

STAFF REPORT

Report #CAO2014-08

To: His Worship the Mayor and Members of Council

From: Jeff Carswell, Chief Administrative Officer

Re: 2014 Budget – Report #2

Date: February 15, 2013

Background:

This is the second report of several related to development of the 2014 - 2018 Capital Forecast and 2014 Operating Budget. This report provides information on the 5 Year Capital Forecast for all departments.

Discussion:

The 1st Draft of the Capital Forecast is showing a small increase (\$19,562) in the amount required from Taxes, Grants & General Revenue (TGGR). This is 1.54% over 2013.

In addition to the Capital Forecasts, a summary of reserve projections and vehicle replacement details are also attached.

In general, the budgets reflect updates from the prior year budgets. Funding levels tend to stable for each department, with little movement between different areas. The Public Works and Fire Department consume about 85% of the capital forecast, so it is anticipated these budgets will be reviewed in the greatest details.

The Fire Department forecast reflects minor updates since last year. Of note, the Innerkip Tanker replacement is moved ahead slightly due to problems with the existing truck. Improvements at the Hickson Firehall have been moved back 1 year since it has been difficult to contribute to a facilities improvement reserve in light of required repairs at the facility. More details with respect the plans will also need to be determined in the near future to determine exactly what funding will be required.

The Public Works forecast reflects focusing on maintaining existing assets based on the draft asset management plan. The plan indicated that asset

management activities could almost be accommodated with the existing funding level. As such, the forecast illustrates the projects and funding required to maintain existing assets. The main projects include Bridge #0003, 1st Phase of Bender Subdivision Reconstruction, Jacob Street East and Equipment Replacements. While there is some “new” items in the forecast they tend to be minor, with the exception of adding a backhoe to the equipment fleet.

A second Public Works forecast has also be developed that also includes addition “new” assets, being additional gravel to hard-top conversion. The forecast shows the impact of adding approximately \$300,000 per year to continue with the gravel to hard-top program. At this level, further conversion of the Maplewood Sideroad could take place in the next 2-3 years. Following that, work on 9th Line is illustrated. As you can see, adding this has a significant impact on the budget.

While carrying on with the gravel to hard-top conversion is desired, I am unsure how the Township could continue with these “new” projects and not move forward with the true Asset Management projects. I believe it will be important to illustrate that Asset Management is being carried out before “new” capital is added. This puts the Township in a difficult position when applying for future grants. We are generally able to fund our Asset Management responsibilities and the projects are not generally “critical” and the “new” assets could be deemed a “want” not a “need”, making them less desirable to get funding. For this reason, staff continue to advocate that the existing competitive based programs are not fair or desirable and should be changed.

Staff propose reviewing each area in greater detail with Council. Staff will further refine these forecasts based on Councils comments and direction.

Recommendation:

1. None at this time. For Council consideration and comment.

Report prepared
and submitted by:

A handwritten signature in black ink that reads "Jeff Carswell". The signature is written in a cursive style with a large, stylized initial "J".

Jeff Carswell, AMCT
Chief Administrative Officer