



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

## STAFF REPORT

Prepared By: Sue Dent, Treasurer  
Approved By: Larry Allison, CAO Original Signed  
Date: February 8, 2016  
Subject: 2016 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 2016 as follows:

	<b>Operating &amp; Reserves</b>	<b>Capital</b>	<b>Total 2016 Budget</b>
Expenditures	24,399,114	7,903,185	32,302,299
Revenues	13,599,285	6,635,823	20,235,108
Total Municipal Taxation	10,799,829	1,267,362	12,067,191

That the Town of Saugeen Shores Tax Levy be set at \$12,067,191 to finance the Operating and Capital Budgets of the municipality for the year 2016. This levy includes growth of \$205,014 (1.84%) and a levy increase of \$645,890 (5.80%) for a total levy increase of \$850,904.

That the BIA levies for 2016 be set at \$33,000 for the Port Elgin BIA and \$29,350 for the Southampton BIA.

That the Tax Levy By-law establishing the 2016 Tax Rates be considered by Council at a future date.

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### **BACKGROUND**

Following several Capital and Operating Budget Review Meetings, Council and Staff have finalized the 2016 Budget process with a projected total tax levy increase of \$850,904 including new tax dollars provided through growth at 1.84% and the final levy

increase of 5.80%. When combined with the County and school boards, the overall blended rate increase is anticipated to be 3.94%.

The Operating and Capital Budgets required significant reductions from the initial presentation to avoid a preliminary levy increase in excess of 12%. Subsequent to the budget meeting on January 20, 2016 all Department Heads further reviewed their budget requests and made further adjustments to their operating budgets. These adjustments include a combination of revenue and expense line items. 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. These adjustments resulted in a further decrease in the levy of \$183,200 or an additional 1.65%, including an additional drawdown of the Tax Stabilization Reserve. It was proposed at the January 20 meeting that this be equivalent to 1%, but this would have resulted in drawing the reserve down to below zero. Staff have included a \$90,000 (0.81%) transfer from the Reserve to bring the current balance to zero.

The 2016 operating budget includes several service enhancements:

- the addition of a Community Development Officer,
- an increase in funding for the Municipal Heritage Committee,
- support for the Chamber/BIA trolley,
- the creation of a Fire Fighter Wellness program,
- an increase to the Bridge Reserve transfer,
- an increase to the Tree & Vegetation Control budget to deal with the Emerald Ash Borer and the aging tree canopy,
- the addition of a Parks Manager in Community Services,
- an increase to the Airport Committee budget,
- the addition of seasonal staff for Waterfront maintenance, and
- additional funding for the Rail Trail grant.

The 2016 budget also includes \$40,000 which represents the 2016 contribution to the Saugeen Memorial Hospital Capital Campaign for the ER expansion. The Town will reach the maximum committed amount of \$200,000 in 2017.

The budget also reflects the requested decrease of \$10,000 to the Police Services Board budget.

The Town has been informed that there are no changes to the BIA budgets for 2016 so the amounts to be levied will remain at \$33,000 for Port Elgin and \$29,350 for Southampton. These budgets will be presented to Council at a future date.

The increase to the tax funded capital budget for 2016 is \$49,741 – an increase of 0.44% over 2015 levels. Since the January 20, 2016 meeting the Town's grant application for the Gobles Grove project was rejected. Staff is therefore proposing to defer this project until 2017. There is no impact to the tax levy as the 2016 proposed

spending was to be covered entirely by the grant funding. As part of the proposed final changes to the Capital Budget staff is also proposing to fund the washroom upgrades at the Port Elgin Tourist Camp from the Future Capital Projects reserve to be repaid from future user fees and to defer the Remote Connectivity project related to the Harbour at this time.

