



ONTARIO
COCHRANE
WONDERFULLY UNEXPECTED

**2019 MUNICIPAL
“TAX BASED”
BUDGET REPORT**

PUBLIC INPUT STAGE

OPERATING BUDGET

SECTION 1 - RECAPS

REVENUES RECAP

REVENUE REQUIREMENTS RECAP (OPERATING EXPENSES AND DEBT COSTS)

OPERATING BUDGET BALANCING WORKSHEET

SECTION 2 - REPORT

SECTION 3 - DEPARTMENT LEVEL DETAIL OF REVENUES/EXPENSES

SECTION 2 - REPORT

HIGH LEVEL RECAP

NOTABLE ITEMS AND CHANGES
REVENUES
3% average increase to Property Taxes = \$200,000 in new property taxes revenues
2019 budget includes \$85,000 in new property tax revenues related to assessment growth in 2017/18
\$50,000 one time increase in budgeted building permits related to forecast development in 2019
5% average increase most user fees (last increased in April 2017)
3% average increase to Recreation Fees (last increase in 2018)
\$175K in non-recurring retirement related costs, to be funded from Sustainability Reserves
\$50,000 forecast 2018 operating surplus rolled into the 2019 budget as revenues/transfer from Reserves
\$60,000 additional funds budgeted to come from Sustainability Reserves - Final Budget Balancing Needs
REQUIREMENTS (EXPENDITURES)
LABOUR COSTS
Cost of Living Inflationary Increase fo 1.5 to 2%, estimated new costs of \$90,000
New position in Recreation Dept - approved in mid 2018 (post 2018 budget approval) with 2019 being first full year budget inclusion
\$175K in non-recurring retirement related costs, to be funded from Sustainability Reserves
NON LABOUR COSTS/USE OF OPERATING FUNDS
Assumes new Long Term Debt in 2019 of \$1M, which adds \$87,000 to annual debt servicing costs, built into operating budget starting in 2019
\$75,000 Estimated Inflationary Increase on non labour costs (OPP Contract, Porcupine Health Unit, MPAC Assessment Services, Utilities, Supplies, Services)
\$65,000 increase to Repairs and Maintenance and Supplies to RECREATION and MUNICIPAL OPERATIONS DEPT - to reflect historical trends and needs identified
Includes continuation of annual transfer of \$60,000 to sustainability reserve as regular replenishment plan (started in 2017). This represented an extra 1% increase to taxes in 2017, deidcated to this purpose.
Includes continuation of annual transfer of \$100,000 to funding of current year capital (started in 2012). This represented an extra 2% increase to taxes in 2012, dedicated to this purpose.

SECTION 2 - REPORT

OVERALL BUDGET CHANGE ANALYSIS

INITIAL PROPOSED 2019 BUDGET - NET BUDGET INCREASE OF \$860K, OR 7% increase over 2018 budget

FINAL DRAFT BUDGET PROPOSAL TO COUNCIL

KEY DRIVERS	2019 Proposed Initial Budget Change	Any offsetting Revenues	One Time Cost or Recurring	2019 Proposed Final Budget Change
Retiring Employees – net new exit costs (Admin \$60K additional, MO - \$115K. Consists of accrued vacation, long term recognition award)	\$175K	no	One Time	\$175K
REC – net new costs over 2018, restructuring, new position. Total \$110K	\$70K	None identified	Recurring	\$70K
Cost of Living Increase to Labor Costs	\$90K	no	Recurring	\$90K
Transition of allocation for 2 positions previously booked in water dept	\$45K	No – but offset in WS Budget	Recurring	\$45K
Estimated inflationary increase on non labour costs (OPP Contract, Porcupine Health Unit, CDSSAB share, MPAC, utilities, supplies, services, etc)	\$100K	No	Recurring	\$75K
REC – new/enhanced services net costs (net operating costs of Commando Park, proposed splashpad, longer gym hours)	\$50K	included	Recurring	\$7K
REC and MO increases to Repairs and Maintenance, Materials and Supply cost, to reflect identified needs and historical trends	\$65K	no	Recurring	\$65K
PPS – new position – Fire Prevention Officer, partial year for 2019	\$46K	no	Recurring	-
Change in Debt Service Costs – with repayment + Assumed new Debt of \$1M,	\$60K	sometimes	Recurring	\$60K
REV – Remove Use of Reserves to balance 2018 budget 2019 final budget proposal use of reserves – see below	\$210K	N/A	N/A	\$210K
BUDGET BALANCING RESULTS				
- Tax Increase 3%				(\$201K)
- Rate Increases – varies				(\$46K)
- Cost Reductions – all depts.				(\$252K)
- New Information received				(128K)
- Use of Reserves				(233K)
TOTAL \$860K				

