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STAFF REPORT #T2021-16
Standing Committee 9/7/2021
Council 9/20/2021
Amendments: No

Submitted to: Strategic Initiatives Standing Committee | Council
Submitted by: Monica Quinlan, Treasurer
Subject: 2022 Budget – Preliminary Status Report for Discussion

PURPOSE

The purpose of this report is to provide an overview of the economic environment for 2022 and a status report of the 2022 Municipal Budget process.

RECOMMENDATION

THAT Staff Report T2021-16, 2022 Budget – Preliminary Status Report for Discussion be received;

THAT Council endorse the budget planning schedule as outlined;

AND FURTHER THAT the operating portion of the 2022 budget be capped at 3.0% above the 2021 operating budget and any excess will be budgeted into capital assets renewal projects, depleted reserves and reserve funds.

AMENDMENTS

None

1. BACKGROUND

The process to prepare the 2022 Operating and Capital Budgets has begun over the summer with the collection of information from Department Heads/Managers and outside sources to assist Treasury in understanding any major variations (from 2021) for the upcoming year. These details have been gathered through two workshops where the beginning preparations included a review of the Master Plans currently in place and the Community Based Strategic Plan. The focus was to set goals and objectives that align with Council's priorities and the over-arching Community Based Strategic Plan. From there Department Heads/Managers were expected to share the major variations from their Operational plans in 2021, including any service enhancements, growth or unavoidable costs as well as any changes to their 2022 Capital Plan.

The proposed budget timeline is as follows:

- September 7th SIC – Staff report – Budget Guidelines;
- October 4th SIC – Budget major changes and Projects discussions with Council, while looking for approval to incorporate these into the full budget;
- October 25th Proposed Special SIC/Council – Present to Council 1st Draft of Budget – with approval on this draft to proceed for public consultation;
- Week of November 8th Proposed Special SIC/Council – Draft 2 Budget (subject to change);
- Week of November 22nd Proposed Special SIC/Council – Draft 3 Budget (subject to change);
- Week of Dec 13th Proposed Public Budget meeting (Treasury to advertise two weeks prior); and
- December 20th – Council meeting with formal approval of 2022 Budget.

This report is presented as a discussion document for consideration by Council. It is a preliminary look at the general economic conditions for preparations of the 2022 budget and is intended to give Council a picture of where the Town is at and the issues affecting the budget.

Once this report is considered, Department Heads and Managers will have the opportunity to review the results of the August 30th workshop and begin to prepare their 2022 Budget in our new budget software Questica. The process of the first draft will begin with discussions and review/analysis with the CAO and Treasurer, along with Department Heads/Managers with the expectation that the first draft be presented early in October. Additionally, a public survey has been initiated and the hope is that we hear from the residents/businesses what is important to them, so that we may align the priorities of Council with the budget.

2. INPUT FROM OTHER SOURCES

This report was reviewed by Department Heads at the August 24th meeting.

3. APPLICABLE POLICY OR LEGISLATION

Municipal Act, 2001, S.O. 2001, c .25 Part V

4. ANALYSIS

At this point the current Consumer Price Index (CPI) for Ontario is 3.5%, at the end of July 2021 and has increased slightly over June 2021. Energy prices have significantly increased by 18.4% due mainly to sky-rocketing Gas prices year over year. When reviewing CPI excluding energy the value decreases to 2.6%. Moreover, the Non-Residential Building Construction Price Index (NRBCPI) has increased by 7.7%, as we move through the budget process a continued review and update to the CPI will be included¹.

Additionally, housing starts for the second quarter of 2021 versus the same time frame in 2020 are up approximately 7.7% in Ontario, and the Town has also experienced growth during the construction season with 147 new units thus far in comparison to 128 in 2020. Housing re-sales are still strong which is indicative of the continued low interest rates. At this time the growth rate for the Town of Collingwood from an assessment perspective has increased 1.75%, with one

¹ <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1810000401>;

more supplemental billing expected. Note that due to COVID-19, MPAC will once again maintain the current value assessment until 2023.

Over the last several years the Town has raised the following in taxes with corresponding tax rates as indicated below:

Year	Total Levy	Change %	Tax Rate	Change %
2019	\$ 32,472,653	4.81%	0.71953%	-2.03%
2020	\$ 34,611,689	6.59%	0.70543%	-1.96%
2021	\$ 35,181,570	1.65%	0.70417%	-0.18%

At this point in time should the Town raise the same amount in taxes for 2022 (\$35,181,570), this would result in a tax rate decrease of (2.09%). Maintaining the tax rate year over year would result in an additional \$745,000 in total levy raised or an increase of 2.12%. Staff is proposing a 2.5% increase over the prior year levy, that would result in an additional \$1,055,447 and a tax rate increase of approximately 0.86%.