## **Water and Sewer Rates**

Council previously approved a 4% increase to water rates and a 6% increase to sewer rates for 2016. The water consumption rate will increase from \$0.76 to \$0.79 per cubic meter and the sewer consumption rate from \$1.33 to \$1.40 per cubic meter. The bi-monthly base capital contribution rate for water will increase from \$33.76 to \$35.10 and for sewer will increase from \$36.50 to \$38.70. The average bi-monthly residential water bill will increase from \$139.88 to \$146.94.

**Schedule “A”** is the summary of each department’s burden on the tax levy for 2016 compared to the 2015 approved budget. The annual municipal impact to a residential unit assessed at \$282,000 is an increase of approximately \$76.

**Schedule “B”** provides details on the 2016 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 2016 Capital Budget program is estimated to be \$7.9 million dollars.

Major projects in the 2016 Budget include the following:

- Strategic Plan
- Pay Equity review
- Fire fighter personal protective equipment replacement
- Purchase of a replacement fire truck as well as other vehicle & equipment replacement as identified by the Fleet forecast
- Reconstruction of Bruce Street & Bay Street
- Downtown Port Elgin Decorative street lights
- Various traffic signal changes & upgrades
- Emma Street sewer work from Goderich to Hilker
- McDonald Lane water work from Victoria to Albert
- Recreation Master Plan & Facility Usage/Rate study
- Various improvements at Fairy Lake
- Tourist Camp washroom upgrade in Port Elgin
- Beginning to implement the Waterfront Master Plan
- Drawings for a new Pool facility

**Schedule “C”** recaps the 2015 and prior project work to be completed in 2016. The funding for these projects was committed in 2015 and prior. This list includes:

- Purchase of Weave Analytics module

- Completion of IT Back-Up & Disaster Recovery Plan
- Remote Connectivity
- Fire training area
- Top coat asphalt and completion of various roads projects including High & Victoria, Eugenie St, Waterloo St, Catherine St, Stafford St, Adelaide St, and Clarendon St
- Highway 21 Drainage project
- Clarendon St crosswalk
- Sewer & Water plant upgrades
- Completion of various sewer & water projects including Eugenie St, Bricker St (2 projects), Elgin St, Thompson Lane, Water St & Shantz St
- High St Decorative Lights
- Southampton Town Hall exterior renovations
- Sandpiper & Perkins parks
- Lakeridge Park
- Parks Shop improvements
- Coliseum accessibility implementation
- Painting pool walls
- Port Elgin gateway signage

**Schedule “D”** outlines the projected Reserve and Reserve Fund activity to December 31, 2016.

The 2016 Budget includes a recommendation to transfer a total of \$3,197,317 into and a total of \$3,145,220 out of our Reserve and Reserve Fund Accounts to accommodate the capital and operating work that will be completed this year. The chart below shows these numbers compared to the 2015 projected numbers.

	2015 Projected	2016 Projected
Transfers to Reserve & Reserve Funds	\$3,142,082	\$3,197,317
Transfers from Reserve & Reserve Funds	\$5,386,205	\$3,145,220
Year-End Balance	\$17,736,183	\$17,788,280

The net impact to our Reserve and Reserve Fund balances will be a projected year-end balance of \$17,788,280, however 2015 Reserve and Reserve Fund year-end entries have not been finalized.

A number of projects that have been funded from the Future Capital Projects Reserve will begin making repayments in 2016. The budgeted transfers will also result in the drawing down of the Tax Stabilization Reserve to a zero balance in 2016. (This does not take into account any potential transfer into the Tax Stabilization Reserve for any potential 2015 surplus.)

**Schedule “E”** illustrates the 2016 property tax impact to a residential property in Saugeen Shores. When the municipal tax rate is combined with the County rate, and assuming a 0% increase to the Education rate, the average overall property tax increase is 3.94%.

The complete 2016 Operating and Capital Budgets and all related schedules will be available on the Treasury page of the municipal web-site at [saugeenshores.ca](http://saugeenshores.ca).

### **FINANCIAL IMPACT**

2016 Tax levy of \$12,067,191.