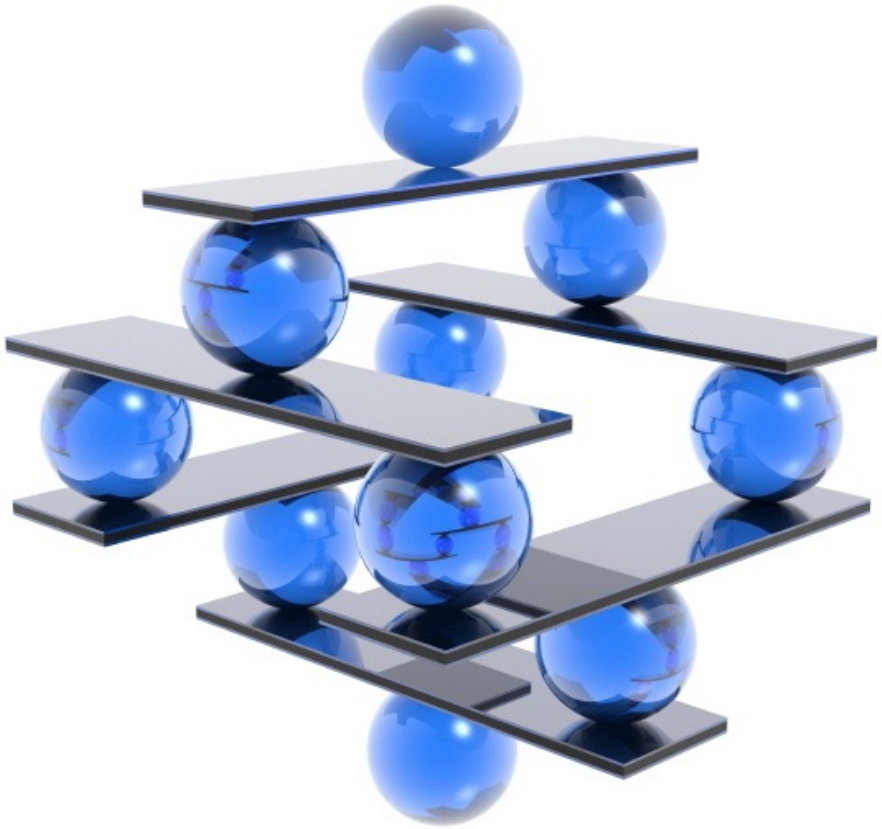

CAPITAL & OPERATING BUDGET

LOYALIST TOWNSHIP 2016

263 MAIN STREET, ODESSA, ON K0H 2H0|www.loyalist.ca

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1. Budget Overview and Financial Planning

2016 PROPOSED BUDGET

The focus for the 2016 budget is to provide more funding for capital budgets and dedicate resources to ensure a financially sustainable long term plan. Future annual operating budgets will continue to include significant funding for capital projects.

The 2016 budget for utilities and general rate includes contributions to capital of approximately $2 million, double the budget in 2015.

The 2016 proposed general rate net departmental operating budget includes the following key variances over the previous year:

PROPOSED NET DEPARTMENTAL OPERATING BUDGET

	Key Variances
Police Services costs decreased ↓	($318,600)
Debt payments increased ↑	$242,600
Contribution to Capital increased ↑	$497,600
Contribution to Reserve Funds increased ↑	$155,000
Roads costs capitalized, not in operating ↓	($180,000)
Other Miscellaneous Increases ↑	$52,200
Net Departmental Operating Increase	**$448,800**

The net departmental operating increase of $448,800 combined with a decrease in non departmental net revenue results in an overall increase of $1,065,500 over the 2015 tax levy of $11,700,400. The decline in the non departmental net budget is mainly due to a contribution to capital of $645,000 which was not budgeted in 2015.

The change year over year is explained as follows:

PROPERTY TAXES

	2016	2015	Change	
Levy Requirement	$12,765,900	$11,700,400	$1,065,500	9.1% increase
Non Departmental Net Budget (excluding levy)	($555,600)	($1,172,300)	$616,700	52.6% decrease
Departmental Net Budget	$13,321,500	$12,872,700	$448,800	3.5% increase

BUDGET OVERVIEW & FINANCIAL PLANNING

The 2016 levy requirement of $12,765,900 has increased by 3.9% for the Loyalist Township portion of the property tax rate from 2015.

RESIDENTIAL TAX RATES

	Residential Tax Rate
2015	0.00648462
2016	0.00673685
Increase	**3.9%**

The education and county rates are unknown at this time. If these rates remain the same as 2015, the overall property tax rate will increase 1.9% when compared with 2015.

BUDGET OVERVIEW & FINANCIAL PLANNING

STRATEGIC HIGHLIGHTS

Loyalist Township is continuing to work with the Strategic Plan that was approved by Council in 2012.

Vision: Loyalist Township is dedicated to promoting the quality of life and prosperity of community for present and future generations.

Mission: The Township vision will be achieved through council leadership and the provision of professional, cost effective, community focused and sustainable services and economic growth.

Goals:

- To promote and manage economic development
- Manage growth with environmentally sound policies
- Strengthen the Township's financial position
- Address the Township's municipal infrastructure needs
- Provide a well managed and effective municipal government
- Enhance communication between the Township and stakeholders
- Promote healthy lifestyles, culture, heritage and sports

The 2016 Loyalist Township Budget is aligned with the strategic objectives identified and approved by Council in the current Strategic Plan as well as a shift to providing more funding for capital. The budget includes significant focus on long term financial sustainability through increased contributions from the operating fund to capital as well as significant new debt over the next several years. The new debt will fund the Unfinanced Capital Outlay balance as well as fund annual capital infrastructure projects.

The 2016 Loyalist Township budget represents a fundamental shift in a more focused approach for the Township to manage long term planning, capital funding and financial sustainability.

BUDGET OVERVIEW & FINANCIAL PLANNING

FINANCIAL SUSTAINABILITY

What is it?

Balancing today's services and tomorrow's needs

- Program sustainability through quality services and sound financial management
- Rate stability
- Intergenerational equity

Why Does Financial Sustainability Matter?

- Declining contributions and changing funding formulas from other levels of government
- Understanding the full cost of operations
- Pressure to rationalize expenses and increase revenue base, while maintaining or increasing services to citizens
- Changing demographics which means changing needs
- Pressure on tax base
- Decision making tends to be short term at the expense of future generations
- Growing infrastructure deficit while faced with new requirements

Indicators of Financial Condition

Financial condition is health measured in terms of ability to meet obligations for service levels and financial commitments

Financial Condition Measures

Sustainability – ability of a municipality to maintain its existing financial obligations for services and financial commitments without increasing the debt or tax burden.

Flexibility – degree to which a municipality can change its debt or tax burden to meet its existing financial obligations for service commitments and financial commitments.

Vulnerability – degree to which a municipality is dependent on sources of funding outside its control or influence or its exposure to risks that could impair its ability to meet its existing financial obligations and financial commitments.

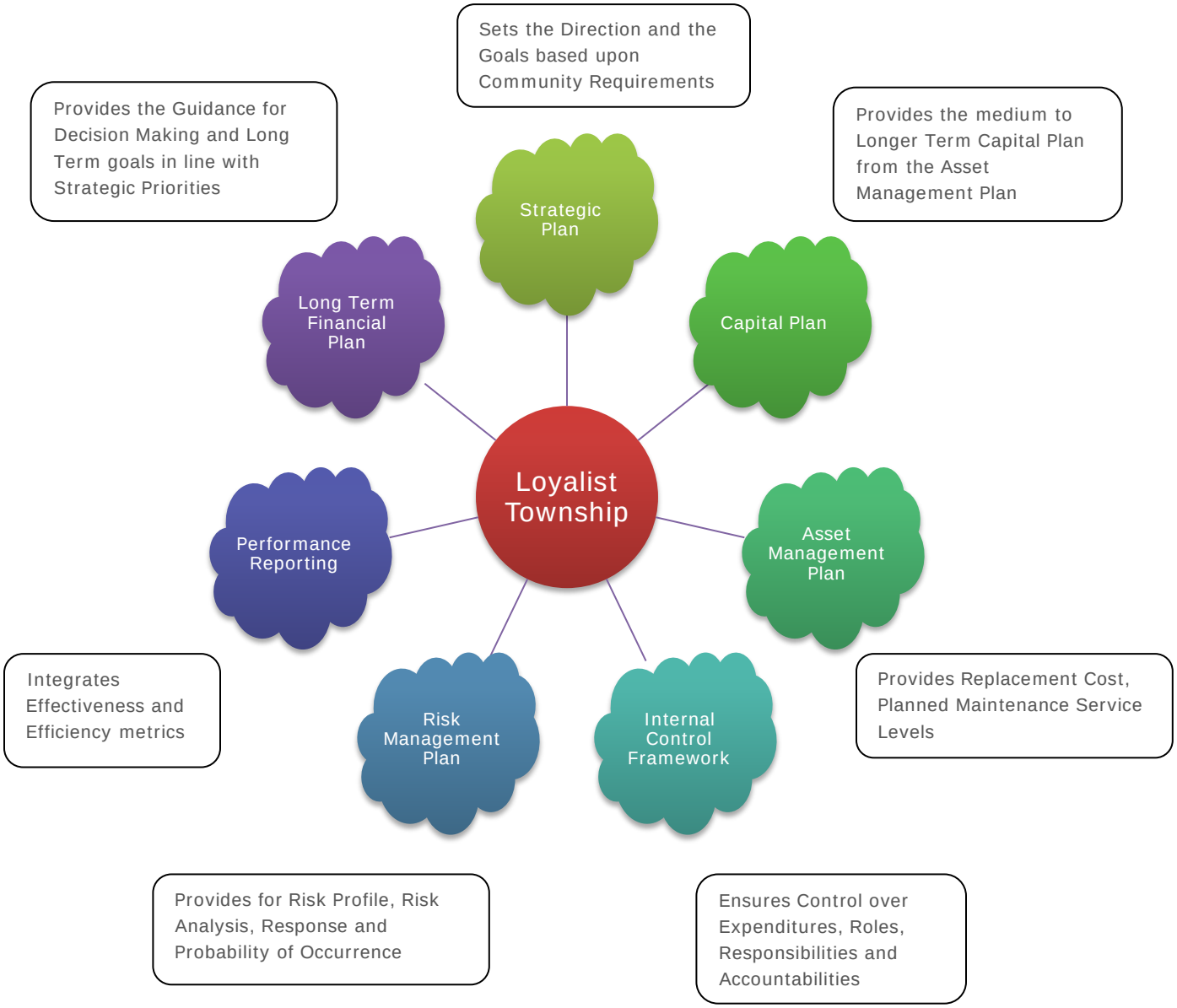
Principles of financial sustainability

A significant change in thinking is needed:

1. A shift in values, ethics and transparency – governance and leadership
2. A requirement to change – from annual budget to long term financial planning

3. A need for infrastructure rationalization and renewal
4. Transformation of business processes and controls – a pre-requisite for financial success

What are the elements of financial sustainability?



UNFINANCED CAPITAL OUTLAY BALANCE

Based on the capital budget and estimated capital revenue sources, the following table shows the projected balance of Unfinanced Capital Outlay (UFCO) for both General Rate and Utilities. To bring the balance down to $4 million as at the end of 2016, the Township will need to borrow $8 million (assuming all projects are completed as budgeted).

UFCO - General Rate & Utilities	General Rate	Utilities	Total
Oct 2015 General Rate (include internal loan)	2,920,000	2,868,000	5,788,000
2015 additions to UFCO (estimate)	67,300	1,027,400	1,094,700
2016 budgeted debt	- 3,507,000	- 4,500,000	- 8,007,000
2016 capital budget	3,687,000	2,300,000	5,987,000
2015 carry over budget	2,401,300	3,182,000	5,583,300
2015 capital to be spent by the end of the year	579,000		579,000
2016 capital revenue	- 3,374,000	- 1,604,500	- 4,978,500
2015 capital revenue	- 990,800	- 730,000	- 1,720,800
UFCO Dec 31, 2016	1,782,800	2,542,900	4,325,700

Using this as a starting point, staff have drafted a simple financial plan to substantially fund this balance over the next five years while also funding the annual capital budget requirements. The UFCO balance at the end of 2020 is projected to be approximately $1 million.

BUDGET OVERVIEW & FINANCIAL PLANNING

Description	Budget Carryover to 2016	2016	2017	2018	2019	2020	2021
Capital Budget		5,987,000	12,418,500	11,754,500	9,796,000	8,160,700	5,631,000
General Rate							
Total revenue sources	990,835	3,374,000	3,286,515	4,279,790	3,020,400	4,102,000	2,386,000
Additional transfer from operating			200,000	400,000	600,000	800,000	1,000,000
TOTAL Capital Expenses	2,401,300	3,687,000	7,612,500	6,945,500	6,467,000	4,849,700	4,046,000
Net Capital Expenditures - Unfinanced	1,410,465	313,000	4,125,985	2,265,710	2,846,600	- 52,300	660,000
Utilities							
Total Revenue Sources	730,114	1,604,750	1,905,650	1,240,750	946,850	1,077,880	681,150
Additional transfer from operating			100,000	200,000	300,000	400,000	500,000
Total Capital Expenses	3,182,336	2,300,000	4,806,000	4,809,000	3,329,000	3,311,000	1,585,000
Net Capital Expenses - Unfinanced	2,452,222	695,250	2,800,350	3,368,250	2,082,150	1,833,120	403,850
Unfinanced Capital Outlay Balance							
General Rate							
UFCO balance General Rate		2,987,300	1,782,965	1,908,950	674,660	521,260	468,960
debt to be borrowed in current year		- 3,507,000	- 4,000,000	- 3,500,000	- 3,000,000	-	
UFCO balance from current year capital]		313,000	4,125,985	2,265,710	2,846,600	- 52,300	660,000
prior year carry forward UFCO		1,410,465					
to be spent and not funded up to end of 2015		579,200					
		1,782,965	1,908,950	674,660	521,260	468,960	1,128,960
Utilities							
UFCO balance Utilities		3,895,400	2,542,872	2,343,222	2,711,472	1,793,622	626,742
debt to be borrowed in current year		- 4,500,000	- 3,000,000	- 3,000,000	- 3,000,000	- 3,000,000	
UFCO balance from current year capital]		695,250	2,800,350	3,368,250	2,082,150	1,833,120	403,850
prior year carry forward UFCO		2,452,222					
to be spent and not funded up to end of 2015		2,542,872	2,343,222	2,711,472	1,793,622	626,742	1,030,592
Total Unfinanced Capital Outlay Balance		4,325,836	4,252,171	3,386,131	2,314,881	1,095,701	2,159,551
Debt							
Debt balance based on all borrowings up to December 31, 2015		10,274,000	9,302,000	8,308,000	7,293,000	6,254,000	5,231,000
New Debt GENERAL RATE to be issued current year		3,507,000	3,332,000	3,157,000	2,982,000	2,807,000	2,632,000
New debt general rate to be issued in 2017			4,000,000	3,800,000	3,600,000	3,400,000	3,200,000
New debt general rate to be issued in 2018				3,500,000	3,325,000	3,150,000	2,975,000
New debt general rate to be issued in 2019					3,000,000	2,850,000	2,700,000
New Debt UTILITIES to be issued current year		4,500,000	4,275,000	4,050,000	3,825,000	3,600,000	3,375,000
New debt Utilities to be issued in 2017			3,000,000	2,850,000	2,700,000	2,550,000	2,400,000
New debt Utilities to be issued in 2018				3,000,000	2,850,000	2,700,000	2,550,000
New debt Utilities to be issued in 2019					3,000,000	2,850,000	2,700,000
New debt Utilities to be issued in 2020						3,000,000	2,850,000
Total Debt Owing		18,281,000	23,909,000	28,665,000	32,575,000	33,161,000	30,613,000
Total debt payments based on all borrowings up to December 31, 2015		1,298,000	1,288,000	1,278,800	1,269,700	1,260,000	1,211,000
New additional debt payments debt borrowed in 2016		568,491	547,416	518,631	489,846	461,061	432,276
New additional debt payments debt borrowed in 2017			503,735	478,548	453,361	428,174	402,988
New additional debt payments debt borrowed in 2018				467,754	444,366	420,978	397,591
New additional debt payments debt borrowed in 2019					431,773	410,184	388,595
New additional debt payments debt borrowed in 2020						215,886	205,092
Total Annual Debt Payments		1,866,491	2,339,150	2,743,732	3,089,046	3,196,284	3,037,542
interest rate for debt payment calculations*		3.60%	3.75%	3.75%	3.75%	3.75%	3.75%
Annual Debt Repayment Limit		4,500,000	4,635,000	4,774,050	4,917,272	5,064,790	5,216,733

* Assumption - interest rate doesn't go above 3.75% over the next 6 years

BUDGET OVERVIEW & FINANCIAL PLANNING

FINANCIAL PLAN

The development, maintenance, and ongoing review of a long term financial plan is critical to the ongoing financial sustainability of the Township. This directly ties to the Strategic Plan goals of strengthening the Township's financial position as well as addressing the Township's municipal infrastructure needs. Infrastructure needs will only be met if the financial resources are in place to fund them.

