



Council Working Session

Town of Gravenhurst

June 15, 2021

2022 Budget



Agenda

- Context for 2022 Budget
- 2022 Budget Target
- 2022 Budget Review Timelines
- Discussion

Context for 2022 Budget

Town of Gravenhurst

- COVID-19 has drastically changed Town operations since March 2020
- Town facilities continue to be closed on and off since per Provincial Order and related Public Health guidelines
- Over 80% of Town services continue to be delivered, some in a different manner
- The community continues to act responsibly to a large extent but the prolonged constraints are taking a toll
- Access to vaccines and continued caution should allow some return to normalcy in 2022

Inflationary Pressures Are Back

- As the economy starts to come out of the pandemic-induced economic slump, inflationary pressures will impact on cost of services, utilities and raw materials
- [Canada Cost Price Index](#) (CPI) rose 3.4% in April on a 12 month basis
- The [Canadian Inflation Rate](#) was 0.72% in 2020 and is projected to be 1.69% for 2021 and 2.0% for 2022.
- Town cost increases are generally higher than CPI and capital projects are already reflecting significantly higher costs this year

Assessment Growth

- MPAC (Municipal Property Assessment Corporation) does a reassessment of all properties in Ontario every four years
- This results in some property values increasing and others decreasing which directly impacts on property taxes payable
- The next reassessment has been deferred to 2022 in light of the pandemic and will impact on properties in 2023
- MPAC operations to capture new assessment are progressively ramping up and assessment growth for 2021 is expected to be in the range of 1.2-1.4%

Federal/Provincial Governments

- COVID-19 related support from the Federal and Provincial levels of government to business community and individuals continue. Since Q4 2020 the Town has received:
 - \$105,000 under Phase 2 of the Federal/Provincial Safe Restart Agreement program
 - \$334,317 for operational COVID-19 relief from the Provincial government
 - \$375,346 in a one-time Federal Gas Tax funding towards linear infrastructure improvements

- The annual Ontario Municipal Partnership Fund (OMPF) grant of \$1.9 million is not expected to change for 2022

Managing in a COVID-19 Environment

- Use funding from Federal/Provincial governments to offset COVID-19 related impacts
- Where appropriate, pause increases in reserve contributions pending a return-to-normal
- Use operating surpluses to ensure adequate funding for Community Reinvestment and capital reserves
- Transition back to business-as-usual before January 1, 2022:
 - Town Hall
 - YMCA operated pool and fitness facility
 - Gravenhurst Public Library
 - Gravenhurst Opera House

2022 Budget Drivers

- Inflationary pressures for service contracts and supplies
- Capital program cost escalations quite significant in 2021 and expected to continue into 2022
- Town facilities returning to full operation in 2022 will put pressure on the bottom line as these operations are all subsidized by the property tax base
- Impact of on-going labour negotiations within the guidelines approved by Council
- COVID-19 related financial impacts as the Town is required to transition to changes to protocols and processes that are less efficient

2022 Budget Target

Goals for 2022 Budget

- Keep Tax Levy increase under 1%
 - One-time target for 2022
- Retain Simpler Budget Documents
 - Capital: 5 year summary, one-year of details
 - Operating: Simpler submission
- Engage earlier with community via ***Engage Gravenhurst***
- Budget Approval before Christmas

Recommended Town Tax Levy Target

Historical

- 1.0% contribution to Capital Reserves
- 2.0% contribution to CRRF (Community Reinvestment Reserve Fund)

- 1.1 to 2.7% increase for Operations

- (3.0 to 3.3 % Assessment Growth)

- 1.6 to 2.8% Town Tax Levy Increase

2022 Target

- NO contribution to Capital Reserves
- NO contribution to CRRF

- 2.0% increase for Operations
- **1.5% increase for COVID-19 (estimate)**
- (1.5%) Safe Re-start Agreement funds (estimate)

- (1.3% Assessment Growth)

- **0.7% Town Tax Levy Increase**

“Stay the Course” Budget

- Aligned with current strategic direction and priorities
- Considerate of on-going financial pressures on taxpayers from COVID-19
- Reflects judicious use of reserves to address on-going needs
- Use of technology to improve service delivery and customer access, e.g. new telephone system
- Operational adjustments that reflect the new reality
- On-going investment in a multi-year capital program

Other Considerations NOT included in Budget

- Enhanced service levels, e.g. higher winter maintenance standards or windrow clearing
- Funding for Muskoka Algonquin Health Care (MAHC) hospital construction
- Impact of additional input from the community via ***Engage Gravenhurst***

2022 Budget Review Timelines

Proposed 2022 Budget Review Timeline

Activity	Timeline
Council Working Session – 2022 Budget	June 15
Public Engagement – <i>Engage Gravenhurst</i>	July – August
Report to Council – 2022 Fee By-Law	September 21
Report to Council - 2022 Budget Timelines/Guideline	September 21
Special Council Meeting - Table 2022 Budget	November 25
Special Council Meetings – 2022 Budget Review	December 7-9
Special Council Meeting – 2022 Budget Approval	December 9

Discussion