DEPARTMENTAL LEVEL REVIEW

GENERAL GOVERNMENT

INITIAL DRAFT BUDGET PROPOSAL = NET BUDGET INCREASE OF \$77K, OR 4.8% increase over 2018 budget

FINAL DRAFT BUDGET PROPOSAL TO COUNCIL NET BUDGET INCREASE OF \$39K, OR 1.9% increase over 2018 budget

KEY DRIVERS	\$ Change	Any offsetting Revenues	One Time Cost or Recurring
Retiring Employees – net new exit costs (Admin \$40K,	\$40K	no	One Time
Cost of Living Increase to Labor Costs	\$20K	no	Recurring
Professional Services – Cyber Security and IT management	\$20K	no	Recurring
Budget Balancing Reductions – total costs removed	\$(56K)		

- **LABOUR**

- 2019 includes \$106K balance of funds owing on retirement. This is a “one time” cost that will be removed from the budget in 2019

- **NON LABOUR**

- Added \$20K for Information Technology Management Services or Solutions (Systems Management and Cyber Security)
- Reduced Legal Fees Budget from \$50K to \$30K to reflect historical averages
- Added Recruitment Costs of \$20K to reflect anticipated costs with replacement two management positions

SECTION 2 - REPORT

- SERVICE LEVEL CHANGES
 - Enhanced Cyber Security

BUDGET BALANCING RESULTS AND FINAL DRAFT BUDGET PROPOSAL TO COUNCIL

The Department identified \$56,500 in cost reductions, consisting of \$10K in marketing costs historically spent on TV advertising, Postage cost reduction as a result of moving to paying vendors by electronic fund transfers instead of cheque, \$3K reduction in hydro costs as a result of reduced cost of power, \$20K shift in general government costs to water and wastewater budget, \$7K reduction in administration clerk costs. \$8K reduction in Council related costs such as telephone costs driven by eliminating cell phones for Council and reduction in Volunteer Board costs budgeted.

DEPARTMENTAL LEVEL REVIEW
ECONOMIC DEVELOPMENT

ECONOMIC DEVELOPMENT					
	2015	2016	2017	2018	2019 DRAFT
NET ACTUALS	\$ 133,797	\$ 166,279	\$ 144,441		
TOTAL NET BUDGET	\$133,797	\$167,532	\$ 247,631	\$277,631	\$ 177,150
LABOUR					\$ 101,700
MATERIALS AND EXPENSES					\$ 60,600
PROGRAMS					\$ 326,103
TOTAL GROSS COSTS					\$ 488,403
REVENUES/FUNDING - CONFIRMED					\$ 311,253
REVENUES/FUNDING - UNCONFIRMED					\$1800
TOTAL REVENUES					\$ 311,253

DEPARTMENTAL LEVEL REVIEW**PROPERTY AND PROTECTIVE SERVICES**

INITIAL DRAFT BUDGET PROPOSAL = INCREASE OF \$72k, OR 3.7% increase over 2018 net budget

FINAL DRAFT BUDGET PROPOSAL TO COUNCIL NET BUDGET INCREASE OF \$87k, OR 4.4% increase over 2018 net budget

