

Council aiming for zero tax increase for 2021

By Mark Pavilons

King council understands the harsh economic realities created by the COVID-19 pandemic. To ease the burden on King households, councillors rejected a staff recommendation for a 2.88% tax hike next year. Instead, they directed staff to come up with a budget with an increase as close to zero as possible. It's still very early in the budget process and there will be full public consultation as the Township moves forward. Freezing taxes, while good news for homeowners, will come with service and program cuts. In setting the target of a zero increase, Mayor Steve Pellegrini noted they need to be cognizant of the job losses and economic strains on everyone. Next year will be a 'very different' and 'difficult' budget year. 'No one on council wants to ask for a tax increase,' he said. Councillor Avia Eek said they received a lot of correspondence on the matter prior to the virtual council meeting June 22. She said they may have to go to the public and ask them which services they want cut and/or reduced. There has always been public consultation every year during budget time, the mayor pointed out. He noted Township staff 'are very creative,' 'in coming up with solutions. He admitted there are financial pressures facing the Township they simply can't mitigate. The money has to be found somewhere, and given the realities the only way for the Township to remain sustainable is to cut services and look for efficiencies. Councillor Debbie Schaefer wanted a detailed analysis from staff on the costs and savings due to the COVID-19 shutdown in King. Schaefer was adamant that council stress the need to continue with climate change initiatives and set aside the appropriate funding. She did speak with King Treasurer Allan Evelyn, who said funds will not be redirected away from these initiatives, but rather they have to be wise in their spending moving forward. Schaefer said since King declared a climate change emergency, 'we can't afford to put it off' 'it's an emergency. Air is an essential service.' Schaefer's motion to get an amendment protecting climate change programs failed to get widespread support among councillors, largely because at this point in the budget process, nothing is off the table. Councillor David Boyd admitted residents are passionate about climate change, but King can't put one issue ahead of another at this point. Councillors all supported the idea of a zero increase for 2021, noting it's appropriate given the current circumstances. Regarding user fees, Councillor Boyd said they have to be realistic. There are select groups who want arena and ice access and are willing to pay for it. He wants to engage all stakeholders before any increases are made in user fees. Township CAO Dan Kostopoulos said there will be plenty of opportunity for public consultation. He pointed out staff will work through the process and analyze essential services and spending, and discretionary ones. He admitted there will be a lot of work to 'flatten' the tax levy increase to zero. Hopes are municipalities will receive some sort of upper level financial support to lessen the burden. The CAO said there will be difficulties in King, unless funding comes from somewhere. There are a lot of projects in King's four-year plan that have to be addressed. Councillor Bill Cober stressed it will be a 'no frills, bare bones budget in 2021' and priorities will have to be reassessed. Councillor Jordan Cescolini admitted King can't afford to safeguard any program. The mayor told staff he wants all options kept open and Councillor Boyd said it will be a team effort to reach that zero target. Treasurer Evelyn told councillors the staff report had to be endorsed, simply because it's mandated by the Province, and provides a forecast. Municipalities are required to ensure funding is in place for their long-term budget requirements and support their infrastructure. Council, he said, isn't asked to adopt the plan, merely to understand the forecasts and targets. In their report, staff explained that the 2019 budget represented the first iteration of a multi-year budget format that included a forecast through 2022. Council approved a 2.5% net increase in 2020 and set in-line estimates to maintain their needs for 2021 and 2022. This was, of course, before COVID-19. While the budgets are set in a multi-year format, they are reviewed annually as needs, programs and costs change. The 2021 budget will be coming to council for approval in January or February of 2021, a bit later than usual. This is directly tied to a delayed provincial budget and uncertainty relating to recovery timelines and economic consequences of COVID-19. So far, there have been noticeable impacts on the Township's bottom line. Due to the pandemic, King has waived penalties and interest on property tax arrears; reduced local programs largely within Parks, Recreation and Culture; acquired software and computer equipment to facilitate staff working from home, and acquired PPE. Evelyn pointed out there will be some significant losses in income for the municipality. They include a reduction in investment income; pandemic response and recovery efforts; lower assessment growth, etc. He pointed out some capital projects could be deferred in the coming year and everything will have to be re-evaluated. 'The 2021 budget cycle will require staff to re-evaluate deployment (financial, human and capital) plans, consider how to structure delivery of municipal services in anticipation of an economic slowdown and need to ensure citizens of King Township

feeling the impacts of COVID-19 are factored into the recovery strategy.?