

Request for Decision - United Townships of Head, Clara & Maria Municipal Council

Type of Decision									
Meeting Date	Wednesday, June 20 2018				Report Date	Thursday, May 31, 2018			
Decision Required	X	Yes		No	Priority	X	High		Low
Direction	X	Information Only			Type of Meeting	X	Open		Closed
Budget Considerations Report #20/06/18/1001									

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Subject: Options for Council consideration for the 2018 budget.

RECOMMENDATION:

Draft budget proposal for 2018. The following represent staff proposals for Council’s initial consideration based on council decisions and direction over the past year. A budget by-law and final taxation by-law must be passed this week.

Resolution #1

WHEREAS the following projects were budgeted for in 2017 but not finished, and with funding for uncompleted projects not transferred to deferred revenue prior to 2017 year end;

THEREFORE BE IT RESOLVED THAT the Council of the United Townships of Head, Clara & Maria does hereby authorize staff to allow funds allocated to 2017 projects to roll into 2018 annual surplus to be used for pre-approved projects in 2018 totalling \$77,345 plus accrued expenditures owing for 2017 including:

1. \$5,000 purchase of radios and equipment for Emergency Management;
2. \$600 purchase of cell phone and contract for office/admin use – available for Emergency Management purposes;
3. \$2,145 - for CIP – boat launch project;
4. \$14,600 for Recreation Committee surplus/profits from 2017; and
5. \$55,000 for outstanding legal invoices for ongoing legal and integrity commissioner issues.

Resolution #2

WHEREAS an unaudited surplus for the 2017 operating year has been identified at approximately \$272,705;

THEREFORE BE IT RESOLVED THAT the Council of the United Township of Head, Clara & Maria does hereby authorize staff to utilize funds from the anticipated surplus effective December 31, 2017 as follows:

1. Return unutilized 2017 funds to reserves in the amount of \$41,000
 - a. \$25,000 council funding H/C to transition;
 - b. \$10,000 OMP washroom (to \$5,000 Parks and Rec. \$5,000 Transition Reserve);
 - c. \$6,000 IT;
2. Allocate \$47,000 to new reserves for:
 - a. \$5,000 street lights at Highway 17 entrances;
 - b. \$5,000 Stonecliffe boat launch improvements;
 - c. \$2,000 IT (office technology)
 - d. \$30,000 Roads truck vehicle; and
 - e. \$5,000 Sand/salt spreader for municipal truck.
3. That \$7,500 be utilized for the following one off projects or items:
 - a. 5,000 - pay out 50% of staff time for time and vacation owing at a cost of \$5,000;
 - b. \$2,500 - Utilize funds to create roadway access to the end of Harvey Creek Roads for resident access to the Ottawa River.
4. New ongoing expenses:
 - a. \$5,000 - increased wage (and all wage expenses) for rec/caretaker position. To permanent 3 days per week.
 - b. \$17,000 – create a new By-Law Enforcement Officer position. The part time position will be an average of 36 hours per month for 12 months. A variable work schedule will ensure compliance. No one will know what 36 hours will

be worked. The first year will require BLEO training and administrative work to set the position up, which will be reduced over time. Depending on the type and number of fines set by Council and enforced, any costs may be offset by fines collected. An estimate of 40 - \$125 fines has been used for 2018 budget purposes.

Resolution #3

It is staff recommendation that Option #1 be adopted by Council.

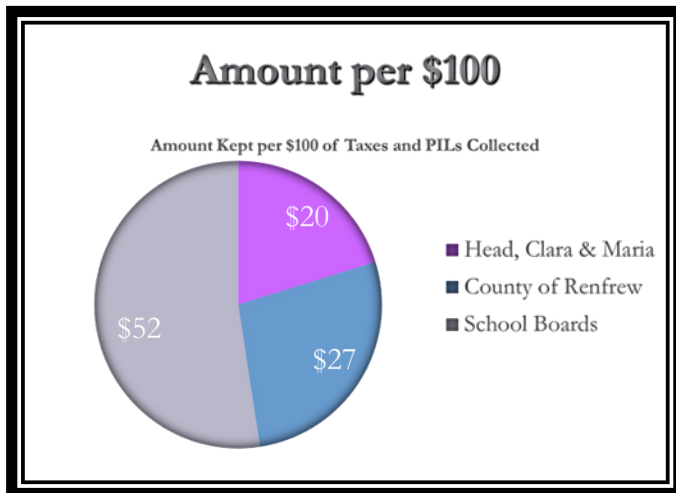
WHEREAS the Council of the United Townships of Head, Clara & Maria has reviewed the supporting documents and options recommended for setting the total operating budget for 2018;

