



Committee Report

To: Warden Chris Peabody and
Members of the Corporate Services Committee

From: Edward Henley
Director of Corporate Services

Date: February 2, 2023

Re: 2023-2027 Budget Revision

Staff Recommendation:

The 2023-2027 Budget Revision report is for information.

Background:

On January 19, 2023, staff presented the proposed 2023-2027 budget and forecast. Committee received the presentation and provided some guidance to staff to review the proposed revisions presented and distribute some of the projects and initiatives to smooth out the longer term forecasted increase.

This report, including the attachments and presentation, outlines the budget revision recommendations from staff based on the guidance from Committee.

Committee also requested additional information that has been appended to the end of this report:

- Additional information on the reserves and reserve funds in the budget
 - See Appendix A
- Update on the Tax Stabilization Reserve
 - See Appendix B
- Business case for Real Estate Clerk position
 - See Appendix C

Financial/Staffing/Legal/IT Considerations:

The proposed recommendations would result in the proposed 2023 net levy increase of 10.57% be reduced by 2.89% to 7.68% and the future year forecasted increases be smoothed out.

Budget	2023	2024	2025	2026	2027
Initial Proposed	10.57%	17.29%	2.24%	5.58%	1.22%
After Recommended Changes	7.68%	14.08%	9.71%	6.65%	6.22%

To achieve these recommended changes it is recommended to withdraw \$525,000 from the Waste Management Future Planning Reserve and to be used in the following manner:

- \$100,000 be transferred to the Capital Roads Reserve

- \$375,000 be transferred to the Tax Stabilization Reserve to fund the 2023 Operating Budget
- \$ 50,000 be used to fund the Municipal Innovation Council for 2023 only, after which all funding would be withdrawn.

The Waste Management Future Planning Reserve balance is approximately \$1,055,000 and the funds are not budgeted for use in the 2023-2027 budget and forecast.

The Waste Management Future Planning Reserve was created by by-law 3546 in April 1996 after the adoption of the Solid Waste Management Master Plan Stage 3 Report which recommended the establishment of a reserve fund for the purpose of funding future waste management planning requirements.

This by-law was later repealed by by-law 2016-033. The new by-law changed the usage of the funds to be:

“on the recommendation of the Bruce County Highways Committee, the Committee charged with the responsibility for waste management, and upon approval of Council when required for the purposes of waste management planning requirements.”

This reserve is a discretionary reserve created by Council. It is not restricted for usage for certain purposes by any legislation or regulation and as such is able to be redistributed by Council decision. There have only been minor usages of the funds since 1996.

Interdepartmental Consultation:

The Director of Transportation and Environmental Services was consulted.

Link to Strategic Goals and Elements:

None identified.

Approved for Submission:

Derrick Thomson
Chief Administrative Officer

Appendix A: 2023 Reserve Summary by Department

Department	2022 Total	Reallocation	Transfers to	Transfers From	Interest	2023 Total
Corporate Services	186,352		30,000	-10,000		206,352
CAO	106,691		0	-16,000		90,691
Information Technology	519,889		395,750	-223,683		691,956
Transportation	5,344,735	-425,000	245,000	-940,000		4,224,735
Planning	160,728		15,000	-10,000		165,728
Human Resources	2,415,746		1,334,598	-907,277		2,843,067
Human Services	6,355,583		2,850,737	-2,958,102		6,248,218
Long Term Care	752,825		612,227	-80,000		1,285,052
Library	651,235		47,400	-33,195		665,440
Museum	715,419		86,034	-50,000		751,453
Paramedic Services	1,189,307		159,000	-64,500		1,283,807
Non-Departmental	4,316,558	425,000	1,111,008	-725,788	190,000	5,316,778
Total	22,715,068	0	6,886,754	-6,018,545	190,000	23,773,277

