



Council Report

Report Number CORP2020-018

Meeting Date: December 1, 2020
Title: Options for the Disposition of 2019 Surplus
Author and Title: Ron Taylor, Chief Administrative Officer
Jennifer Stover, Director of Corporate Services

Recommendation(s):

That Report CORP2020-018, **Disposition of 2019 Surplus** be received; and

That the 2019 Surplus of \$2,999,743 be maintained in the Contingency Reserve for the purpose of funding community, economic, and corporate pandemic recovery initiatives.

Department Head: _____

Financial/Legal/HR/Other: _____

Chief Administrative Officer: _____

Background:

At the Council Meeting of September 15, 2020 Council adopted the following resolution:

CR2020-259

That Report CORP2020-008, 2019 Surplus Disposition Report, be approved as circulated;

That the financial statements for 2019 be approved as circulated;

That Council authorizes the transfer of the 2019 Surplus of \$2,999,743 to the Contingency Reserve committed for Council; and

That staff report back to Council during the 2021 budget deliberations on options for disposition of the 2019 surplus.

At the Council Meeting of October 20, 2020 Council adopted the following resolution:

CW2020-134

That Council direct staff to review the option of utilizing the 2019 budget surplus, in its entirety, for a one-time rebate on the 2021 tax bills for all ratepayers; and

That staff report back to Council on the result that the proposed tax rebate will have.

This report addresses the direction of these two resolutions.

Rationale:

A one-time rebate on the 2021 tax bills for all ratepayers has been analyzed. As property taxes are calculated based on the weighted assessment of the property by class, the same methodology was used to calculate the rebate.

Using the 2020 weighted assessment, the table below highlights the average rebate per property type.

Property Type	Average Rebate
Residential	\$65.61
Farm	\$4.93
Commercial	\$160.92
Industrial	\$115.81

The actual amount of rebate that would be provided to an individual owner would be dependent on the assessed value of their property. For residential properties, as an example, the rebate would be from a low of \$0.05 to a high of \$600.

The challenge with providing a rebate is that it is one-time. The following year, each property owner will be faced with not only the tax levy increase of that year, but also the increased impact of no longer having a tax rebate. To the property owner, this may feel like a double increase.

Another option for the almost \$3 million of 2019 surplus is to use the funds to support pandemic recovery initiatives. Residents and businesses alike have been impacted by the effects of the pandemic, and the duration of this situation continues to be unknown. Rather than provide one-time modest relief to each property owner, it is recommended that the funds be used to assist property owners more broadly through support to the community and the local economy.

At the Committee of the Whole meeting on November 3, 2020 Council received presentations from the Economic Recovery Task Force, and the Community Recovery Task Force. Both of these groups brought forward a number of recommendations that would require financial support from the City for implementation. Council subsequently received and adopted these recommendations.

Additionally, the City has deferred some capital programs to 2022 that would have otherwise been completed in 2021. This includes projects that were aimed at revitalizing our downtown corridors.

Given the two options above, it is recommended that the 2019 surplus be retained in the Contingency Reserve and used for the purpose of supporting pandemic recovery initiatives. It is believed that this would have a greater long term benefit to community recovery than a one-time tax rebate.

Other Alternatives Considered:

Should Council wish to proceed with providing property owners with a rebate on their 2021 tax bill the following resolution is suggested:

That Council direct staff to dispose of the 2019 surplus of \$2,999,743 as a one-time rebate to all property owners on their 2021 final tax bill calculated on weighted assessment.

An alternative option to those noted above would be for Council to leave the funds in the Contingency Reserve and refrain from committing any of these funds for a specific purpose.

Alignment to Strategic Priorities

The recommendations of this report align with all four of the strategic priorities:

1. Healthy Environment
2. An Exceptional Quality of Life
3. A Vibrant and Growing Economy
4. Good Government

Financial/Operation Impacts:

The 2019 surplus is currently in the Contingency Reserve per Council direction and is not committed for any purpose. The use of these funds for the recommended purpose is a financially responsible solution to an unforeseen and uncertain situation.

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