

Eight per cent tax rate increase suggested by staff

Written By PAULA BROWN

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Shelburne Town Council has taken the first step in the budget process for 2022.

During a special meeting on Monday (Nov. 26), Shelburne Town Council received a 2022 budget framework report from chief administrative officer, Denyse Morrissey, and director of financial services, Carey Holmes.

The framework budget for 2022, which council directed staff to use in developing the draft operating budget, suggested a tax levy increase of 13 per cent ? an 8 per cent increase in the tax rate.

According to a slide provided by Holmes, the difference between the 2021 tax rate and the proposed 2022 tax rate (8 percent) would be an average annual increase of \$199 or \$16.58 monthly for taxpayers.

?We have outlined throughout the year, particularity going back even to 2020, that we have some challenging fiscal years ahead of us and this certainly is going to be one of them,? said Morrissey.

Morrissey noted that staff recognized the 13 per cent tax levy increase would likely not be embraced by council, but was critical for transparency and accountability of the Town's financial pressures.

Service Delivery Review (SDR)

One of the primary contributors for the increase in the tax levy is to support new positions and staffing costs recommended in a Service Delivery Review (SDR) for the Town. According to the framework report the draft 2022 operating budget includes an approx. \$452,672 or 5.09 per cent tax levy increase related to staffing.

To expand the Town's services, additional positions were recommended including a deputy clerk/committee coordinator, a planning coordinator, a junior municipal law enforcement officer, and an HR coordinator.

?The estimated cost with all of those positions is about \$275,000,? said Morrissey.

The tax levy would also support a number of staffing positions within Operations, Parks, and General Services including additional labour, contracted gardener, three crossing guards, and summer student workers.

The draft 2022 operating budget also incorporates an estimated 1.12 percent tax levy increase or \$100,000 requested by the Arts and Culture Committee.

Policing

Another financial impact to the Town is the three year transition Shelburne Police Services (SPS) to OPP.

?That short-term increase will be offset in future years, but it does have an impact this year,? said Morrissey.

Reserves

As part of the budget framework report to council, staff proposed where reserves will be sitting at the beginning of the year and

where they will be sitting at the end of 2022.

The Town of Shelburne as of 2021 has grown their reserve balance to \$13 million, but is proposed to use \$5 million in the 2022 budget. Of the \$5 million used in the 2022 budget, \$4 million is for water and sewer.

?We've already committed two million for the sewage treatment plant for the initial engineering preparations, and we've also committed money toward the water storage tower. If we don't get the grant for well three arsenic, we will have to tap into more water reserves,? said Holmes.

The budget framework has recommended the utilization of \$200,000 from the tax stabilization reserve. In 2020, the Town budgeted to use of \$118,500 from the tax stabilization reserve to lower the 2021 budget to an acceptable percentage for council, but did not need to use it.

Holmes cautioned council about becoming dependant on the tax stabilization reserve.

At the end of 2022 the reserve balance is estimate to be \$8.4 million.

?It sounds sort of troubling that we're dipping into reserve as much as we are and decreasing them as much as we are this year, but the thing I took comfort in is, when you look back to 2018 when this council began; we've grown those reserve balances considerably over the last three and a half years,? said Mayor Wade Mills. ?Assuming we adopt this budget as it is, without any changes, we're essentially going back to where this council started.?

Next Step

Shelburne Town staff will be returning to council on Dec. 13 with a draft operating budget for 2022, which will contain further details and input from council. The public budget meeting will be presented on Jan. 10.