This high level plan has been developed to incorporate the capital budget figures for the next six years, as well as known capital revenue sources and additional debt projections. The plan outlines an approach to substantially fund the Unfinanced Capital Outlay balance as well as fund the ongoing annual capital requirements. The plan is draft only and based on a number of assumptions. It is also based on the capital budgets being spent in the year as identified and having no carry-forward balances. The plan will be updated with a more comprehensive long term financial plan as more information becomes available.

ASSET MANAGEMENT PLAN

Loyalist Township is challenged by significant capital infrastructure requirements over the next ten years with limited grant funding or other forms of provincial and federal funding to help fund these requirements.

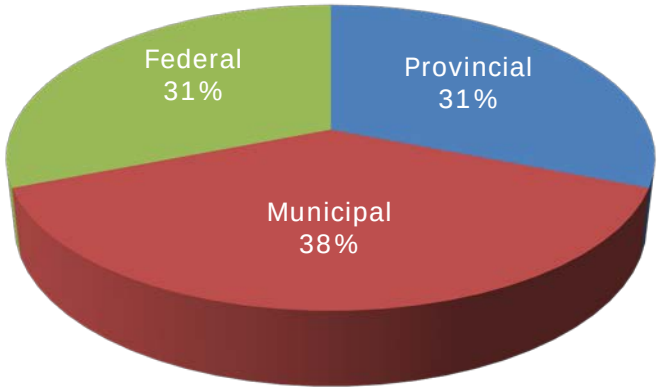
Staff are currently working on an updated Asset Management Plan which will further document and clarify the infrastructure deficit faced by this municipality. The Asset Management Plan will become increasingly important as senior levels of government will refer to this plan in reviewing and approving funding opportunities. The Asset Management Plan data is being inventoried and updated in an internal database which will form the basis of future capital budgets. The development of the Asset Management Plan in 2016 will also provide a key resource in creating a comprehensive long term financial plan.

Effective asset management involves setting strategic priorities to optimize decision making about when and how to proceed with investments and the development of a financial plan to put the asset management plan into action. Financing strategies are a key component of a detailed asset management plan. Funding for asset management plans should come from a variety of sources.

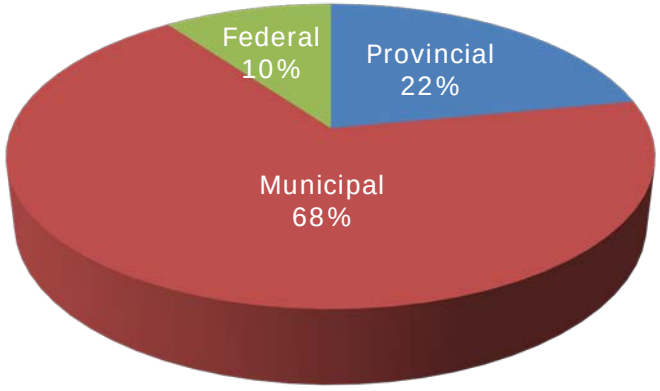
The capital infrastructure deficit and funding challenges faced by Loyalist Township are not isolated. Most municipalities across Ontario face similar challenges as there has been a definite shift in the share of capital infrastructure that local municipalities are responsible for.

SHARE OF TOTAL CAPITAL INFRASTUCTURE BY LEVEL OF GOVERNMENT IN ONTARIO

1961 Share of Total Capital

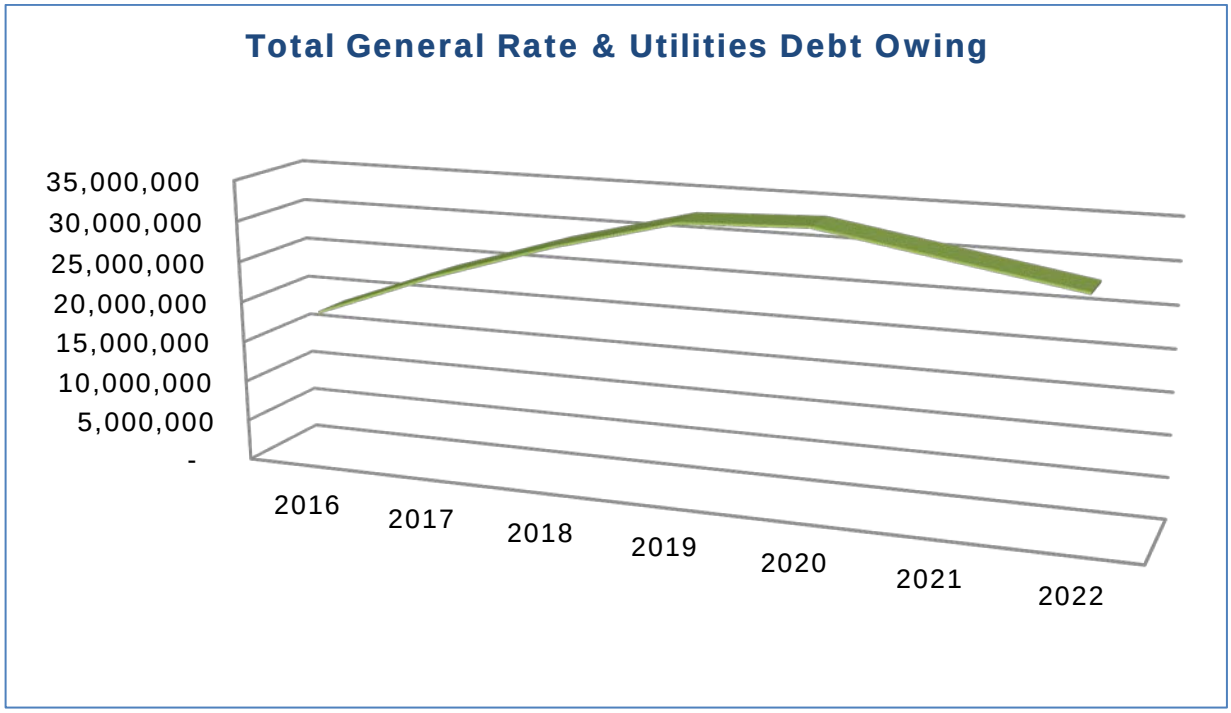


2005 Share of Total Capital



BUDGET OVERVIEW & FINANCIAL PLANNING

If approved as presented, the Township will borrow approximately $8 million in 2016 and continue to borrow significant amounts in the next several years with the total debt owing reaching $33 million in 2020 for both Utilities and General Rate. Loyalist Township has limited reserves and reserve funds available for general capital spending.



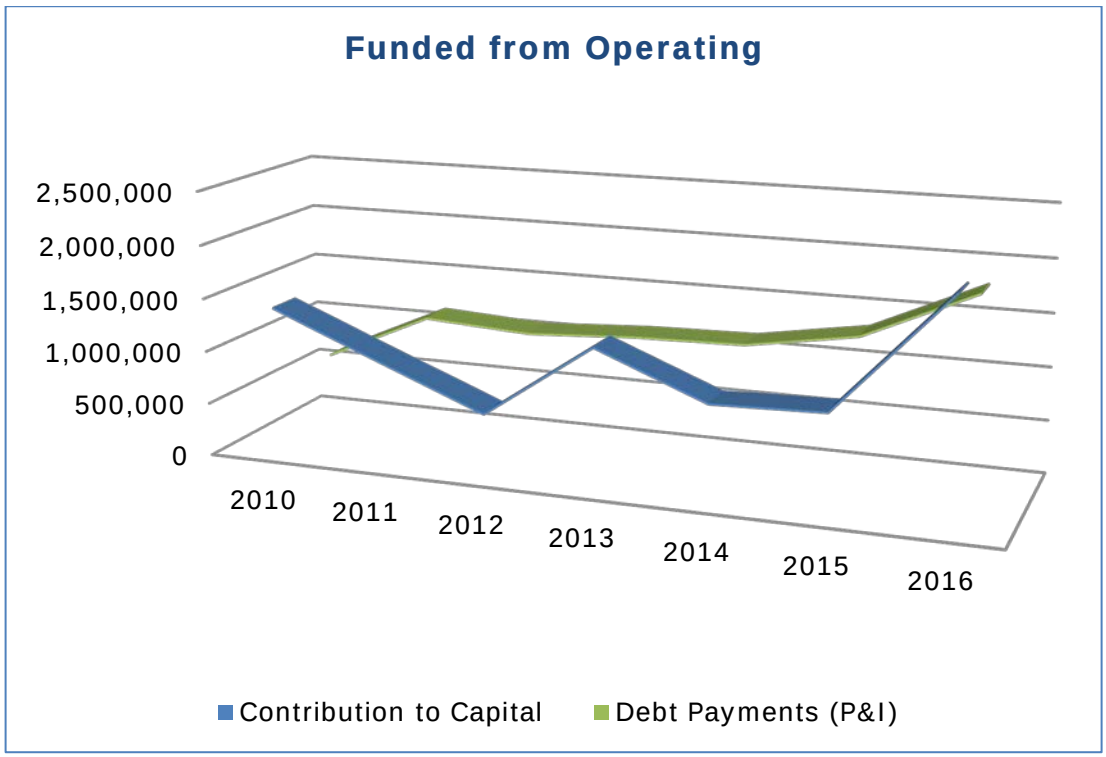
Debt is one financial tool being employed to fund the annual capital requirements. Capital funding allocated directly from the operating fund is also being significantly increased. The increase in the operating fund to transfer money to capital and fund projects on a “pay as you go” basis is a critical component of the overall financing strategy for the Township.

CONTRIBUTION TO CAPITAL

2016 Contribution to Capital from Operating Budget			
	2016 Budget	2015 Budget	Change
Corporate Services	106,000	104,400	1,600
Information Technology	85,000	98,000	-13,000
Finance	0	4,600	-4,600
Emergency Services	143,200	51,600	91,600
Township Hardtop Maintenance	0	131,500	-131,500
Roads Hardtop	500,000	149,100	350,900
Roads Loose Top	200,000	135,900	64,100
Roads Buildings	71,000	70,000	1,000
Storm Water Management	56,000	0	56,000
Street Lighting	6,500	6,000	500
Cemeteries	30,000	0	30,000
Morven Cemetery	3,000	0	3,000
Recreation Services	25,000	200,000	-175,000
Arena	75,000	0	75,000
Pool	50,000	0	50,000
Leisure and Activity Centre	5,000	0	5,000
Parks	60,000	0	60,000
Sports Fields	15,000	0	15,000
Amherstview Hall	3,000	0	3,000
Planning	25,000	10,000	15,000
			0
Total General Rate	$ 1,458,700	$ 961,100	$ 497,600
Loyalist East Sewer	100,000	9,100	90,900
Bath Sewer	50,000	0	50,000
Fairfield Water	375,800	72,800	303,000
Bath Water	50,000	0	50,000
Total Utilities	$ 575,800	$ 81,900	$ 493,900
Total Contribution to Capital	$ 2,034,500	$ 1,043,000	$ 991,500

This increase in contribution to capital, coupled with increased debt payments has been a major driver in the operating budget in 2016.

BUDGET OVERVIEW & FINANCIAL PLANNING

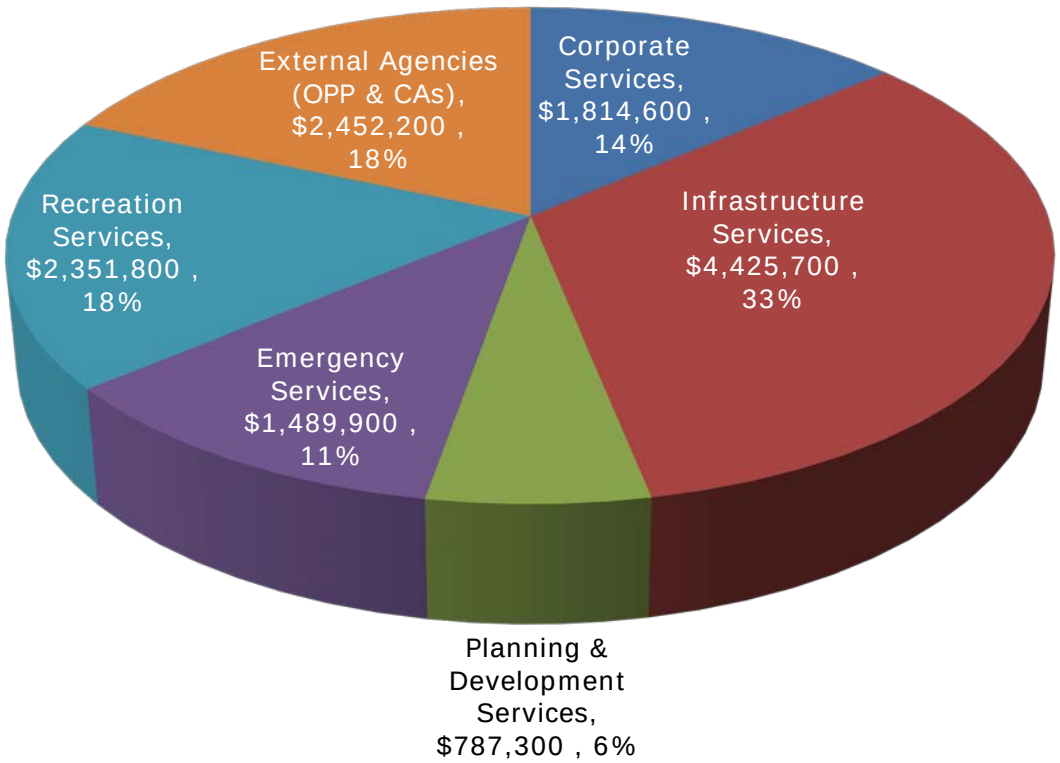


The ten year capital budget totals almost $42.5 million and continues to present significant pressure on the tax levy requirement. The 2016 municipal capital budget totals approximately $3.7 million and is explained in sections **5 General Rate Capital Budget Overview** and **6 General Rate Capital Budget Summaries**.

BUDGET OVERVIEW & FINANCIAL PLANNING

The following net operating budget breakdown illustrates the breakdown in priorities within the Township operating budget. The top three areas being Infrastructure Services at $4.4 million, External Agencies at $2.5 million and Recreation Services at $2.4 million. Note the Township has no control over the External Agencies budget which is comprised of the OPP and the Conservation Authority budgets.

Net Operating Budget by Department
Total $13,321,500



2. Operating Budget Summary

SUMMARY BY DEPARTMENT

	Revenue	Salaries, Wages & Benefits	Supplies, Materials & Contracted Services	Debt & Contributions to Capital/ Reserve Funds	Net 2016 Budget	Net 2015 Budget	Net Change	Percentage Change
Corporate Services	-455,500	1,635,500	212,900	421,700	1,814,600	1,672,000	142,600	9%
Infrastructure Services	-1,293,500	2,238,300	2,361,200	1,119,700	4,425,700	4,269,300	156,400	4%
Planning & Development	-851,200	1,041,700	474,100	122,700	787,300	647,700	139,600	22%
Emergency Services	-123,700	836,600	418,600	358,400	1,489,900	1,306,700	183,200	14%
Recreation Services	-1,071,800	1,989,500	1,137,500	296,600	2,351,800	2,210,300	141,500	6%
External Agencies	- 15,000	-	2,467,200	-	2,452,200	2,766,700	-314,500	-11%
	-3,810,700	7,741,600	7,071,500	2,319,100	13,321,500	12,872,700	448,800	3.5%

OVERVIEW

The 2016 general rate operating budget has been drafted by staff based on the following assumptions, factors and other best estimates of revenues and expenditures to meet operational needs.

In general, salary and benefit costs were budgeted at a 2% increase over prior year for all CUPE staff as per the collective agreement. Management and non-CUPE staff were budgeted at a 1.5% increase based on an estimate of the CPI change over the prior year. Overall, the budget for water, sewer, electric and other utility costs has increased approximately 4%.

