98,890, resulting from a decrease in planning revenue of \$58,550 and an increase to the transfer to the Planning Reserve of \$45,000. This increase to the Planning Reserve is the result of ensuring adequate funding of the items in the ten-year Capital Plan.

IMPACT OF COVID-19

The COVID-19 Pandemic will continue to impact the Township’s operations in 2021. At the time of writing this report, the Province of Ontario is in a “lockdown” state which has resulted in the closure of many services and businesses, including recreational facilities. This will have a direct impact on the revenue earned by the Township. The safety measures put into place in 2020 will continue into 2021 and result in additional costs to the municipality. The estimated impacts of COVID-19 included in the 2021 budget are outlined in **Schedule F** and total \$282,880. These costs are being funded through the Safe Restart Funds from the Province received in 2021 (\$66,000), as well as unused Safe Restart Funds received in 2020 (estimated at \$86,000). The balance will be funded through a transfer from the Contingency Reserve (\$104,220) and the Library Reserve (\$26,660).

NEW LEVY FOR WEST LINCOLN MEMORIAL HOSPITAL (WLMH)

At the January 18th, 2021 Administration/Finance/Fire Committee Meeting Report T-02-2021 outlined the requirement to establish a new levy to provide funding towards the Township’s required contribution to the WLMH re-build. In that report, an estimated 2021 levy of \$103,000 was calculated based on a contribution from the Region of \$10.8 million

or 18% of the \$60 million anticipated local share. Since preparing the January report, the Niagara Region has approved the 2021 budget, which includes a contribution of \$12.6 million towards this project or 21% of the local share. This results in an anticipated funding model as follows:

WLMH Possible Funding Scenario	
Province of Ontario	\$ 140,000,000
Local Municipalities (Grimsby, Lincoln and West Lincoln)	\$ 27,400,000
WLMH Foundation	\$ 20,000,000
Niagara Region	\$ 12,600,000
Total Project Budget	\$ 200,000,000

If the local municipal share of \$27.4 million is allocated among Grimsby, Lincoln and West Lincoln based on household counts, it is anticipated that the total contribution from West Lincoln would be \$5,754,000, and likely payable in 2024. The Township currently has \$1,250,000 in a reserve account ear-marked for this project. This results in an additional \$4,504,000 to be raised. Staff is proposing that a debenture be issued that would provide the required funds in 2024. In order to ensure that this debenture can be re-paid a new levy would be established that would be dedicated to the funding of the WLMH re-build. Contributions to this new levy is forecast as follows:

WLMH Levy Requirement		
Year	Total Levy	Levy Change
2021	\$ 95,500	\$ 95,500
2022	\$ 191,000	\$ 95,500
2023	\$ 286,000	\$ 95,000
2024	\$ 381,000	\$ 95,000

To summarize, a new hospital levy of \$95,500 (1.27% of 2020 levy) will be required in 2021 to ensure that the Township of West Lincoln can meet its funding obligations towards the WLMH re-build project. An average homeowner with an assessment of \$382,397 would see an increase of \$16.71 on their tax bill.

WATER AND WASTEWATER (SANITARY SEWER):

The Township’s Water and Wastewater expenditures are funded 100% through user fees. The expenditure budget for these two service areas in 2021 is \$1,819,950 for Water and \$2,173,200 for Wastewater for a total of \$3,993,150 being funded through Water and Wastewater fees. The expenditures include transfers totalling \$511,150 to the Water and Wastewater reserves in order to ensure adequate funding for future capital works.

The 2021 budget is proposing a 5% increase to the water and wastewater rates effective July 1, 2021, except for the wastewater consumptive rate which would increase by 2%. This increase is based on the Water and Wastewater Rate Study and Financial Plan

presented and approved by Council in report T-25-2020. As this rate change would be effective July 1, 2021 the impact would be on the September 2021 and December 2021 billings. The water consumptive rate would increase to \$1.48 from \$1.41 and the fixed quarterly rate for a ¾ service would increase to \$41.45 from \$39.48. Bulk water would see it's per cubic meter rate increase to \$2.00 from \$1.90. The wastewater consumptive rate would increase to \$1.86 from \$1.82 and the fixed quarterly rate for a ¾ service would increase to \$95.56 from \$91.01.

To put the consumptive rates in perspective, a 500ml bottle of water is often purchased for \$1.00, based on the new proposed consumptive rates, that same 500ml bottle of water could be filled up from the tap 598 times for the same price. The impact to an average quarterly water bill is outlined below:

Impact of Proposed Water & Wastewater Rates		
Based on an average consumption of 45 cubic meters per quarter, or 180 cubic meters annually		
	Quarterly Charge	
	July 2021	Current
Water Consumptive	\$ 66.60	\$ 63.45
Sewer Consumptive	\$ 83.70	\$ 81.90
Water Base	\$ 41.45	\$ 39.48
Sewer Base	\$ 95.56	\$ 91.01
Total	\$ 287.31	\$ 275.84

CAPITAL BUDGET:

Attached to this report are **Schedules G to P** that outline the proposed Capital and Special Projects for 2021, as well as the Ten Year Capital Plans. Total works totalling \$6,016,500 (63 projects) are planned for 2021. Over the ten years of the plan, from 2021 to 2030, a total of \$76 million is budgeted for. Below is a high level summary per year.

