



Staff Report

Finance and IT Services

Report To: Committee of the Whole
Meeting Date: February 7, 2019
Report Number: FAF.19.003
Subject: 2019 Proposed Budget
Prepared by: Ruth Prince, Director of Finance and IT Services

A. Recommendations

THAT Council receive Staff Report FAF.19.003, entitled “2019 Proposed Budget” for information purposes; and

THAT Council review the 2019 Proposed Budget and Proposed Additions to the Base Budget attachments.

B. Overview

This report outlines the 2019 Proposed Budget as well as the proposed Additions to the Base Budget for the Committee of the Whole to review. The 2019 Proposed Budget (Attachment 1) provides for the same services delivered in 2018 at a 3.17% increase. This does not include any proposed additions/enhancements to the base budget. The 2019 Proposed Water and Wastewater budgets do not include any increases over the current 2018 rates.

C. Background

The Town of The Blue Mountains’ Budget is the Town’s annual financial plan, and is the financial foundation for guiding decision making within the year. The budget process allows Council to review and prioritize the programs and services delivered by the Town. It provides an insight into what work will be completed over the upcoming year as well as future years that are referenced in the budget forecast. The budget establishes the financial boundaries in which the municipality operates.

The Town’s Budget breaks into two smaller budgets. Firstly, the Town’s operating budget includes the day-to-day costs to run the municipality (e.g. salaries, utilities, supplies). The other is the capital budget. The capital budget funds investment and re-investment in infrastructure, equipment, and vehicles that provide long-term benefits to the community (e.g. roads, sewers, arena and facilities).

Taking into account the Town’s 2019 Proposed Budget and the County’s Proposed Budget, the 2019 Proposed Budget proposes an increase in the overall blended property tax levy of 2.20%

over 2018. The allocation of a Town raised tax dollar is approximately 42% Town, 40% County and 18% Province (education).

It is important to note that the 2019 Proposed Budget is staff's best estimate of 2019 costs and revenues based on current knowledge.

D. Analysis

Funding the Municipal Budget

Taxation

The Town relies heavily on property taxes as the primary revenue source to deliver necessary services. The Town also receives development charges, user fees, and grants as additional sources of revenue. Property tax is the tax that a property owner pays based on the assessed value of owned property within the municipality. Assessment value is calculated based on the Fair Market Value (FMV) of the property being taxed which is determined by the Municipal Property Assessment Corporation (MPAC).

User Fees

User Fees are collected from individuals who use a range of different services and amenities provided by the municipality. They are a useful revenue source because there is a direct relationship between the service provided and the funding. User fees range from building permits to the rental of town owned facilities, like the Beaver Valley Community Centre and the Harbour. Including in the Budget document is proposed changes to the Town's current fees and charges these proposed User Fee Changes will be discussed through the budget process.

Water and Wastewater Rates

The Town also uses a rate fee for services used that can be directly measured, such as Water and Wastewater usage. Water and Wastewater have Operating and Capital budgets which are not funded from property taxes. These services are funded only by the users of the system.

Grants

On occasion, the Town receives grants, primarily from the provincial and federal governments. These grants fund a broad range of operating and capital projects.

Ontario Municipal Partnership Fund

The Ontario Municipal Partnership Fund (OMPF) provides funds to the Town based on households. The 2019 Budget includes an OMPF funding amount of \$951,795 which is a decrease of \$317,205 from the 2018 amount. The 25% decrease is a result of a letter received from the Ministry of Finance on December 21, 2018 that indicates a review of the OMPF

funding will occur in early 2019. Staff have further decreased the OMPF funding by 25% for 4 years with it being phased out in 2022.

Ontario Community Infrastructure Fund

On July 4, 2016 the Province of Ontario announced the expansion of the Ontario Community Infrastructure Fund (OCIF). This fund focuses on roads, bridges, water and wastewater infrastructure projects. The Town proposed OCIF – Formula based funding allocation for three years is shown in the chart below.

Formula-Based Funding	Funding Amount
2017 Formula Allocation	\$425,755
2018 Formula Allocation	\$602,799
2019 Proposed Formula Allocation	\$923,251
Total Proposed Allocation	\$1,951,805

The 2019 Proposed Budget uses the 2019 formula allocation to fund Elma Street and Alice Street Reconstruction. This amount has not been confirmed and if not received the Town will be increasing the amount of debt required for this capital project.

User Fees and Water and Wastewater Rates

The proposed budgets for the Town's operation of Water and Wastewater facilities are also attached. Within these budgets is an asset renewal reserve fund contribution that is generated from the fixed rate portion based on the Linear Asset Management Plan created by Hemson Consulting. These reserve funds are intended to provide for the replacement or renewal of existing assets.

The budget for Water services proposes no increase to the fixed charge of \$26.96/month. The consumption rate is proposed to remain the same.

The budget for Wastewater services also proposes no increase to the fixed charge of \$22.63 per month and no consumption rate increase.

2018 – Preliminary Financial Results

Throughout the 2018 fiscal year the Town experienced positive variances in a few areas. The estimated cost savings for 2018 year end is approximately \$30,000. Staff does not recommend applying the cost savings to the 2019 Proposed Budget.

E. The Blue Mountains' Strategic Plan

Goal #4: Promote a Culture of Organizational and Operational Excellence
Objective #4: To Be a Financially Responsible Organization

F. Environmental Impacts

None.

G. Financial Impact

As per report and attached document.

H. In consultation with

Katherine Dabrowa, Budget Analyst
Vicky Bouwman, Financial Analyst
Sam Dinsmore, Deputy Treasurer/Manager of Accounting and Budgets
Senior Management Team

I. Attached

1. 2019 Proposed Budget Package

Respectfully Submitted,

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