

**THE CORPORATION OF THE
TOWNSHIP OF WELLINGTON NORTH**

2014 BUDGET MINUTES

Monday, March 10, 2014

4:00 p.m.

Present: **Ray Tout, Mayor**
 Andy Lennox, Councillor, Chairperson, Administration and Finance
 Mark Goetz, Councillor
 Sherry Burke, Councillor
 Dan Yake, Councillor
 Michael Givens, CAO/Treasurer
 Mary Jo Marshall, Deputy Treasurer
 Catherine More, Deputy Clerk
 Cathy Conrad, Executive Assistant
 Dale Small, Business Economic Manager
 April Marshall, Tourism, Marketing, Promotion Manager
 Barry Lavers, Director of Recreation, Parks & Facilities
 Darren Jones, Chief Building Official
 Deb Zehr, Director of Public Works
 Dale Clark, Roads Foreman

A. Declaration of Pecuniary Interest.

None declared

B. 2014 Budget

- i. CAO to present the 2014 Draft Capital Budget-2014 priorities to be determined.

Michael Givens, CAO, presented the 2014 Draft Capital Budget. The total capital forecast is 4.3 million. It is proposed to use a significant amount of reserves. The tax levy shown in the draft capital budget is \$1,444,500. Funding formulas have been established for priority items outlined in the draft capital budget.

As a result of several power outages over the past year and the issue of interruption in communications that arise out of these power outages, a generator for the Kenilworth Administration Office has been included in the draft capital budget. The gymnasium roof at the OPP Building in Kenilworth is also included. The Fire Department service vehicle is reflected in this year's budget. Replacement items for the Roads Department include a plow truck and a backhoe.

Federal Gas Tax funds would be used for replacement of Bridge Number 6 on Concession 6 and repair of Bridge Number 11 on Concession 11. Wellington North will utilize some of our own materials and man power for work on gravel roads. Wellington County wants to proceed with the Frederick St. project. Wellington North's road portion is \$290,000. There is money in reserves to complete the London Road work.

Other projects include Miller/John/North Water St., 4.4km of Concessions 11 and energy retrofits in Arthur Village and Town of Mount Forest. A backup generator is needed for Well #1 to ensure communication systems continue to work with the SCADA system when the power is down. Replacement of the zero turn lawnmower has been included for the Mount Forest Cemetery. \$95,000 is budgeted for a generator at the Mount Forest Sports Complex. Barry is waiting on a report from an electrical engineer and this amount may be reduced. The header pipes at the Arthur Arena are a priority as they are no longer able to be repaired. Wellington North has received \$10,000 from the County for the installation of accessible doors at the Arthur Arena.

Councillor Burke noted that there are four items listed in the Roads – Fleet capital budget and questioned why the plow truck and backhoe are a higher priority than the Kubota tractor and pickup truck. Deb Zehr and Dale Clark explained that the tractor will be first priority for next year. The backhoe has 9,000 hours on it and needs a lot of work on the hoe.

Councillor Burke commented that the header pipes are a priority and have been on the list since before this term of Council. Barry Lavers stated that the pipes are accessible but if they go it will require a major overhaul.

Councillor Goetz inquired if there was any value left in the backhoe. Dale Clarke commented that, based on a previous trade in, there is approximately \$20,000 for trade in value.

Councillor Goetz asked about the handicapped washroom at the Arthur pool. Barry indicated that this is not a priority item and he will be investigating other funding sources for this item. The Recreation Committee agreed that the priorities for this year would include the emergency generator, header pipes and accessible doors.

Mayor Tout stated that the header pipes at the Arthur Arena should be a priority, Wellington North has received \$10,000 from the County for the accessible doors and that Bye's have paid their portion for the London Road project and are waiting for the Township to complete this work.

Councillor Lennox expressed concern that reserves will be depleted. He recognized that there are more items than what can be dealt with and that there are projects that need to be done; however, he wasn't sure it is necessary to draw so

much out of reserves. We may be faced with delaying some projects. There are generators listed in Administration and Recreation but he is concerned that we do not have a comprehensive plan of what is needed throughout the municipality. We need to have background of what is needed to meet our needs now and in the future and give consideration to the ongoing costs and future replacement. The roof on the OPP building is in addition to what has already been done, is there funding from the OPP for this? Mike Givens confirmed that there is no OPP funding for the gymnasium roof. Councillor Lennox requested clarification on Bridge Number 6 as the recent report didn't make replacement of it as important as other structures. Mike Givens responded that Bridge Number 6 is the highest traffic bridge. Dale Clark confirmed this and stated that the bridge was built in 1948 and that 1,000 vehicles a day use it.