KEY DRIVERS	INITIAL BUDGET PROPOSAL 2019 \$	FINAL DRAFT BUDGET PROPOSAL 2019 \$
LABOUR - New position proposed – Fire Prevention Officer– effective July 1, 2019 – Annual costs of \$92K, 2019 impact is ½ year so \$46K. Will need to build the other ½ into 2020 budget. - Budget Reduction Review resulted in decision to use existing labour resources to meet the needs of Fire Prevention work	\$46K	\$15k
LABOUR - Cost of Living Increase to Labor Costs	\$10K	\$10K
CONTRACT COSTS - OPP Policing Costs – 1.0% increase over 2018	\$12K	\$12K
PLANNING – PROFESSIONAL FEES – Housing Strategy	0	\$40K
INSURANCE – GENERAL LIABILITY – new allocation methodology shifts costs between departments	0	\$11K

- SERVICE LEVEL CHANGES

- None identified

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BUDGET BALANCING RESULTS AND FINAL DRAFT BUDGET PROPOSAL TO COUNCIL

The Department will adjust summer student weeks to save an additional \$2K.

The Department will see a shift of 20% of the Engineering Technician time to the Fire Dept to assist with Fire Prevention needs. Original proposal was for new full time permanent staff effective July 1/19 resulting in annualized new costs of \$92K, or \$46K for 2019. Use of existing resources will result in no new costs to the municipality as a whole, but a shift in costs from Municipal Operations to this department of \$15K

Council also approved a late budget submission for \$40,000 for a Housing Strategy.

○ **DEPARTMENTAL LEVEL REVIEW**

RECREATION

INITIAL DRAFT BUDGET PROPOSAL = NET BUDGET INCREASE OF \$188k, OR 13% increase over 2018 net budget

FINAL DRAFT BUDGET PROPOSAL TO COUNCIL = NET BUDGET INCREASE OF \$123k, OR 8.4% increase over 2018 net budget

KEY DRIVERS	INITIAL BUDGET PROPOSAL	DRAFT FINAL BUDGET PROPOSAL
Department Restructuring approved and rolled out in 2018 = 6% increase to overall costs	\$110K	\$110k
Remove 2018 budgeted ONE TIME costs for interim director term	\$(40K)	\$(40k)
Commando Park Net Incremental Costs	\$23K	-
Splash Pad – new operating costs	\$19K	-
Net Cost to Gym Hours Expansion – new net operating costs	\$7K	\$7k
Increase to Repairs and Maint and Materials/Expenses to reflect historical trends - Includes \$5K pool painting materials, spring/summer job	\$35K	\$35k
New Booking Software annual software license costs \$5K and Xerox Machine annual lease not previously budgeted	\$10K	\$10k
Cost of Living Increase to Labor Costs	\$18K	\$18k
Summer Student Maintenance position – missed in 2018 budget	\$13K	-
Reduction Long Term Debt Interest – declining loan balances	(\$5K)	(\$5k)
Incremental Operating Revenue Increases	(15K)	(\$15k)

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REVENUES

	Change \$	Is there offsetting increase in costs
INCREASE IN 2019 RECREATION REVENUES	<u>\$91,000</u>	
Consists of:		
Fitness Revs Increase – increased usage	5,000	YES
Commando Park – Rentals and Bar Sales	35,000	YES
Commando Park – Marketing Intern	31,000	YES
Arena Rentals – carryover effect of 2018 rate increase	8,000	NO
Other Revenue Adjs – rates and usage trends	12,000	NO
TOTAL	<u>\$91,000</u>	

• LABOUR COSTS

Notes:	TOTAL	NET
1) New Director of Community Services is \$13K more than 2018 budget	\$ 13,000	same
2) New Program Supervisor position has replaced the Program Coordinator position and has increased by \$11K	\$ 11,000	same
3) New Operations Supervisor is a new position at \$63K	\$ 86,000	same
4) Revised Position Prgraom Supervisor - increase in wages of \$10K	\$ 12,000	same
4) Summer Student for Maintenance - missed in 2018 budget so add to 2019	\$ 12,900	same
4) Marketing Intern - funded at 90% up to \$37,500	\$ 51,250	\$ 13,750
5) Commando Park Hall: 2 - Bartenders added based on 2018 hours = \$4K in budget	\$ 4,000	same
6) Annual Cost of Living Increase estimated at	\$ 18,000	same
	\$ 208,150	
less removal of \$40K in 2018 Budget for Interim Director overlap during training	-\$ 40,000	
TOTAL NET CHANGE IN REC LABOR COSTS FROM 2018 to 2019 BUDGETS	\$ 168,150	