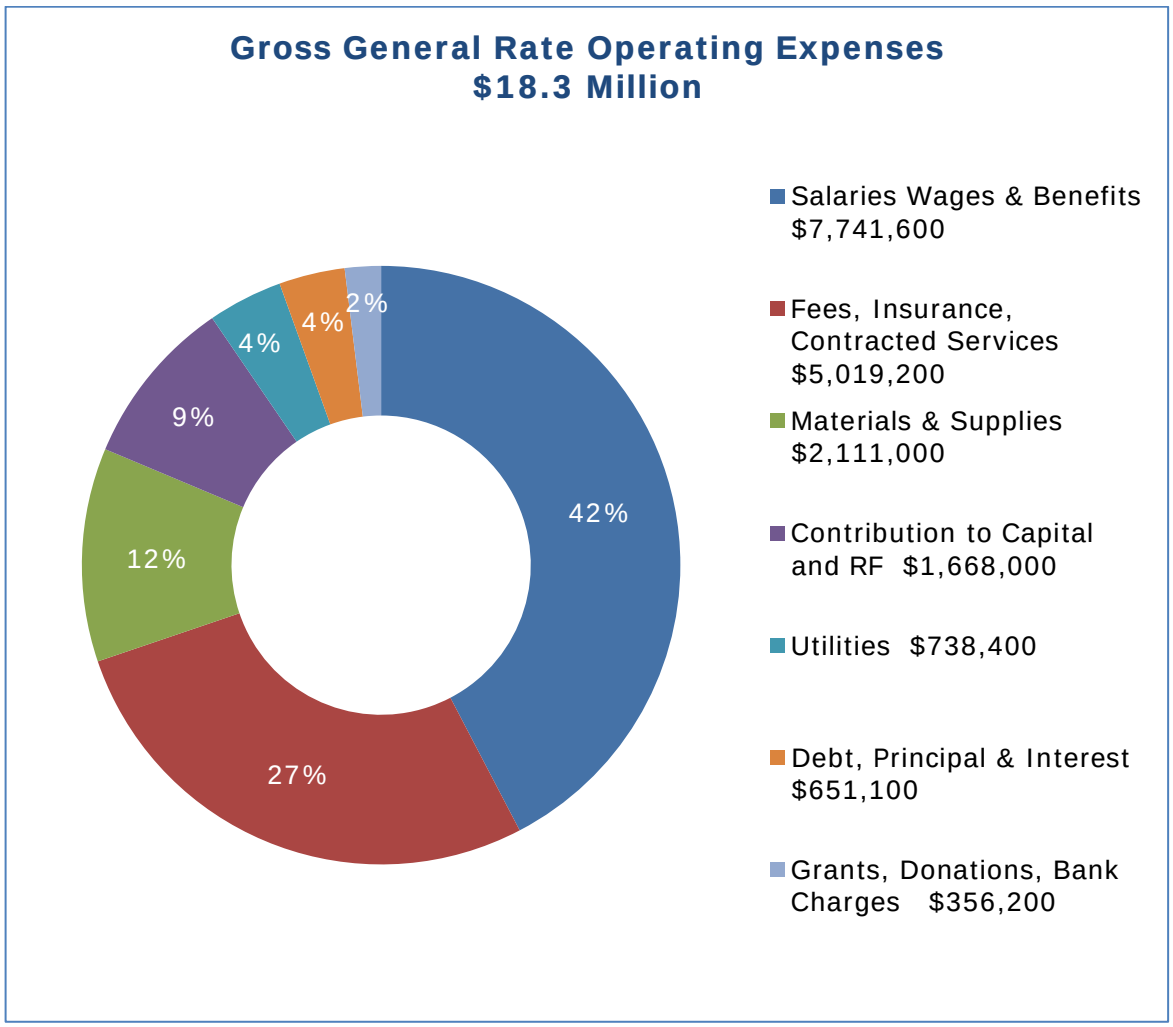
The supplies, materials and contracted services line item includes a number of expense items including professional fees, utility costs, materials, supplies, maintenance, travel and contracted services costs. Of this $7.1 million in operating budget, approximately $3.5 million is attributable to four large contracts. The following table outlines these contracts that Loyalist Township has budgeted for in 2016. The $3.5 million budgeted in 2016 represents approximately 26% of the net 2016 budget.

OPERATING BUDGET SUMMARY

MAJOR CONTRACTS

	2016 Budget	2015 Budget	2015 Actual - Estimated
Policing Services	$ 2,285,600	$ 2,605,300	$ 2,467,352
Garbage collection	$ 300,000	$ 300,000	$ 284,589
Curbside - Recycling	$ 400,000	$ 400,000	$ 410,600
Liability Insurance	$ 490,700	$ 501,700	$ 481,894
Total	$ 3,476,300	$ 3,807,000	$ 3,644,435

The largest portion of Township operating expenses is attributable to salaries, wages and benefits which total almost $8 million.



OPERATING BUDGET SUMMARY

ASSESSMENT AND PROPERTY TAXES

Assessment increases between the most recent valuation date of January 1, 2012 and the previous valuation date of January 1, 2008 are phased in over the four years from 2013 to 2016. Assessment decreases between the two valuation dates were effective immediately in 2013. The increase in total assessment for 2016 taxation as compared to 2015 represents a combination of the growth in assessment together with the fourth year of the four year phase in of the assessment increase.

The Township levies on taxable properties as well as receives payments in lieu of taxation (PILT) from senior levels of government, generally by applying the same tax rates to the property assessment as for taxable properties.

From the table below, you will note that the majority of the assessment increase is in the residential class. The residential class continues to make up the majority of the total assessment in Loyalist Township.

PROPERTY TAX ASSESSMENTS (EXCLUDING PIL)

Property Tax Class	2015 Assessment	2016 Assessment	Increase	% of total increase year over year
Residential	1,470,652,222	1,548,661,211	78,008,989	90%
Multi Residential	37,243,145	37,796,000	552,855	
Commercial	42,277,576	44,755,144	2,477,568	3%
Industrial	31,274,969	34,040,011	2,765,042	3%
Pipeline	25,425,884	25,984,000	558,116	1%
Farm	44,839,458	47,315,800	2,476,342	3%
Managed Forest	500,823	563,400	62,577	
Total	1,652,214,077	1,739,115,566	86,901,489	

The increase in total assessment (including payments in lieu) due to growth was $34 million compared with $27 million in growth in the prior year.

ASSESSMENT ROLLS

	Total	Residential
2015 Assessment Roll	$1,759,635,423	$1,470,652,222
Growth in Assessment	$34,037,557	$31,704,061
Phase in of Assessment	$54,682,286	$46,304,928
2016 Assessment Roll	$1,848,355,266	$1,548,661,211

OPERATING BUDGET SUMMARY

The combination of the property classification, property assessment, and tax rates produce an effective tax rate that distributes the financial burden of the levy requirement among property owners. The tax ratios are established by Lennox and Addington County Council.

The County tax rate and the Education tax rate are not known at this time.

The following table calculates the notional tax rate for 2015.

NOTIONAL TAX RATE - 2015

The increase in the tax rate over the 2015 notional tax rate (removing the effect of growth in assessment), is 7.5%. The net increase in the tax rate is 3.9% (0.00648462 to 0.00673685).

Original 2015 levy	**$11,700,400**
Using end of year 2015 assessment values (this includes growth and phase in values), the levy that would have been generated based on the 2015 rates	$11,878,900
2015 weighted assessment value (excludes exempt assessment value)	$1,894,937,400
Notional residential tax rate is $11,878,900 divided by $1,894,937,400	0.006269

For comparative purposes, here are the 2015 approved, 2015 notional and 2016 proposed tax rates:

TAX RATES – PROPOSED

	2015 Approved	**2015 Notional**	**2016 Proposed**
Residential Tax Rates	0.00648462	0.006269	0.00673685
Taxes per $100,000 of Assessment	$648.46	$626.90	$673.69

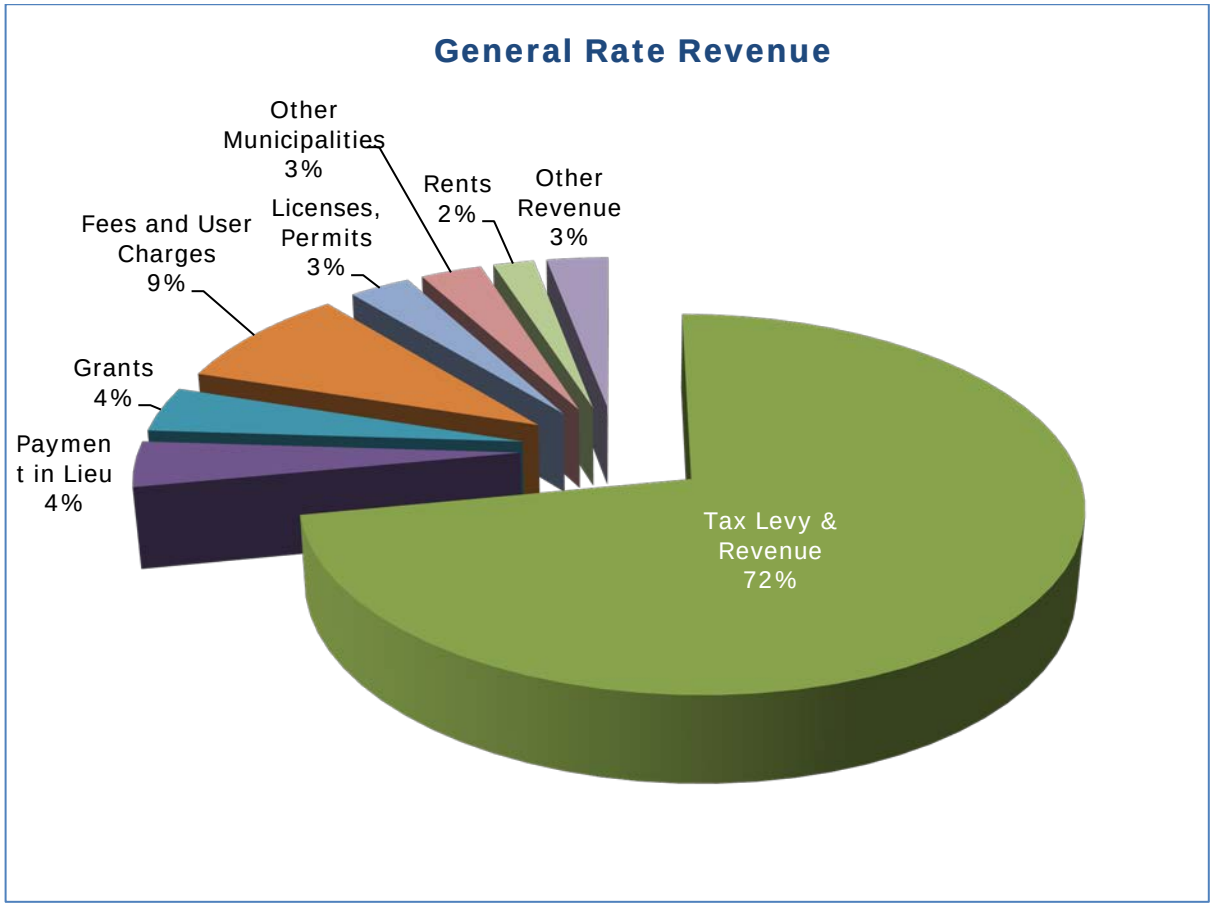
The Township tax rate is one of the three components that make up the Loyalist Township tax rate; the other two components being the County rate and the Education rate which are both unknown at this time.

TAX RATES - HISTORICAL

Tax Rate	**2016 Budget**	**2015**	**2014**	**2013**
Loyalist (49%)	0.00673685	0.00648462	0.00611226	0.00609823
	3.9%	6.1%	0.2%	-1.5%

OPERATING BUDGET SUMMARY

As was the case last year, the tax levy and other tax revenue make up approximately 72% of all general rate revenue that the Township collects. The breakdown in revenue is very similar to last year.



OPERATING BUDGET SUMMARY

DEBT SERVICE COSTS

The 2016 budget for debt service costs reflects the principal and interest components for all of the debt currently issued as well as projections for an additional $8 million of borrowings being proposed for 2016.

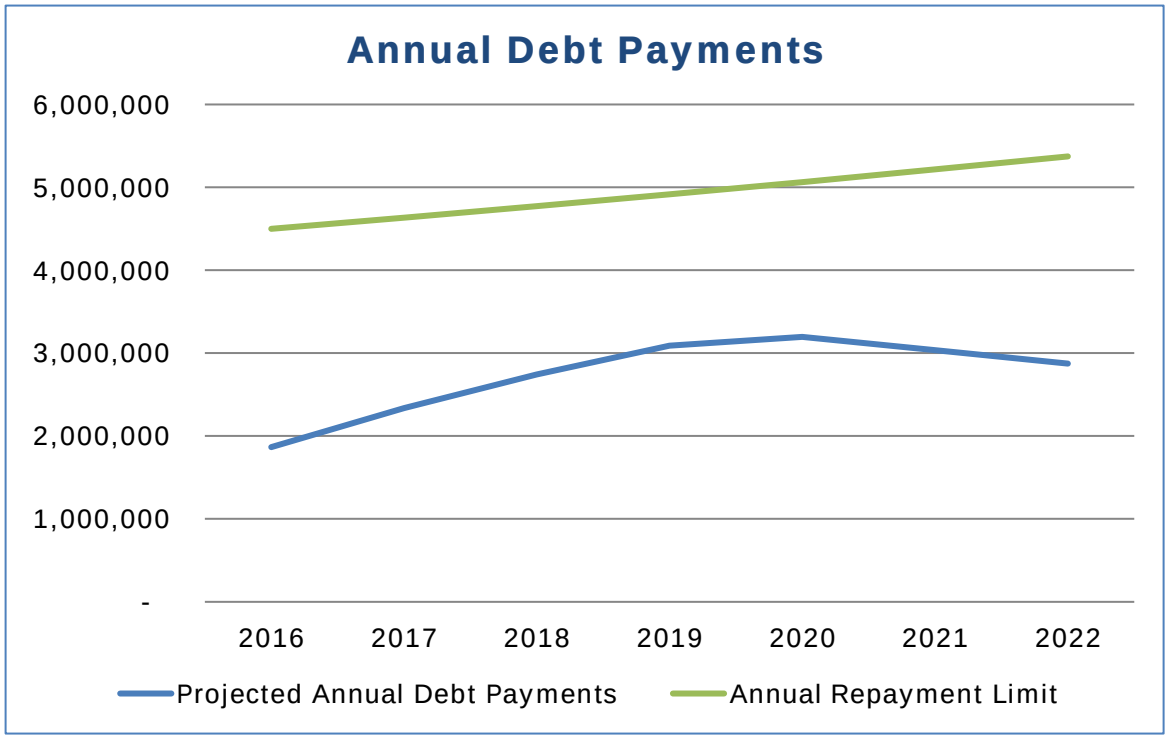
DEBT SERVICE COST BUDGET – GENERAL RATE & UTILITIES

Principal and Interest Debt Payments Including Proposed Debt for 2016			
	2016 Budget	2015 Budget	Change
Emergency Services*	210,200	120,100	90,100
Roads - General Overhead	98,000	0	98,000
Debt Service-Sewage-Odessa.Amherstview.Bath	146,600	147,200	-600
Amherstview Septage Facility	41,600	40,700	900
Parks	57,000	0	57,000
Industrial Dev.- Loyalist East Business Park	97,700	100,500	-2,800
Total General Rate	$ 651,100	$ 408,500	$ 242,600
Loyalist East Sewer General	113,000	0	113,000
Loyalist East Sewer Plant - Operations	200,800	193,800	7,000
Loyalist East Sewer Collection System	85,700	86,100	-400
Bath Sewer Plant - Operations	143,100	171,000	-27,900
Fairfield Water General	60,000	0	60,000
Fairfield Water Plant - Operations	262,200	265,800	-3,600
FWA-Distr-Booster Pump STN & Reservoir	191,000	194,400	-3,400
Bath Water General	87,000	0	87,000
Total Utilities	$ 1,142,800	$ 911,100	$ 231,700
Total Debt Payments	$ 1,793,900	$ 1,319,600	$ 474,300

**Debt related to the Amherstview Fire Station is funded 71% by Development Charges*

OPERATING BUDGET SUMMARY

The Township's level of debt service cost cannot exceed a Provincially Mandated threshold of 25% of own source revenue, or about $4.5 million. This determination is made annually by the Province and reported to Council. The projected debt payments according to the draft financial plan will remain within the annual debt repayment limit.



NON DEPARTMENTAL BUDGET

The non departmental budget is comprised of revenue and expenses not attributable to a specific department. It includes property tax revenue and expenses such as supplementary billings and tax write offs and also includes funding such as Ontario Municipal Partnership Fund (OMPF) revenue. The 2016 budget for the non departmental area includes a transfer to capital of $645,000. This is part of the financing strategy being employed in 2016 to dedicate as much budget as possible to "pay as you go" (PAYG) capital spending.

