



Municipality of Meaford
2012 Proposed Operating Budget
Council Workshop
October 24, 2011

**2012 Tax Supported
Operating Budget**

Moving Towards Financial Stability

Financial Direction

- ▶ One of the most important tasks for Council each year is the annual budget.
- ▶ Budgeting is really about planning.
- ▶ We must balance the provision of quality services while maintaining property taxes at a reasonable and affordable rate.

Financial Direction

- ▶ The Municipality's strategic plan is an exercise to set direction and priorities
- ▶ The strategic plan should discuss financial management, as well as Council and the community's view on fiscal management.
- ▶ Considering only taxes is incomplete
 - Need to understand the trade offs

What is a Capital Budget and Forecast?

- ▶ This is where the Municipality plans for upcoming years and identifies how to pay for infrastructure projects such as road reconstruction, facilities, park improvements and public buildings.
- ▶ The Municipality relies on a number of funding sources such as reserves, grants, subsidies and donations.
- ▶ The capital budget process involves consideration of priority capital needs, financing capabilities, council direction, community needs and goals outlined in the strategic plan.

What is an Operating or Current Budget?

- ▶ The operating budget provides funds for the day-to-day operations of the Municipality.
- ▶ The operating budget must reflect:
 - the changing circumstances of our operations
 - inflationary increases
 - new areas of service

Capital and Current Budgeting

Municipal Spending	In the Community	What Residents See
Capital Budget The capital budget pays for infrastructure projects within the Municipality. The program is based on a 10-year plan.	Capital Budget and Forecast Developing and renewing our roads, vehicles, parks, recreational facilities, pool and arena.	Approved Projects Projects approved by Council to proceed.
Current/Operating Budget The current budget focuses on municipal services and programs. This budget is based on a one-year plan.	Municipal Programs The current budget funds the day-to-day costs of delivering programs and services.	Municipal Services <ul style="list-style-type: none"> • Operations • Community Services • Fire • Corporate • Planning • Library

How does the Budget Impact Taxes?

- ▶ Property taxes are collected on behalf of both the county and the school boards. Almost all of taxes collected are allocated to the operating budget with the balance allocated to the capital budget.
- ▶ Municipal share to pay for services such as:
 - Snow removal
 - Road work
 - Recreation facilities
 - Corporate services
 - Fire
 - Policing
 - Library

How does the Budget Impact Taxes?

- › County share to pay for services such as:
 - Social services
 - Public health
 - Roads
 - Development services
- › Education share

The Municipal Property Assessment Corporation (MPAC) conducts property reassessments every four years.

Increased assessments are phased in over four years.

Decreased assessments are effective immediately.

Breakdown of Total Tax Dollars



Budget Challenges

- › Capital growth and infrastructure deficit
- › Capital levies
- › Inflationary growth
- › Program growth
- › Fee increases
- › Reserve fund restoration
- › Slowing economy

Operating Budget Terminology

- › Base Budget

Reflection of the budget resources (financial, human and other) that are required to maintain service levels at the level provided in the previous year.
- › Cost Containment

A review of the budget with the objective to find efficiencies and cost effective measures, which include:

 - Reductions to expenditures
 - Increases in revenues
 - Providing services in alternate and less costly ways

Operating Budget Terminology cont'd

- ▶ **Service Enhancements**
Proposed variation in budgeted expenditures or revenues which are not provided for in the base budget.
- ▶ **Service Reductions**
Reductions to services or programs or the elimination of a service or program in order to meet budget targets.

Five Year Plan (Where are we?)

- ▶ We are now in year three of the Five Year Financial Plan.
- ▶ **Components of the Five Year Plan**
 - Reserve Contributions
 - Creating Sustainable Capital Program
 - Long Term Debt Reduction

Five Year Plan (Where are we?)

- ▶ **Reserve Contributions:**

◦ Balance at end of year 1 – 2010	\$ 134,400
◦ Contributions in year 2 – 2011	\$ 122,500
◦ Proposed contributions in year 3	\$ 150,000
◦ Total Reserves at end of year 3	\$ 406,900

Five Year Plan (Where are we?)

- ▶ **Sustainable Capital Contributions:**

◦ Contributions in year 1 – 2010	\$0
◦ Contributions in year 2 – 2011	\$ 359,600
◦ Proposed contributions in year 3	\$ 451,000
◦ Total Capital Program at end of year 3	\$ 810,600

Five Year Plan (Where are we?)

Debt Reduction:

- ▶ Year 1–2010. Allocation used to reduce unfunded capital balance.
- ▶ Year 2–2011. Allocation to be used to reduce long term borrowing requirements.
- ▶ Year 3–2012. Allocation to be used for debt servicing of long term debt.

