



Committee of the Whole Report For the Special Meeting of January 25, 2021

To: Committee of the Whole **Date:** January 21, 2021
From: Susanne Thompson, Deputy City Manager and Chief Financial Officer
Subject: 2021 Funding Source Options for South Island Prosperity Partnership

RECOMMENDATION

That Council receive this report for information.

EXECUTIVE SUMMARY

During the Special Committee of the Whole Meeting on January 25, 2021 Council directed staff to report back on funding options to allocate \$218,962 to the South Island Prosperity Partnership, including reallocating budgets from the Late Night Great Night and Special Events budgets; increasing the property tax increase; and identifying possible other funding sources.

Below outlines the various funding sources and options for Council's consideration:

Reduce Late Night Great Night Budget

In December 2020, Council approved that this budget be reduced by \$135,000 (the low range), as part of the 2021 mitigation strategies; this represents approximately six months of budget to June 30, 2021. Council could choose to reallocate an additional three to six months of this budget (funding for July to December) which ranges from \$70,000 to \$135,000.

The available funding from this option is less than the full amount required to fund SIPP. Council could choose to combine this option with other funding sources as outlined below.

Special Events Budget

As part of the 2021 mitigation strategies, Council approved reducing this budget by \$25,000 (the low range), representing an estimated three months of budget to March 31, 2021. Council could choose to reallocate an additional budget amount up to \$565,000 which consists of estimated costs savings of \$91,000 in Q2, \$315,000 in Q3 and \$159,000 in Q4.

The estimated quarterly savings vary due to the number of events held in each quarter; for example, there typically are more events held in the summer months. Due to gathering size restrictions, some special events may not take place in 2021. If the restrictions are lifted during the year, there is the possibility that events that did not take place during the restriction could shift to later in the year which may require additional budget in the later months.

Property Tax Increase

At the time the 2021 Draft Financial Plan was compiled in August, the average Consumer Price Index (CPI) for Victoria was approximately 0.75%. Therefore, the maximum tax increase was 1.75% or inflation plus 1% as per Council direction. Since the meeting on Monday January 18, the 2020 annualized CPI for Victoria was published at 1.1%. Consistent with policy, Council could choose to increase the property tax increase to 2.1% which is equivalent to an additional \$500,000.

Should Council choose to increase the property tax increase to 2.1%, the full amount of the SIPP grant could be funded and approximately \$280,000 would be available to allocate to other items. Council could choose to increase the property tax increase by only the SIPP amount of \$218,962 which would equate to a tax increase of 1.9%.

Other Funding Option - Contingency

The 2021 Draft Financial Plan includes a contingency budget of \$1,000,000 which typically is used to fund unforeseen or emergency expenditures. Typically, this budget is not used to fund known costs, but should Council choose to authorize reallocation from this budget to fund the SIPP request, the remaining budget available for unanticipated events throughout the year would be reduced to approximately \$781,000.

Respectfully submitted,

Jo-Ann O'Connor
Deputy Director of Finance

Susanne Thompson
Deputy City Manager and Chief Financial Officer

Report accepted and recommended by the City Manager