



*THE CORPORATION OF THE TOWN OF*  
**SAUGEEN SHORES**

## **STAFF REPORT**

Prepared By: Lori Sweiger, Treasurer

Approved By: Larry Allison, CAO \_\_\_\_\_

Date: January 27<sup>th</sup>, 2014

Subject: 2014 Municipal Budget

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### **RECOMMENDATION**

That the Council of the Corporation of the Town of Saugeen Shores approve the Municipal Budget for the year 2014 as follows:

	<b>Operating &amp; Reserves</b>	<b>Capital</b>	<b>Total 2014 Budget</b>
Expenditures	23,287,257	8,214,855	31,502,112
Revenues	13,951,900	7,080,023	21,031,923
Total Municipal Taxation	9,335,357	1,134,832	10,470,189

That the Town of Saugeen Shores Tax Levy be set at \$10,470,189 to finance the Operating and Capital Budgets of the municipality for the year 2014. This levy includes growth of \$220,525 (2.24%) and a levy increase of \$398,915 (3.96%) for a total levy increase of \$619,440.

That the Tax Levy By-law establishing the 2014 Tax Rates be considered by Council.

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### **BACKGROUND**

Following several Capital and Operating Budget Review Meetings, Council and Staff have finalized the 2014 Budget process with a projected total tax levy increase of \$619,440 including new tax dollars provided through growth at 2.24% and the final levy increase of 3.96%. The 2014 Budget and Levy are impacted by the loss of \$303,000 in grant funding from the Ontario Municipal Partnership Fund. The OMPF funding is expected to be further reduced in 2015 and 2016.

The Operating and Capital Budgets required significant reductions from the initial presentation to avoid a preliminary levy increase in excess of 11%. All Department Heads have reviewed their initial Operating and Capital Budget requests and have made adjustments to their operating budgets and recommended the deferral of several capital projects into 2015 or beyond. For the most part the adjustments are not expected to have a significant impact on service levels and operations, however the frequency of some maintenance activities happening may be reduced depending on available resources – operations will be carefully monitored to achieve the desired results.

The 2014 operating budget includes several service enhancements – an increase to the patrol hours for By-law enforcement; a GIS contract position to continue with the GIS data management for our Asset Management Plan, and an increase in maintenance gravel for rural roads. In addition, Council supported an increase to the 2014 Airport operating grant from \$9,500 to \$17,500. A number of service reductions were also approved as part of the 2014 budget process including the elimination of one uniform police officer through retirement, a reduction in the winter hours of operation of the Landfill site with the site being closed Mondays until April; the elimination of yard waste collection in 2014 and Christmas Tree pick-up in 2015. Yard waste will continue to be accepted at the compost site and Christmas trees can be dropped off at the landfill site, both free of charge.

The Town has committed to continued support for the Saugeen Memorial Hospital Capital Campaign for the ER expansion – with a pledge of \$40,000 in 2014 and continued annual contributions to a maximum of \$200,000. In addition Council is supporting the Community Living capital expansion campaign with a direct contribution of \$10,000 and up to an additional \$20,000 support for waiving fees and providing financial or in-kind assistance for off-site and/or on-site improvements.

While there is no significant new capital funding for implementation of the Waterfront Master Plan in 2014, planning will continue on costing the various components of the plan. Community consultation for the design of the extension of the promenade and other beach improvements will occur in 2014. Improvements that can be facilitated through operating budget allocations will be implemented as funding permits.

The Southampton Streetscape improvement plan will proceed in 2014. No significant new dollars are allocated for downtown improvements for 2014, however work will continue with the assistance of 2013 committed capital allocations in partnership with the BIA. Plans are in place to install wireless internet service in partnership with the BIA and the Chamber of Commerce.

With uncertainty regarding future funding cuts, Department Heads will continue to review operations throughout the year to determine where possible service reductions may be required for consideration in 2015 and beyond. It is expected that service level reductions will be required in the coming years.

## **Water and Sewer Rates**

The Water and Sewer Budgets are self-funded by the users of the municipal water and sewer system, with water revenues funding water operations and capital up-grades and sewer revenues funding sewer operations and capital up-grades. There are currently approximately 6000 residential water users, with approximately 5200 or 87% serviced by municipal sewers. Revenues that are generated through consumption are primarily used to offset the operating expenditures and revenues generate through the fixed capital contribution charge offset capital, debt and reserve transactions.

Council has previously adopted a 4% increase to water rates and a 6% increase to sewer rates for 2014. The water consumption rate will increase from \$0.70 to \$0.72 per cubic meter and the sewer consumption rate from \$1.18 to \$1.25 per cubic meter. The bi-monthly base capital contribution rate for water will increase from \$31.20 to \$32.45 and for sewer will increase from \$32.50 to \$34.45. The average bi-monthly residential water bill will increase from \$131.38 to \$137.82.