Five Year Plan

2012 Capital Program Allocation

◦ Bio Power Generation	\$ 51,000
◦ Road and Bridge Rehabilitation	\$ 90,000
◦ Waterfront Strategic Plan	\$ 15,000
◦ Memorial Park–Washroom Replacement	\$ 20,000
◦ Memorial Park–Campground Reorg	\$ 20,000
◦ B Dock Replacement	\$ 80,000
Total Program	\$276,000

Five Year Plan

2012 Reserve Contribution

◦ Tax Rate Stabilization	\$150,000
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This represents the increase over previous years' contributions and is contained in the Five Year Plan.

Proposed 2012 Budget Guidelines


- ▶ Department were requested to prepare their 2012 Operating Budget using a maximum of 5% increase over the previous year's base budget.
- ▶ The Five Year Plan as approved by Council will add a further 6% to the total budget request for 2012.
- ▶ Anticipated assessment growth will reduce the overall impact below 10% municipal share.

Proposed 2012 Operating Budget

- ▶ Base budget increase 5.32%
- ▶ Five year plan
 - Sustainable Capital 2.75%
 - Reserve Contribution 1.50%
 - Debt Reduction 1.74%
 - Total 11.31%

Proposed 2012 Operating Budget

Departments	Base Budget Increase %
HR/Legal	4.97%
Emergency Services	4.99%
Operations	4.99%
CAO Office	5.00%
Corporate Services	5.00%
Planning and Building	6.49%
Library	6.58%
Community Services	6.79%
Total	5.32%



Human Resources / Legal


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Human Resources & Legal

Base Budget Increase 4.97 %

Attributed To:

- ▶ Salaries and Benefits – COLA for market competitiveness
- ▶ Legal Fees – Increase in claims
- ▶ Corporate Training – Legislative compliance
- ▶ Legislation re: Accessibility



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Office of the CAO
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Office of the CAO

Base Budget Increase 5.00 %

Attributed To:

- ▶ Salaries and Benefits – market sensitive job
- ▶ Increase in IT maintenance



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Corporate Services Department
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Corporate Services Department

▶ Comprised of the following Divisions:

- Finance and Taxation
- Corporate Expenses
- Clerk
- Information Technology
- Meaford Hospital Foundation

Corporate Services Department

Base Budget Increase 5.00 %

Attributed To:

- ▶ Salaries and Benefits – grid moves and market sensitive positions
- ▶ Increase in annual audit fees
- ▶ Implementation of short term disability reserve as approved by Council



Corporate Financial Expenses

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Corporate Financial Expenses

Base Budget Increase 5.00 %

Attributed To:

- ▶ Increments in Five Year Financial Plan
 - Increase in Reserve Funding
 - Increase in Capital Funding
 - Increase in Debt Management



Fire and Emergency Services

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Fire Services

Base Budget Increase 4.99 %

- Increase in salaries due to increase in call volume
- Increase in vehicle repair costs
- Increase in contribution to capital

Fire Services

Training Centre

- ▶ Used as regional fire and corporate training centre by other fire service agencies and municipalities, as well as the Municipality of Meaford
- ▶ Phased in over two years
- ▶ Estimated total cost: \$200,000.00
- ▶ Funding Source: Capital as well as fundraising partnerships

Fire Services

- ▶ Benefits to Municipality of Meaford:
 - On-site training for local fire fighters
 - Projected 5-year Return on Investment
 - Revenue generation after 5 years
 - Self-Sustaining
 - Progressive
 - Economic spinoffs



Operations Department

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Operations Department

Base Budget Increase **4.99%**

Transportation Services

Increases:

- ▶ Fuel expenses continue to be higher than previous years
- ▶ Fleet Maintenance costs continue to increase in the absence of funding for a Fleet Management Program

Challenges:

- ▶ The staffing structure within the division is weighted with long-term staff members, resulting in vacation allotments of 79 weeks
- ▶ Aging infrastructure related to granular, hard-top, bridge structures, and fleet were outlined in Reports to Council in Fall 2011

Operations Department

Environmental Services – Waste Management

Increases:

- ▶ All Waste Management Contracts will increase in July 2012 using CPI and Diesel Fuel Adjustments (Approximately 4%)
- ▶ Annualizing of expanded organics collection program, as approved by Council in 2011 Budget. (Approximately \$40,000)

Savings:

- ▶ Development of a Waste Tipping Fee Contingency Fund to accommodate any future increase in Tipping Fees due to U.S. Border Closure
- ▶ Increased diversion through weekly recycling and compost collection has decreased garbage tipping fees

Operations Department

Transportation Services Enhancements

2 – Equipment Operators (Seasonal) – Enhancement Cost – \$58,500
The addition of seasonal staff for the Division addresses:

- ▶ Manpower during allotted vacation scheduling
- ▶ Provision of service delivery standards / Minimum Maintenance Standards in accordance with the Municipal Strategic Plan

1 – Equipment Operator (Trees/Lighting) – Enhancement Cost – \$29,300
The addition of seasonal staff for the Division addresses:

- ▶ Manpower during allotted vacation scheduling
- ▶ Additional manpower to address backlog of hazardous trees and limbs, as well as other duties requiring the use of the Municipal bucket truck.

