

2021-2024 multi-year budget

Addressing the proposed tax rate increase:
Menu of options

Council decision points

- Broadband
 - Will the 2021 budget include Broadband, and in what form?
- RCMP – Flagged item #4
 - What changes, if any, will be made to the RCMP budget?
- Tax rate
 - What is the desired tax rate for Council to pass the budget?

Addressing the tax rate increase

- The current recommended tax rate increase (including Broadband) is 1.19%, which is equivalent to \$2.6M
- Council's decisions may cause the tax rate/revenue requirement to fluctuate
- Administration has prepared four options for Council's consideration
 - These options are philosophical, and can be applied to any outstanding revenue requirement

Menu of options

- Option 1 - Taxes
 - Increase taxes to permanently cover shortfall
- Option 2 - Reserves
 - Use reserves to cover shortfall in 2021
- Option 3 – Service level adjustments
 - Adjust services to permanently reduce costs, and therefore reduce revenue requirement
- Option 4 – Hybrid of options 2 and 3
 - Use reserves to address 2021 shortfall and adjust service levels in 2022 budget to permanently reduce revenue requirement.

Option 1 - Taxes

Increase taxes to permanently cover the shortfall

- Pros

- Permanent solution
- No change to service levels

- Cons

- Increased financial burden on tax payers

Option 2 - Reserves

Use reserves to cover shortfall in 2021

- Pros

- No immediate financial impact on tax payers
- No change to service levels

- Cons

- Short-term solution that will need to be addressed in 2022
- Negative impact on municipal reserves
 - Reserve replenishment plan would need to be determined
 - Could have small impact in future budget years

Option 3 – Service level adjustments

Adjust services to permanently reduce costs and the subsequent revenue requirement

- Pros

- No financial impact on tax payers
- Permanent solution

- Cons

- Extremely difficult to define impacts of reductions in a short period time
 - Service level
 - Financial
 - Organizational

Option 4 – Hybrid

Use reserves to address 2021 shortfall and adjust service levels in 2022 budget to permanently reduce revenue requirement.

- Pros

- No immediate financial impact on tax payers
- Allows Council/Administration the time to make deliberate, evidence-based decisions with clearly defined impacts

- Cons

- Negative impact on municipal reserves
 - Reserve replenishment plan would need to be determined
 - Could have small impact in future budget years

Questions