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City pivots on how it might eliminate deficit

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In less than 24 hours Mayor Andy Letham and CAO Ron Taylor appear to have changed tack on the best way to pay down Kawartha Lakes COVID-19 induced budget shortfall of \$3.2 million.

At council on May 26, Taylor dealt with the issue of the shortfall in depth. He hinted that the city had two potential possibilities for paying the multi-million dollar deficit down.

The first option was applying a possible \$3 million budget surplus from 2019 against the 2020 deficit.

A second option alluded to taking any surplus from the 2020 winter control budget and applying it against the COVID-19-related deficit.

The next day the Mayor and CAO met with the press at their weekly scrum, and the messaging on paying down the deficit appears to have changed significantly.

Letham said, “The surplus of \$3 million from 2019 is just a projection and may be used in 2021 to aid in recovery from the pandemic.”

He adds, “Staff is looking for efficiencies. We are doing a good job putting money aside for emergencies. We are in better financial shape than some municipalities.”

When it came time for Taylor to address the press, there was significant interest from reporters about how much the city had been saving in payroll since over 300 permanent part-time staff had been laid off in April.

Taylor said the city saves \$300,000 a month in payroll – about a million dollars in just over three months. The city is also reducing non-essential spending and reducing services by cancelling city-run summer camps and events like the Lindsay Milk Run.

The CAO said the city will also save from buildings that are temporarily mothballed and are easier to heat and cool.

Taylor shared that the city will need to find \$3.2 million in savings between now and December 2021, and if a surplus from 2019 becomes a reality that council will likely be advised at their next meeting in early June.

to put that money in reserve.

Letham said that he had no interest in using the “found money” (2019 surplus) to deal with this COVID induced 2020 shortfall. The mayor suggested that the best thing to do “is to pretend the surplus isn’t there and to put it aside.”

Taylor added that, “A number of projects will be deferred until 2021. Council will have those decisions to make and anything deferred will be at the top of the list for 2021.”

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