Operations Department

Transportation Services Enhancements Continued...

Beach and Cottage Association Annual Allotments – \$15,000

The enhancement and associated increase in Beach and Cottage Association Annual Allotments addresses:

- ▶ The increase of the current \$2.50 per metre allotment to \$5.00 per metre, as well as an increase in the flat rate for Sunset Beach
- ▶ 2010 allotments issued by the Municipality were approximately \$15,000, with Beach and Cottage Associations incurring "actual" expenditures of \$26,000
- ▶ Increase in conversion of cottages to full-time residences

Operations Department

2012 Transportation Services Capital Projects

Project	Description	Funding
Granular Resurfacing Program	Application of Granular Material to Municipal Granular Road Network	\$290,000 \$200,000 Gas Tax \$ 90,000 Reserves
Hard Top Resurfacing Program	Application of Material to Municipal Hard Top Road Network	\$100,000 Gas Tax Funding
Fleet Replacement Program	Replacement of 2 trucks, 1 trailer and addition of 1 new 1 Ton truck	\$145,000 \$28,700 Gas Tax \$116,300 Reserves

Operations Department

2012 Transportation Services / Environmental Services Capital Projects

Project	Description	Funding
Legion / Berry Street	Road reconstruction for Legion / Berry Street including stormwater infrastructure	\$561,200 \$56,120 Reserves \$505,080 DCs
Gray Avenue	Engineering component for road reconstruction including sidewalks and stormwater infrastructure	\$20,000 Reserves



Community Services

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Community Services

Current Community Services 2012 budget increase is: 6.79% an overall increase of \$53,500 from 2011

Attributed To:

- Wages account for 65% of total increase or \$34,800.00;
- Increased level of janitorial services to public washroom facilities and Museum;
- Creation of Community Development funding to start up recreation programming for youth and assist in obtaining grant funding;
- Increased maintenance costs for aging facilities and improved service levels.

Community Services

- ▶ Requested Service Enhancements 2012
 - Marketing Coordinator (12 month contract position):
 - Supported in part through grant funding for new Meaford Hall presentations and events.
 - Develop promotion program for Meaford Hall, Memorial Park, the Harbour, Blue Dolphin Pool and other municipal facilities.
 - Provide graphic design support to other municipal departments.
 - Corresponds with Healthy Community (communications), Healthy Economy (marketing & revenue) and Customer Focused Services (user pay strategy) aspects of the Strategic Plan.

Community Services

- ▶ 2012 Initiatives
 - Meaford Hall – new program development, increased community use, grant funded programs and volunteer development.
 - Meaford Museum – new exhibit installations, implementation of volunteer handbook and continued success with grant funded projects.
 - Parks & Facilities – infrastructure maintenance (harbour, Memorial Park, Arena), customer service focus and staffing.

Community Services

- ▶ St. Vincent Arena & Community Centre –2012

Glycol Cooling System	– Replacement of current water cooling system to a glycol system providing a reduction of energy costs, water use and improving extending facility lifespan.	Arena Reserve	\$15,000
Arena Lighting	– Replacement of existing 35yr old ice surface lighting to a new system energy efficient system that reduces energy costs, improves light levels & ice safety.	Donation /Hydro One Grant	\$30,000

Community Services

- ▶ Memorial Park – 2012

Upper Washroom Replacement	– Replace Upper Washroom to create an Accessible Facility, improved level of service (additional amenities), address ventilation and structural concerns	Memorial Park Reserve, Meaford Kinsmen, Grant Funding	\$120,000
Campground Re-Organization	– Re-org of existing upper sites to accommodate larger trailers providing revenue earning potential (4 yr plan).	Memorial Park reserve	\$20,000

Community Services

▸ Harbour – 2012

B Dock Replacement Phase 2	- 2 nd phase to complete B Dock replacement and finger docks, provides additional revenue opportunities and prolong facility lifespan.	Harbour Reserve, Dept. of Fisheries & Oceans Funding	\$160,000.00
Boat Launch Repairs	- Repair at public boat including the docks and access point	Harbour Reserves	\$10,000.00

