

# STAFF REPORT

Report #CAO2008-13

**To:** His Worship the Mayor and Members of Council

**From:** Jeff Carswell, Chief Administrative Officer

**Re:** 2008 Budget – CAO Revisions

**Date:** February 20, 2008

## **Background:**

As discussed in the last Budget Report, the next step in the process would be revisions to the preliminary budgets by the CAO. This report is the first of several that will identify various changes that could be incorporated into the budget documents.

## **Discussion:**

<b>Proposals</b>	<b>Effect on Budget</b>
Reduced Fire Vehicle Reserve from \$80,000 to \$70,000 – will extend Fire Reserve negative balance for a year but this can be accommodated by other reserves and will still permit the reserve to build for the next replacement - <b><i>Recommended</i></b>	Reduces 2008 Capital by \$10,000
Cut one-time transfer to Equipment Reserve, increased PW Equipment Reserve from Operating and also allowing it to go further negative and possibly experience another negative position in 2010; however, this can be accommodated by other reserves as was done with Fire in the past - <b><i>Recommended</i></b>	Reduces 2008 Capital by \$50,000

## Staff Report – 2008 Budget – CAO Revisions

Proposals	Effect on Budget
Minor Reductions in Parks and Hall Capital – most have reasonable size reserves and in some areas there are not specific capital plans - <b>Recommended</b>	Reduces 2008 Capital by \$12,500
Due to the one-time nature of the Pay Equity Update moved it to Capital, but funded from the Administration Reserve - <b>Recommended</b>	Reduces 2008 Budget by \$4,000
Reduced Building Department Vehicle reserve contribution to \$4,000 for 2008 and 2009 – still builds enough in the reserve for replacement is 2012 Reduced Building Department Capital Equipment from \$3,000 to \$2,000 - <b>Recommended</b>	Reduces Capital by \$2,000
Phase-in the increase required for the Bridge Reserve, 2007 was \$30,000, 2008 allocate \$45,000 and 2009+ go to \$50,000. Cuts the balance in the bridge reserve close for 2008, but this can be accommodated by other reserve balances - <b>Recommended</b>	Reduces 2008 Capital by \$5,000
Adjust own forces on capital work - \$25,000 – Can be better determined once Capital Program is approved. <b>Recommended if PW Capital Program is approved.</b>	Reduces 2008 Capital by \$25,000
Decrease Misc. Drainage Engineering from \$25,000 to \$15,000 as there isn't a specific project identified. <b>Not Recommended – Leave amount at \$25,000 and apply unused balance to reduce amount to be financed.</b>	Reduces 2008 Capital by \$10,000
Showing Part of the Disconnect Program (over \$50,000) and all of the Municipal Drain Payment financed in 2008. Sets Tavistock Drainage Work funded from Taxation at \$100,000 for 2008. Amount to be financed may be less depending on other drainage works. <b>Recommended</b>	Reduces 2008 Capital by \$50,000
Further Cuts to Parks Capital Budgets – could cut \$10,000 to \$30,000 but would drastically affect park improvements and major maintenance – <b>Not Recommended</b>	
Further cuts to Public Works Projects – <b>Not Recommended</b>	
Cuts to Fire Department Capital – <b>Not Recommended</b>	
Use additional funds from Contingency Reserve in various areas – Contingency Reserve is shown at \$116,000 in 2008 which is not overly high – <b>Not Recommended</b>	

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Proposals	Effect on Budget
Increased Investment Income – Funds for investment will not be as high as 2007 which was mainly due to the RIII Grant; however, the Coleman Street reserve is substantial and should help maintain investment income at a higher than normal level through 2008. <b>Recommended</b>	Reduces 2008 Budget by \$10,000
Put part of Gravel Revenue into 2008 Revenue (up to \$45,000 but reduces reserve) – creates a \$45,000 problem next year when the revenue won't be there – <b>Not Recommended</b>	0 - \$45,000
Reduce contribution to Coleman Street Reserve. Would affect 2009+ capital budgets, may require additional financing in 2010. <b>Not Recommended at this time</b>	
Variety of “fine-tuning” in all areas - <b>Recommended</b>	Reduces budget by approximately \$17,100

Based on the above analysis and recommendations, the 2008 Budget would increase Township taxes by about \$50 on an average household (2007 - \$667, 2008 - \$717 7.5%). Staff continue to examine the budget and investigate various options. During this analysis, the effect of various changes are examined in both the short-term and long-term. Many changes that have a positive short-term impact, negatively impact the long-term. These include cuts to capital, contributions to reserves and use of reserves planned for other projects in the long-term. Staff is also attempting to project the operating budgets for 2009 and 2010 to get a better picture of overall finances over a longer term.

Based on the timing for release of the Police Budget, there will be additional time for Council to review the budget documents and permit staff to prepare additional information to better illustrate the programs and projects planned for 2008 and beyond. At this point in time, staff are working towards a Budget Public Meeting at the April 16<sup>th</sup> Council meeting (2 weeks later than originally proposed). It is hoped that during the meetings in March and the first meeting in April, that Council will provide direction to staff on the budget documents. Council could instruct staff to plan a special meeting to deal with the Budget if it wishes. At this point, with 3 meetings to consider the budget before the proposed Public Meeting date, staff believes there would be sufficient time to further review the budget.

## **Staff Report – 2008 Budget – CAO Revisions**

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### **Recommendation:**

1. None to adopt. Request that Council provide feedback on the preliminary operating budget information provided.

Report prepared  
and submitted by:



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Jeff Carswell, AMCT  
Chief Administrative Officer