THEREFORE BE IT RESOLVED THAT the Council of the United Townships of Head, Clara & Maria does hereby agree to utilize option number ___ and directs staff to insert the corresponding budget total into a by-law prepared for this special meeting of council so that it may be formally adopted.

Background/Executive Summary:

I have included in your last meeting package, a copy of the budget presentation prepared for public meetings a few years ago. Although some of the specific data has changed, the explanations and background explanations remain the same. I have included it as a background for our new council members.

This is one graph from that presentation as a reminder of how much money we keep from the taxes collected by our municipal office. When people complain about the amount of taxes they pay...this is what HCM retains from every \$100 received.



General

A municipal budget is a best estimate of revenues and expenses required to cover all operating and capital costs for any period, in our case one year. Unforeseen issues will arise which will affect both revenues and expenses. Total expenditures to December 31, 2017 have been calculated. Year-end adjustments have been considered but as yet have to be processed as per direction from the municipal auditor.

Staff have attempted to determine basic operating expenses for 2018 based on Council, public and staff expressions of wishes and interests, strategic planning, the municipal asset management plan and Council policy. This budget is provided for Council review and approval.

HCM has no debt and has reserves totalling **\$ 830,990** prior to this budget being passed and **\$918,990** should council follow staff recommendations. Assuming Council adopts the above resolution, there will be zero surplus forecast for 2018 year end.

It is recommended that the new Council review the reserves and set their own goals moving forward as some reserves have been met and used for their intended purpose and need to be re-set again for future dates and uses. Eg. Office renovation/expansion.

Budget Considerations

The budget prepared for Council meets expenses and current demands and also replaces reserves not required for planned special projects. This is in part due to the following totalling \$148,000:

1. A savings of \$50,000 in Roads based on use of alternate tools/methods for brushing work than originally planned.
2. Costs for expansion proposal for Bissett disposal site, and annual monitoring was lower by nearly \$20,000.
3. Savings from using a private contractor to having staff and Beaumen complete recycling has amounted to approximately \$10,000 in savings.
4. A significant surplus remaining from 2017 based primarily on the success of Homecoming. There were more revenues than anticipated and fewer expenses for a difference in cash of about \$68,000.

Provincial Effects

Annually with provincial legislative changes municipalities experience increases and/or decreases in traditional revenue and expense sources outside of Council or staff control. For 2018 we will realize a net decrease of provincial support of **\$9,600**. In 2017, a Transition Funding Reserve was created to offset these increased expenses and reduced funding. It currently has \$81,400 which is not being recommended for use in this budget.

The Transition Fund has been created to offset increases in policing costs which more than doubled in the past 3 years and reductions to the Ontario Municipal Partnership Fund which has dropped from over \$200,000 in 2007 to only \$68,100 for 2018. Should these costs be absorbed through other funding sources, the Transition Reserve will not be required and eventually be re-allocated to Council determined purposes.

New for 2018 and included in the proposed balanced budget

The current budget includes funding for special programs and projects, most of which include contributions from provincial and federal grants. The following list shows grant funding approved to date.

1. \$700 Federal funding for Canada Day; and
2. \$50,000 for special roads projects, Ontario Community Infrastructure Fund.

Applications have been approved by Council and submitted with no response to date.

3. \$21,500 New Horizons for Senior's Programming
4. \$11,860 Ontario Senior Secretariat Programming

5. \$6,000 for Healthy Kids programming

Proposed spending for 2018-2019 built into the proposed budget.

