



REPORT FIN-2015-035

TO: Mayor and Members of Council
FROM: Paul Creamer, Director of Finance/Treasurer
MEETING DATE: November 25, 2015
SUBJECT: 2016 Capital and Operating Budget Update

RECOMMENDATIONS

That Report FIN-2015-035 regarding the 2016 Capital and Operating Budget Update be received.

DISCUSSION

Purpose

The purpose of this report is to:

1. Provide Council an update on the items that were discussed at the September 30th Capital Budget meeting and the October 14th Operating budget meeting; and
2. Present Operating and Capital Budget changes that have occurred due to new and/or better information being available to staff.

Background

On September 30th Council received report FIN-2015-031- 2016 Proposed Budget. The following table was presented to Council to summarize the proposed Capital and Operating Budget.

	2015 Approved Budget	2016 Proposed Budget	Tax Impact
Capital Taxation Levy	\$729,270	\$963,761	7.11%
Operating Taxation Levy	\$2,637,099	\$2,609,766	-0.83%
Total Municipal Taxation Levy	\$3,366,369	\$3,573,527	6.28%

Capital Budget Updates

	2015 Approved Budget	2016 Proposed Budget	Tax Impact
Capital Taxation Levy - September 25th	\$729,270	\$963,761	7.11%
<i>Changes to Capital Program:</i>			
Computer Replacement Program		\$12,600	0.38%
Badenoch Community Centre - Switching Projects		\$2,500	0.08%
Capital Taxation Levy - Updated	\$729,270	\$978,861	7.56%

1. Items from Council Budget Meeting

The following items were discussed by Council at the September 25th Capital Budget meeting. Each item includes the discussion from Council as per the minutes, a staff update and the budget impacts.

1.1. Item - Nassagaweya Puslinch Townline

From Council Minutes – Councillor Bulmer inquired as to whether the Township had considered offering a lesser amount than the 50% request for the road repairs given that the Township has jurisdiction over 1.5 km of the 6 km of roadway. Don Creed, Director of Public Works and Parks indicated that the Township had previously provided 30% of the project or \$300,000 which was financed over 10 years by the Town of Milton. Mr. Creed indicated that the Township could inquire of Milton as to whether this arrangement could be made again on this project.

Staff Update – Staff is investigating and will provide an update once further information is known.

1.2. Item - Badenoch Community Centre

From Council Minutes - Council requested staff to switch the timing of the exterior wall repairs with the interior wall repairs.

Staff Update – The projects have been switched.

Budget Impact – \$2,500 increase. The exterior walls rehab program (\$10,000) is \$2,500 greater than the interior wall repairs (\$7,500).

1.3. Item Carroll Pond & Lesic-Jassal Municipal Drain

From Council Minutes - Council inquired as to whether the Township has a Maintenance Agreement with the County of Wellington and whether the Township

has inquired of the County of Wellington as to whether they wish to participate in the costs. Karen Landry, CAO/Clerk advised that the Township would making these inquires of the County of Wellington.

Staff Update – Karen Landry is investigating and will report back to Council.

1.4. Item – Parks Trail Development

From Council Minutes - Councillor Roth inquired as to whether the works associated with the trail development could be undertaken by Township Staff. Councillor Bulmer advised that Friends of Mill Creek may be interested in working with the Township through their Ranger Program. Councillor Bulmer requested that staff provide him with details of the scope of work and he could make inquiries at the next Friends of Mill Creek meeting regarding their interest.

Staff Update –GWS Ecological & Forestry Services Inc, the consultant designing the location of the trail, will be able to provide further scope of the project which will determine whether Township Staff or Friends of Mill Creek will be able to undertake the work.

1.5. Item - Video and Audio Recording of Council Meetings

From Council Minutes - Council requested staff to follow up on audio recordings of Council meetings versus audio and video recordings.

Staff Update – Karen Landry is currently researching the costs to provide audio recordings of council meetings. Further updates will be provided once more information is known.

2. Other Capital Budget Changes

In addition to the items discussed at Council there has been one additional change to the Capital Budget from what was presented to Council.

