



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

STAFF REPORT

Prepared By: Sue Dent, Treasurer
Approved By: David Smith, CAO Original Signed
Date: January 23, 2017
Subject: **2017 Municipal Budget**

RECOMMENDATION

That the Council of the Corporation of the Town of Saugeen Shores approve the Municipal Budget for the year 2017 as follows:

	Operating & Reserves	Capital	Total 2016 Budget
Expenditures	25,535,029	15,591,105	41,126,134
Revenues	14,154,688	14,391,605	28,546,293
Total Municipal Taxation	11,380,341	1,199,500	12,579,841

That the Town of Saugeen Shores Tax Levy be set at \$12,579,841 to finance the Operating and Capital Budgets of the municipality for the year 2017. This levy includes growth of \$116,000 (0.97%) and a levy increase of \$484,002 (4.04%).

That the BIA levies for 2017 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 2017 Tax Rates be considered by Council at a future date.

BACKGROUND

Following the Capital and Operating Budget Review Meetings with Council, Staff have finalized the 2017 Budget process with a projected total tax levy increase of \$600,002 including new tax dollars provided through growth at 0.97% and the final levy increase of 4.04%.

As part of the Operating Budget meeting, the following service level enhancements and donations have been included as directed by Council:

- Economic Development & Strategic Communication Operating Budget (\$25,000 funded from the Tax Levy)
- Economic Development Strategic Plan (\$30,000 funded from the Tax Stabilization Reserve)
- Office 2016 Software Upgrade (\$23,500 funded from the Tax Stabilization Reserve)
- Design Guidelines Review (\$20,000 funded from the Tax Stabilization Reserve)
- Conversion of the Engineering GIS contract position to full-time (\$20,720 funded from the Tax Levy)
- Waste Management Master Plan (\$25,000 funded from the Waste Management Reserve)
- Sanitary Collection System Condition Assessment (\$50,000 funded from the Sanitary Reserve)
- Storm Water Master Plan (\$80,000 funded from Development Charges)
- AutoCAD Civil 3d Software Licence (\$4,000 funded from the Tax Levy)
- Community Services staff complement (\$30,000 for wages & benefits for a seasonal position to be funded from the Tax Levy)
- Bike Friendly Initiatives (\$9,000 funded from donations & the Tax Levy)
- Building Condition Assessments (\$6,000 funded from the Facilities Improvement Reserve)
- Curly Leaf Pondweed – Fairy Lake (\$10,000 funded from the Tax Levy)
- Harbour & Tourist Camp Software (\$24,850 to be borrowed from the Future Capital Projects Reserve – user fees will be adjusted in 2018 to account for the loan repayment)
- Beach Grooming (\$9,000 funded from the Tax Levy)
- Donation to the Southampton Tennis Club (\$20,000 funded from the Tax Stabilization Reserve)
- Increase to the Operating Grant to the Saugeen Shores Chamber of Commerce (\$14,000 funded from the Tax Levy)
- Canada 150th Committee Funding (\$65,000 funded from the Tax Stabilization Reserve)

To keep the total Tax Levy increase the same, several adjustments were made:

- Revenues were increased to reflect the increases approved in the 2017 Fees & Charges By-Law and other known increases (i.e. Library Rent)
- Payment-in-Lieu of Taxes budgets were increased to more accurately reflect actual expected revenues (these numbers have not been adjusted for a number of years)
- The transfer to the Bridge Reserve was reduced

The 2017 budget includes a \$40,000 donation to the Saugeen Memorial Hospital Capital Campaign for the ER expansion. This is the Town's final payment towards our commitment of \$200,000.

The Town has been informed that there are no changes to the BIA budgets for 2017 so the amounts to be levied will remain at \$33,000 for Port Elgin and \$29,350 for

Southampton. The Port Elgin BIA budget has already been presented to Council. The Southampton BIA budget will be presented at a future date.

Following the Capital Budget meeting, one adjustment has been made to the proposed Capital Program for 2017:

- Staff have approached the County to request money from the Reserve held for the Southampton Library to pay 50% of the project costs

This change resulted in a decrease to the tax funded capital for 2017 of \$10,000 to \$1,199,500 – an increase of \$7,138 or 0.6% over 2016 levels.

Water and Sewer Rates

Council previously approved a 5% increase to water rates and a 6% increase to sewer rates for 2017. The water consumption rate will increase from \$0.79 to \$0.83 per cubic meter and the sewer consumption rate from \$1.40 to \$1.49 per cubic meter. The bi-monthly base capital contribution rate for water will increase from \$35.10 to \$36.86 and for sewer will increase from \$38.70 to \$43.02. The average bi-monthly residential water bill is estimated to be \$161.40.

Schedule “A” is the summary of each department’s burden on the tax levy for 2017 compared to the 2016 approved budget. The annual municipal impact to a residential unit assessed at \$282,000 is an increase of approximately \$74.

Schedule “B” provides the summary of the 2017 Capital Budget program. A large amount of capital work is expected to be completed through a combination of tax dollars, donations, grants, Federal Gas Tax funding, User Fees, Development Charges and Reserve Transfers. The total 2017 Capital Budget program is estimated to be \$15.6 million dollars.

Schedule “C” recaps the 2016 and prior project work to be completed in 2017. The funding for these projects was committed in 2016 and prior.

Schedule “D” outlines the projected Reserve and Reserve Fund activity to December 31, 2017.

The 2017 Budget includes a recommendation to transfer a total of \$2,240,812 into and a total of \$3,146,194 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 2016 projected numbers.

	2016 Projected	2017 Projected
Transfers to Reserve & Reserve Funds	\$4,035,423	\$3,825,747 **
Transfers from Reserve & Reserve Funds	\$5,143,943	\$3,146,194
Year-End Balance	\$18,756,913	\$19,436,466

**** Note:** This includes contributions (estimated) to both the Development Charges Reserve Fund (\$1.2M) and the Gas Tax Reserve Fund (\$385K), although they are not budgeted.

The net impact to our Reserve and Reserve Fund balances will be a projected year-end balance of \$19,436,466 – a projected increase of \$679,553, however 2016 Reserve and Reserve Fund year-end entries have not been finalized.

Schedule “E” illustrates the 2017 property tax impact to a residential property in Saugeen Shores.

Schedule “F” is a list of outstanding information and reports and the expected delivery dates to Council.

The complete 2017 Operating and Capital Budgets and all related schedules will be available on the Treasury page of the municipal web-site at saugeenshores.ca.

FINANCIAL IMPACT

2017 Tax levy of \$12,579,841.