

BLUE MOUNTAIN RATEPAYERS ASSOCIATION

Grey County 2021 Budget Position Paper - January 29, 2021

The Blue Mountain Ratepayers Association (BMRA) made its initial deputation to this Council a year ago, focused on the 2020 Grey County budget. The primary issues that we raised were the present and growing need for governments at all levels to strive for more efficient operating models, and looming funding cuts from the Province. Both issues continue to be relevant, but the need for them to be addressed now actually seems more urgent, as we will outline.

With regard to government operating models, improvements could be provided either through more cost efficient ways to deliver services, or enhancements to fee revenue models. There appear to be two highlighted initiatives related to service delivery efficiencies.

The first is the use of the approximately \$800,000 grant from the Province, which was to be earmarked for efficiency enhancements. Combined with a roughly equal amount from Grey County Reserves, it was used to purchase a \$1.6 Million Fire Emergency Communications system. In Grey County, fire services are a lower tier responsibility, so this expenditure would appear to be outside the County's service purview, and inconsistent with the County's procedural policy for uploading of lower tier services. The Town of The Blue Mountain Fire Department did not ask to be included in this program, having already independently addressed their needs. While we do not contest the worth of such a system from the perspective of some municipalities in Grey County, the total cost of this new system should be charged back to those municipalities who chose to participate. Also, the intent of this expenditure does not seem to bring an efficiency improvement to Grey County, which was the intended use for the Province's grant.

The second efficiency related project was the assignment given to BDO, consultants who were charged with the task of identifying opportunities to improve County operating efficiencies. Our understanding is that the primary outcome of their work was, in fact, to recommend the hiring of an additional administrative resource to help manage workload. There were apparently no further substantive efficiency enhancing proposals provided.

We have heard it suggested that the County's hands are effectively tied in trying to drive significant changes to operating processes to capture efficiencies, because the Province dictates service standards. We contest that assertion. The Province defines the service standards to be met, but they do not specify how those services are to be delivered. Surely that provides some latitude in how the County structures its service delivery, allowing for pursuit of opportunities to provide them in a superior, more cost-efficient manner.

Relating to user service fee revenues, especially those services which support profit making private businesses such as Forestry and Planning, we were not able to find any examples of efforts to increase the fees collected for those County services. The BMRA believes that all services should have a cost recovery target in determining their user fees, and that these benchmarks be reported on. We would hope that such efforts are adopted by Council and soon incorporated into the County management of its finances.

The issue of Provincial funding cuts is highlighted within the draft County budget document. These seem inevitable, and must surely become more substantial in the coming years, given the hole that Covid has created in the balance sheets of the Federal and Provincial governments. The budget identifies, for instance, a projected \$1.134 Million cut to funding for the Grey Health Unit. One time mitigation funding has been received for 2021, but that is highly unlikely to be repeated in 2022. That one funding cut amounts to almost 2% of the County tax levy. How greater might the budget risk prove when all reductions to Provincial funding are applied? This threat clearly heightens the need for improved risk analysis, which should be incorporated into further efforts at identifying cost efficiency measures.

There were a few other general matters we wanted to table.

- The County tax levy is shown as increasing by +3.1%, net of assessment growth. The assessment growth represents about 2.0% of the levy, which would be a total increase of +5.1. How does that relate to the County's population growth?
- It is difficult to get an understanding of the changes in the spending levels of the County. Most of the budget charts show year over year changes in the tax levy related to different departments. We would like to see multiple year over year comparisons of actual previous year spend to projected budget, by department. Only that data will allow Council and ratepayers to truly evaluate the County's ability to develop, and manage, its operating budgets.
- We saw no reference to Covid's anticipated impact on service delivery processes, or to service demand. That should be relevant to determining optimal investment in Grey Transit route expansion and Grey Roots enhancements, among other County initiatives. We would be interested to learn how Covid impacted different departments, and how they have responded.
- We wanted to confirm whether Grey County has applied for, and been granted, all possible Safe Restart funding from the Province. Why was Grey County not an applicant for the second round of Provincial Covid Grants this year?

Beyond these issues related to the 2021 Grey County budget, our greatest concern is what might be hitting Town of Blue Mountains ratepayers in 2022. The application of new MPAC property assessments had been scheduled to occur in the 2021 tax year, but was delayed due to Covid. Our belief is that they are to be applied for 2022. The risk this poses to our ratepayers is that given the anticipated dramatic increase in our property values, likely to be substantially higher than the average for Grey municipalities based on available real estate data, the single County mill rate exposes us to the potential for a significant hike in our Grey tax levy. This would of course apply as well to any other municipalities that have experienced higher than the average County property value increase. A substantial increase to the Town of Blue Mountains County tax levy, with no commensurate enhancement to services provided, would be untenable to our ratepayers. This is only exacerbated by the need for infrastructure expansion in our Town estimated in the tens of millions of dollars, which would be greatly compromised by a major increase in the flow of funding we provide to Grey.

In closing, the BMRA would like to ask Grey Council to establish a Fiscal and Budget Review Committee, incorporating local representative groups like the BMRA. This Committee would meet on a regular basis throughout the year, and be tasked with expanding fiscal analysis, controls and procedures, and broadening the budget reporting structure.

For your consideration and response.

Blue Mountain Ratepayers Association