OPERATING BUDGET SUMMARY

	2015 BUDGET			2016 BUDGET			
	Revenue	Expense	Net	Revenue	Expense	Net	
Property Tax & Other Revenue							
Non Departmental	-25,623,300	12,000	-25,611,300	-13,383,500	12,000	-13,371,500	
Supplementary Taxes	-110,000	0	-110,000	-150,000	0	-150,000	36.4%
Tax and W/S Write offs	0	100,000	100,000	0	100,000	100,000	0.0%
Grants in Lieu	-645,900	100,000	-545,900	-645,000	745,000	100,000	-118.3%
County & School Boards	0	13,294,500	13,294,500	0	0	0	
	-26,379,200	13,506,500	-12,872,700	-14,178,500	857,000	- 13,321,500	
Corporate Services							
Council	0	200,200	200,200	0	206,200	206,200	3.0%
Election	0	20,000	20,000	0	21,800	21,800	9.0%
Administrative Services	-330,600	439,500	108,900	-296,900	426,200	129,300	18.7%
Bylaw & Animal Control	-70,600	114,700	44,100	-75,900	129,200	53,300	20.9%
Crossing Guards	0	88,500	88,500	0	74,600	74,600	-15.7%
Finance	0	657,300	657,300	-49,000	737,600	688,600	4.8%
Information Technology	0	295,200	295,200	0	295,200	295,200	0.0%
Odessa Office Maintenance	0	82,200	82,200	0	102,500	102,500	24.7%
Facility Maintenance	0	84,000	84,000	0	144,100	144,100	71.5%
88 Main Street Bath	-15,600	22,400	6,800	-15,600	30,100	14,500	113.2%
Cemeteries	-5,900	90,700	84,800	-18,100	102,600	84,500	-0.4%
	-422,700	2,094,700	1,672,000	-455,500	2,270,100	1,814,600	8.5%
Infrastructure Services							
Transportation Services - County	-540,400	669,100	128,700	-551,300	725,300	174,000	35.2%
Transportation Services	-128,100	2,417,200	2,289,100	-99,100	2,299,800	2,200,700	-3.9%
Winter Control	0	549,900	549,900	0	704,100	704,100	28.0%
Storm water	-1,000	270,900	269,900	0	253,700	253,700	-6.0%
Street lighting	0	176,800	176,800	0	206,600	206,600	16.9%
Sidewalks	0	85,500	85,500	0	107,800	107,800	26.1%
Loyalist Solid Waste	-592,000	1,192,500	600,500	-591,800	1,177,300	585,500	-2.5%
Other	-26,300	195,200	168,900	-51,300	244,600	193,300	14.4%
	-1,287,800	5,557,100	4,269,300	-1,293,500	5,719,200	4,425,700	3.7%
Planning & Development Services							
Planning	-96,600	504,500	407,900	-75,100	586,600	511,500	25.4%
Development	-257,100	458,500	201,400	-237,400	486,000	248,600	23.4%
Building	-510,600	549,000	38,400	-538,700	565,900	27,200	-29.2%
	-864,300	1,512,000	647,700	-851,200	1,638,500	787,300	21.6%
Emergency Services							
Emergency Services	-40,500	850,400	809,900	-123,700	1,050,500	926,800	14.4%
Training	0	250,400	250,400	0	279,600	279,600	11.7%
Fire Prevention	-1,800	9,100	7,300	0	25,600	25,600	250.7%
Odessa Fire Station	0	33,200	33,200	0	41,200	41,200	24.1%
Amherstview Fire Station	0	26,400	26,400	0	33,400	33,400	26.5%
Bath Fire Station	0	21,200	21,200	0	21,300	21,300	0.5%
Amherst Island Fire Station	0	15,400	15,400	0	15,400	15,400	0.0%
Fleet Maintenance	0	142,900	142,900	0	146,600	146,600	2.6%
	-42,300	1,349,000	1,306,700	-123,700	1,613,600	1,489,900	14.0%
Recreation Services							
Recreation Services	-89,400	919,900	830,500	-45,400	877,900	832,500	0.2%
Arena	-342,100	693,800	351,700	-345,100	694,800	349,700	-0.6%
Pool	-298,500	552,100	253,600	-304,500	562,000	257,500	1.5%
Parks	-6,300	367,400	361,100	-5,500	501,900	496,400	37.5%
Sports Fields	-46,200	159,100	112,900	-52,200	173,700	121,500	7.6%
Recreation Programs	-42,000	145,200	103,200	-65,000	150,300	85,300	-17.3%
Leisure & Activity Centre	-231,000	243,200	12,200	-214,500	231,500	17,000	39.3%
Libraries	-12,000	92,100	80,100	-10,000	93,400	83,400	4.1%
Community Buildings	-35,100	140,100	105,000	-29,600	138,100	108,500	3.3%
	-1,102,600	3,312,900	2,210,300	-1,071,800	3,423,600	2,351,800	6.4%
External Agencies							
Police Services	-15,700	2,616,600	2,600,900	-15,000	2,297,300	2,282,300	-12.2%
Conservation Authority	0	165,800	165,800	0	169,900	169,900	2.5%
Total Departmental	-3,735,400	16,608,100	12,872,700	-3,810,700	17,132,200	13,321,500	3.5%
Total General Rate	-30,114,600	30,114,600	0	-17,989,200	17,989,200	0	

OPERATING BUDGET SUMMARY

COMMUNITY GRANTS 2016

Eight organizations submitted 2016 Community Grant Applications. The following summary indicates the grant amounts recommended by the Recreation Services Director. The grant budget is $5,000 for 2016 and is provided in the Recreation Services budget (1.6.740.8500).

A standing $2,000 grant outside of the community grant policy is provided annually to the Amherst Island Recreation Association for various special events (1.6.740.3107).

Similar grants will be considered again for Bath Canada Day and the Waterside Summer Music Festival celebrations annually should these committees ever be in a position where they do not receive anticipated external grants and/or do not have sufficient funds available in their respective committee Reserve Funds.

COMMUNITY GRANTS

	2015 Approved	2016 Recommended
Fairfield Homestead Heritage Association	$1,000	$1,000
Amherst Island Men's Society	$1,000	$1,000
Amherstview Lion's Club	$1,000	$1,000
Bath Gardening Club	$500	$500
Bath Hospitality Club	$500	$500
Youth Diversion Program	$500	-
Emerald Music Festival (Amherst Island)	$500	$500
Gibson Family Health Care Charitable Foundation	-	$500
	$5,000	**$5,000**

The following table includes other grant programs administered by Loyalist Township that are not specified in the Community Grant Policy. The 2015 amounts paid are draft amounts.

OPERATING BUDGET SUMMARY

OTHER GRANT PROGRAMS ADMINISTERED BY LOYALIST TOWNSHIP

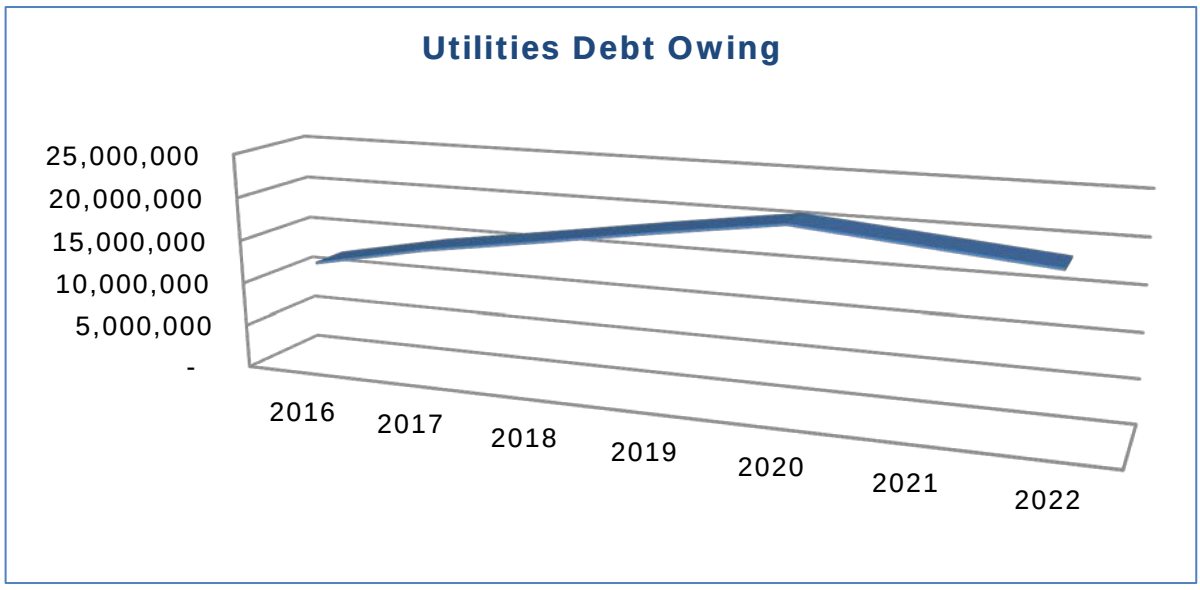
	2015 Approved	2015 Paid	2016 Proposed
Seniors Tax Assistance Program	12,000	12,000	12,000
Council Ad Hoc Grants	1,000	950	1,000
Recreation Rental Charges Waived (not a cash expenditure, represents foregone revenue)	39,500	22,806	32,500
Bag Tags for Medical Purposes	500	1,395	1,000
	52,500	**35,756**	**45,500**
Development and Other Planning Grants			
Development Grants	5,000	1,800	5,000
Bath Community Reviatlization	3,700	- 413	3,700
Heritage Grant Program	3,500	- 1,750	3,500
Heritage Grant Program	1,000	420	1,000
Planning Grants	1,000	1,000	-
	14,200	**1,057**	**13,200**
	66,700	**36,813**	**58,700**

3. Utilities Budget

3.1 FINANCIAL PLANNING

Utilities and finance staff are currently working on a comprehensive update to the Township's Asset Management Plan. This involves updating and revising inventory, condition assessment and risk data where appropriate. The revised data that will help form the updated Asset Management Plan will become an integral part of the Utilities long term financial plan. Financial planning for Utilities is an ongoing process to ensure that projected revenues will cover all expenditures including operating costs, debt services costs and pay as you go capital projects.

The Water and Sewer Utilities have a projected balance of Unfinanced Capital Outlay in the amount of almost $4 million as of the end of 2015. The 2016 budget includes capital requirements of approximately $5.5 million which includes 2015 carry forward projects. The Township projects capital revenue of approximately $2.3 million to pay for capital work in 2016. This leaves a shortfall of $3.2 million which is unfunded. To fund this capital work and to also begin to fund the carry forward Unfinanced Capital Outlay balance for Utilities, the 2016 budget is proposing borrowings of $4.5 million to be paid by utility rates. Based on the 10 year capital budget and the available funding, the level of debt that the Water and Sewer utilities are going to need to incur will increase significantly over the next five or six years.



UTILITIES BUDGET

As the work is completed on the Asset Management Plan, the capital budget numbers will become more reliable, especially in the longer range years which will improve the Township's ability to plan appropriately.

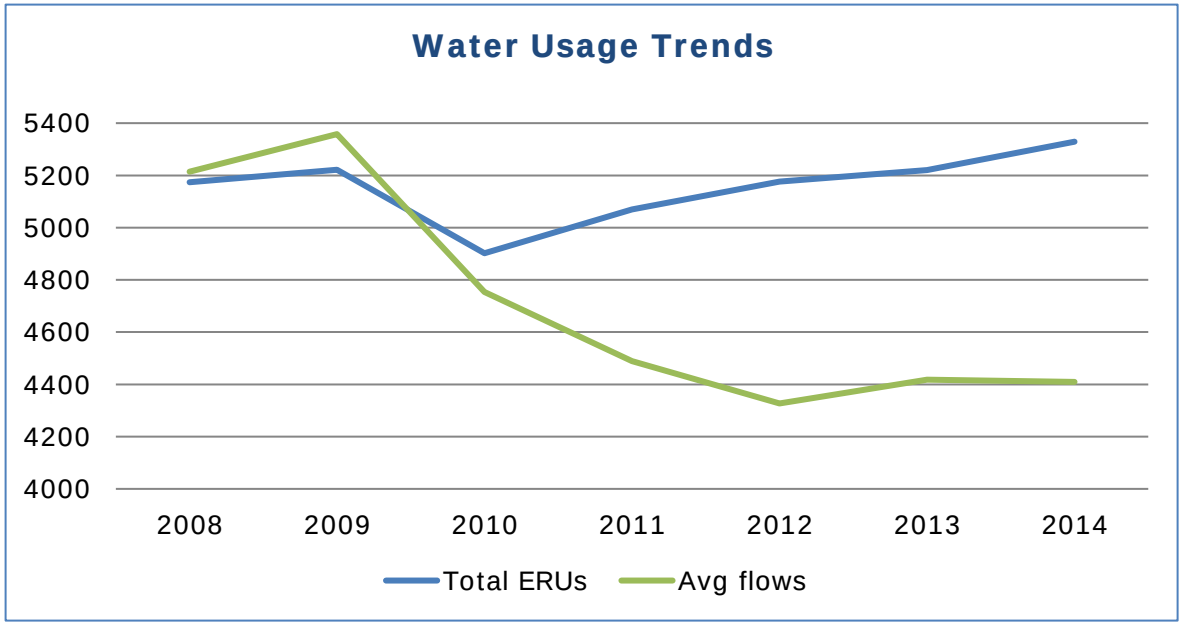
OPERATING BUDGET

2016 UTILITIES OPERATING BUDGET

	Water			Sewer		
	2016 Budget	2015 Budget	Increase	2016 Budget	2015 Budget	Increase
Revenue User Charges	-2,897,300	-2,626,100	10%	-2,436,200	-2,280,700	7%
Revenue Miscellaneous	-896,900	-831,900	8%	-911,300	-881,100	3%
Salaries, Wages & Benefits	868,500	925,300	-6%	576,900	622,700	-7%
Supplies, Materials & Contracted Services	1,213,000	1,271,100	-5%	1,609,000	1,568,400	3%
Debt & Contributions to Capital/Reserve Funds	1,712,700	1,261,600	36%	1,161,600	970,700	20%
Net Budget	0	0		0	0	

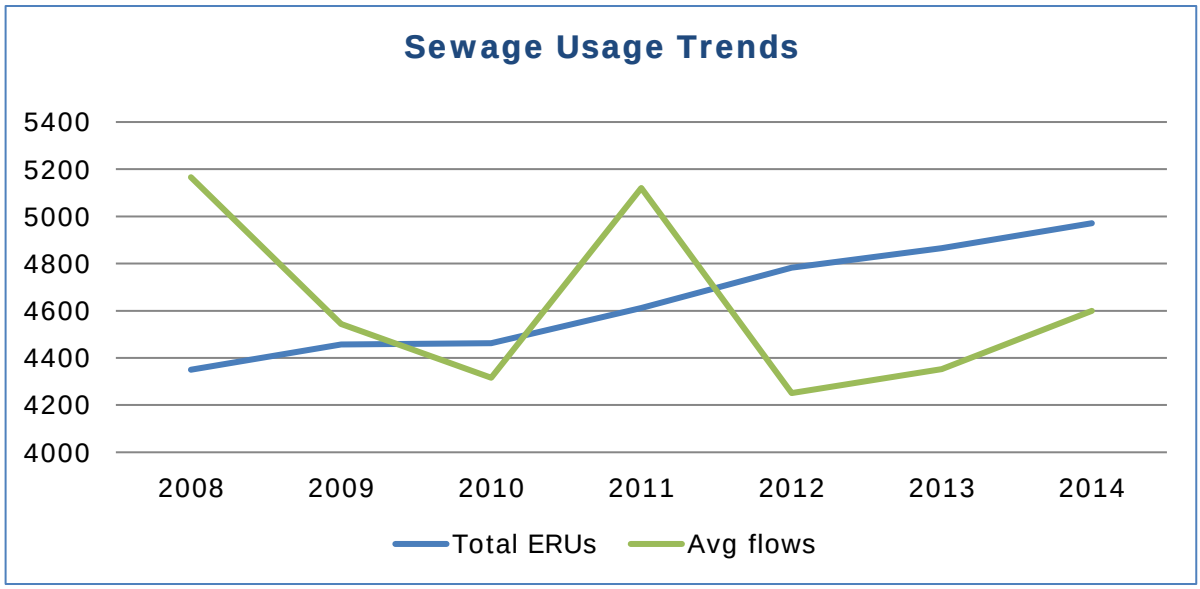
USER CHARGES REVENUE ANALYSIS

In accordance with the Council approved rate increases for the four year period including 2016, user charges have been increased by 8%. As in the 2015 budget, the projected 2016 revenue is based on the actual consumption flow rates and not the three year average that was previously used in the Rates Study. Staff are continuing to use the most recent flow data as there is a major variance from the three year average due to continually declining flows per capita.



UTILITIES BUDGET

Consumption continues to decline even though total equivalent residential units (ERUs) are increasing due to water efficient household appliances, water conservation efforts and weather patterns.