Councillor Lennox inquired about the payback scenarios for the energy retrofits. Deb Zehr will pull information from reports regarding payback. We are targeting those that are a year or less. Mike Givens cautioned that the payback scenarios may be overly aggressive and payback periods could be longer than shown.

Councillor Lennox stated that there is \$28,000 showing for two sets of accessible doors. He feels the \$10,000 could be used for only one set as there is access to both areas inside the Arena. He agreed that the handicapped washroom is not a priority. His preference would be to complete the Frederick Street project ahead of the water and sewer work for Miller/John/North Water Streets.

ii. CAO to present 2014 Operating Budget Highlights

The CAO presented the 2014 Operating Budget Highlights. This was an overview of primary department costs. The year to year comparisons show no real change over last year. The CAO met with staff to discuss the operating budget. Reducing spending is taken very seriously. It's possible there will be some extra costs related to this year's election.

The administration budget is \$1,119,801. The election is included in the administration budget and costs approximately \$50,000 to run. Legal costs continue to be a major issue affecting the budget. Consulting costs for pay equity review and website update account for \$75,000 in the budget.

It is hoped that the completion of the sale of the former Mount Forest Day care building will happen this year. Utility costs continue to rise at all facilities. New lease agreements for the school property, Arthur Seniors Hall and the Arthur Medical Centre are being worked on. Payments to firefighters are equal for both Arthur and Mount Forest.

The 8% increase in building permit fees is the third increase to complete the Building Department goal of a twenty five percent increase in fees to ensure cost

recovery and elimination of subsidisation from taxes. However, it is difficult to predict development.

The Roads Budget is the largest budget. In 2013 the budget was 3.4 million. For 2014 the proposed budget is 3.8 million. This winter has increased the winter operating costs significantly as we had an earlier winter and there were more fuel costs and repair expenses. Also included in the operating budget is the set up costs for the Ferguson pit.

There is a provision for a contribution to the Louise Marshall Hospital Capital Campaign. The Hospital Foundation is asking for a commitment over 5 years.

The Recreation Department is proposing to continue to build reserves and are still dealing with debentures.

The Economic Development budget shows a decline in 2014.

Sanitary sewer and water are user pay systems. It is proposed to have the rate study upgraded for this year.

Mayor Tout inquired about the cost of telephone for water and sewer. Mike Givens responded that there are a significant number of lines needed for the water and sewer departments.

Councillor Burke questioned if this is the appropriate time to move the Arthur Seniors building over to recreation. Mayor Tout commented that they had talked about moving this from Building and Property to Recreation. Mike Givens suggested that the figures could be moved to Recreation if Council wishes to.

Councillor Yake inquired if the completion of the sale of the Mount Forest Day Care will happen this year. Mike Givens explained that it is not imminent but he is hopeful. There has been some discussion at the staff level to put more pressure on proceeding with this.

Councillor Lennox asked if the payroll computer software budgeted for save the Township money? Mike Givens explained that we currently outsource payroll services. The new software will allow him and other departments to access information more readily.

Councillor Lennox stated that the Fire Budget has shifted more to operating than capital. There is an overall reduction of reserves for the Fire Department as last year money was used from reserves for the implementation of a full time Fire Chief. The Department is in good shape for trucks. It is anticipated that a program for salaries and wages is to be implemented for payment to the volunteers that is more equitable to both Mount Forest and Arthur. The cleaning and maintenance budget for the Mount Forest Fire hall has increased from \$200 to \$1,900.

Previously they did their own cleaning but they would now like to bring in a cleaner, similar to Arthur. The firefighters associations receive the revenue from the Fire Hall rentals. There have been discussions regarding revamping hall space in Mount Forest to utilize it for more storage; which would significantly reduce rental space. Councillor Goetz added that the Mount Forest firefighters need a better place to keep their bunker gear and more office space. The gear is exposed to fumes from the trucks where it is currently kept. Councillor Lennox commented on the funds being put into reserves to replace the 1992 Spartan Pumper. He believed that with amalgamating the departments the need to replace the pumper could be reduced.