Appendix B: Tax Stabilization Reserve 2022 Activity and 2023 Projection

Opening Balance January 1, 2022	3,271,309
Less 2022 Activity:	
Offset the 2022 levy requirement	-375,000
Transfer to Paramedic Services Reserve	-276,924
Transfer to Affordable Housing Reserve	-250,000
Transfer to Working Fund Reserve	-300,000
Transfer to Winter Control Reserve	-300,000
Contribution to Review of Local Health Services Reductions	-2,500
Funding for Grey Transit Route #6	-20,000
Carryover: Facilities Review	-15,000
Carryover: Emergency Planning Generator	-74,576
Funding for Regional EV Charging Initiative	-6,981
2022 Surplus/Deficit (estimated)	0
2022 Interest Allocated (estimated)	40,000
Balance December 31, 2022	1,690,328
Add: proposed in 2023 Budget	
Proposed Reallocation from Waste Management Reserve	525,000
Less: proposed in 2023 Budget	
Transfer to the Capital Roads Reserve	-100,000
Offset the 2023 Levy Requirement	-375,000
Offset the 2023 Municipal Innovation Council Contribution	-50,000
Budgeted 2023 Balance	1,690,328
Outstanding Items	
Reimbursement of Krug Funds and Associated Legal Expenditures	Amount To Be Determined

Appendix C: Real Estate Clerk Business Case

Background

In June 2020, Bruce County created the Real Estate Clerk position, a two-year contract position, to undertake a review of roads owned or under the jurisdiction of the Corporation, with a focus on the Bruce County public road system north of Provincial Highway 21. The purpose of the initiative was to ensure the Corporation's property records were accurate and up to date, in support of the Saugeen Ojibway Nation (SON) Land Claim Settlement. Following a successful settlement agreement, the position was extended an additional six months, to the end of 2022.

By undertaking this work, staff have identified significant risk and opportunity. The lack of this function historically has led to an inaccurate and incomplete property record, increasing the County's liability. Consequently, without dedicated staff the County struggled to advance capital works, property matters, manage and maintain records, and/or respond appropriately, to property inquiries (both internal and external), in a timely manner. A thoughtful, coordinated approach is required. Coordinating, and supporting real estate matters through to completion will improve efficacy and effectiveness, forgoing unnecessary delays, and reducing reputational harm.

Proposed Approach

The Corporation's work relating to real estate matters has been and is increasingly, a by-product of unprecedented growth in our region. This is evidenced in the number of requests for support received and the growing demands on the position (Year 1 = 160 inquiries, 25% increase annually). Support requests are received from across our organization, as well as from the public. They are broad and diverse in nature and include property search and investigation requests, ownership and mapping confirmation, requests for conveyances of Bruce County surplus lands, road widenings, conflict of ownership disputes, third party interest claims, encroachments, lease agreement renewals and execution of legal title documents to name a few. The most significant opportunity and what is proposed, based on demonstrated need, is for the Real Estate Clerk to support Bruce County's capital/infrastructure projects. The coordination function, legal and property acumen, paired with the internal knowledge and know-how, addresses a recognized skills gap. The planned approach would see the Real Estate Clerk support the capital work process, in alignment with Bruce County's 5- and 10-year capital plans. Specifically, this includes:

- Strategic planning - Proactively investigating property records and taking appropriate steps to perfect legal title, establishing a solid legal footing for future work (short, medium, and long-term). This enables better timelines, cost estimates and decisions in Capital programs.
- Coordination - Organizing the various parts and players of a project enabling effective collaboration and efficient communication, ensuring advancement through to completion, diminishing disruptions and disputes. It brings in all elements to a successful project at the beginning, instead of the end.
- Building public support and acceptance - Assisting departmental leads with public consultation and acquisition negotiations, including developing, updating, and preparing research (ex. comparative market analysis) and standard template

documents for sale/acquisition of land (ex. Agreement of Purchase and Sale, bylaws, etc.) or real estate (ex. lease/rentals agreements).

- Information management - Perfecting and maintaining our property records, as driven by our capital plans, to improve accuracy, access, searchability and understanding, to make better decision and improve our property acumen. Information that is readily available, recalled, displayed, organized, and maintained in highly searchable tools like SharePoint, and spatially via the County GIS.
- Exploring new and innovative methods - Developing policies and procedures for continuous improvement (ex. legislative document library, SharePoint Database & Workflow, Teranet Ownership Property Report, Microsoft Azure Cognitive Services By-law Review, Real Property Mapping Layer and Road Widening Inventory and Bylaw Index). This can include search tools for project leads during investigation.