Community Services

- Museum – Various minor capital building repair and maintenance items, funded through the Museum reserve.
- Meaford Hall – Repair/replacement of existing dehumidifier units, to improve facility HVAC operation and extend lifespan. Funded through Meaford Hall reserve



Development and Enforcement Services

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Development and Enforcement Services

- Comprised of the following Divisions:
 - Planning
 - Building
 - Economic Development
 - Property Standards / By-law Enforcement
 - Animal Control

Development and Enforcement Services

Base Budget Increase 6.49 %

Attributed To:

- ▶ Salaries and Benefits - Grid Moves
- ▶ Economic Impacts on Building Activity
- ▶ Full year of By-law Enforcement and Animal Control position
- ▶ Lower then expected Dog Tag Revenue
- ▶ Increased Contribution to Planning Capital Reserves \$ 15,000 for Waterfront Strategy

Development and Enforcement Services

New Service Enhancements

Economic Development

- ▶ Student to assist with the Web Portal \$5,000
- ▶ Signage \$25,000 (maybe treated as Capital)

Development and Enforcement Services

Capital Projects

- > Remaining 50% funding of Waterfront Strategy which was approved in 2011



Meaford Public Library Board

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Meaford Public Library –Board

Base Budget Increase 6.58%

Attributed To:

- Salary and Benefits – COLA for market competitiveness and Pay Equity compliance
- I.T. increase in replacement of computers and update software programs, telephone, etc.

Meaford Public Library Board

Service/Enhancements:

- ▶ **Adult and Children Programs Expenses**
To continue to reach out to the community with programs in both departments will benefit the community in cultural vitality, which is as essential to a healthy and sustainable society.
- ▶ **Computer enhancement** to educate and make computers available to the public, e.g. E-reader workshop and training (82 people trained in one month)

"The mission of The Meaford Public Library is to open doors to a world of information, education and recreation, thereby enhancing the economic, social and cultural vitality of our community."

Children and Young Adult Statistics	2010	2011	Increase
▶ Junior Circulation	11,128	15,023	26%
▶ Young Adult Circulation	2,630	3,482	24%
▶ Visitors to the Department	8,713	13,879	37%
▶ Computer Usage	1,345	3,135	57%

Adult Statistics	2010	2011	Increase
▶ Circulation	11,128	15,023	26%
▶ Visitors to the Department	23,337	24,569	5%
▶ Computer Usage (includes Wireless)	6,360	7,437	14%

Meaford Public Library Board

- ▶ Capital projects proposed in the capital budget will continue to maintain the Library building, such as new air conditioners and paint and new public chairs.
- ▶ Projection of a new library for the future 2017

Service Enhancements / Expansions 2012 Budget Impacts

Description	Department	FTE	Cost	%
Meaford Hall Marketing Coordinator	Community Services	1	\$ 50,400	0.50%
Seasonal Equipment Operators	Operations	2	\$ 58,500	0.58%
Seasonal Tree Maintenance	Operations	1	\$ 29,300	0.29%
Cottage Road Maintenance	Operations		\$ 15,000	0.15%
Part Time Web Development	Planning & Building	1	\$ 5,000	0.05%
Public Opinion Survey	CAO Office		\$ 10,000	0.10%
New Signage	Economic Development		\$ 25,000	0.25%
Total			\$193,200	1.93%

2012 Tax Supported Capital Budget

Moving Towards Financial Stability

Capital Budget Parameters

Stable, Predictable and Affordable Rates
In our ten year capital budget and forecast we have included the following assumptions:

- Implementation of Year 3 of the 5 Year Plan
- No long term debt for existing infrastructure
- Reserve funds will be utilized to fund ongoing rehabilitation of existing infrastructure

For the 2012 budget, an additional \$276,000 has been included in the capital program

Capital Budget Parameters

Capital Financing From Reserves

- ▶ Adequate reserves are important to mitigate our financial risk and to strengthen our ability to withstand negative impacts on revenues from economic fluctuations and unforeseen expenditure requirements.
- ▶ Reserves and reserve funds are accumulated net revenues which are set aside for future expenditures.

