

HH council reviews first draft of 2022 capital budget

By Nate Smelle

Hastings Highlands council had a chance to review the first draft of the municipality's 2022 capital budget at their meeting on Dec. 15.

Leading up to deputy treasurer Tanya Dickinson's presentation of the proposed budget CAO/treasurer David Stewart offered his insight into the process of creating the budget. Acknowledging the significant amount of time and energy that went into preparing the draft budget, he thanked his fellow staff members for their input in the collaborative effort.

"We have made a lot of progress as a team on the budgeting process," Stewart said. "We also recognize as a team that there is still progress to be made. And we will continue to strengthen and improve our process to be better."

Highlighting for council what he identified as "the customer service transformation," Stewart said he was proud of the municipality's team of staff for "pushing the needle on customer service as an important part of the corporate strategic plan the last few years." Noting how Hastings Highlands has a strong customer service management system and process in place, he said it has enabled staff to successfully manage the increase in service requests the last few years. Providing an example, Stewart said so far in 2021 the municipality has received over 1,300 customer service requests. Moving forward with the transformation of the local customer service culture, he said they have positioned the municipality to start using the information and data they are collecting from customers to make important municipal decisions. For example, Stewart said they have used information collected from the customer service management system to-date, to propose select capital items to council for consideration.

As a result of this data collection, Stewart said they have observed what he calls "the evolution of the customer" they support and serve in Hastings Highlands. Paying attention to the nature of the customer service requests they have received, he said they have recognized that people's expectations are evolving.

"We as a team - council and staff - need to start considering this evolution when making municipal decisions related to municipal programs, and municipal service levels," explained Stewart. "The customers we are servicing continue to be more adept with technology, or more savvy with municipal policy and provincial legislation; and, are accustomed to more urban service levels."

According to Stewart, this means that Hastings Highlands staff are being challenged on a daily basis to keep up with this evolution. In turn, he said the municipality needs to ensure that staff have the materials and equipment to do the job customers are expecting. For example, Stewart said if customers are asking for enhanced maintenance with respect to grading gravel roads, the municipality needs the equipment necessary to meet those expectations, while also meeting minimum maintenance requirements and standards set out by law.

Next, Stewart addressed the record growth in that has taken place in Hastings Highlands in the past couple of years. Noting how exceptional this is for a small, rural municipality, he pointed out that Hastings Highlands was recognized as the third largest growing municipality in the county behind the City of Belleville, and the City of Quinte West.

"Our building department can attest to the recent building boom with record permit activity and revenues," said Stewart. "In our opinion the reason for this boom is associated with what we've witnessed at the start of the pandemic in 2020, when seasonal residents transitioned to either permanent, or more permanent status placing an increased demand on municipal service delivery. In short, we began to see the lights on where we're not used to seeing the lights on at certain times of the year."

Shining a light on another example of the record growth taking place in Hastings Highlands, Stewart said the municipality has also seen an increase in planning applications. He said in 2021 minor variance applications are up 114 per cent compared to 2019.

Stewart said there has also been an increase in building department activities with respect to both permits and revenues. For instance, in 2021 permits have been up over 28 per cent compared to 2019; and, in 2021 revenues are up over 40 per cent compared to 2019.

In addition, Stewart said the municipality has also seen significant growth in: bylaw complaints; waste and recycling site traffic and volume; calls for service in the fire service; road maintenance activities; and, property ownership changes. The reason for comparing the numbers from 2021 with those in 2019, he explained was to help illustrate pre-pandemic growth compared to how much growth has occurred since the arrival of the COVID-19 pandemic.

Stewart next took a look at some of the impacts of COVID-19 on the 2022 capital budget. He said the most dramatic COVID-19 impact on Hastings Highlands as it relates to the municipal budgets is the delay on property assessments it has caused.

As part of the Ontario Economic Outlook and Fiscal Review Build Ontario, Stewart said the Ford government recently announced the continued postponement of the province-wide assessment update. Because of this postponement, he said property taxes for the 2022 and 2023 taxation years, will continue to be based on the Jan. 1, 2016 valuation date. Given the recent growth in the local real estate market, Stewart said it could easily be argued that most valuations as of Jan. 1, 2016 would not be the same today. Backing up this argument, he said a typical Hastings Highlands waterfront property is selling for 200 to 400 per cent higher than the impact valuation on Jan. 1, 2016.

?The delays in the province-wide assessment update means that Hastings Highlands is not able to realize any of the property assessment revenues associated with this dynamic real estate market condition,? Stewart told council. ?Where the municipality will realize assessment growth is through building activity triggered through building permits.?

Explaining further how the budgeting process has been impacted by COVID-19, Stewart pointed out how inflation is another COVID-19 impact beginning to surface in Hastings Highlands. What this means for the municipality's budget, he said is that a dollar in 2022 is not worth the same as a dollar in 2021.

?This could have a significant negative impact on the municipality's ability to provide existing service levels at the same budgeted price tag,? Stewart said. ?In conclusion, council needs to continue to be stewards of municipal assets, and invest into the future of this community. As we embark on this unconventional budget journey, I encourage you to not always talk about cost, but talk about value as we plan for 2025 and beyond.?

Before handing the reins over to Dickinson, Stewart told council that staff plan to make the first draft of the 2022 capital budget available to stakeholders, in hopes of gathering input and comments. He said the public will be able to weigh in via the municipality's ?Have your say? tool on Hastings Highlands' website.

As it stands, Dickinson said the total budget for 2022 amounts to \$3,505,008.32, which is nearly \$1,330,905 more than the municipality's 2021 capital budget. In the budget, the municipality projects that its largest expenditure in 2022 will be the estimated \$1,232,000 it has tentatively allocated for vehicles and equipment. The draft budget also indicates that Hastings Highlands intends to spend: \$1-million on bridges and culverts; \$824,258.32 on roads; \$335,000 Gas Tax Funds ? roads; \$88,750 on recreation; and, \$25,000 on replacing IT equipment.

To pay for this, Dickinson said they plan to utilize: \$2,339,655.32 from the municipality's reserves; \$350,000 in the form of a bank loan; \$335,000 from Hastings Highlands Federal/Provincial Government Gas Tax Fund; \$300,000 from Hastings Highlands operating expenses; and, \$180,353 that is to be sent to Hastings Highlands through the provincial government's Community Infrastructure Fund.

Overall, Dickson said staff believe that the initial draft of the 2022 capital budget realistically addresses capital assets while maintaining a healthy financial position. Noting that the budget pays attention to present capital asset needs, she said it meets residents minimum service delivery expectations. Furthermore, Dickinson said all the proposed projects addressed in the budget take into consideration the formal municipal planning completed to date.

Following the presentation and council's discussion on the budget, staff agreed to take their input into consideration; as well as any input gathered from the public before a second reading of the budget on Jan. 19, 2022.