In 2011 there were two significant storm events. One rainfall in early March which totaled 51mm of rainfall, and one in August which totaled 41mm of rainfall. In both events the rainfall occurred within a few hours. The recorded rainfall in those few hours equaled more than half the recorded rainfall for both months. These types of intense rainstorms create a copious amount of inflow and infiltration being added to the sanitary infrastructure which accounts for the large impact on the 2011 annual average.

3.2 OPERATING SUMMARY

The total operating budget for the water and sewer systems is $7.1 million, including debt payments and contributions to capital. The direct operating budgets have minimal increases in expenditures. The 2016 budget includes an increased portion of revenues, including the 8% increase in utilities rates, to be allocated to debt payments and contributions to capital, resulting in substantial increases over last year to assist in managing the unfinanced capital outlay balance.

Current reserve funds are dedicated to growth projects and cannot be utilized for current infrastructure maintenance. Therefore the majority of the planned capital work must be funded through debt and contributions to capital from the operating budget.

UTILITIES BUDGET

Individual underground utility locates continue to be a challenge for the Township. During the summer construction season this service requires more than one employee equivalent - consisting of both the Utilities Department and other staff (administrative and engineering) to maintain the program. In 2015 staff have responded to 800 locate requests and it is expected that 2016 requests will be at or above this amount.

Starting in 2015, the manner in which staff time associated with the inspection and administration of capital construction projects changed. These costs are now part of the capital budget rather than the operating budget. This allocation of salary to the capital budget projects has resulted in a decrease in the 2016 salaries, wages and benefits budget in both the water and sewer operating areas.

WATER SERVICE AREAS OPERATING

Revenue

Water service area revenue of $3,794,200 has been budgeted in 2016. There is a $46,300 decrease in impost fees due to the recent drop in new house construction starts. The collection of impost fee revenue is directly offset by a transfer to the impost reserve fund so there is no net affect on the overall budget. Staff expect this recent decline to continue into 2016.

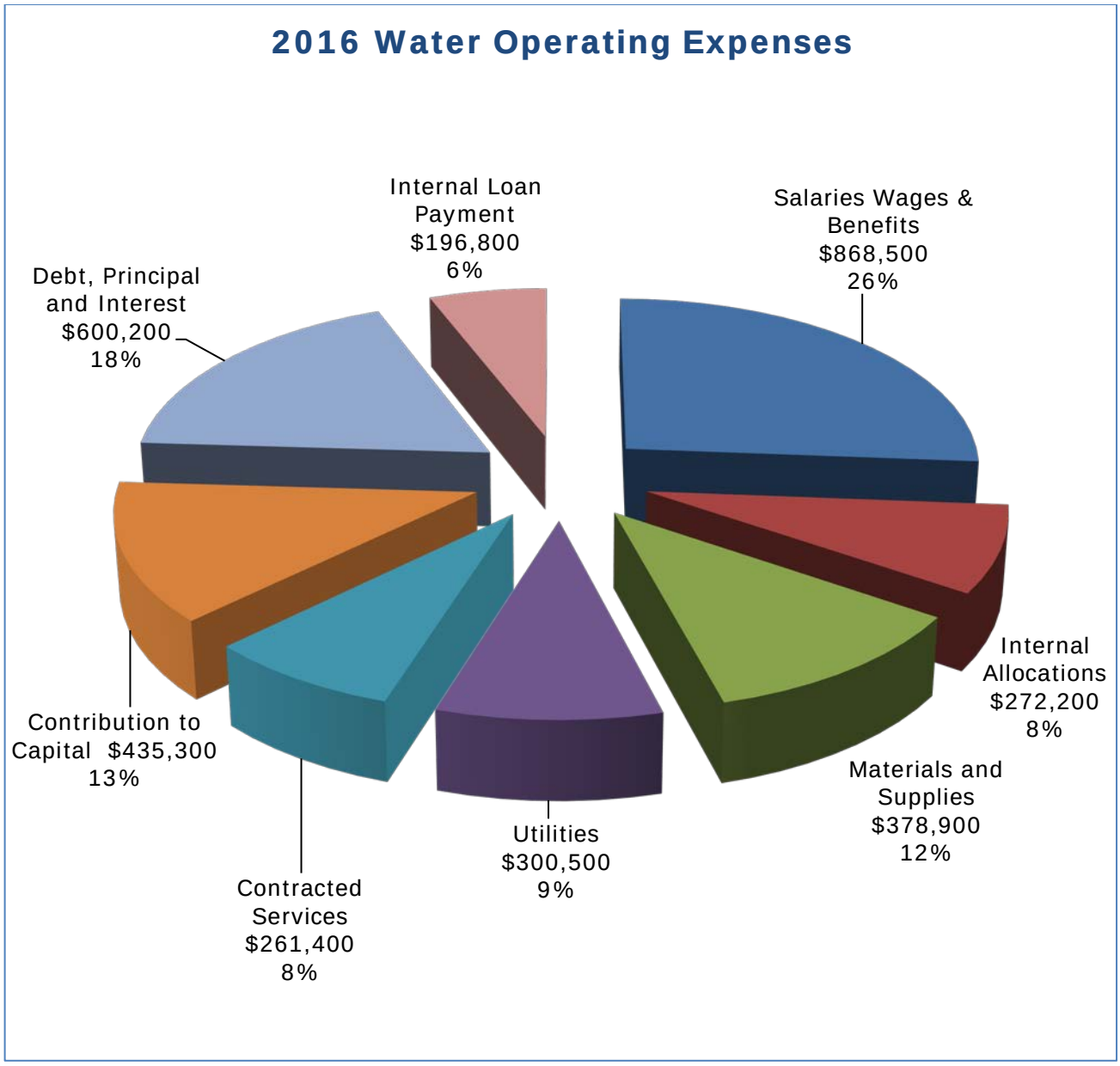
Analysis of the 2015 consumption data reveals that the downward trend in consumption per capita is continuing. Actual consumption is based on many factors including weather. Staff will need to monitor consumption closely and make financial adjustments as the variance becomes significant.

Correctional Services of Canada (CSC) revenue has increased to 51% of their share of eligible operating costs. This percentage represents a return to historical levels. Based on recent information provided by CSC personnel these current percentages are expected to remain stable, but are closely monitored by staff.

Water System Operating Summary

The total of direct overall operating expenditure for water services (total service area budget less debt and contributions to capital) will see a decrease of 5.2% from the 2015 total operating budget. These budgets have been adjusted based on projected inflationary factors and staffing requirements for operations and capital projects. The overall water services budget has a substantial increase of 36% from 2015 for debt payments and contributions to capital.

UTILITIES BUDGET



UTILITIES BUDGET

SEWER SERVICE AREAS OPERATING

Revenue

Sewer service area revenue of $3,347,500 has been budgeted in 2016. The 2016 budget includes a $46,300 drop in impost fees, primarily due to the recent drop in new house construction starts. The collection of impost fee revenue is directly offset by a transfer to the impost reserve fund so there is no net affect on the overall budget.

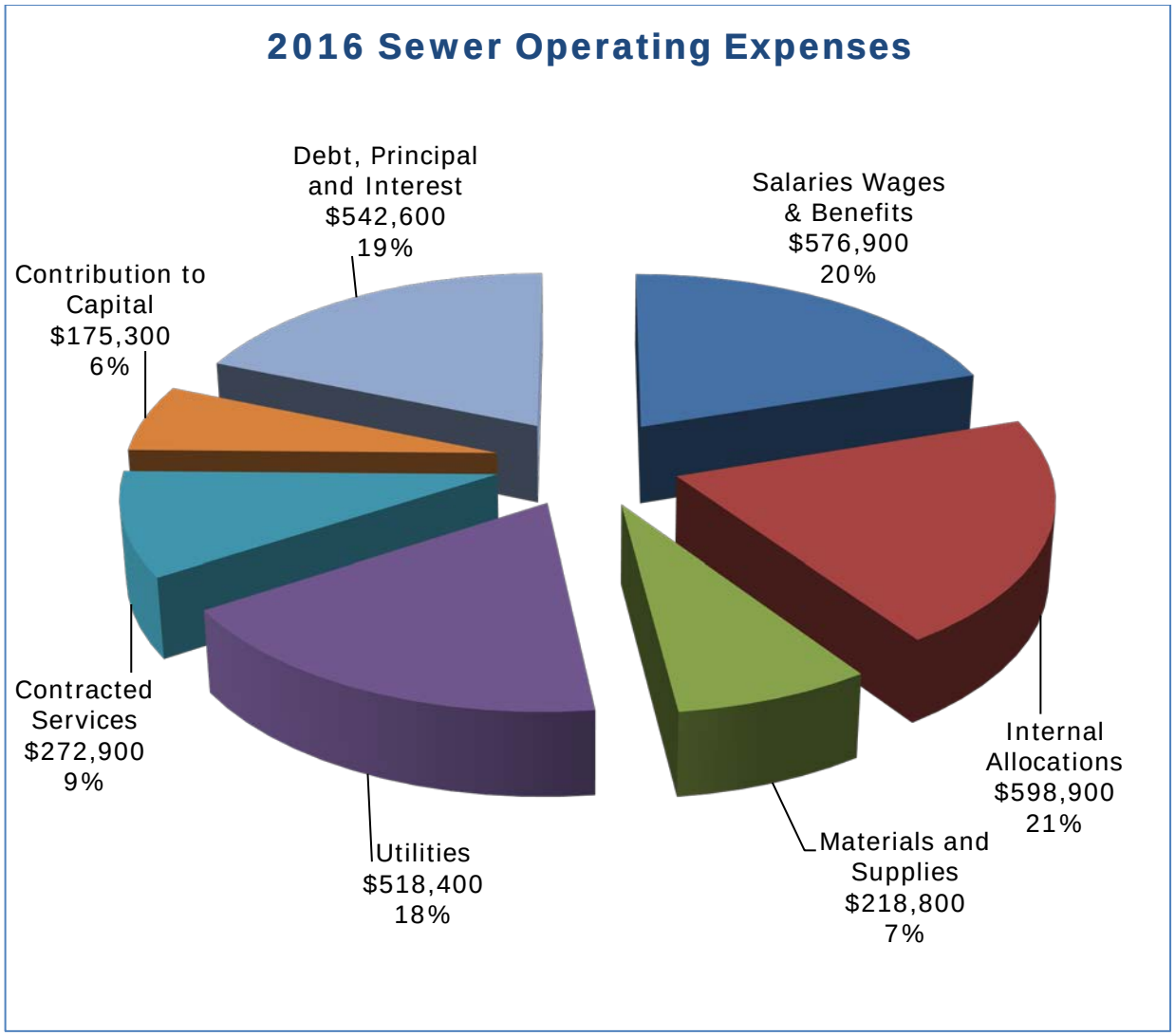
Consumption data is continuing to trend downward as explained previously.

Correctional Services of Canada (CSC) revenue has increased to 61% of their share of eligible operating costs. This percentage represents a return to historical levels. Based on recent information provided by CSC personnel these current percentages are expected to remain stable, but are closely monitored by staff.

Sewer System Operating Summary

The total of direct operating expenses for sewer services (total service area budget less debt and contributions to capital) will see a decrease of 0.2% from the 2015 total operating budget. These budgets have been adjusted based on projected inflationary factors and staffing requirements for operations and capital projects. The overall sewer services budget has a substantial increase of 20% from 2015 for debt payments and contributions to capital.

UTILITIES BUDGET



UTILITIES BUDGET

3.3 CAPITAL SUMMARY

	2015 Budget Carryover At Oct 31, 2015	2016	2017	2018	Total 10 Year Budget
Loyalist East Sewer Plant	1,079,636	80,000	1,306,000	910,000	3,542,000
Loyalist East Sewer Collection	476,900	1,080,000	490,000	67,000	3,217,000
Bath Sewer Plant	222,300	60,000	140,000	632,000	1,915,000
Bath Sewer Collection	-	35,000	200,000	35,000	760,000
Sewer Capital Budget	1,778,836	1,255,000	2,136,000	1,644,000	9,434,000
Fairfield Water Plant	624,600	20,000	343,000	1,025,000	5,033,000
Fairfield Water Distribution	249,800	925,000	1,205,000	1,802,000	11,872,000
Bath Water Plant	502,100	15,000	200,000	173,000	2,309,000
Bath Water Distribution	5,000	-	705,000	-	1,105,000
Water Capital Budget	1,381,500	960,000	2,453,000	3,000,000	20,319,000
Meters	-	85,000	107,000	85,000	872,000
Utilities Vehicles	-	-	-	70,000	430,000
Utilities Building (Millhaven Garage)	22,000	-	110,000	10,000	190,000
Utilities Overhead Costs to be Split	22,000	85,000	217,000	165,000	1,492,000
Total Utilities Budget	3,182,336	2,300,000	4,806,000	4,809,000	31,245,000
Total Funding					
CSC	391,674	44,250	187,400	483,750	2,365,740
Developer Contributions			510,000		510,000
Water Meter Revenue		30,000	30,000	30,000	300,000
Impost Fees	207,440	40,000	536,250	85,000	1,591,250
Small Communities Fund	131,000	915,000			915,000
Transfer from Operating		575,500	575,500	575,500	5,755,000
	730,114	1,604,750	1,839,150	1,174,250	11,436,990
Net Capital Budget	2,452,222	695,250	2,966,850	3,634,750	19,808,010

The Utilities ten year capital budget totals $31 million. The 2016 capital budget is $2.3 million, with $1.6 million being funded by developer contributions, Small Communities Fund, impost fees and contributions from the operating fund. $3.2 million of projects from the approved 2015 capital budget will be carried over for completion in 2016. Total capital spending for 2016 will be $5.4 million. Approximately $2.5 million of previously approved Utilities capital budget has been reallocated to 2016 capital requirements, and those previously approved projects have either been cancelled or re-budgeted in 2017 and beyond, and will require council approval in those subsequent years.

UTILITIES BUDGET

CAPITAL PROJECTS SUMMARY

Due to the inability to fill key positions that undertake capital works until late 2015, many planned capital projects were not completed over the past year. In an attempt to create a manageable workload, and a manageable debt load for 2016, a large number of projects that could be deferred to later years have been rescheduled. Over $2.5 million of 2015 budget carryover was reallocated and $2.9 million in projects originally planned for 2016 was deferred to later years.

The major utilities projects being undertaken in 2016 include:

- Phase 2 of the Hyland-Briscoe project
- The Completion of the Amherstview WPCP Wetland
- Significant instrumentation/controls and process upgrades at the Lakeview Pumping Station

Throughout the four service areas there are several smaller life cycle equipment replacement projects. Many of these projects will be completed in-house. A review of the maintenance history, where available, has demonstrated to management that some of the previously identified life cycle replacements can be deferred a few years. The deferred assets will be assessed over the next year and new replacement or refurbishing schedules will be established for each of these units.

The unplanned replacement and refurbishment of smaller plant equipment that fails in 2016 will be completed, as necessary, using the Equipment Replacement Reserve Funds. Extension of the lifespans of the deferred equipment replacement will likely result in a higher utilization rate of the Equipment Replacement Reserve funds compared to the recent past. Management is confident that the existing staffing complement will be able to complete the projects currently planned for 2016.

The updates to the asset management plan currently being undertaken will improve asset condition information and replacement costs. This will allow staff to plan more accurately for the capital budget planning period and will provide a better picture of the state of the assets currently in place. This will assist the Township in completing more accurate financial planning moving forward to ensure that our planned revenues are able to sustain the required asset improvements and replacements.

UTILITIES BUDGET

COMBINED COLLECTION/DISTRIBUTION CAPITAL SUMMARY

Hyland-Briscoe Rehabilitation

The storm sewer installation, watermain replacement, and sanitary sewer replacement project for the Hyland Court and Briscoe Street areas in Amherstview is a large project. The first phase of this project was largely completed in 2015 and included the relining of the watermain on Briscoe Street from the intersection of the east leg of Hyland Court east to Park Crescent, as well as the southern section of Hyland Court. Phase 2 of the project, scheduled for

2016, involves watermain replacement, sanitary sewer repairs, and storm sewer works on Briscoe Street from the eastern leg of Hyland Court west to Sherwood Avenue, as well as the section of Hyland Court north of Briscoe Street. Phase 2 design works are underway and will be completed in early 2016. The total 2016 budget for this project is $3 million. The storm sewer design component will be submitted to the Ministry of Environment and Climate Change for Environmental Compliance Approval (ECA) as soon as possible. The timeline for this approval is currently estimated to be six months. If the ECA is not received within an appropriate timeframe to allow for construction to proceed in 2016 for Phase 2, consideration may need to be given to shuffling projects between budget years. The Township is receiving combined federal and provincial funding under the SCF (Small Communities Fund) program for the Hyland-Briscoe project in the amount of $1.83 million over 2015-2016 of which $1.5 million is to be recovered in 2016.