6. New Roads truck – larger, heavy duty with plow and sander, \$35,000 to reserves – to purchase in 2018 or 2019 depending on next need for repairs. (along with \$20,000 already in reserves for a total of \$55,000).
7. The Downtown Revitalization Project Funding will be managed similarly to the Gas Tax fund in that the money may be set aside, to use once a significant amount has accumulated for a legislated purpose. With this being an election year, it is suggested that the majority of funds be saved to deferred income to use in subsequent years on a purpose to be determined by the new council. A use of \$8,000 has been recommended to improve the entrance to the community centre with concrete steps and permanent benches. The total to be received annually will be \$37,865. (These funds may be used to install marker lights at intersections.) This Council may change this recommendation and plan on using these funds in the current year providing the funds meet grant objectives.
8. Gas Tax to be saved to deferred income will amount to \$7,484.97 for 2018.
9. New ongoing expense \$5,000 per year - increased wage (and all wage expenses) for recreation/caretaker position. It is really only an average of 2-3 hours per week in addition to what we are paying now...but does include insurance benefits (but not other employee benefits) once 21 hours per week are met. This is important in keeping good employees.
 - a. This moves from two separate jobs already approved for 2 full days and one day /week up to 5 hours to a permanent 3 days per week. This makes the position more attractive and allows us to keep employees in a community with few people looking for work and/or wanting to do this type of work. When advertising for these positions, we have only received one applicant for each. This will help to keep that employee.
 - b. Continuous downloading will increase admin obligations and require more work with no more money, staffing or time. Examples include: increased asset management legislation, updated strategic plan, increased HR duties, need for a risk management policy, and increased duties under Bill 68 - Modernizing the Municipal Act, Bill 148 – HR legislative changes and Bill 139 - Ontario Municipal Board Reform.
10. New ongoing expense of approximately \$17,000 per year for a part time By-Law Enforcement Officer position. The position would be a flexible schedule of an average of 6 hours per day for 6 days of the month for 12 months. Council may increase as desired. This time frame was suggested to keep costs low but still be effective. Costs will be offset by fines collected through enforcement of all municipal by-laws. Additionally, there will be increased training and admin set up fees for 2018 which will decline as the position is set up.
11. Due to the increased risk associated with use of the trail and off road vehicles on municipal property as well as joint and several liability; it is recommended that we increase our liability insurance from \$25M to \$50M for the additional annual premium of \$1,500.

12. We have had a resident ask for access to the Ottawa River at the end of Harvey Creek Road and/or Boudreau Road.

- a. The costs to clear the land and prepare a passage along an unopened road allowance at the end of Harvey Creek Road would be between \$2,000 and \$2,500 depending on which route is chosen. It is staff recommendation that this area be opened to provide for easier access to the beach here.
- b. There may be challenges with this proposal as a private property owner has been using the unopened road allowance for personal use for some time. This route would require the installation of a culvert and increased associated costs.
- c. It will be Council's decision to use our road allowance or use the alternate route which is not our property but instead OPGs. People already use OPG property but have to climb over a berm and use a trail through the woods to access the sandy section.

Proposed Use of Grant funding – not included in the proposed budget

13. Installation of street lights at the ends of busier municipal roads or those on dangerous sections of the Highway (curves/hills) for a total of 10– Harvey Creek, Boudreau, Ashport, Mackey Creek, Jennings, Pine Valley, Township Hall, Mclsaac Drive, Dunlop Crescent and Cotnam Roads.

- a. We have received a (guesstimate) quote of \$5,000 each due to the expanse throughout the community and the fact that each one will require an individual connect.
- b. Hydro One has been contacted to determine annual costs of electricity and have advised that they are not in a position to share that. They recommended that we hire a contractor/engineer to provide advice. I have been in contact with a gentleman from Ottawa who has provided this type of service for the county and is willing to work with us.
- c. With an aging population and increased use, it is recommended that these lights be installed to improve health and safety of our residents and visitors alike.
- d. Council could prioritize the roads for installation and do some now and some in the future. Less money could be put into reserves in the proposed budget, the Gas Tax and Revitalization funding might be used or money could be removed from reserves if Council deemed this a worthy project for 2018.
- e. The following could cover installation and 2018 electricity charges if this council chooses to pursue this project. A number of lights could be installed in 2018 with a prioritized list.
 - i. Gas Tax - \$ 7,485
 - ii. Downtown Revitalization - \$37,865.