• NON LABOUR

- Utilities - overall increase of \$35K
 - increased \$15K Heating Costs at THEC to reflect historical trends
 - reduce \$30K Hydro Costs at THEC to reflect reduction in unit cost of power
 - increase \$20K water costs at THEC to reflect historical avg
 - increased \$17K for Forecast Hydro and Water costs associated with a new splash pad on the lake
 - increased \$11K for commando Park

- Repairs & Maintenance and Materials and Supplies – overall increase of \$35K

2019 budget increase recommended by dept head as a result of recent years actual costs exceeding budgeted amounts in several accounts

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2020 Operating Budget Consideration – Recreation Master Plan – \$70,000

- CONTRIBUTIONS TO EVENTS/OTHERS**

Contributions that have been historically designated as annual are as follows:

- Seniors Clubs Grant – no change from 2017 or 2018, included in 2019 budget at \$20K for both designated groups
- Special Events Municipal Contribution– no change = \$24K
- Fireworks- no change = \$10K

- IDENTIFIABLE SERVICE LEVEL CHANGES**

ITEM	COMMENTS	2019 Operating Costs Impact	2019 Capital Cost to Municipality -
Splash Pad Removed during budget balancing review	\$17K + interest on financed portion of capital \$40K No offsetting annual revenues identified	\$18,800 0	\$45,000
Commando Park Net Operating Cost Removed during budget balancing review	Net Incremental Costs Includes Funded Marketing Intern with net cost of \$19K, this position will man the Pavillion when open to the community for community type events and develop special events. This position will also be used for other marketing needs of the TOC.	\$23,000 0	Prior year budget
Extended Gym Hours	16.5 hours extra hours open/week requiring 10.5 extra hours staff per week = annual cost \$12K Extra Gym Membership revenues estimated at \$5K, so 40% cost recovery	\$7,000	N/A

BUDGET BALANCING RESULTS AND FINAL DRAFT BUDGET PROPOSAL TO COUNCIL

Commando Park/Pavillion – initial budget reported a net operating cost of \$23K. Department will review operational plan and aim to have this facility result in no new net operating cost

Splashpad – The splashpad was removed from the 2019 Capital and Operating Budget. - \$19K. The capital cost of the splashpad must be fully recovered through fundraising or grants, ie: no capital cost to the municipality in order to proceed in 2019. Should the

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fund be secured, the department will need to bring it to Council for post budget approval of the project.

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Council has reduced the municipal contribution to the Recreation Board for Special Events from \$24,000 to \$15,000.

No change to Fireworks budget of \$10,000

As of March 14th – Council is still considering the following external contributions:

- Seniors Clubs \$20K (\$10K Each)
- Lady Minto Hospital Doctor Recruitment - \$20K

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○ DEPARTMENTAL LEVEL REVIEW

LIBRARY SERVICES

INITIAL DRAFT BUDGET PROPOSAL = NET BUDGET INCREASE OF \$30k, OR 8% increase over 2018 net budget

FINAL DRAFT BUDGET PROPOSAL TO COUNCIL = NET BUDGET INCREASE OF \$7k, OR 1.9% increase over 2018 net budget

\$30,000 INCREASE REFLECTS \$20,000 request to reinstate 2018 Council directed budget balancing cut to the department

- LABOUR
 - Cost of Living
 - Tech Intern eliminated
- NON LABOUR
 - 2019 budget increase of \$6500 for E Resources additional costs
- SERVICE LEVEL CHANGES
 - None identified

BUDGET BALANCING RESULTS AND FINAL DRAFT BUDGET PROPOSAL TO COUNCIL

As part of Budget Balancing work – Budget Team recommended \$50K reduction to overall Library Operating Net Cost to the Municipality. This recommendation was based on comparisons with what other similar sized municipalities spend on library services, as a whole and on a per household basis. This was noted as part of a KPMG report and is put forward as a “right sizing” goal.