SEWER SERVICE AREAS CAPITAL SUMMARY

Amherstview WPCP Wetland

The construction of the proposed wetland at the Amherstview sewage treatment plant is on-going and is expected to be completed by early summer of 2016. The budget for this project was increased to almost $800,000 in 2015. The bulk of the work for this project will be completed by the end of 2015, with some berm building and planting activities scheduled as soon as the contractor is able to get back to work in the spring. Timing is dependent on how quickly the cell can be dried out following the winter. This initiative has been designed to

UTILITIES BUDGET

address the high pH in the final effluent and is a requirement of the new environmental Compliance Approval for the re-rated plant.

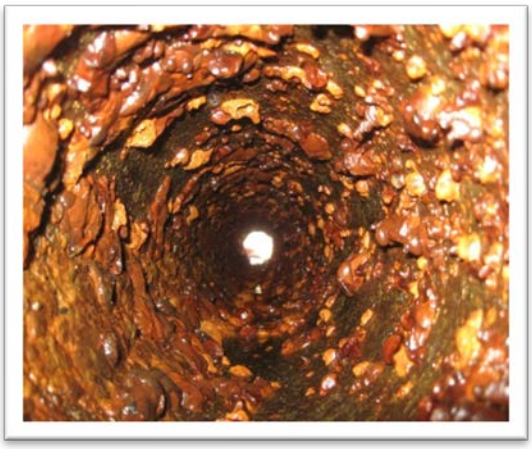
Lakeview SPS Upgrades

The Lakeview SPS will receive a number of upgrades to its instrumentation and controls in 2016 with a total budget of $260,400. A new level indication system and associated controls will be installed to replace the aging bubbler system. A new transfer switch for the generator will be installed and comprehensive testing will be completed on the generator to better determine whether it has reached the end of its useful life. Although not currently in the budget until 2017, if this testing demonstrates that the generator requires immediate replacement, the unit will need to be replaced in 2016 to ensure adequate back-up power for this vital facility. Work will also be completed to improve the HVAC system for this facility. The first phase of this project is being completed in late-2015, with the replacement of the moving parts of the screening system for this facility. This portion is $99,000.

WATER SERVICE AREAS CAPITAL SUMMARY

Watermain Replacement Program

The waterworks industry has observed that some watermains manufactured in the 1950-1970 period, commonly known as ductile iron, have often not stood up as well as expected. Older cast iron pipes are performing much longer. The Township's experience is that increased main breaks, a sign of deteriorating pipe strength, and increased colour complaints accelerate as these pipes reach 50-60 years old. The industry is now using PVC pipe or cement lined iron pipes almost exclusively for new installations.



Most of the metallic pipes in Bath have been replaced or relined over the past decade. Odessa was serviced almost

exclusively with PVC pipe. The older areas of Amherstview have a high percentage of ductile pipe with approximately 20 km expected to be replaced or relined in the next twenty years. The replacement program is on-track based on the proposed budget since approximately 750 m of watermain will be replaced on Hyland Court and Briscoe Street in 2016

The watermain upgrades require various staff for operational duties, inspection and project administration. Due to the heavy staff demands for these types of projects it is important that they be staged as evenly as possible and coordinated with other projects over the course of the construction season and that the municipality completes some remedial work every year. A focused effort will be required to keep this ambitious project on track. For operations staff, these remedial projects often coincide with the work being completed by the local developers increasing their duties during the summer.

4. General Rate Operating Budgets

4.1 EMERGENCY SERVICES

EMERGENCY SERVICES	Revenue	Salaries, Wages & Benefits	Supplies, Materials & Contracted Services	Debt & Contributions to Capital/ Reserve Funds	Net 2016 Budget	Net 2015 Budget	Net Change	Percentage Change
Emergency Services	-123,700	483,700	208,400	358,400	926,800	809,900	116,900	14%
Training	0	264,600	15,000	0	279,600	250,400	29,200	12%
Fire Prevention	0	15,600	10,000	0	25,600	7,300	18,300	251%
Odessa Fire Station	0	600	40,600	0	41,200	33,200	8,000	24%
Amherstview Fire Station	0	200	33,200	0	33,400	26,400	7,000	27%
Bath Fire Station	0	800	20,500	0	21,300	21,200	100	0%
Amherst Island Fire Station	0	1,500	13,900	0	15,400	15,400	0	0%
Fleet Maintenance	0	69,600	77,000	0	146,600	142,900	3,700	3%
	-123,700	836,600	418,600	358,400	1,489,900	1,306,700	183,200	14.0%

SUMMARY

The 2016 Emergency Services Budget, as presented, will allow the Emergency Services Department to provide adequate and professional responses to emergency situations within Loyalist Township. This budget will allow us to support our goals and initiatives that are outlined in the Loyalist Township Strategic Plan.

This year's budget allows us to continue to provide quality training to all of our current personnel as well as to support the Loyalist Township Recruit Training Program. Also included in the 2016 budget are funds to ensure our equipment is maintained and/or replaced as required.

The 2016 Budget amounts are $1,489,900 for our Operating Budget and $275,000 in Capital Expenditures

OPERATING HIGHLIGHTS

The 2016 operating budget has increased by 14% or $183,200. The major changes to our budget are in the following areas:

- There is an increase of $116,900 in the general account for Emergency Services. Of this increase, $83,000 is associated with long term debt interest and principal payments. This new debt will help fund the Unfinanced Capital Outlay balance (UFCO). The remaining $33,900 is based on increases for both full time as well as volunteer firefighting wages.

GENERAL RATE OPERATING BUDGETS

- Wages associated with firefighter training have increased by $29,200. This is based on an increase in the hourly rate as well as the addition of eight volunteer personnel.
- Fire Prevention has increased by $18,300. A major portion of this increase is a result of our part time Fire Inspector and based on 14 hours per week for 40 weeks. The balance of the increase is to support the continuation of our “Wake Up Loyalist” program that allows us to visit residences to check and assist in compliance with both the Smoke Alarm and Co Alarm requirements.
- Odessa and Amherstview Fire Station budgets have increased based on hydro and water rates.
- Our Fleet Maintenance Budget has increased by $3,700 based on increased costs associated with ladder, pump and extrication equipment testing.

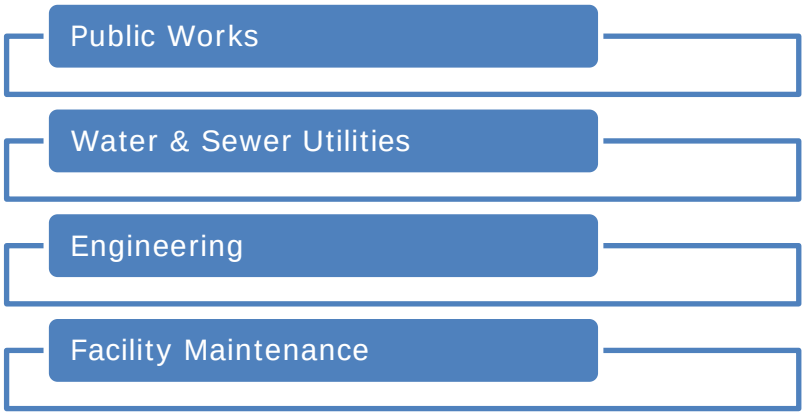
2016 KEY INITIATIVES

As our Emergency Services continues to grow and adapt to required levels of service, the demand on our personnel continues to increase as well. With 50% of our personnel having fewer than 10 yrs of experience, training remains our key focus to ensure the safety and well being of our personnel as well as that of our residents.

In 2016 we will continue with our Recruit Training Program to ensure we can meet these demands. We will also work throughout this year to develop our Retention Policy to assist us in retaining personnel thus reducing the demand on the Training Division to continually train new firefighters.

In 2016 we will deal with the water and septic issues at the Amherst Island Fire Station and complete the design phase for the requirement for a training room at the Amherst Island Fire Station. This is to support amounts included in the 2016 Capital Budget as well as items identified in the Loyalist Township Strategic Plan.

4.2 INFRASTRUCTURE SERVICES



4.2.1 Engineering Division

The Engineering Division provides support to the operations divisions of the Infrastructure Services Department and to other departments. Primary functions include:

- The delivery of design and project management functions for capital projects
- The provision of technical support such as research, mapping and designing/drafting standards
- The review and administration of development and site plans
- Asset management activities

As such, there are no specific budget lines that are solely used for engineering operations. Operations expenses for this division are charged directly to the utilities, public works or other operating accounts as well as to capital and recoverable development accounts, therefore the expenses are not highlighted at first glance.

Engineering Division staff manage and administer linear projects (watermain, sanitary sewer, storm sewer, road reconstruction) and Township-wide significant projects such as larger water and wastewater facility projects, stormwater management infrastructure, new buildings and more complex building renovations, and other large infrastructure projects.

A good example of the engineering division providing project management services to other departments was the successful completion of the Bath Centennial Park Playground in partnership with the Recreation Services Department.

GENERAL RATE OPERATING BUDGETS

Depending on the scope of the project, these assignments are often completed over multiple years and sometimes require assistance from outside consultants. Over the past few years, the Township has been moving toward completing all inspection and contract administration activities for Township projects in-house with successful outcomes, both financially, and due to increased ownership over the project by internal staff. The capacity of the Township to undertake these works in-house has continued to increase with the hiring of new positions in late 2015.

Infrastructure constructed through the above projects, as well as all other new and improved assets installed as part of operations activities that meet the tangible capital asset threshold are reported to the Finance Department. This includes tracking all new or replaced assets, as well as betterments to assets that will extend the useful life of the asset. Each asset needs to be reported in terms of the length or portion of the asset that was constructed/replaced/improved, the cost of the new infrastructure, and any resulting disposals from the work being completed. The Engineering Division compiles this information for the department and works closely with staff in the Finance Department who complete reporting activities.

The division also reviews development plans and development capital works undertaken by area developers and the engineering side of the business and industrial parks. For developments, since the municipality will eventually assume the infrastructure in these areas, they are reviewed and inspected by Township staff to ensure that the works are constructed to the Township's requirements. This work also requires attention from an asset management standpoint, as it needs to be reported in the same manner in which Township constructed infrastructure is reported when assumed by the municipality.

Staff in the Engineering Division also complete all "inside" tasks associated with the Township's Ontario One Call locates, including tracking requests, providing drawings to field staff, submitting completed locates to requestors, and ensuring that the information held by ON1Call is kept up to date.

4.2.2 Public Works Division

INFRASTRUCTURE SERVICES, PUBLIC WORKS DIVISION	Revenue	Salaries, Wages & Benefits	Supplies, Materials & Contracted Services	Debt & Contributions to Capital/ Reserve Funds	Net 2016 Budget	Net 2015 Budget	Net Change	Percentage Change
Transportation Services	-650,400	1,446,900	1,413,300	869,000	3,078,800	2,967,700	111,100	4%
Storm water	0	97,600	100,100	56,000	253,700	269,900	-16,200	-6%
Street lighting	0	9,400	190,700	6,500	206,600	176,800	29,800	17%
Sidewalks	0	68,800	39,000	0	107,800	85,500	22,300	26%
Solid Waste	-591,800	262,200	915,100	0	585,500	600,500	-15,000	-2%
Other	-51,300	353,400	-297,000	188,200	193,300	168,900	24,400	14%
					0			
	-1,293,500	2,238,300	2,361,200	1,119,700	4,425,700	4,269,300	156,400	3.7%

The Public Works Division's primary responsibilities include Transportation (Roads), Stormwater maintenance, Streetlighting, Sidewalks, and Solid Waste. The Public Works Division administers the operations of the Amherst Island Ferry and Amherstview Transit Service Areas and also provides the operational support for the Township's external parks and sportsfield facilities. There are only a few changes in the budget structure and these are outlined below. The other budget increases reflect the general increases for labour, energy and insurance.

ROAD MAINTENANCE AGREEMENT WITH COUNTY OF LENNOX AND ADDINGTON

The County of Lennox & Addington completed a Transportation Master Plan in 2014.

It became clear that the existing agreement between the County and the lower-tier municipalities must be examined as a separate project. The level of service for each maintenance activity needs to be determined, and the appropriate and equitable level of compensation for this service must be established as a result of the process. There also needs to be a mechanism for additional compensation for an above-normal level of service. An example of this is the winter control seasons that spanned the winters of 2013-14 and 2014-15.

During 2015, the Technical Advisory Committee (TAC) started working on this project. The committee has reviewed each maintenance activity that lower-tier municipalities perform on County roads. Over the next few months the compensation portion of the agreement will be discussed at TAC. Once this part of the project has been completed, a new agreement will be presented for consideration by each lower-tier municipal council.

The goal of the new agreement is to define a clear and concise level

of service for each maintenance activity and set the level of compensation for each activity.

Using the existing Road Maintenance Agreement, the 2016 allocation will be -0.81% from the funding levels of 2015. The main reason for the negative adjustment is the low cost of diesel fuel and the low CPI adjustment.

The changes to the Road Maintenance Agreement are expected to be in place for the 2017 budget year. The level of impact will depend on the ability of Loyalist Township to fully fund its County roads maintenance obligations with direct payments from the County.

TRANSPORTATION ADMINISTRATION

The engineering administration budget for the Public Works Division has been reduced in 2016 by $48,000. The main factor in this reduction is that a significant portion of engineering staff time is expected to be spent on cost recovery projects; for example, the Windlectric project.

WINTER CONTROL MATERIAL AND LABOUR

Background

As result of the new CUPE Collective Agreement there have been major changes to the Public Works winter control operations. The first major change is the elimination of the wing man operator. As a result of this change the existing wing man operator has been reassigned to different duties during a winter control event.

The second major change is the introduction of a flexible schedule during the winter season. This will provide efficiencies and flexibility to react to any winter event.

NPR- Winter Storm

Objective

The result of the new changes to the winter control operation will allow the Township to provide staffing during the normal work week so that all seven of the mainland plows can be deployed at any time from 4:00 am to 9:30 pm.

With the use of the night patrol operator, there is now 24 hour coverage from Monday to Friday for the winter control season. This new schedule allows all operators, except the night patrol operator, to work a regular eight hour shift in a twenty-four hour period. This will reduce the chances of any operator maxing out their allowable, regulated driving hours.

There are also five full-time operators assigned to the sidewalk plows and pick-up trucks, as a result of redeploying the existing wing man operators.

Financial

There has been a reduction in the part-time contracted staff needed for the 2015/2016 winter control season due to the implementation of this new schedule. There will also be a reduction in the amount of overtime and lieu time accumulated during the winter control season.

Link to the Strategic Plan

Provide a Well-Managed and effective Municipal Government.

STREET LIGHTING

The Township has a Strategic Plan initiative to continue energy conservation and demand management. Staff have continued to gather data on both Township streetlight systems and general use exterior lighting. As of October 2015, there are approximately 870 Township-owned cobra head style fixtures and 192 decorative (non cobra head style) fixtures, making a total of 1,062 streetlight fixtures

The County of Lennox & Addington owns approximately 116 additional streetlights within the Township, of which 64 meet County lighting warrants. Staff have been advised by representatives of the County of Lennox & Addington that the County will fund the conversion of the County-owned streetlights undertaken by Loyalist Township which meet County warrants for lighting.

There are approximately 81 lights of various designs in off-street locations; these locations consist primarily of recreational areas and pathways. Preliminary information on decorative fixtures indicates that the financial return period to replace these lights is much longer than cobra head fixtures, and very much subject to the style of the individual lights.

The supplementary funding that was previously available for conversion to LED lights expired at the end of 2015. There has not been any definite information from the provincial government that this program would commence again in the near future.

With the termination of the former provincial funding program, it is possible that the industry may see more competition, resulting in a drop in price for the supply of the individual LED light fixtures.

Due to the uncertainty of the grant funding and the fiscal constraints on the municipality, staff have deferred this project within the capital budget. The ten-year capital budget currently shows an amount of $500,000 for conversion in 2017.

Should a major funding program be announced by the Province, there may be an opportunity to review the position of the Township with respect to the LED conversion of streetlights. Staff are recommending at this time that the conversion project be focused primarily at the cobra head style light fixtures, with an option to replace the decorative lighting within the road right of way.

Should Council wish to accelerate the LED conversion project, there is at least one company willing to perform the conversion and fund the conversion project at rates such that there is minimal impact on the Township's bottom line. This route has not been recommended at this time, as there are premium management related expenses associated with a third party funding the Township's LED conversion program.

AMHERST ISLAND QUARRY CLOSURE COST

The existing aggregate extraction agreement for the Amherst Island Quarry is set to expire on May 28, 2017. If the agreement is not extended, the Township will be responsible for the rehabilitation of the quarry site, in accordance with the provisions of the *Aggregate Resources Rehabilitation Act*, R.S.O. 1990, c. A.8, the regulations made thereunder, and the terms of the Quarry Licence.

