



**January 13, 2022 Operating and Capital Budget Council Meeting**

January 13, 2022

**Addition to the Consent Agenda Item 6.1.2 Questions received from Council seeking additional information and the corresponding responses provided by staff regarding the January 13, 2022 Council agenda items.**

9.2 Finance Department

9.2.1 Report FIN-2022-001 - Budget Development and Control Policy - Final

-p.10 item c; will asking at Council that in the final budget report include the percent increase in Township levy and blended levy (County and Township) FYI

*Ok – this is already provided for the Township in Report FIN-2022-002 as per the table below. The percent increase was not provided as we have typically looked at the tax impact on the median/typical properties in the Township which incorporates assessment growth and assessment changes.*

Description	2021 Approved Budget	2022 Proposed Budget	Difference
<b>Total Capital Taxation Levy</b>	\$1,442,416	\$1,480,100	\$37,684
<b>Total Operating Taxation Levy</b>	\$2,963,354	\$3,154,312	\$190,958
<b>Total Municipal Taxation Levy</b>	<b>\$4,405,770</b>	<b>\$4,634,412</b>	<b>\$228,642</b>

-p. 22 what are the staff COLA increases for Erin, Milton, Guelph, Cambridge and Hamilton?

*Milton, Guelph, Cambridge and Hamilton are not our normally used comparator municipalities as part of our compensation review, and as such we don't have that information readily available. We have requested the information however it may not be available at the meeting. Once received the data will need to be assessed to determine the proper context. It appears that each of these municipalities has union and*



*non-union staff and that impacts the annual adjustments as well. Correlating a multi-year union negotiated number with an annual calculated COLA is not a true comparison.*

#### 9.2.2 Report FIN-2022-002 - 2022 Capital and Operating Budget Update

- are there any funds left over in 2021 from the Safe Restart Program which can be used to reduce the levy?

*There is an estimate of 2021 carry forward safe restart funding of \$38,000 that has reduced the 2022 proposed operating tax levy. The \$38,000 is funding the 2022 reduction in rental revenues due to COVID-19.*

#### Page 26 – payment in lieu of taxes for railways

-how is the amount in lieu determined and who determines it?

*The tax rate is determined based on legislation and it is multiplied by the assessment for the property. For railway properties, the assessment is in acres. It is a payment made to compensate the Township for some or all of the property tax revenue lost due to tax exempt ownership or use of real property.*

-what is required by the township in terms of operating costs related to railway?

*The Township is required to pay a portion of capital costs associated with railway crossings rehabilitations and improvements. This also includes capital costs and also includes ongoing operational costs associated with signalized crossings. These costs are essentially limited to expenses occurred where rail traffic and road traffic cross. It's can be a complex calculation but generally depends on if the road or railway was located there first. If the road was there first, the cost to the road authority are general a bit less. If not, it's usually a 50/50 split of items that pertain directly to the crossing (i.e. not items undertaken in the area that are not part of the crossing). It's important for the municipality to review railway invoices carefully to ensure that the costs paid are at the appropriate proportion based on the crossing and that the invoiced items pertain only to the actual crossing. The Township is not involved with any other operating costs with railways.*

-from this report, it does appear that the township is subsidizing the railway. Are there any opportunities the township can pursue to recover actual costs?



*The cost sharing funding model is established in federal and provincial legislation so there is not much flexibility there. In terms of the in lieu amounts, and effort was underway through AMO in an effort to try to address this concern. There has been no information circulated recently indicating that AMO was successful.*

Page 29 – PCC Ceiling Tiles – the estimated cost of improving the ceiling is \$30,000-\$35,000. The lighting in the PCC is budgeted for replacement in 2022. If the ceiling tile work is done after the lighting is complete, would the cost increase or would it still be \$30,000 - \$35,000 or would the cost increase? Essentially asking if there is cost savings that could be achieved by doing both at the same time. Lastly, the light replacement is being funded by AM reserve – if the ceiling tile were to be done as well, could it also be funded by AM reserve (or any other reserve)?

*Yes the ceiling tiles could be funded by the AM reserve. Unfortunately there is not a cost savings by having the electrical contractor do the tiles as well. This means the costs would be generally the same if done by another contractor at a later date. It is not recommended to have two different contractors working in the same space, it is far better logistically in terms of liability to have one complete their work and then another come in and do their work.*

Page 33 – “Should council direct staff to implement a COLA of 4% based on the August to August Consumer Price Index, the proposed 2022 budget would result in a township tax increase of 4.27%. on the median/typical single family home”. What is the dollar value that would represent the difference between a tax increase of 4% and the 4.27% on the median/typical single family home?

*Apologies but not exactly sure about the question here. Assume it is asking what is the median household impact of 2% vs 4% COLA. This equates to between \$11 and \$12*

Page 36 – Assessment Roll

Given that property assessments continue to be based on 2016 assessed values, would it be reasonable to expect that in 2023 there will be a dramatic increase in property values and therefore also in property taxes? If so, is there anything we should/could be considering in the 2022 to lessen the blow to taxpayers when that occurs?



*Should the Ontario Government not postpone the reassessment cycle again, and MPAC is directed to reassess properties in 2023, the increase in the assessment is phased over 4 years (2023 to 2026). This is directly from MPAC's website:*

*When your assessed property value is higher than it was in the previous valuation, we phase that new value in gradually over four years in order to provide you an additional level of property tax stability and predictability. On the other hand, if your assessed value is lower than it was previously, we'll apply that lower valuation immediately.*

*The fact that assessments will increase at some point does not necessarily mean that people's property taxes will increase proportionately. The Township's levy is determined by the approved expenditures for the year. Generally speaking, the levy is then divided up between all the properties in the municipality based on their assessed value. Hopefully the following hypothetical numbers demonstrate this point. Say a Levy was \$5,000,000 for a municipality and it was allocated proportionally to all the properties based on their assessed value. Say then that hypothetically all assessments increased by 50% due to economic factors. That does not by default mean that the municipality's Levy will also increase by 50% to \$7,500,000 resulting in large increases for everyone. The \$5,000,000 would increase a bit based on increased costs, new projects, programs etc. but it doesn't mean that the municipality automatically has another \$2,500,000 to spend. All it means is that the \$5,000,000 is allocated over a larger total assessment and the proportions would generally be similar providing that all assessment classes increased similarly. If one assessment class increases more proportionally than others (i.e. say agriculture or residential) then that class can see a larger proportionate increase than other tax classes.*

2021 Surplus – Is it anticipated that there will be a surplus and if so, any idea of an approximate amount?

*It is too early to provide an estimate as not all the actuals are in the system, it appears that the Township will not be in an operating deficit position.*

*There are still several journal entries related to the fourth quarter that are still outstanding including year-end journal entries required for the 2021 audit.*



*The Township continues to receive vendor invoices up until late February 2022 that are required to be allocated to 2021 as they relate to goods or services received in 2021.*

*Similar to previous years, staff will provide Council with the 2021 Township General Surplus calculation after the 2021 audit is completed (March/April 2022) which will include:*

- *The total operating tax levy surplus/deficit (budget vs. actual operating expenditures and revenues).*
- *The total capital tax levy surplus/deficit (budget vs. actual capital tax levy expenditures and revenues).*
- *Discretionary reserve contributions and withdrawals.*