Ten Year Capital Fund Expenditure											
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total
Environmental	567,800	935,500	1,987,650	3,870,600	1,262,800	171,200	1,336,100	90,200	91,000	-	10,312,850
Equipment	416,700	218,100	303,700	156,400	201,600	374,500	242,900	191,650	178,750	117,100	2,401,400
Facilities	35,000	86,000	-	155,000	20,000	113,000	1,794,000	-	-	-	2,203,000
Land Improvements	343,000	290,000	178,000	522,000	330,000	1,000,400	384,840	108,020	-	558,690	3,714,950
Road Infrastructure	2,491,000	4,776,500	3,128,000	15,423,900	2,614,000	2,621,300	3,994,000	5,450,000	2,735,500	2,370,000	45,604,200
Rolling Stock	1,625,000	1,016,000	189,500	631,000	1,585,000	1,858,000	629,600	460,000	680,000	-	8,674,100
Special Projects	538,000	635,000	492,000	350,000	395,000	215,000	315,500	120,000	-	130,000	3,190,500
Total Expenditure	6,016,500	7,957,100	6,278,850	21,108,900	6,408,400	6,353,400	8,696,940	6,419,870	3,685,250	3,175,790	76,101,000

Funding of these projects over the ten years is summarized in the chart below. Moving or removing a project from the ten-year capital plan may have an impact on annual reserve contributions or debenture financing. Likewise, adding a project to this plan may result in an increase to a reserve transfer or may result in increased debenture financing.

Ten Year Capital Fund Financing	
	Total
Funding from Reserves	26,028,930
Gas Tax	4,753,340
Investing in Canada Infrastructure Program	4,036,550
Ontario Community Infrastructure Fund	2,663,900
Regional Grants	100,000
Municipal Cost Sharing	410,000
Total Government Transfers	11,963,790
Donations	6,500
Developer Contribution	20,000
Proceeds from Debenture	19,001,480
Total Other Revenue	19,027,980
User Charges	19,080,300
Total Funding Source	76,101,000

Debenture financing of just over \$19 million would be required in order to complete the projects in the ten-year Capital plan. In order to fund this debenture repayment an increase to the tax levy would be required. The debenture funding is outlined as follows:

- Road Rehabilitation Works - \$10,649,080 debenture financing, which would require an annual tax levy increase of approximately \$101,100 each year
- Hard-topping gravel roads- \$6,980,000 debenture financing, which would require an annual tax levy increase of approximately \$84,000 each year
- Growth related projects- \$1,372,400 debenture financing, which would require a onetime levy increase of approximately \$131,750 in 2024

- Replacement of Public Works Building in 2027, total \$742,000 of debenture financing which would require a tax levy increase of approximately \$72,000 in 2027.

This is being outlined in order to provide further financial information in regards to report PW-27-2020 which included the results of the 2020 Roads Needs Study. Staff have incorporated the recommendations in the study which provided \$1.4 million as an optimal annual budget amount for Road rehabilitation work. Staff also included in the ten-year capital plan the recommended gravel roads to be hard-topped, which total \$6,980,000. Report PW-27-2020 is attached as **Schedule Q** to remind Council of the points raised, including the consequences of not rehabilitating roads. In order to complete the works as outlined in the report, the Township would have to issue debentures, as the annual grant funding from the Province would not provide sufficient funding. Road rehab work would require an annual tax increase of approximately \$101,100 each year (\$35,000 increase in 2021) and an average increase of \$84,000 a year to complete the hard-topped road projects (\$60,500 increase in 2021) For 2021, these increases totaling \$95,500 are presented as increases to the Capital Reserve.

INTER-DEPARTMENTAL COMMENTS:

Department Heads have all been involved in the creation of their own budget documents. Department Heads worked with their staff to send in initial budget plans which are then reviewed and discussed with the Treasurer and CAO resulting in the final draft document as presented to Council. The Library Board approves the budget submitted for the Library.

CONCLUSION:

The 2021 Draft Operating and Capital Budget presented to Council is a collaboration between all Township departments and is focussed on realizing the goals outlined in the Township's Strategic Plan. Staff recommends that this report be accepted by Council as an item of information and for review and discussion prior to the Final Budget meeting scheduled for Monday, March 1, 2021.

Prepared & Submitted by:



Donna DeFilippis, Director of Finance

Approved by:



Bev Hendry, CAO