The Township has established a reserve fund so that in the future, when the quarry rehabilitation is required, the full expense will not have to be covered in one budget year.

SEPTAGE RECEIVING STATION DEFERRAL RECOMMENDATION

The 2016 budget has anticipated that Council will renew their previous decision not to operate the septage receiving facility for the year.

The rationale for continued deferral of the septage receiving service is the fact that local rates for septage treatment for non-industrial and industrial waste, respectively, are well below Loyalist Township's current sludge disposal costs.

If Council decided to operate this facility in 2016, then approximately $20,000 in labour would need to be redirected from other sections of the Utilities Division.

Our current septage treatment process has negligible volume reduction of the septage that would be delivered to the site, and thus equals the volume of sludge removed from the facility by our contractor after the septage has been treated.

The Township was advised by provincial officials, after unsuccessful attempts to obtain funding from the initial COMRIF grant program, that the Township's application would be enhanced if the Township included the ability to treat

local septage. The Province was changing the nutrient management strategy, and the direct land application of unstabilized biosolids was being stopped.

The ATAD technology chosen for the Amherstview WPCP has the ability to treat both septage and stabilized sludge, which is a solid component from the sewage treatment plant's aeration and clarification process. The new building (ATAD building) at the Amherstview WPCP has tankage and mechanical systems to handle sludge and sludge is safely treated in the ATAD units, which operate at very high heat to kill all pathogens. The effluent from the ATADs is very wet and difficult to handle. The current technology at the Amherstview facility is to ship the stabilized sludge to farmers' fields for land application. The cost of this application process exceeds local market rates offered by the larger City of Kingston facilities to treat septage, as these facilities have large, efficient dewatering units. The sludge is only 3% to 5% solid, so the volume of waste is reduced significantly as the waste liquid from the dewatering process can be re-treated in the plant. With a smaller amount of waste to handle, there is a large reduction in the operating cost to handle septage. For this reason, staff have been exploring the use of Geotubes as a method of dewatering the sludge onsite.

E. Coli.

4.3 RECREATION SERVICES

	Revenue	Salaries, Wages & Benefits	Supplies, Materials & Contracted Services	Debt & Contributions to Capital/ Reserve Funds	Net 2016 Budget	Net 2015 Budget	Net Change	Percentage Change
Recreation Services	-45,400	670,400	182,500	25,000	832,500	830,500	2,000	0%
Arena	-345,100	334,300	278,900	81,600	349,700	351,700	-2,000	-1%
Pool	-304,500	254,900	257,100	50,000	257,500	253,600	3,900	2%
Parks	-5,500	283,000	101,900	117,000	496,400	361,100	135,300	37%
Sports Fields	-52,200	107,700	51,000	15,000	121,500	112,900	8,600	8%
Recreation Programs	-65,000	98,200	52,100	0	85,300	103,200	-17,900	-17%
Leisure & Activity Centre	-214,500	187,300	39,200	5,000	17,000	12,200	4,800	39%
Libraries	-10,000	15,400	78,000	0	83,400	80,100	3,300	4%
Community Buildings	-29,600	38,300	96,800	3,000	108,500	105,000	3,500	3%
	-1,071,800	1,989,500	1,137,500	296,600	2,351,800	2,210,300	141,500	6.4%

2015 OPERATING BUDGET

The Recreation Services Department has undergone significant re-structuring in 2014 and 2015. This restructuring has better aligned the departmental goals and objectives with the corporate strategic plan as well as improving existing service levels, addressing service gaps, and becoming a more responsive department.

Specifically, 2015 saw the implementation of Phase 2 of the department reorganization with the streamlining of existing portfolios, staff recruitment, and with the development of two new key positions to the corporation. Full implementation was completed in the last quarter of 2015 with significant accomplishments to date, such as the development of new community engagement opportunities, enhanced special events, and improvements to facility operations. This coming year will be used to fully implement the goals, objectives, and work plans of this new staffing structure.

GENERAL RATE OPERATING BUDGETS

2016 will be the year the Recreation Master Plan will be undertaken which will include a full Library Services Review. This will provide the department with a ten year long term road map, a framework moving forward, and will include extensive public consultation and demographic analysis.

2016 DEPARTMENTAL PRIORITIES

- Development and Implementation of a Departmental Communication and Marketing Strategy
- Continuous Improvements to Corporate Beautification Projects
- Development of Departmental Service Standards
- Community Economic Initiatives

The NET operating budget increase for Recreation Services from 2015 to 2016 is $141,000 which represents a 6.4% increase. However, of this 6.4% increase, the departmental net operating budget is only 2.4%; the remaining 4% represents significant increases to contribution to Capital and debt payments to fund Unfinanced Capital Outlay and 2016 Capital Projects.

NET departmental operational costs year over year = 2.4%

Recreation Services has two proposed staffing changes for 2016. The Community Development Coordinator is presently a full time contract position. This position has significant accomplishments to date and many work plan goals and objectives laid out for this position for the future. To assist with long term planning and staff retention,

Although this position sits within the Recreation Department, 20% of the position is presently dedicated to corporate Economic Development. This is a shared departmental resource and is a good example of how this can successfully work in our organization.

it is proposed to roll this position into a fulltime permanent position. The budgetary impact of this change for 2016 is $4,000 in additional benefit costs.

This position will continue to develop and implement a Corporate Volunteer Management Program and annual recognition event to be held in spring of 2016. Focus will spent on developing new festival/events that will be unique to the Township and attract visitors and contribute to Economic Development. New sponsorship and partnership opportunities will be created and unique opportunities to engage our community will be pursued.

The second proposed staffing change is to move our **part time** Aquatics Coordinator position to a fulltime position. We have been unsuccessful in recruiting a qualified permanent part time coordinator after multiple recruitment attempts. There were no qualified candidates locally and any qualified candidates from out of the area were not willing to relocate for a part time position. We are proposing to move our part time position to a fulltime position to better position ourselves to attract qualified candidates.

We have also been significantly struggling to find daytime lifeguards and have been very close to not meeting operational demands on numerous occasions. We have had to have supervisors filling this gap in order to maintain service delivery. The Recreation Services Department presently has a gap in aquatic operations.

Given that our municipality has the aquatic infrastructure in place and offers full aquatic services to meet the needs of the community, it is vital to ensure the department has the required qualifications and skill set among its staffing structure. The budgetary impact of moving this position from part time to fulltime position is $40,000 per year.

Our new Marketing & Customer Relations Coordinator will focus on developing and implementing a departmental communication and marketing strategy that will include social media campaigns. Sponsorship packages have been created and will be actively rolled out in 2016. Community engagement will be a focus with the monthly distribution of departmental newsletters, surveys, and opportunities created for resident feedback. Time will be spent on working with community groups who deliver special events and how to increase their exposure and profile.

GENERAL RATE OPERATING BUDGETS

The Marketing & Customer Relations Coordinator is dedicated to corporate wide initiatives; 20% of his time includes: development of a Social Media Policy; assistance with cross departmental communication strategies; website enhancements; Emergency Communication Officer; and corporate branding.

Another example of how sharing specialized skill sets across the corporation can work.

OPERATIONS

Recreation Services will be moving to a new registration software platform in 2016 for our business operations. This new platform will enable our department to become more efficient and customer focused.

PARKS

The newly created Beautification Team achieved tremendous success in 2015. Beautification projects within the Township will continue to be developed and enhanced in 2016 with the focus on engaging the community and supporting community driven beautification projects. The skill set of the Township's new Horticulturalist will cross over into the Planning & Development Services Department this coming year as they begin to review landscaping requirements for development projects.

4.4 PLANNING & DEVELOPMENT SERVICES

PLANNING & DEVELOPMENT SERVICES	Revenue	Salaries, Wages & Benefits	Supplies, Materials & Contracted Services	Debt & Contributions to Capital/ Reserve Funds	Net 2016 Budget	Net 2015 Budget	Net Change	Percentage Change
Planning	-75,100	414,700	146,900	25,000	511,500	407,900	103,600	25%
Economic Development	-7,000	11,700	62,900	0	67,600	23,500	44,100	188%
Industrial Development	0	16,700	14,200	97,700	128,600	131,600	-3,000	-2%
Other Development Services	-230,400	149,000	133,800	0	52,400	46,300	6,100	13%
Building Department	-538,700	449,600	116,300	0	27,200	38,400	-11,200	29%
	-851,200	1,041,700	474,100	122,700	787,300	647,700	139,600	21.6%

PLANNING DEPARTMENT

The Planning Department is responsible primarily for the following services:

1. Long Range Planning
2. Development Review and Approvals
3. Zoning By-law review
4. Geographic Information Services (GIS)
5. Built Heritage

In 2016 development activity is expected to be mixed. Demand for multi-family residential units should be strong but the construction of other dwelling types is expected to be less than previous years based on forecasts by the Canadian Mortgage and Housing Corporation and interviews with builders. Developers have indicated a desire to continue with the planning and detailed design of their projects in Bath, Amherstview and Odessa, meaning there will continue to be demand for approvals, but servicing may be delayed until market conditions improve for single unit dwellings. The first phase of the Brookland Square commercial project that was scheduled for 2015 should commence in 2016.

Like 2015, a considerable amount of staff time is anticipated towards evaluating potential renewable energy projects proposed under the Large Renewable Procurement Phase 2 program.

The Loyalist Heritage Committee is considering plaquing and heritage recognition award programs for 2016, and an enhanced training program for members. These initiatives were not reflected in the draft 2016 budget. The Committee will be making a presentation to Council to explain the proposed adjustments and to propose an enhanced heritage grant and tax relief program for persons willing to conserve and repair designated heritage buildings.

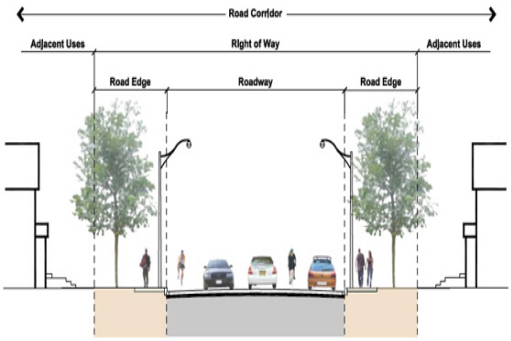
GENERAL RATE OPERATING BUDGETS

GIS support will continue for many departments, and new layers of information will be prepared to assist the Planning and Development Services Department, along with other departments. More mapping products are being developed to be available to the public on the Township's external website. In addition, efforts in 2016 will include:

1. A redesign and implementation of the Township's enterprise GIS System.
2. Mobile GIS integration to support field staff and application development (i.e. Cartegraph).
3. Upgrading internal and external GIS web viewers to comply to a new platform (HTML 5) to meet industry standards

Other projects the Department will be involved with include long range planning studies such as:

1. Official Plan Review
2. Development Charges
3. Growth Projections Study
4. Urban/Rural Design Guidelines



Due to the amount of effort that transpired in 2015 pertaining to the County Official Plan, work on the Loyalist Official Plan Review was minimal. Starting in the second quarter of 2016, focus on the Official Plan by the Planner will commence and hopefully completed largely in-house with assistance from other staff, while the other studies will be prepared by consultants with appropriate professional expertise.

New Official Plan policies will also need to be prepared to address the Cataraqui and Quinte Sourcewater Protection Plans, and groundwater. These policies will be completed in-house.

These various initiatives implement the Strategic Plan. Conformity with this Plan and changes to the Provincial Policy Statement, 2014 will be two key themes, coupled with local and strategic plan initiatives to ensure sufficient designated land is available to accommodate future growth in an environmentally sustainable manner.

GENERAL RATE OPERATING BUDGETS

The primary 2016 budget increase in the Planning area stems from the salary and benefits for the Approvals Planner (only 4 months budgeted in 2015 vs. 12 months in 2016).

The Approvals Planner was included in 2015 so that the Director and the Planner could focus on the various departmental projects such as the development guidelines, Official Plan review and the growth projections study.

ECONOMIC & INDUSTRIAL DEVELOPMENT

This budget area has been traditionally devoted to the Loyalist East Business Park, the Taylor Kidd Industrial Park, general economic development enquiries (those not occurring on Township owned land) and the Bath Community Revitalization (BCRCA) Committee. As the BCRC is disbanding, the budget allocation is removed but the Community Improvement Program funding for Bath of $3,700 is retained.

The Economic Development allocation includes the following changes from 2015:

1. Hiring of a Heritage Committee support - $40,000 (recommendation from the Loyalist Township Heritage Committee - referred to Council for budget considerations)
2. Leadercast Event – net $9,600
3. Marketing/Promotional Material development - $10,000

Funding for further initiatives to implement the Township's economic development strategy has not been included in the 2016 budget.

A portion of Jack Davey Drive in the Loyalist East Business Park will be paved in the Spring of 2016 to accommodate an entrance for the SJK Property

Management Inc. property (Lot 12 in the Park), and the Business Park sign will be installed. These works are already funded from previous capital budgets.

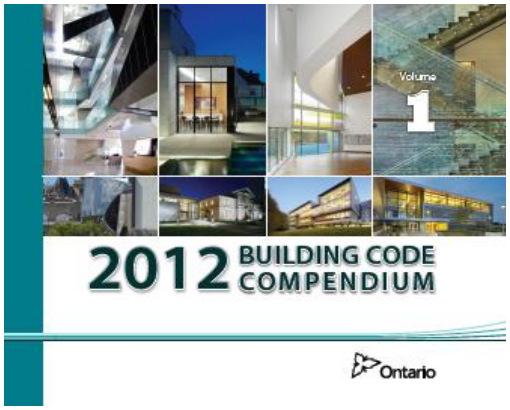
Source: World Bank, 2011

In 2015, $45,000 was allocated for the detailed design of Phase 2 of the Loyalist East Business Park, but implementation was delayed, with construction in 2017. This implements the Strategic Plan goal of "Plan sufficient designated serviceable land for prospective businesses."

BUILDING

The Building Department is responsible for building permit issuance and inspection services and the enforcement of by-laws related to construction and development. Many of these requirements are governed by statutory deadlines.

In 2016 development activity in terms of overall level of permits is expected to be similar to 2015 at around 330-340 permits, but residential starts will likely decrease. Amherstview and Bath will experience the bulk of residential starts.



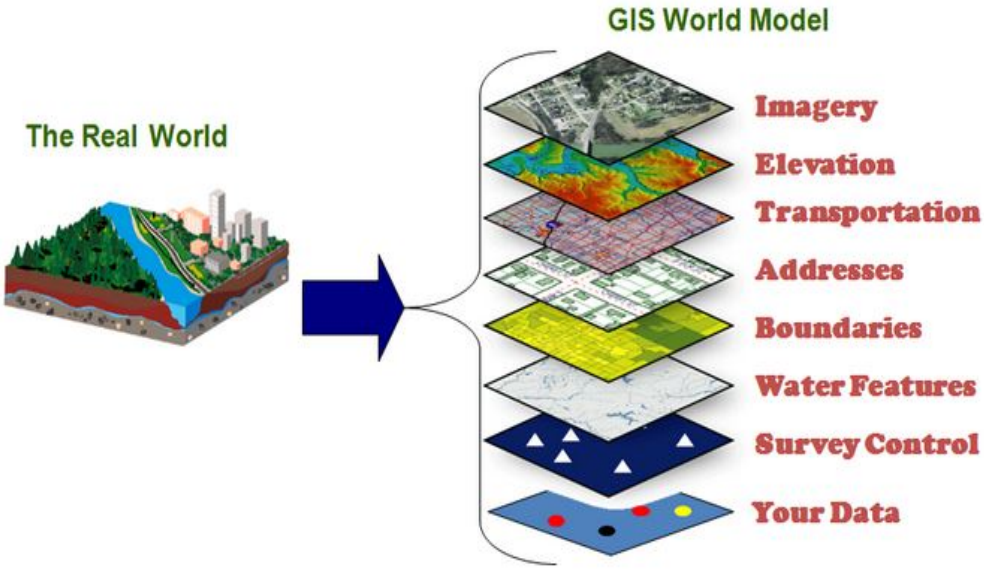
The vacant serviced lot inventory in both communities will be greater in 2016 compared to 2015, so if market conditions improve, there is potential to achieve or exceed 2015 levels.

The commencement of the first phase of Brookland Square is expected in the first half of 2016, which comprises commercial floor space and 20 residential apartment units. If the Windlectric Inc. wind energy project on Amherst Island proceeds, this will consume a great deal of staff time in the latter half of 2016 and revenue targets would be exceeded.

The Chief Building Official will continue to implement procedures in the department to improve customer service with the aim of meeting the Strategic Plan goal of "Develop service standards for each municipal department to continually improve operational efficiencies." Early in 2016, a proposal will be brought forward to

investigate a fee increase to offset a deficit experienced in 2015. The intent is to recover the shortfall over five years.