2.1. Computer Replacement Program

Staff Notes – the costs represent the costs for the computers and laptops that require replacement as per a 5-year replacement schedule.

Budget Impact - \$12,600 increase

Operating Budget Updates

	2015 Approved Budget	2016 Proposed Budget	Tax Impact
Operating Taxation Levy - October 5th	\$2,637,099	\$2,609,766	-0.83%
<i>Changes to Operating Program:</i>			
Proposed Cost of Living Adjustment - 1.2%		\$23,000	0.70%
Fire - Budget Adjustments		\$9,006	0.27%
Fire - Base Budget Increase		\$18,240	0.55%
Legal Costs		\$5,000	0.15%
Penalties - Property Taxes Adjustment		(\$14,000)	-0.42%
Other Minor Adjustments		\$560	0.02%
<i>Sub-total Changes to Operating Program:</i>		\$41,806	1.27%
Operating Taxation Levy - Updated	\$2,637,099	\$2,651,572	0.44%

1. Items from Council Budget Meeting

The following items were discussed by Council at the October 14th Operating Budget meeting. Each item includes the discussion from Council as per the minutes, a staff update and the budget impacts.

1.1. Membership Subscriptions

From Council Minutes - Mayor Lever inquired as to how many Municipal World subscriptions the Township receives.

Staff Update – The Township receives two subscriptions, one is for the Mayor and one is for the CAO.

1.2. Benefits

From Council Minutes - Mayor Lever inquired as to whether the Township was considering following the County of Wellington’s decision to move from Manulife to Sunlife for employee benefits.

Staff Update – Mosey and Mosey marketed the Township’s benefit package to attempt to find a lower cost provider. Staff will be receiving the results of taking the Township’s benefit package to market before November 30th. Staff will provide an update to Council once more information has been received.

1.3. Conestoga College Student Placement

From Council Minutes - Councillor Stokley inquired as to whether the Township is considering a co-op placement from Conestoga Colleges’ Recreation Program.

Staff Update – Please refer to Report REC-2015-009 – Conestoga College Student Placement.

2. Other Operating Budget Changes

In addition to the items discussed at Council there have been additional changes to the Operating Budget from what was presented to Council.

2.1. Cost of Living Adjustment (COLA) - Proposed

Staff Update - Staff is recommending that going forward COLA be tied to the Consumer Price Index (CPI) for Ontario from August to August. CPI increased 1.2% from August 2014 to August 2015. Using this benchmark for COLA will allow an amount to be calculated and included in the budget in September of each year. The following table shows that many municipalities have not determined the COLA for 2016 but it also shows that many use CPI as a benchmark.

Municipality	2014	2015	2016	How is COLA determined?
Blandford-Blenheim	1.00%	2.00%	1.20%	Statistics Canada CPI
Centre Wellington	1.60%	1.75%	1.90%	Negotiated a four year agreement with its Staff Association effective January 1, 2013.
Erin	2.00%	1.50%	n/a	Use County as a Guide and Statistics Canada CPI
Guelph-Eramosa	1.00%	2.00%	n/a	Historically has increased the payroll grid in accordance with the previous year third quarter CPI.
Mapleton	2.50%	2.50%	n/a	Statistics Canada CPI
Minto	0.00%	2.00%	n/a	Policy in place which states the grids move by the October CPI, however Council must approve this each year at budget time.
Mono	1.30%	2.00%	2.0% - Proposed	Statistics Canada CPI
Wellesley	1.50%	2.00%	n/a	October CPI for Ontario
Wellington County	2.00%	2.00%	2.0% - Approved at Committee Level	Human Resources Department takes part in salary surveys and has access to public sector and CUPE wage comparators.
Wellington North	1.50%	1.50%	n/a	Based on union negotiations and Statistics Canada CPI
Average	1.44%	1.93%	1.78%	Only includes known figures
Puslinch	1.00%	2.00%	1.20%	

Budget Impact – \$23,000 increase

2.2. Adjustments to Fire Budget

- a) Hiring a Permanent Deputy Fire Chief - Council passed By-law 028/14 on April 02, 2014 for two (2) Temporary Deputy Fire Chiefs. The purpose of By-law 028/14 was to seek Council's approval to fill the vacant Deputy Fire Chief position with two (2) Temporary Deputy Fire Chiefs until the completion of the Master Fire Plan and the permanent Deputy Fire Chief Recruitment process. Now that the Fire Master Plan is complete a permanent Deputy Fire Chief will be hired.

