

STAFF REPORT

Report #CAO2015-22

To: His Worship the Mayor and Members of Council

From: Jeff Carswell, Chief Administrative Officer

Subject: 2015 Budget – Report #5 – Public Meeting

Date: March 26, 2015

Background:

This is the fifth report of several related to development of the 2015 – 2019 Capital Forecast and 2015 Operating Budget. For detailed budget numbers, Report #4 contains all details, except for the minor changes noted in this report.

The Budget Public Meeting is scheduled for 10:30 a.m. at the April 1, 2015 Council Meeting. The Township has maintained having a Public Meeting before the budget can be approved by Council. While the legislative requirement of having a Public Meeting was removed from the Municipal Act several years ago, based on the importance of the budget process and in an effort to demonstrate a commitment to Accountability and Transparency, Council has maintained having a Public Meeting.

In addition to the Budget Public Meeting, all budget documents and information have been made available on the Township's website, are available on request and were included in previous public agendas.

The prior reports are available at:

<http://ezt.ca/Township-Office/Budget-Finances/Budget/2015-Budget>

There are numerous means for residents to express comments on the budget and contact Councillors. To date, there has not been any formal submissions on the budget. At the Public Meeting, anyone in attendance can ask questions, comment or make suggestions on the proposed budget.

Discussion:

At the March 18, 2015, Council Meeting, several budget modifications were suggested by Council to lower the overall levy change to just under 5%. Based on review of the changes and incorporating the revisions, the proposed levy increase would be 4.96% (slightly lower than the 4.99% discussed at the meeting).

The following changes were incorporated from the 2nd Draft:

- Council – Conferences/Seminars = -\$3,000
- Capital – Cancel Transfers to Reserve (89 Loveys) = \$95,000
- Capital – Fund Council computers from reserves = \$1,000
- Capital - Admin Pay Equity Study - fund from Reserves = \$10,000
- Total Decrease from 2nd Draft = \$109,000

Levy Impact:

- Township Tax Levy of \$4,358,800 (2014 = \$4,152,772)
- Increase of \$206,028, or 4.96%
- Adjusted for the OMPF decrease of \$231,100, the Township levy would be down \$25,072, or negative 0.60%.

Impact by Selected Items	\$ Change from PY	% Change from PY
Capital Budget	(91,750)	-2.21%
OMPF Reduction	231,100	5.56%
Police	(82,787)	-1.99%
2015 Wage & Benefit Adjustments (FT)	47,500	1.14%
Various Operational Increases	101,965	2.46%
	206,028	4.96%

Taxation Impact on a Typical Residential Property*:

\$55 Township Tax Change Impact (4.56%)
 \$30 County Tax Change (2.77%)*
\$1 Education Tax Change (0.19%)*
 \$86 Total Tax Change (3.10%)

**Rates, tax ratios and tax policy not yet finalized.*

It should be noted that this estimate is for a typical residential assessment. Based on the assessment phase-in program, actual properties will be highly variable. The median increase is 3.13%. That means ½ will see an increase less than 3.13%, and ½ will see an increase over 3.13%.

Additional Commentary and Highlights:

When looking at the average residential property, the Township taxation amount is about \$1,238, or \$103 / month. When looking at the wide range of services and programs provided to residents and property owners, this appears to be very reasonable. The following is a high level breakdown for Township services:

- Council = \$2 / month
- Admin, Facilities and Misc = \$14 / month
- Fire & Protective Services = \$17 / month
- Public Works = \$43 / month
- Parks & Recreation = \$6 / month
- Police = \$21 / month

In staff's opinion, the value and cost effectiveness of these services becomes even more obvious when comparing to items that are easily portrayed in monthly terms:

- Internet = \$25-\$75 / month
- Cable TV = \$50 - \$100 / month
- Cell Phone with Data = \$50 – \$100 / month / person
- Tim Hortons Coffee (1 per day) = \$50
- Netflix = \$9 / month
- Alarm Monitoring = \$25/month (*costs more than Police or Fire Service?*)
- Water = \$50 / month
- Wastewater = \$48 - \$55 / month
- Electrical Bill = \$100 - \$150 / month

When looking at other monthly costs associated with running a household or obtaining a variety of services, the cost for Township services are quite reasonable. I would argue for those with a sidewalk in front of their house, \$43 / month would be considered quite reasonable to have the snow removed this past winter. And keep in mind the \$43 is for all the Public Works services, not just sidewalks. While you hope that you do not need service from the Fire Department or Police Service, knowing that each are available and ready to respond for ~\$20 / month should be considered tremendous value. While Internet and Phone plans are moving into the "required" service area, many people will willingly spend over \$100 / month on cable, but believe the same amount for the wide range of Township services provided is exorbitant. While I understand many of these other services operate in the free-market environment and people have choice

whether to obtain them or not, I believe there is a general under-valuing of the services municipal governments provide.

I would like to further stress that most rural Townships are also experiencing similar budget challenges, mainly due to the OMPF decrease. Following are other known levy increases in the area:

- SWOX = 12.95% Levy Increase (9% due to OMPF and OPP)
- Zorra = 10.6% Levy Increase (2014 Levy \$5,645,304, 2015 Levy \$6,246,382 – Dollar increase \$601,078.00)
- Norwich = 9.3% Levy Increase (5.8% due to OMPF)
- BB = 4.38% Levy Increase
- Oxford County – 2.2% Levy Increase (\$52.2 Million Levy – no OMPF impact as County doesn't get any OMPF)

Based on other tax increases in the area, this budget should keep the Township at the lower end of taxation levels for Oxford County municipalities.

Since most of the reductions in the budget have come through the capital for 2015, there will not be a significant impact on programs and services which are mainly funded from operating. Any significant capital projects in Public Works and Fire Department are maintained, and will be permitted to move forward in 2015.

Long-term there is concern that it will become increasingly difficult to fund the programs, services and projects that need to be completed if the loss of the OMPF funding is not made up. In doing some high level projections for 2016, if we wish to bring capital back to the level identified in the 2016 Capital Program, fund inflationary adjustments and deal with a further \$200,000 reduction in OMPF, the 2016 Levy will see a 10% increase. If capital is not returned to the 2016 Forecast, the increase could be closer to 5%. Until the OMPF stabilizes, Township staff does not see any stability with respect to the tax levy.

Recommendation:

1. That subject to comments received at the Public Meeting, Council approve the 2015 Budget and 5 Year Capital Forecast, and further that staff be instructed to prepare the necessary by-law when all tax policy matters have been set.

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 horizontal line underneath it.

Jeff Carswell, AMCT
Chief Administrative Officer