Further to a presentation by the Library Manager, Council has adjusted this proposed reduction to \$25K and this is reflected in the final proposed budget. The department will need to report back to Council on how they plan meet the reduction in costs that is ultimately approved.

DEPARTMENTAL LEVEL REVIEW

CHILD CARE SERVICES

Detailed 2019 Operating Budget still being developed – incorporation recent changes to fees and funding as recommended by CDSSAB

INITIAL DRAFT BUDGET PROPOSAL TO COUNCIL As part of this report, 2019 NET BUDGET COST is estimated to be \$100K, compared to \$117K 2018 NET BUDGET COST

FINAL DRAFT BUDGET PROPOSAL TO COUNCIL, 2019 NET BUDGET COST is remains budgeted at \$100K, compared to \$117K 2018 NET BUDGET COST

Administration is working with CDSSAB and the Department to:

- Determine adequacy of new operating funding related to new infant care section. Goal is to have no new net cost to the municipality as a result of this expanded service

Administration will be meeting with the department and CDSSAB once the new infant care section is open (scheduled for April) to review the 2019 budget, review forecasts and consider funding or fee adjustments as required.

DEPARTMENTAL LEVEL REVIEW**MUNICIPAL OPERATIONS**

INITIAL DRAFT BUDGET PROPOSAL TO COUNCIL - NET BUDGET INCREASE OF \$283k, OR 9.1% increase over 2018 budget

FINAL DRAFT BUDGET PROPOSAL TO COUNCIL - NET BUDGET INCREASE OF \$259k, OR 8.4% increase over 2018 budget

KEY DRIVERS	\$ Change	Any offsetting Revenues	One Time Cost or Recurring
Extra Labor for training period – 4 retirements	\$20K	no	One Time
Vacation Entitlement of Retiring Employees – will require replacement therefore duplicate labor costs for vacation period prior to retirement date	\$95K	no	One Time
Cost of Living Increase to Labor Costs	\$30K	no	Recurring
Transition of allocation for 2 positions previously booked in water dept	\$45K	No – but offset in WS Budget	Recurring
Bridge Repairs – per bi annual bridge inspection report, 3 bridges identified (R&M)	\$25K	no	One Time
Fuel Costs – unit cost increased in 2018, expect same rate for 2019(R&M)	\$20K	no	Recurring
Contract Cost increases – Airport and Transit (Contracts)	\$25K	Yes	Recurring
Long Term Debt – reclassify category from 2018 budget	\$15K	no	Recurring
Winter control – increase overtime budget to account for significant snowfall early 2019	\$40K	No	
Shift in Engineering Technician Labour Costs – being utilized as Fire Prevention Officer	(\$15K)	N/A	
Budget Balancing Cost Reductions	(\$43K)	N.A	

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- LABOUR CHANGES – additional information

- 2019 Impact is \$45,000 - Balance of 2018 proposed \$90,000 shift, deferred over 2 years as part of 2018 budget balancing efforts. - Shift in allocation of labour costs of two existing positions, whom prior to 2018 have been 100% allocated to water and wastewater department. These positions perform work for both Municipal Operations “Roads/Solid Waste” department as well as Water and Wastewater, estimate to be 50% to each. Therefore commencing in 2018, the costs associate with these resources are allocated as such. These positions are as follows:

- Asset Coordinator
- Compliance Supervisor/Assistant to Director

The Water/Waste water department will see and equivalent \$45,000 reduction in its labour costs. This essentially shifts approximately \$45,000 in labour costs from the Water and Wastewater department RATE BASED BUDGET to the Municipality’s TAX BASED BUDGET.