Considerations as provided by Residents

In response to a request for proposals for seniors funding, staff received the following suggestions.

1. Fire equipment in trailers for each community for resident use.
 - a. This has been discussed in years passed and has been determined to be too risky due to liability. If the municipality provides equipment but does not maintain it, monitor it or oversee its use, we have been told by the Fire Marshal's Office that the municipality would be placing itself in a position of increased liability. Previous councils have determined not to provide this service.
2. Continued Boat Launch improvements
 - a. There is nothing specifically planned in this budget other than \$5,000 to reserves for eventual Stonecliffe break-wall.
3. Purchase of land in Bissett Creek for a public boat launch.
 - a. It is expected that there is no available land and if it is it will be quite expensive, however; staff have not looked into this without Council direction. There is also the issue of access from the highway at that corner.
4. Consider street lights at the major intersections in HCM. Kenny road, Jennings Road, Boat Launch road etc. It would improve safety and the public appeal to the area.
 - a. Staff have discussed this issue with MTO months ago and it was determined that there are currently no solar lights which would meet MTO standards. Staff have been considering this issue and has provided additional information elsewhere in this report.
5. Municipal provided access to the Ottawa River at the ends of Boudreau and/or Harvey Creek Roads.
 - a. Boudreau Road has a steep bank at the end and would be difficult to modify. It is estimated that it would cost approximately \$2,000 - \$2,500 to modify Harvey Creek Road at our unopened road allowance to clear an area for access. This issue has been added to the budget proposal.
6. Clearing of area at the bottom of the steps at Old Mackey Park of rocks to improve beach access to users.
 - a. Minimal costs...tasks to be added to the summer student job duties for 2018.

Additions approved annually - moved to budget for simplification

1. To add
 - a. \$150 to Annual Community Christmas dinner - donations
 - b. \$500 employee Christmas party – Admin Miscellaneous
 - c. Donation to Christmas Basket program - \$250 - donations
 - d. Annual donation to NRFS - \$1,500 – donations

Options for consideration - all incorporate the recommendations listed above

1) Option #1 is based on 2017 actual tax rates with 2018 Current Value Assessment for properties and Payments In Lieu of Taxes.

- a) This option presents a balanced budget for 2018 and is based on revenues required from taxation of **\$497,747**. (The only increases that people may see on their tax bills will be those realized from increases in assessments and growth.)

1) Option #2 meets current needs and is based on revenues from taxation of **\$516,748**.

- a) It is an increase of 4.03% or **\$9.98** per \$100,000 assessed value and leaves \$20,000 surplus for Council allocation.

- 2) Option #3 meets current needs and is based on revenues from taxation of \$536,747. This option would increase taxes by 7.74% or **\$19.96** per \$100,000 of assessed value and results in an estimated surplus for 2018 of \$40,000 for Council allocation.

Actual tax rates for 2008 – 2017 with suggestions for 2018.

Year	Rate	Amount taxes per \$100,000	Increase over previous year	% increase in rate per \$100,000 value over previous year	Extra Funds Raised	Total Taxes Raised for Municipal Purposes		Total Budget
2007	0.00143311	\$ 143.31	\$0.00	0.00				
2008	0.00155496	\$ 155.50	\$12.19	8.51				
2009	0.00180944	\$ 180.94	\$25.44	16.36				
2010	0.00221217	\$ 221.22	\$40.28	22.26				
2011	0.00262066	\$ 262.07	\$40.85	18.47				
2012	0.00273904	\$ 273.90	\$11.83	4.51				
2013	0.00262343	\$ 262.34	\$11.56	4.22	\$ (20,000.00)	\$455,018		\$ 969,353
2014	0.00262343	\$ 262.34	\$0.00	0.00	\$ -	\$467,020		\$ 839,269
2015	0.00252585	\$ 252.59	\$9.76	3.72	\$ (21,569.00)	\$458,371		\$ 895,138
2016	0.00252585	\$ 252.59	\$0.00	0.00	\$ -	\$472,580		\$ 819,580
2017 - estimate	0.00256106	\$ 256.11	\$3.52	1.39	\$ 20,000.00	\$496,421	\$33,700 surplus	\$ -
2017 OPTA Actual	0.00247867	\$ 247.87	\$4.72	1.84	\$ 20,000.00	\$497,098	\$33,700 surplus	
2018 Option 1	0.00247867	\$ 247.87	\$0.00	0.00	\$ -	\$497,747	\$ -	\$ 1,217,585
2018 Option 2	0.00257848	\$ 257.85	\$9.98	4.03	\$ 20,000.00	\$516,748	\$ 20,000	\$ 1,237,585
2018 Option 3	0.00267829	\$ 267.83	\$19.96	7.74	\$ 20,000.00	\$536,747	\$ 40,000	\$ 1,257,585