It should be noted that the Temporary Deputy Fire Chiefs did not receive the Deputy Fire Chief rate of pay and did not commit the required 20 hours per week, leading to savings in the 2014 and 2015 operating budget.

The 2016 budget for the Deputy Fire Chief position is based on the 2013 Actuals in order to reflect the costs of the position prior to By-law 028/14 being enacted.

Budget Impact - \$23,618 increase (includes salaries and benefits)

- b) Reduction of Salaries and Wages to Reflect 2015 Actuals – a detailed analysis of the historic Fire and Rescue salaries and benefits was undertaken and it was determined that the budget should be reduced by \$8,101.

Budget Impact - \$8,101 decrease

- c) Motor Vehicle Emergency Responses Rate Increase – MTO provided a letter on October 26, 2015 that effective November 1, 2015, the remuneration rate for fire responses services on provincial highways increased from \$410 to \$450 per vehicle hour.

Budget Impact - \$6,511 decrease

Total Budget Impact of Fire Budget Adjustments - \$9,006 increase

- 2.3. Base Budget Increase - Increase the Hours of the Chief Fire Prevention Officer by Eight Hours per Week – see Attachment 1.

Budget Impact - \$18,240 increase

- 2.4. Legal Fees – the estimated legal fees for various items are projected to be \$5,000 higher.

Budget Impact - \$5,000 increase

- 2.5. Penalties – Property Taxes – the expected penalties for 2016 had been decreased to \$58,700 based on the year to date value as at June 30. This value has been increased to \$72,700 based the year to date value as at October 31.

Budget Impact - \$14,000 decrease

- 2.6. Other Minor Adjustments
- a) Increase in OMPF Funding - \$800
 - b) Decrease in Conservation Authorities Levy - \$700
 - c) Heritage Committee Training – \$1,000 (this is not an increase from the 2015 budget.)
 - d) Increase in Aggregate Levy due to increase in the 4-year average - \$790
 - e) Contract Services – increase to reflect more accurate cost projections for items such as required data back-up hardware improvements and Microsoft Office Licenses - \$2,000
 - f) Increase planning Overtime Costs to reflect departmental need - \$200

Budget Impact - \$560 increase

3. Tax Levy Required

The above changes to the Capital and Operating Budget results in an adjusted Tax Impact of 8.00%.

	2015 Approved Budget	2016 Proposed Budget	Tax Impact
Capital Taxation Levy	\$729,270	\$978,861	7.56%
Operating Taxation Levy	\$2,637,099	\$2,651,572	0.44%
Total Municipal Taxation Levy	\$3,366,369	\$3,630,433	8.00%

4. Building Department Budget Changes

The Building department is being reported on separately as this budget does not impact the tax levy. The following is a summary of the changes to the budget from the draft that was presented on September 25th.

- a) Increase projected Residential Building Permit revenue to reflect 2014 Actuals and 2015 Year to Date values - \$20,000
- b) Increase Mileage and Employee Travel/Meals - \$600
- c) Decrease in projected Legal Fees - \$9,100
- d) COLA - \$2,732

- e) Decrease transfer from Building Reserve to offset the increase in budgeted revenues - \$25,768

FINANCIAL IMPLICATIONS

The budget changes contained in this report result in an increase in the tax levy from 6.28% to 8.00%, a difference of 1.72%.

APPLICABLE LEGISLATION AND REQUIREMENTS

Municipal Act, 2001

ATTACHMENTS

1. Base Budget Increase – Fire
2. Updated Operating Summaries
3. Report FIN-2015-031 – 2016 Proposed Budget
4. Report FIN-2015-033 – Balances in Working Reserves and Reserve Funds (Preliminary)