Value Proposition

1. Reduces liability and mitigate risk.

A full understanding of our property reduces liability and mitigates risk, ensuring:

- Accurate reporting and financial accounting of County property (*Bruce County's property holdings are a significant asset. Errors or uncertainty with property ownership has the potential to damage the County's reputation and could negatively impact financial planning and decision making*),
- Appropriate maintenance and repair of the County Road system and properties. That the owner and the person maintaining the works are the same or covered with an appropriate agreement (*liability arises for failure to take reasonable care*),
- Adequate insurance coverage (*insurance is essential for protecting the financial interests of municipalities, large capital assets come with risk, being proactive to prevent accidents, protect property and keep residents and employee's safe falls under risk management, an important way to manage costs*),
- Creating an ability to respond effectively to public inquiries, planning applications, lawsuits/litigation, and support departments and service delivery (*TES staff are receiving two or three new property inquiries every month. This does not include the backlog or requests from other County departments*).
- Ability to enter into agreements for service, as the registered owner of the property.

2. Provides a coordinated approach; improving efficacy and effectiveness, forgoing unnecessary delays and reduces reputational harm.

A thoughtful, coordinate approach is required - coordinating and supporting real estate matters (departmental & public) through to completion. Without dedicated staff we struggled to advance capital works, property matters, maintain records and/or respond appropriately in a timely manner.

- Coordination across departments and between the various stakeholders ensures advancement through to completion, avoiding disruptions and disputes.
- We have developed tools and processes for searching and reviewing legal title property records (improving efficacy and effectiveness).

- These tools/processes are unique to Bruce County (internal knowledge/know-how).
- We can prioritize and respond very quickly (much quicker than external supports).
- Provides for a system of clear expectations, accountability, and a thoroughness to projects.

3. Cost Savings

Salary - 100% of the work performed by the Real Estate Clerk position would traditionally be performed by the County Solicitor and/or our legal team. The Real Estate Clerk can provide this service at a fraction of the costs - 70% savings (calculated at a 60% law clerk: 40% lawyer ratio). Delivering background research, project coordination and preliminary analysis in-house, drastically reduces (or eliminates) the need for legal assistance.

Delay - Coordinating, and proactively supporting capital projects, will predictably reduce disputes, disruptions, and costly delays. The long-term average of "construction inflation" (i.e., Non-Residential Building Construction Price Index) is 5%. On a \$10 million dollar bridge project, that equates to delay cost of \$500,000 annually.

Retain Property - Having this dedicated resource has prevented the loss of Bruce County property.

Economies of scale - As part of the work completed to date, The Real Estate Clerk has developed an inventory of all road widenings owned by Bruce County (a project entitled "Road Widening Inventory and Bylaw Index"). Road widenings are a critical component of the County Road Network and by association capital/infrastructure projects. Through this effort, it was discovered that approximately 200 road widenings are missing a dedication bylaw (a bylaw to dedicate lands as part of the public road network). In advancing capital projects, we have traditionally taken an uncoordinated, one off, as needed approach to rectify this issue (i.e., developed a by-law for a single widening). Traditionally the County Solicitor has undertaken this work at a cost of approximately \$1,500 each. Having knowledge and understanding of our road widenings, allows us to address all these legal title deficiencies at once, done completely in-house by the Real Estate Clerk - representing a savings of ~\$300,000 (200 road widenings x \$1,500 ea.) vs. the approximate salary cost of \$10K (to complete the widening inventory).

Knowledge and skill - A real Estate Clerk understands how to research the property and verify the status with the Registry Office, as well as the process to correct title. In the future the knowledge of how to dispose of surplus land or to accept donated/transferred lands will continue to be a need. This knowledge is specialized and does not exist within each department current, therefore relying on external advisors predominately lawyers.

Local municipalities - Improving the County's property records often also results in an improvement to the local municipalities property records (ex. [Transfer of Bruce Road 6 \(Concession 8 Road\) to Huron-Kinloss](#)).