



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

STAFF REPORT

Report From: Sue Murray, Director, Corporate Services

Meeting Date: January 28, 2018

Subject: 2018 Municipal Budget

RECOMMENDATION

That the Council of the Corporation of the Town of Saugeen Shores approve the Municipal Budget for the year 2018 as follows:

	Operating & Reserves	Capital	Total 2018 Budget
Expenditures	27,671,879	16,297,500	43,969,379
Revenues	15,148,813	14,765,053	29,913,866
Total Municipal Taxation	12,523,066	1,532,447	14,055,513

That the Town of Saugeen Shores Tax Levy be set to a combined blended tax rate increase of 3.00% to allow the Town of Saugeen Shores to increase the transfer to the Future Capital Reserves to help alleviate or avoid debt financing on future capital projects. This represents a \$90.50 increase to the average household assessed at \$282,000.

That the BIA levies for 2018 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 2018 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 2018 Budget process with a projected total tax levy increase of \$14,055,513.

Over the last four years the average increase in the combined tax rate is \$38.25 as summarized below:

Year	Total Combined Tax Rate	% Change	Total Taxes on Average Assessment of \$282,000	\$ Change
2014	0.01048895		\$ 2,957.88	
2015	0.01040756	(0.78%)	\$ 2,934.93	(\$ 22.95)
2016	0.01041048	0.03%	\$ 2,935.76	\$ 0.82
2017	0.01071056	2.88%	\$ 3,020.38	\$ 84.62
2018	0.01103149	3.00%	\$ 3,110.88	\$ 90.50
			Four Year Average	\$38.25

As part of the Operating and Capital Budget meetings, the following changes have been made:

Operating Budget Changes

As directed at the Council meeting in December

Reserve Increases

- Corporate - \$5,000 Transfer from reserve for Compensation Review for Elected Officials
- Community Services - \$15,000 Transfer from reserve for Environmental Control Management (Goose Population issues)
- Community Services – \$10,000 Transfer from reserves for Parks Tree Inventory and Management

Expenditure Increases

- Fire – \$68,000 Fire Training Officer – Corporate Responsibilities
- Community Services - \$40,000 Addition of Community Services staff complement for facilities staff
- Community Services - \$8,000 Active Transportation Coordinator

Other changes after the December Council meeting

- The Ontario Municipal Partnership Fund (OMPF) was increased by \$87,600 as the Town was notified in December of our allocation for 2018 and a transfer from reserves of \$87,600 to cover current road projects was added with a net effect of zero to the operating fund
- Increase of \$1,000 to the airport per their original request which was lowered in error
- The estimated tax growth was removed from the budget as the final tax assessment was received late December and the rates are calculated with the new assessment

- The \$90,000 increase in minimum wage has been allocated to the appropriate budget lines
- Increase transfer to Future Capital Reserve of \$725,000

These changes have resulted in an overall increase to the tax funded operating portion for 2018 of \$812,000. (The majority of this is the \$725,000 transfer to Future Capital Reserve noted above.)

Capital Budget Changes

As directed at the Council meeting in December

- Roads – \$110,000 removal of the Moore Bridge Project
- Traffic Signal & Controls - \$17,000 removal of Market Street
- Traffic Signal & Controls - \$17,000 removal of Tomlinson Intersection
- Sidewalks - \$4,000 increase Canada Post sidewalk project

Other proposed changes to the Capital Budget after the December Council meeting

- Fire - \$28,500 Auto Extrication Rams to be funded from Fire Reserves (previously funded through taxation)
- Roads - \$87,600 from reserves allocated to High Street – Victoria to Albert Project (previously funded through taxation)
- Other Facilities - \$65,000 transferred from Southampton Medical Centre Reserve Fund for Medical Building Roof Replacement (previously funded through taxation)
- Cemetery - \$8,800 from the Sanctuary Park Cemetery Reserve for the Topseed and Hydroseed project (previously funded through taxation)
- Harbour Street (Waterfront) - \$375,000 removed from proposed debenture and included in budget

These changes have resulted in an overall increase to the tax funded capital for 2018 of \$45,100.

The large proposed increase to the Future Capital Reserve is a significant investment in infrastructure.

Staff will be developing a Long Range Financial Plan and a Reserves Strategy to assist Council in achieving future significant projects as directed. It is likely that a new reserve will be created for these contributions, i.e. a Legacy Fund.

At this time staff are not recommending tying the funding to any particular project.

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 will be presented at a future date. and the Southampton budget has already been presented.

The County of Bruce rates have not been finalized yet, but the County had a media release in November stating that there would be a levy increase of 3.27%, but this is before assessment growth calculations. To calculate the blended tax rate, staff estimated that our portion of the County levy will be \$9,988,340 (3.27% increase over 2017). The preliminary school board rates were received on December 22, 2017 and the province will notify us when these rates have been set in regulation. The majority of the school board rates had a small decrease.

Water and Sewer Rates

Council previously approved a 5% increase to water rates and a 6% increase to sewer rates for 2018, consistent with the prior approved multi-year plans. The water consumption rate will increase from \$0.83 to \$0.87 per cubic meter and the sewer consumption rate from \$1.49 to \$1.58 per cubic meter. The bi-monthly base capital contribution rate for water will increase from \$36.86 to \$38.70 and for sewer will increase from \$41.02 to \$43.48. The average bi-monthly residential water bill is estimated to be \$169.47.

Schedules

Schedule “A” is the summary of each department’s burden on the tax levy for 2018 compared to the 2017 approved budget. The annual municipal impact to a residential unit assessed at \$282,000 is an increase of approximately \$90.50.

Schedule “B” provides the summary of the 2018 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 2018 Capital Budget program is estimated to be \$16.3 million dollars.

Schedule “C” illustrates the 2018 property tax by assessment compared to overall taxes raised in 2017.

Schedule “D” illustrates the 2018 property tax impact to a residential property in Saugeen Shores.

Schedule “E” provides a comparison of the blended rate in 2018 compared to 2017 for all assessment classes.

Schedule “F” outlines the projected Reserve and Reserve Fund activity to December 31, 2018.

The 2018 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 2017 projected numbers.

	2017 Projected	2018 Projected
Transfers to Reserve & Reserve Funds	\$3,825,747	\$5,243,794 **
Transfers from Reserve & Reserve Funds	\$3,146,194	\$7,081,786
Year-End Balance	\$19,436,466	\$19,109,845

** Note: This includes contributions (estimated) to the Development Charges Reserve Fund (\$1M), although they are not budgeted.

The net impact to our Reserve and Reserve Fund balances will be a projected year-end balance of \$19,109,845 – a projected decrease of \$1,887,992, however 2017 Reserve and Reserve Fund year-end entries have not been finalized.

The complete 2018 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

2018 Tax levy of \$14,055,513.

Prepared By: Sue Murray, Director, Corporate Services

Approved by: David Smith, CAO _____