Important

Note:

***Because we are late for 2018, the County and School Board rates are already known. The actual rates have been used in these estimates – the amounts are accurate as per the above chart.

Staff Recommendation

Staff have discussed the various options and feel confident recommending **Option #1**, maintaining the current tax rates while meeting ratepayer and provincially legislated demands. Significant reserves provide for unexpected contingency and transition costs which may arise in the future.

Why is the Annual Budget This High?

The annual budget has increased progressively over the past decade in part due to increased costs and demands required through provincial government downloads including: Policing, emergency management, fire protection, waste management, health and safety, auditors, insurance and integrity commissioners. Significant increases for 2018 would be legal costs in part owing from 2017 and auditor costs allocated to assist in completing work our Treasurer normally conducts.

For 2018 over \$100,000 is dedicated to special grants. Over \$80,000 is sent to reserves and \$33,000 is dedicated to the Recreation Committee which earns revenues to offset all expenses resulting in a zero cost budget item for Council. It still has to be included in Council's budget. Without the surplus of over \$270,000, the budget would be below the million dollar mark again. As it is, the budget contributes to all the programs and services which make Head, Clara & Maria a great place to live with the lowest tax rates in the County.

The cycle of specific/tied apron strings grants and unspecified grants continues. The Ontario Municipal Partnership Fund was a non-specific fund which allowed municipalities to spend where they felt was best for their municipality. It has been decreasing year over year for the past 4-5. Instead, with crumbling infrastructure country wide, both the federal and provincial governments are investing in infrastructure in various categories. It will be interesting to determine how the new PC government affects municipalities. Premier Ford has already said that before any additional funding is provided, municipalities will be tasked with looking for efficiencies.

Public Meeting

With diminished attendance at budget public meetings, (only one resident attended in 2014, not held in 2015 - 2017) it was staff recommendation that there not be a public meeting for 2018. Due to the tight deadline – the budget MUST be passed and the tax rates input into OPTA prior to week end, budget has been shared on-line and through social media to reach more people. People just don't appear to want to come out.

Attachments

The proposed Recreation Committee budget and current reserve sheets have been provided for your reference. Specific expenses and revenues are listed on the Detailed Budget Working Document attached. A shortened Budget will be prepared and presented to Council as an appendix to the budget by-law for Wednesday's meeting.

Financial Implications/Budget Impact:

As per the Municipal Act, this report and the accompanying budget worksheet provides information to Council to direct staff in the creation of a by-law setting the budget for the 2018 operating year.

A draft budget has been created for Council approval. Council has the opportunity to amend it. Please feel free to modify, question and recommend changes to special categories and allocations such as transfers to reserves, special projects etc.

Respectfully, it is not Council's job to and we will not dissect the entire budget line by line, but staff is available to answer any questions you may have.

Other's Consulted:

Gayle Watters, Administrative Assistant (temporary) and Rec Committee Chair; HCM Recreation Committee; Crystal Fischer, Administrative Assistant; Wilfred Lamure, Road Super; Bill Donnelly, Municipal Maintenance Worker; Peter Harrington, Municipal Auditor

Approved and Recommended by the Clerk

Melinda Reith,

Municipal Clerk

Melinda Reith