Without any changes in service or staffing, it is expected that the Town's costs will be increasing between 1.5 and 3%. This is largely due to the impacts of the NRBCPI (noted above as 7.7%) and the CPI increase of 3.5%. Additionally, some of the other factors to consider are:

- The updated Asset Management Plan for Core Assets will be presented at the October SIC meeting, which has the potential to increase the total amount of capital investment that is required in protecting the future;
- Affordable Housing Task Force requests are expected to come forward by late October;
- Potential ongoing impacts of the ICBL i.e. the possibility of growth slowing beginning in 2023/2024 and possible impacts to the Development Charges collected;
- Council resolutions brought forward throughout 2021 for consideration for the 2022 budget (attached as Appendix A);
- Market review of the Salary Grid expected to come forward in late October; and
- On-going COVID-19 and variants and how they will impact the Town's operations.

As described there are many pressures to the 2022 Budget, however as Members of Council are aware there are some options to reducing these pressures as detailed below:

- 1) Defer the timing of capital projects by prioritizing critical projects and delaying low level items. Where funding has been constrained, this process has been used in the past however it is important to recognize that the projects are still required to be completed at some point and identifying critical items is key.
- 2) Increase the borrowing by the Municipality. As discussed previously although there is still room in the municipalities Annual Repayment Limit (ARL) it is still important to recognize that future projects may also require funding through debentures and where emergencies arise it is beneficial to have capacity. As staff continue to work through a formal Strategic Financial Plan the total debt capacity will be developed.
- 3) Make certain projects and/or programs solely grant dependent. This too has been used as a financing tool in the past for non-critical projects.
- 4) Increase the amount of funding through reserves. Again, this has also been used as a financing tool in the past however it is important to recognize that as the AMP (Asset Management Plan) is completed additional pressures will be raised to protect the future.

- 5) Adjust Service levels to reduce expenditures, through increased efficiencies and/or delivering service in new ways.

It is important to note that this report is the first step in process that leads to the final budget. It includes preliminary information known at this time. The report is intended to stimulate discussion and provide members of Council with a context in which to have the discussion, mindful of the challenges the Town faces for the 2022 Budget. As we proceed through the budget process and new information is received, staff will advise Council and make adjustments as required.

Staff are committed to prepare a budget that meets Council’s direction and moves it forward in achieving its vision for the community. We will endeavour to keep you informed as we go through the process and are prepared to recommend adjustments as circumstances warrant.

5. EFFECT ON TOWN FINANCES

This report has been prepared for information purposes only and does not have a financial impact.

6. CONSIDERATIONS

- Community Based Strategic Plan: N/A or Explain: Progresses towards achieving CBSP Goal
- Climate Change / Sustainability: N/A or Explain: Choose an item.
- Accessibility: N/A or Explain: Choose an item.
- Communication / Engagement: N/A or Explain: Engage.collingwood page will be prepared
- Accountability / Transparency: N/A or Explain: Enhances Accountability and Transparency

7. APPENDICES & OTHER RESOURCES

Appendix A	Council Resolutions for the 2022 Budget

SIGNATURES

Prepared by:		Department Head:
<i>Monica Quinlan, Treasurer</i>		
Town of Collingwood		Town of Collingwood

Appendix A - Council Resolutions – 2022 Budget Requests

Resolution No.	Meeting	Resolution
005-2021	Council 18 Jan 2021	<p>THAT Staff Report CAO2021-01 Business Accelerator Opportunity Assessment be received.</p> <p>AND THAT Council endorse the staged approach to developing a regional Business Accelerator as presented in the South Georgian Bay Accelerator Business Plan.</p> <p>AND THAT Council support and retain a leadership position in the creation of an independent not-for-profit Business Accelerator entity, in alignment with the 2020-2025 Economic Development Action Plan, with the purpose of retaining and growing Collingwood-based companies by offering coordinated and targeted application of advanced business development techniques to help “accelerate” their growth and success.</p> <p>AND THAT Council set aside \$400K of the Asset Sale Proceeds for Economic Development, the Business Development Centre and/or the Accelerator, to be spent only upon Council’s approval with the expectation that it will be repaid from any 2021 surplus or from the 2022 budget if not supported through the formal consideration and approved uses for the Asset Sales Proceeds.</p> <p>AND THAT Council approve commitment of \$150,000 in 2021 from the \$400k set aside from the Asset Sale Proceeds to a Business Accelerator to get the entity started.</p> <p>AND THAT Council offer two guaranteed business spots to other local municipalities for \$25K each and apply to Simcoe County for \$50K and backstop up to \$50K of additional funding above the \$150,000, if these requests fail.</p> <p>AND THAT Council acknowledges that the success of businesses across South Georgian Bay are important and invite Mayors or selected council representatives to a collaborative conversation in early to mid-2021 about their business development plans and needs.</p> <p>AND THAT Council support a Business Accelerator in principle for two years, subject to the 2022 budgeting process, to allow time for proven initial results and thus an assessment of the value of municipal investments.</p> <p>AND THAT Collingwood’s contributions be contingent upon the following being in place to the satisfaction of the CAO:</p>