- NON LABOUR

- Deferred to 2019 is a 2018 budget includes one time cost of \$50,000 for crack filling materials. This will be reduced by \$40,000 in 2020 to allow for an extra \$10,000 additional materials annually thereafter.
- \$20,000 increase in budget fuel costs due to the increase in unit cost of fuel for all types. Increase from 2017 to 2018 is averaging 30%.
- \$20K increase in contract costs broken down as follows:
 - Airport \$10K increase – to reflect historical averages. Municipality pays Airport Management Provider for call outs. Call outs are revenue generating.
 - Accessibility Transit Services Provider- \$15K – to reflect increasing usage/calls. This is offset somewhat in by increase in Transit ticket sales and funding.
- Bridge Repairs – recent inspection has identified 3 bridges requiring repairs
- \$15K shift/increase in Long Term Debt Interest Expense related to department specific 2018 capital funded by financing. This cost was budgeted in 2018 but shown on a separate line on the recap as new overall costs for new 2018 long term borrowing.
- \$10K increase in training costs related to certification of asset coordinator with asset management certification training.

SERVICE LEVEL CHANGES

- None identified

BUDGET BALANCING RESULTS AND FINAL DRAFT BUDGET PROPOSAL TO COUNCIL

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The Department identified \$43,500 in cost reductions, consisting of reduction in flowers and flower maintenance costs - \$17K, Surface Patching Materials and Gravel \$15K, Seminars/Training - \$5K, Safety Devices/Signs \$4K. All reductions will impact service levels.

The Department will also adjust summer student weeks to save an additional \$10K.

The Department will also shift 20% of the Engineering Technician time to the Fire Dept to assist with Fire Prevention needs.

DEPARTMENTAL LEVEL REVIEW

HEALTH SERVICES

INITIAL DRAFT BUDGET PROPOSAL TO COUNCIL = NET BUDGET INCREASE OF \$11k, OR 2% increase over 2018 budget

FINAL DRAFT BUDGET PROPOSAL TO COUNCIL= NET BUDGET DECREASE OF \$6k, OR -1% DECREASE over 2018 budget

Porcupine Health Unit

2017 Apportionment - \$164,628

2018 Apportionment - \$167,904

2019 Apportionment estimate - \$172,941 = 3% increase = INITIAL DRAFT BUDGET

FINAL DRAFT BUDGET = 2019 Apportionment - \$167,941 therefore removed original 3% increase estimates

Ambulance Services

INITIAL DRAFT BUDGET - 2019 Apportionment has not been received as of the time this budget was prepared. Administration has included a 3% increase over the 2018 budgeted cost

FINAL DRAFT BUDGET – Apportionment information has indicated no change in 2019 \$, therefore removed original 3% increase estimates

Note - 2018 budget does not reflect any potential impact from change in apportionment methodology proposals. Province has place moratorium of any allocation changes for 2019,

Allocation adjustments in 2019 for municipal operations staff – reduced allocations to cemeteries based on historical actuals

