



## MUNICIPALITY OF **West Elgin**

### Staff Report

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**Report To:** Council Meeting

**From:** Magda Badura, CAO/Treasurer

**Date:** 2020-10-22

**Subject:** Operating and Capital Budget Review Report as of September 30 2020

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#### **Recommendation:**

That West Elgin Council hereby receives the report from M. Badura, CAO/Treasurer and That the operating report for the nine months ending September 30, 2020 along with a projected year end surplus position of \$240,000 be received for information.

#### **Purpose:**

This report provides a detailed review and update of the operating budget through September 2020 with the following information of note:

1. The financial forecast reflects an additional funding of \$179,800 from the Provincial & Federal Government to support municipalities in service delivery during the periods of declining revenue due to COVID-19.
2. The financial position of the Municipality will continue to change throughout the balance of the year due to factors such as the impacts of COVID-19, weather conditions, utility and fuel usage and rates and position vacancies.

#### **Background:**

COVID-19 and its resulting implications have had a significant impact globally, nationally and within the community. A detailed review of the Municipality's financial considerations in relation to COVID-19 were provided on April 9, 23 and June 25<sup>th</sup> reports to Council. Discussions with staff in early April were conducted to refine COVID related capital budget which are presented through this report.

Planning for service modifications, as well as the related financial implications, continues to be challenging given the pace at which the situation is evolving and the continued release of revised legislation, guidelines and best practices. Financial forecast for 2020 reflects various scenarios with respect to the fall/winter season.

Several measures have been taken to mitigate the financial impact to the Municipality including holding full-time positions vacant where possible as well as implementing temporary leaves of full-time, part-time and seasonal staff.

Variances impacting multiple departments:

**Council** – \$23,000 Projected Favourable

Reduced number of meetings and cancelled conferences contributed to the overall savings.

**Administration - \$83,000 Projected Favourable**

Changes in organizational structure, deferral of full-time positions recruitment and implementation of temporary leave of absence projects savings in salary and benefits of \$165,000.

Additional cost of \$36,627 was incurred to date as a result of COVID-19 and have been included within Administration. Additional cost of \$23,000 is projected for the remainder of the year to cover cost of PPE.

**Fire Department - \$50,000 Projected Favourable**

Fire department is expecting an overall variance for the year which is largely due to a reduction of meetings and limited training as a result of the pandemic.

**Policing - \$70,000 Projected Unfavourable**

Policing is reporting an increase of \$70,000 related to understated 2020 Budget.

**Building Inspection - \$12,000 Projected Favourable**

Within building services, construction fully resumed in 3<sup>rd</sup> and 4<sup>th</sup> quarter resulting in significant revenue increase of \$10,000.

**Emergency Measures - \$19,000 Projected Favourable**

As the Municipality continues to develop strategies for the cost efficiencies, an opportunity within the Elgin County through shared services was initiated. As of October 1<sup>st</sup> 2020 Elgin County partnered with the Municipality of West Elgin and is now providing CEMC services for a one-year pilot program, resulting in savings of \$9,000. Additional \$10,000 savings contributes to cancelled employee training and workshops.

**By-Law Enforcement - \$3,000 Projected Favourable**

By-Law Enforcement is reflecting estimated savings of \$3,000 in reduced compensation expenses related to COVID. Temporary leaves have been implemented as Municipality announced the office and facilities closure and suspension of services on March 20<sup>th</sup> and resumption of services on June 15<sup>th</sup>.

**Animal Control - \$2,000 Projected Favourable**

Animal Control – Another cost savings activity was implemented last year that consisted of purchasing Dog tags covering years 2019-2021. Year 2020 is the first year of realizing savings of \$10,000 on dog tag purchase and cost associated with the distribution of the tags.

**Municipal Roads - \$210,000 Projected Unfavourable**

Roads department is projecting a shortfall of \$210,000 over the budgeted amount as a result of additional unexpected and urgent initiatives. Main factors affecting unfavourable variance this year are:

- Reallocation of gravel from capital to avoid significant price increase in 2021 \$80,000
- Additional work on municipal drains \$40,000
- Increased cost in equipment maintenance \$45,000

**Service Ontario - \$8,000 Projected Favourable**

Service Ontario is reflecting estimated savings of \$8,000 in reduced wages and benefits expenses related to COVID. Temporary leaves have been implemented as Municipality announced the office

and facilities closure and suspension of services on March 20<sup>th</sup>, and resumption of services on June 15<sup>th</sup>.

**Transit – \$15,000 Projected Favourable**

Transit is anticipating a surplus in the amount of \$15,585.62 as a result of the provincial grant funding “Investing in Enhanced Public Transit Cleaning” in the amount of \$16,747. This grant is being used to offset the additional transit cleaning costs incurred due to COVID. Revenue losses of approximately \$16,500 for the year are offset by cancellation of service from March 24 to August 4, 2020 in the amount of \$43,000 including wages, benefits, fuel and bus maintenance savings.

**Landfill - \$88,000 Projected Unfavourable**

Landfill is projecting a total deficit of approximately \$228,000 as a result of rural garbage and recycling pickup initiative effective August 2, 2020. The additional cost for garbage and recycling pick up is estimated to be approximately \$65,000. Additional cost of garbage disposal and maintaining the grounds is estimated to be \$62,000.

**Arena - \$20,000 Projected Unfavourable**

Arena is projecting a shortfall of approximately \$210,000 as a result of facility closures due to COVID-19 and unanticipated extra cost for mold remediation. The estimated facility revenue loss ranges between \$15,000 - \$20,000 for this year and it is based on provincial orders and guidance documentation as of October 16, 2020.

**Parks and Recreation - \$148,000 Projected Favourable**

Recreation is projecting a deficit of \$548,000 compared to 2020 Budget of \$696,000 as a result of facility closures due to COVID-19. The estimated facility maintenance and event cancellation largely contributes to the overall reduction of Parks and Recreation deficit.

**Planning Services - \$8,000 Projected Unfavourable**

Planning Services is anticipated a shortfall of revenues due to decreased number of applications under the Planning Act as well as decreased zoning amendment activity. Decrease in revenues was mitigated by revising shared service agreement with Southwold.

After giving consideration to the cost savings opportunities and postponement of capital projects, a Municipal wide surplus of approximate \$240,000 is anticipated for 2020. These funds could be allocated to 2021 to the most urgent capital projects deferred due to pandemic and are highlighted in the report attached.

**Financial Implications:**

2020 Financial forecast review has identified a potential surplus for the year of approximate \$240,000 depending on the degree of revenue able to be generated by the Municipality through last quarter of the year. The financial position will continue to change as new information and new opportunities become available. The year-end financial position may also be impacted by other factors including weather, utility and fuel usage.

**Report Approval Details**

Document Title:	Operating and Capital Budget Review Report as of September 30 3030 - 2020-14-Administration Finance.docx
Attachments:	- Financials as of September 30 2020.pdf
Final Approval Date:	Oct 19, 2020

This report and all of its attachments were approved and signed as outlined below:

Jana Nethercott