**Schedule "A"** the revenue and expense recap that is attached provides a summary of each Departments revenue and expense projections for 2014. The 2014 municipal tax levy increase of \$619,440 includes residential and commercial growth of \$220,525 (2.24%) and a levy increase of \$398,915 (3.96%) to increase our tax levy to \$10,470,189. The annual municipal impact to a residential unit assessed at \$260,000 is an increase of approximately \$47

**Schedule "B"** provides details on the 2014 Capital Budget program. A large amount of capital work is expected to be completed through a combination of tax dollars, donations, Federal Gas Tax funding, User Fees, Development Charges and Reserve Transfers. The total 2014 Capital Budget program is estimated to be \$8.2 million dollars.

**Major projects in the 2014 Budget include the following:**

- Development of the Southampton Streetscape Plan;
- Ongoing fire equipment replacement;
- Road projects include Geddes Street Market to Trillium, Adelaide St Resurfacing from Albert to Emerald Dr; Saugeen St Reconstruction – Albert to Front; Eugenie Street Reconstruction – Goderich to Waterloo; Market Street Reconstruction & Storm Sewer installation and
- Bruce Road 25 reconstruction, sidewalk installation, sewer and water main installation in partnership with the County of Bruce and future development.
- Bridge design work for the McEwing Bridge
- Traffic signal upgrades at Concession 6 (CAW road) and upgrade of the Morpeth Street crosswalk
- A number of projects are planned for the Sanitary Sewer System including improvements at both the Port Elgin and the Southampton Wastewater Treatment Plants, upgrading of the Brook Lane Sewer
- Projects scheduled for the water system include improvements to the Southampton Water Treatment Plant and the Port Elgin Reservoir, and the

continuation of the Water Meter replacement program to up-grade older meters to digital in Port Elgin.

- Street Light conversion to newer energy efficient technology;
- Public Works fleet purchases include the replacement an International Plow Truck, One Tonne dump box truck, a pick-up truck and a Trackless unit.
- The Lawnbowling clubhouse in Southampton will benefit from interior renovations and window replacement proceeding with the benefit of a New Horizon's grant, a donation and in partnership with the town.
- Improvements will continue at Fairy Lake in Southampton with the completion of the new Pavilion, the installation of theatre seating, entrance and landscaping enhancements;
- Biener Park will see two light standards reinstalled
- Improvements will continue at Lake Ridge Park with landscaping work;
- The Acton Drive to North Shore Trail will be completed;
- Table & Chair Replacement the Southampton Coliseum enters the final year.
- An Accessibility Assessment will be completed at the Southampton Coliseum
- Energy Efficient lights will be installed over the ice surface at the Plex;
- The Brine Pump and Pipe replacement will be relocated in the Plex;
- An accessible patio area will be installed at the Port Elgin Airport;
- The Port Elgin Tourist Camp office will be renovated
- Pool Tank repairs will be completed at Centennial Pool

**Schedule "C"** recaps the 2013 and prior project work to be completed in 2014. The funding for these projects was committed in 2013. This list includes:

- Installation of a new sound system in the Council Chambers
- Completion of our new Web-site design
- Dr. Earl Health Centre – lease-hold improvements
- Surface course asphalt on a number of road projects
- Sewer & Water plant and pumping station upgrades
- Continuation of the water meter up-grade program in Port Elgin
- Streetscape improvements in Port Elgin
- Installation of a Fuel Management system at the Southampton Shop
- Decorative Street light installation in Southampton
- Pioneer Cemetery work
- Fairy Lake Pavilion completion
- Washroom upgrades at the Port Elgin Beach; Saugeen Street in Southampton and at the Southampton Tourist Camp
- Entrance Signs
- Installation of a dock system at Denny's Dam

**Schedule "D"** outlines the 2014 Reserve and Reserve Fund activity and the projected year-end balances for December 31, 2014.

The 2014 Budget includes a recommendation to transfer a total of \$2,481,068 into Reserve and transfer \$5,367,789 from our Reserve and Reserve Fund Accounts to accommodate the capital and operating work that will be completed this year. The net impact to our Reserve and Reserve Fund balances will be a projected year-end balance of \$8,599,722. A balance of \$2,200,000 is being used to finance two capital projects and will be repaid over a number of years. For comparison purposes, the balance in Reserve and Reserve Funds at December 31, 2013 is estimated to \$11,486,443; however 2013 Reserve and Reserve Fund year-end entries have not been finalized.

**Schedule “E”** illustrates the 2014 property tax impact to a residential property in Saugeen Shores. When the municipal tax rate is combined with the County and School rates, the average overall property tax increase is 2.27%, compared to our municipal levy increase of 3.96%.

The complete 2014 Operating and Capital Budgets and all related schedules are available on the Treasury page of the municipal web-site at [www.saugeenshores.ca/municipal](http://www.saugeenshores.ca/municipal).

## **FINANCIAL IMPACT**

2014 Tax levy of \$10,470,189