• SERVICE LEVEL CHANGES

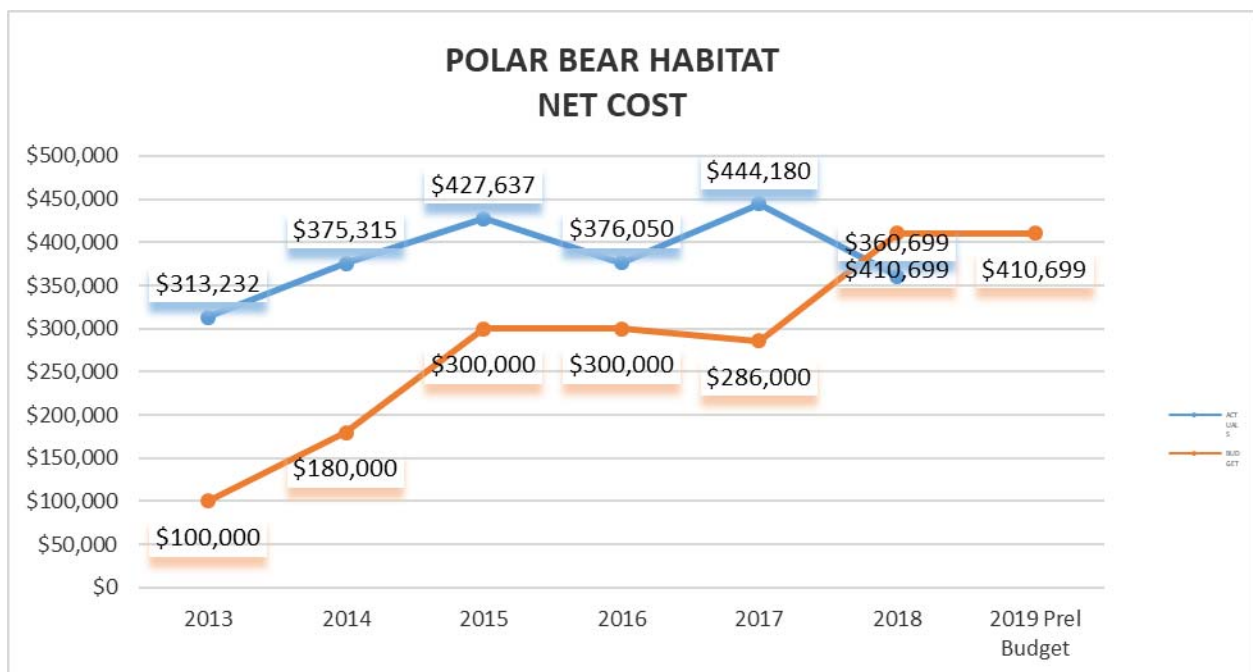
- None identified
- Note – In 2018, Columbariums built

DEPARTMENTAL LEVEL REVIEW

POLAR BEAR HABITAT

2019 budgeted net municipal cost (contribution to PBH Operations) of \$410,000 is the same as the 2018 budget. The 2018 Budget also included one time funds of \$25,000 for the municipal portion of funded feasibility study, bringing the total 2018 Net Operating Costs needed for the PBH to \$435,000.

New manager started in December 2018. Breakdown of revenues and expenses that form the net budget of \$410K are being developed with the department.



BUDGET BALANCING RESULTS AND FINAL DRAFT BUDGET PROPOSAL TO COUNCIL

The regular operating net cost of the PBH in the final proposed budget remains at \$410K, plus an additional \$15K for the Feasibility Study that was originally budget in 2018 at \$25K, has been carried forward to 2019 with a revised net cost estimate of \$15K.

The new Director has recommended a few shifts within the budget and they are reflected in the updated details recap, but no change to the net cost to the municipality from the 2018 budget level.

DEPARTMENTAL LEVEL REVIEW

REVENUES REVIEW

KEY CHANGES /CHALLENGES

- **TAXATION REVENUES**

- \$85,000 in assessment growth taxation revenues in 2018
- Removed Municipal Accommodation Tax Revenues budgeted 2018 until discussed with new Council
FINAL BUDGET PROPOSAL – 3% Tax Increase generates \$201,000 in new tax revenues

- **GOVERNMENT GRANTS**

- INITIAL BUDGET reported \$50,000 reduction anticipated for the Ontario Municipal Partnership Fund 2019 Allocation. Ministry has since notified municipalities that there will be no change in 2019 funding, from 2018 levels **therefore final 2019 budget is same as 2018 funding.**

- **CDSSAB FUNDING – CHILD CARE SERVICES**

- Adjusted to reflect expected higher funding and fees related to new infant care services

- **USER FEES AND CHARGES**

- Recreation – see details in Recreation Department Level Review
- > 2019 BUDGET includes \$112K in funding for Feasibility Study at the Polar Bear Habitat. For clarity purposes this is shown under total revenues for the Polar Bear Habitat.
- Building Permits Revenues budget increased to \$150,000 as a result of forecast development in 2019