Capital Budget Parameters

The importance of maintaining reserves is to provide:

- o Stability of tax rates and user fees in the face of variable and uncontrollable factors
- o Financing for one-time requirements
- o Acquisition and replacement of assets currently being consumed and amortized
- o Reduce reliance on borrowing
- o Ensure adequate cash flows
- o Consideration of liabilities incurred in the current year, but to be paid in future years

Capital Budget Parameters

Capital Financing From Debt

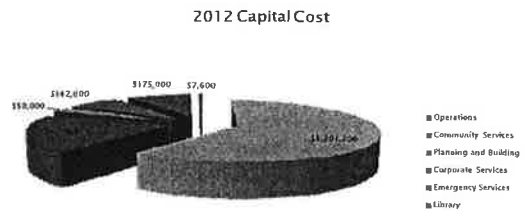
The Municipality's debt management policy sets fiscally prudent financial targets to ensure the Municipality can adequately plan for and fund future capital needs in a responsible manner.

There are no projects identified to be funded from taxable capital debt in the list of 2012 capital projects.

Recommended Capital Projects

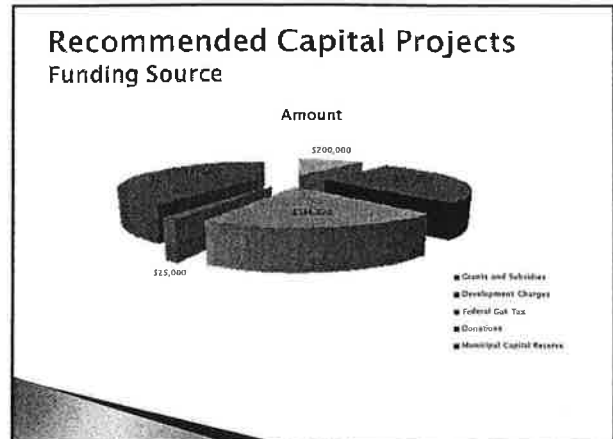
Department	2012 Capital Cost
Operations	\$1,201,200
Community Services	\$ 396,200
Planning and Building	\$ 50,000
Corporate Services	\$ 142,000
Emergency Services	\$ 175,000
Library	\$ 7,600
Total	\$1,972,000

Recommended Capital Projects



Recommended Capital Projects Funding Source

Funding Source	Amount
Grants and Subsidies	\$ 200,000
Development Charges	\$ 551,580
Federal Gas Tax	\$ 384,820
Donations	\$ 25,000
Municipal Capital Reserve	\$ 810,600
Total	\$ 1,972,000



Proposed 2012 Operating Budget


Conclusion

The budget before Council represents an approximate increase of 10% over the previous year. Of this, 5% represents an increment to the base budget for contractual, fixed and inflationary increases. The remaining 5% represents the increment associated with the phase-in of the five year plan.

Proposed 2012 Operating Budget

Conclusion Cont'd

This budget reflects an effort to balance affordability for taxpayers, the delivery of services at levels Municipality of Meaford residents expect, and movement towards a sustainable financial position for the Municipality.



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Operations Department
Water and Sewer Operating Budget
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Operations Department

Base Budget Increase 6.00% – Water
Base Budget Increase 6.00% – Sewer

Increases:

- ▶ The majority of the proposed increase is for the continued development of a capital Infrastructure replacement program (i.e. development of a sanitary sewer rehabilitation program)

Challenges:

- ▶ Aging infrastructure related to water and sewer networks, and the inability to fund the replacement of infrastructure as well as accommodate requests for future servicing needs

Operations Department

Environmental Services Enhancements
1 – Seasonal Labourer / O.I.T. – Enhancement Cost – \$14,500

The addition of seasonal staff for the Division addresses:

- ▶ Increase time spent on the maintenance of water and sewer infrastructure, as well as treatment facilities
- ▶ Water meter reading
- ▶ Mentorship in anticipation of future staffing retirements
- ▶ Aiding current staff during construction season and scheduled vacations

Operations Department

2012 Environmental Services Capital Projects

Project	Description	Funding
Sanitary Sewer Camera and Rehabilitation Program	Sanitary Sewer Camera Program and Rehabilitation Program to repair problematic areas in sanitary sewer network	\$100,000 Reserves
Wastewater Treatment Plant Upgrades	Design of WWTP to allow project to become "shovel ready". Design will be completed in 2012 and 2013	\$341,500 \$3,415 Reserves \$338,085 DC's
Sykes Street (Margaret to Marshall Street) Watermain Replacement	Replacement of 200 m of watermain installed in 1894	\$151,000 Reserves

Operations Department

2012 Environmental Services / Transportation Services Capital Projects

Project	Description	Funding
Legion / Berry Street	Replacement of approximately 400 m of sanitary sewer; Addition of approximately 400 m of watermain	\$375,000 Reserves
Gray Avenue	Engineering component to complete pre-engineering and detail design for the installation of sanitary trunk sewer and services, as well as watermain and services	\$16,000 Reserves