Appendix A - Council Resolutions – 2022 Budget Requests

		<ul style="list-style-type: none"> • The Centre for Business and Economic Development (CBED) matching the Town’s guarantee with a \$200,000 commitment in 2021, and continuing to be an equal or greater contributor to the Town in 2022. • Collingwood having four business spots guaranteed in the Year 1 cohort, and an agreement in principle that municipalities will receive business spots in accordance with their contributions. • Agreement that should grants (such as a multi-year RED grant) be received that bring the total from municipalities above the \$600K required in 2021, funding committed by municipalities will be credited to that municipality for a future year. • Agreement that should Collingwood’s \$50K backstop funding be used, this funding will be credited to Collingwood for a future year. • A commitment to report upon success metrics at year end, including a report on public funders and total private sector contributions. • The Board of Directors include an appropriately skilled voting appointee by Collingwood’s Council. • Commitment to develop an MOU between the Town and the Accelerator entity to set out roles, accountabilities, and transparent operating and governance requirements. <p>CARRIED. (recorded vote)</p>
081-2021	Council 22 Mar 2021	<p>THAT Council receive the Development & Operations Services Standing Committee Report from its meeting held March 8, 2021, and hereby approve the recommendations contained within the report as presented.</p> <p>[snip]</p> <p>Collingwood Heritage Committee meeting held February 22, 2021</p> <ul style="list-style-type: none"> • Recommendation to refer the request to increase the Heritage Tax Relief Program amount to staff for further review and inclusion in the 2022 budget. <p>[snip]</p> <p>CARRIED.</p> <p><u>Development & Operations Services Resolution:</u></p> <p>DEVT-016-2021</p>

Appendix A - Council Resolutions – 2022 Budget Requests

		<p><i>THAT the Heritage Tax Relief Program request be referred to staff for review, with a recommendation to include consideration of an increase to the Heritage Tax Relief Program in the 2022 budget be brought forward by no later than the end of the third quarter of 2021.</i></p> <p>CARRIED.</p> <p><u>Heritage Resolution:</u> <i>HER-016-2021</i> <i>WHEREAS in November 2019 the Collingwood Heritage Committee supported Vice Chair Leeming address the Development & Operations Standing Committee requesting consideration be given to increase the percentage of tax relief through the Tax Relief Program to 20%;</i></p> <p><i>THEREFORE BE IT RESOLVED THAT the Collingwood Heritage Committee support Chair Jennifer McEwen address the Development & Operations Standing Committee to request consideration be given to increase the Heritage Tax Relief Program to 20%;</i></p> <p><i>AND FURTHER THAT the Heritage Tax Relief Program be increased 5% a year until the maximum of 40% is reached.</i></p> <p><i>CARRIED</i></p>
146-2021	Council 17 May 2021	<p>THAT Council receive the Corporate & Community Services Standing Committee Report from its meeting held May 3, 2021 and May 6, 2021, and hereby approve the recommendations contained within the report as presented.</p> <p>[snip]</p> <p>Collingwood Downtown BIA Recommendations</p> <ul style="list-style-type: none"> • Recommendation that Council consider the Waterfront Master Plan design for the north end of Hurontario Street as a priority project within the 2022 budget deliberations. <p>[snip]</p> <p>CARRIED.</p> <p><u>BIA Recommendation:</u></p>

Appendix A - Council Resolutions – 2022 Budget Requests

		<p><i>BIA-033-2021</i></p> <p><i>THAT the Board advocate to Council to move forward with Waterfront Master Plan design for the north end of Hurontario Street as a priority project within the 2022 budget deliberations.</i></p> <p><i>CARRIED.</i></p>
240-2021	Council 28 Jun 2021	<p>THAT Council request that staff include in the 2022 budget deliberations the cost to retain a consultant to provide a comprehensive report considering speed reductions in the Town of Collingwood including a review of the matters identified in the Public Works Memo dated June 21, 2021 pertaining to Option 3;</p> <p>AND THAT Council request consultation commence with the community, such as through Engage Collingwood, to confirm the community’s desires, thoughts, and ideas with respect to speed limits in the Town of Collingwood.</p> <p>CARRIED (recorded vote).</p>
269-2021	Council 26 Jul 2021	<p>WHEREAS the National Healing Forest initiative has been established to honour our Indigenous predecessors, and to remember residential school victims and survivors, as well as murdered and missing Indigenous women, in keeping with the Truth and Reconciliation Report;</p> <p>AND WHEREAS the National Healing Forest initiative is an invitation to both Indigenous and non-Indigenous communities, institutions, and individuals to create green spaces across Canada;</p> <p>AND WHEREAS the Town of Collingwood has made a strong commitment to honour the Indigenous keepers of our land, and more widely to diversity and acceptance of all peoples in our community, as symbolized by the erection of the Awen Gathering Place;</p> <p>THEREFORE BE IT RESOLVED THAT Council directs staff to report back during the 2022 budget deliberations on the feasibility of creating a Healing Forest in the Town of Collingwood.</p> <p>CARRIED.</p>