Councillor Lennox commented that there are lots of reserve transactions in the Roads budget. They are trying to make a greater divide between capital and operation. The amount shown for repairs to the 2002 backhoe would be adjusted if a new backhoe is purchases. The two year old Case backhoe in Arthur required \$6,000 in repairs last year. Dale Clark stated that there is a brake issue and heating issue; which seem to have Case stumped. Councillor Lennox questioned if this backhoe should be replaced if there are ongoing issues with it.

Councillor Lennox felt that further discussion is needed regarding the Hospital grant.

The budget for Mount Forest trail expenses has gone from \$3,000 to \$5,000. Bob Armstrong is leading a group of volunteers in Mount Forest to work on trails.

Councillor Lennox stated that the Economic Development budget does not reflect potential grant money from the County. There is no further grant money for the Community Improvement Program.

iii. CAO to present Tax Impact Analysis for different Levy Scenarios

There is an 8.9% levy increase from 2013, as presented. Staff do not expect that this is what Council desires. We should be somewhere between 3% and 6%. It is suggested that we look at capital and cut approximately \$300,000. Council was asked if there are any particular capital projects they wish to cut. Council felt that the Miller/John/North Water Street project was not the priority that Frederick Street is. Perhaps the engineering could be done for the Miller/John/Northwater Street project this year.

The impact on taxpayers for typical property in each property class was reviewed. A 3% increase would increase taxes on an average residence by \$7.13. A typical farm house would increase by \$15.50 and farmland would increase by \$72.09. A 6% increase would increase taxes on an average residence by \$40.96. A typical farm house would increase by \$37.22 and farmland would increase by \$88.12. Commercial and industrial assessments are declining. Farm assessments are

rising. One third of each tax dollar stays locally; the rest goes to the County and School Boards. We have to focus on our levy; not the County or School Boards.

The debt amount peaked in 2009 at about 12 million. It is now down to 8.5 million. There is no increase in debt proposed for this year.

Councillor Lennox stated that he was not comfortable with a significant use of reserves. The capital program needs to be reduced by \$300,000. Council needs to look at the capital projects. Councillor Lennox preferred the system used last year for budgeting. Clear direction was given to staff of what was wanted and what to target. To be fair to staff, Council needs to give direction as to what they are comfortable with and set a clear goal. Council needs to discuss contributions to the hospital.

Mayor Tout commented that he would like to see the Department Heads take another look at the budget. The Frederick Street project has to happen this year as the County is not going to wait any longer. Does the Miller/John/North Water Street project need to proceed this year?

Mike Givens questioned if the generator in Mount Forest Sports Complex is a priority item. Mayor Tout stated that he would like to see what is needed at the Sports Complex. Possibly a generator could be rented for a couple years. Generators are a high priority. After the last couple of storms he considers a generator for the municipal office as a priority as communications are lost when the power is out in. Maybe we could get wiring done in Mount Forest for now.

Councillor Yake stated that he was not prepared to pull projects out. This needs to go back to staff. Maybe half of the money can be put away this year for other projects, such as the Miller/John/North Water Street project and a generator for the Mount Forest Sport Complex.

Councillor Burke partially agreed with Councillor Yake. However, she did not feel the Miller/John/North Water Street project should be removed. The handicapped washroom could be pulled from the Recreation budget. We need to decide what we need a generator to run at the Mount Forest Sports Complex. The three priorities have been on the table long enough.

Councillor Goetz commented that last year Council took things out of the budget and now we are right back to the same point. He felt more of a joint effort between staff and Council was needed. A decision needs to be made regarding the request for \$100,000 for the Hospital project.

Mayor Tout suggested that we will have the same problems down the road if projects are cut. He liked the idea of putting half of the money away so that projects can proceed next year. Council doesn't want to remove projects but

realize they can't do everything. He responded to Councillor Goetz that the hospital is looking for a five year commitment.

Mike Givens stated that including funds for the hospital project is a Council decision. He explained that his approach to the budget has changed this year. Staff has indicated that there is a long list of projects that have been on the list for years and that Council needs to be aware of them.

Moved by: Councillor Burke
Seconded by: Councillor Goetz

That staff be directed to bring the budget as close to 3% as possible; excluding hospital contribution.

Carried

- C. This meeting was informal and was attended to ensure that Council and Staff priorities are aligned for 2014. There was no consideration to passing the Budget at this time. A further Presentation of the Proposed Budget will occur at a future date.

D. **Adjournment**

Moved by: Councillor Burke
Seconded by: Councillor Tout

That the March 10, 2014 Budget Meeting be adjourned at 5:58 p.m.

Carried