The Building Department also learned in 2015 that the version of its database software in Cartegraph will no longer be supported in the next 2-3 years; therefore, during 2016 the department will be investigating alternatives and potentially implementing a new software platform. The key is to select software that can also support the programs and needs of other departments. Another component to the building software being considered is the ability to facilitate electronic submission and payment of permit applications, which addresses in part an objective of the Strategic Plan to "Plan and enhance technology based options to improve service delivery, including e-billing and on-line payment options…".



4.5 CORPORATE SERVICES

CORPORATE SERVICES	Revenue	Salaries, Wages & Benefits	Supplies, Materials & Contracted Services	Debt & Contributions to Capital/ Reserve Funds	Net 2016 Budget	Net 2015 Budget	Net Change	Percentage Change
Council	0	140,200	66,000	0	206,200	200,200	6,000	3%
Administrative Services	-421,800	1,243,500	-140,100	286,000	967,600	918,800	48,800	5%
Information Technology	0	72,500	137,700	85,000	295,200	295,200	0	0%
Corporate Facility Maintenance	-15,600	166,200	92,800	17,700	261,100	173,000	88,100	51%
Cemeteries	-18,100	13,100	56,500	33,000	84,500	84,800	-300	0%
	-455,500	1,635,500	212,900	421,700	1,814,600	1,672,000	142,600	8.5%

SUMMARY

Generally, the 2016 corporate services budget includes inflationary increases over the 2015 budget.

The Administrative Services area includes the following areas and their respective 2016 budget amounts:

- Election $21,800
- Corporate Services (CAO office, Human Resources, Clerk) $129,300
- Finance $688,600
- By-law Enforcement $53,300
- Crossing Guards $74,600

ADMINISTRATIVE SERVICES

The Township's Human Resources function is part of Administrative Services. Similar to previous years, the Township will require legal representation to successfully resolve labour relations disputes in 2016. Failing to do so would negatively impact the Township's ability to effectively manage operations and may result in higher costs overall. In addition, the Township will be entering into negotiations with OPSEU in early 2016 and legal costs will be incurred as part of this process. Sound legal advice will ensure that the Township is able to negotiate collective agreement language that positions the Township to continue to manage operations in an effective manner. The legal fees budget will remain the same as 2015.

GENERAL RATE OPERATING BUDGETS

The Township has committed to a 'Customer First Culture' and this initiative will be a key priority in 2016. Therefore the HR programs and training budget has collectively increased by $3,300 to support this initiative.

The finance budget makes up the majority of the Administrative Services area and has increased approximately 4.8% over the 2015 budget. The only significant change relates to staffing in that the financial analyst position is budgeted for an entire year in 2016, compared to half a year in 2015. In addition, an Asset Management Coordinator has been brought on in a contract position to assist with the ongoing work related to the Asset Management Plan that is to be completed by the end of 2016. The Asset Management Coordinator's salary and benefits are being offset by a portion of the Federal Gas Tax received by the municipality.

The addition in 2015 of the financial analyst has allowed the Director of Finance to focus attention on the long range financial modeling and strategic planning decisions that are critical to a financially sound and sustainable municipality, and move away from some of the more transactional based duties.

In summary, the financial analyst responsibilities to date have included:

- Preparing, reviewing, and analyzing monthly financial reports for department heads and other staff
- Preparing, reviewing, and analyzing quarterly financial reports for Council
- Assisting staff across the organization with ad hoc reviewing of other sources of revenue, cost benefit analysis of new initiatives, and researching municipal best practices to create efficiencies
- Reorganizing the reserve fund general ledger and bank accounts; preparing, reviewing, and analyzing a monthly reserve fund report for department heads and other staff
- Preparing departmental reports, and other ad hoc reports and reconciliations as required
- Preparing journal entries, budget transfers and assisting with the completion of HST returns and other government remittances

The additional finance resource has resulted in better, timelier, more accurate financial information being provided to the entire municipality. Leveraging this resource going forward will streamline processes and improve decision making. The finance department also plans to bring work in house that has historically been done by external consultants such as the completion of the Asset Management Plan in 2016, and the Water Financial Plan.

GENERAL RATE OPERATING BUDGETS

BY-LAW ENFORCEMENT

The Township now operates without an OPP contract which requires the municipality to make alternate arrangements for the enforcement of the Township Parking Restrictions By-law and Noise By-law. To fill this gap, the Township has contracted out these and other enforcement services. The 2016 By-law budget includes allotments for the enforcement of these by-laws as well as the Trailer By-law on Amherst Island and various Property and Building standards by-laws.

Staff anticipate an increase in the cost of contracted By-law enforcement (21% increase) that is more than offset by a reduction in our policing costs and an increase in anticipated fines from a more rigorous enforcement of the overnight parking by-law.

CROSSING GUARDS

The Township currently employs eight Crossing Guards in Odessa and Amherstview working varying shifts in the morning, noontime and late afternoon. Changes in school lunch hour schedules, in 2014, resulted in an increase in the hours of service required and hence an increase in expense to operate this program. In 2015, staff were able to make adjustments to the morning and evening work schedules for these guards that has resulted in a return to the pre 2014 levels of expense for this service. As a result the Township has seen a $13,900 savings over the budgeted 2015 expense.

INFORMATION TECHNOLOGY

The Information Technology budget includes no net change in the operating budget. In 2016 we will be working with Utilities Kingston to expand and increase network connectivity services at our various municipal sites. Current desktop computers are using Microsoft Office 2007 and we will, therefore, be upgrading to Office 2013 to ensure compatibility with other Microsoft Office users and avoid any risk of not being supported by Microsoft in the future.

The project to convert the Cartegraph software system to the new web based Cartegraph OMS system will be undertaken in 2016 and require significant staff time to complete. This system will provide asset management capabilities as well as work order and maintenance tracking.

GENERAL RATE OPERATING BUDGETS

Staff are seeking approval to hire a full time permanent Information Technology and Project Manager in the 2016 Budget. No new additional budget is being requested. The cost of this position will be split approximately 50% to the operating budget and 50% to the capital budget for project management work. This position would be required to track time and code any capital project related work accordingly.

Budget Proposed 2015 Band, $68,651 to $83,214 plus benefits ($19k to $23k)

- The 2016 operating budget includes $24,000 for Chief Information Officer Services being provided by Zycom. The Township is currently paying $2,000 per month for 15 hours of a Zycom staff's time ($133/hour). These duties will be transitioned to the new position and the budget reallocated to the new position.
- The 2016 operating budget includes $20,000 in other professional fees in the information technology budget that is available to fund this position.
- The 2016 operating budget includes $500 per month ($6,000/year) for after hours support from Zycom. This will be reduced with the addition of a full time manager.
- The 2016 finance operating budget includes approximately $20,000 for a summer student which could be reallocated to fund this position.
- The 2016 capital budget includes several projects that have been budgeted to include project management resources. A project management resource will need to be retained to ensure the successful implementation of these projects:
    - Cartegraph OMS software upgrade (project management costs of $93k included in the capital budget over two years)
    - Building and land development software implementation
    - Internal website redesign and implementation
    - Recreation network rewiring project
    - Electronic document management system

  It is anticipated that the Cartegraph OMS software project will require extensive project management time and be a multiyear project.

Current risk areas:

- Project management resources for IT related projects have not been a priority in the past and these types of costs were not included in capital project budgets. The 2016 capital budgets for IT related projects include project management dollars. Lack of adequate project management resources creates risks that these projects will not be completed on time or within budget or will not meet the business requirements.
- The current IT structure does not include a dedicated IT resource at the manager level. The Township is relying on our IT consultants to provide strategic direction

and planning information for management to base decisions on. This creates the risk that IT decisions could be made which are not in line with the Township's long term strategic goals, partly due to the lack of IT expertise on staff.

- The Director of Finance is stretched thin with her responsibilities in the finance area. There is not adequate attention being devoted to managing the internal IT staff position, procurement activities, day to day workload or to making operational decisions. Due to lack of adequate resources and knowledge, decisions are often made based on advice from the IT consultants. (There has been no issue with this approach up until now.)
- Effective Information technology policies, procedures and documentation are lacking at Loyalist Township. All policies and procedures need to be reviewed, evaluated and updated. Systems and processes need to be formalized and documented around licensing, security and other aspects of the IT environment. Currently there is no internal staff member available to do this type of work.

Key Information Technology Management Functions

- Provide overall corporate information technology direction for the municipality ensuring that strategic initiatives and goals are translated into aligned business decisions in the IT environment
- Identify Loyalist Township information technology requirements, plan and develop strategies, policies, procedures, processes, and role and responsibilities
- Plan, develop and monitor multi-year capital budgets in support of corporate strategies and objectives
- Coordinate and facilitate decision making across various departments to ensure alignment with IT policies and corporate directives
- Responsible to identify and remain abreast of information technology opportunities, threats and trends
- Conduct random audits of hardware/software to ensure compliance with agreements
- Supervise one union staff member and ensure service desk support is efficient and meeting corporate expectations
- Oversee and ensure cost effective and efficient procurement
- Develop, review, and maintain information technology policies and procedures
- Manage information technology assets, including but not limited to; Lifecycle Management, License Management, Vendor Relationship Management
- Responsible for management of telecommunications including internal phone system, cellular phones and other mobile devices

- Manage relationships with external partners who are involved in the delivery of IT services.

Key Project Management Functions

- Ability to manage the people side of change to achieve the required business outcomes
- Define business requirements, current business processes, and resulting gaps and ensure project will meet the identified goals. Assist with preparation of business plans and cost /benefit analysis reports.
- Create a detailed work plan which identifies and sequences the activities needed to successfully complete the project and determine the resources required to complete the project.
- Ensure effective communication to all stakeholders
- Plan, staff, implement, control and evaluate IT related projects to ensure projects are completed on time and within budget at the required level of quality
- Set up files to ensure that all project information is appropriately documented and secured

The Information Technology and Project Manager position will code their time based on specific work completed. The portion of the salary and wages capitalized may be more than 50% in years where there are significant capital projects in the IT area.

The proposed new information technology structure is illustrated below.

Information Technology and Project Manager		
Manage relationships with external partners including Zycom, Utilities Kingston and Southeastern Telecommunications to ensure a stable and effective IT enviroment.	Manage internal IT staff, help desk support, budget and procurement activities, policy and long term planning and operational decision making.	Provide project management support to information technology related projects

GENERAL RATE OPERATING BUDGETS

CORPORATE FACILITY MAINTENANCE

Corporate Facility Maintenance
Odessa Office Maintenance
Facility Maintenance
88 Main Street, Bath

FACILITY MAINTENANCE

Although the organizational realignment took effect on January 1, 2014, the first full fiscal year of operation was 2015, with Facility Maintenance accounts separated for all facilities in departmental budgets. The Facilities Maintenance Division continues to evolve and in 2016, the corporate operations budget reflects an improved realization of departmental direct and overhead costs, as well as a minor increase in staffing. The Facilities Maintenance Division tackles both small and medium sized projects. The Division completed installation of several new heating units throughout the Township, replacement of the W.J. Henderson Centre arena and pool lighting. Consistent with the Township's Strategic Plan, all current projects have a focus on energy conservation and demand management where applicable. The 2016 budget includes allowances for detailed Energy Conservation and Demand Management Plans for key Township facilities to be completed using external resources.

For 2016, staff are proposing a modest increase in the level of custodial activity at the Odessa Municipal Office. As maintenance work is completed at various Township facilities, the Facilities Maintenance Division charges their time and expenses directly to that facility. The experience of Township staff in 2014 was that the two permanent staff individuals could not adequately service all of the Township's facilities. During 2015, the Facilities Maintenance group was augmented on a part-time basis by an electrician from the Utilities Department, and by external contractors as required, particularly in specialty trades.

From the experiences in 2014 and 2015, individual departments have been asked to increase their respective external contract budget allowances for Facilities Maintenance, subject to the need of each individual facility.

88 Main Street, Bath

Also included in the Corporate Facilities Maintenance accounts is the expense budget of approximately $14,500 for 88 Main Street, Bath. The maintenance budget for this property was increased in 2016 as the older home experienced some serious plumbing and heating related expenses in late 2015 which are currently being addressed.

This property was purchased because of its large size and close proximity to the

GENERAL RATE OPERATING BUDGETS

Bath Sewage Treatment Plant. Ownership of the property allows for: (1) Future expansion of the STP; and (2) Assisting the Township's control of land use as it pertains to current provincial planning policy with respect to property distances from the treatment facility to sensitive receivers. The house on the property continues to be rented on a month-by-month basis. The Township has engaged a property manager. The principal expense for the property is the debt payments required to finance the original purchase. It is expected that, with the repairs completed in 2015 and proposed for 2016, the ongoing maintenance of the building will be much lower in future years.

Loyalist Administration Office, Odessa

The Facilities Maintenance budget for the Municipal Office at 263 Main Street, Odessa, has increased by 25%, or $20,300, with approximately $13,000 of this increase relevant to increased custodial duties. Due to the importance of this facility, relevant to the Township's operations, this site has a high maintenance priority with the Facilities Maintenance division. The increased number of employees at this facility requires steady maintenance activity to accommodate employee needs.

CEMETERIES

The municipality is responsible for operating eight cemeteries (which includes three smaller, abandoned cemeteries). This includes managing the records, arranging maintenance contracts and overseeing events that happen at each cemetery. The 2016 operating budget has decreased ($300), however, staff propose new capital expenditures with the establishment of an allocation of capital ($30,000) for the acquisition of a columbarium (or a reserve fund for the same). Loyalist Township is still working with the Morven Cemetery Board and Counsel to complete the necessary steps to obtain stewardship of the Morven Cemetery on Fralick Road. Costs for this acquisition may include survey expenditures, registration and legal expenses.

GENERAL RATE OPERATING BUDGETS

The Township has successfully transitioned to compliance with current legislation (*Funeral, Burial & Cremation Services Act, 2002* and *O.Reg 30/11)* however staff continue to work towards completion of the following objectives:

- Continued development of an up-to-date public register
- Identification and registration of entitlements to Interment Rights
- Improvement of the existing database for the Union Lutheran, Switzerville and Fourth Line Cemeteries
- Linking updated database & plots for consumers to Web-based maps
- Policy and procedures manual
- Completion of a phased in Restoration Plan for damaged headstones and bases
- Annual safety inspections and plan for remedial action
- Continued expansion of the cemetery portion of the Township web site
- Identification of future cemetery needs for the community and plan for the same

4.6 EXTERNAL AGENCIES

EXTERNAL AGENCIES	Revenue	Salaries, Wages & Benefits	Supplies, Materials & Contracted Services	Debt & Contributions to Capital/ Reserve Funds	Net 2016 Budget	Net 2015 Budget	Net Change	Percentage Change
Conservation Authority			169,900		169,900	165,800	4,100	2%
Police Services	-15,000	0	2,297,300		2,282,300	2,600,900	-318,600	-12%
					0			
	- 15,000	-	2,467,200	-	2,452,200	2,766,700	-314,500	-11.4%

CONSERVATION AUTHORITY

The Township provides for levy requests received from the Cataraqui Conservation Authority and the Quinte Conservation Authority, both of whom have jurisdiction within the Township's municipal boundaries.

The 2016 budget for the Cataraqui Conservation Authority is based on the information provided in the request from the Cataraqui Conservation Authority. The 2016 levy is for a total of $164,500. The breakdown for the 2016 operating levy is $98,600 compared to $92,400 in 2015 and the 2016 capital levy is $29,200 compared to $34,300 in 2015. The Special Conservation levy request of $36,700 includes a provision for Parrot's Bay Development ($33,300) and Dam Major Maintenance Funding ($2,400).

The Quinte Conservation Authority has not provided their levy request as of this publishing. It is expected to be received in January 2016. Based on prior years, a total amount of $5,400 was included in the 2016 budget for the Quinte Conservation Authority levy. This includes a portion for the operating levy and the capital levy which is for on-going support of two Special Program Levies; the first to support a Climate Change Study and the second to support the Third Depot (Napanee Watershed). Both of these projects are at a minimal cost historically and included in the 2016 budget.

POLICE

Policing in Loyalist Township is provided by the Ontario Provincial Police (OPP). The 2016 billing statement provided to Loyalist was prepared in accordance with a revised municipal policing cost-recovery billing methodology approved by Treasury Board/Management Board of Cabinet on August 13, 2014.

Policing fees calculated under the new billing model is calculated by the base fee for service per household multiplied by the number of households in the community in addition to the community

portion of the cost for OPP calls for service in the Province. For 2016 billing purposes the allocation of the municipal workload has been calculated to be 58.7% (2015 60.1%) Base Service and 41.3% (2015 39.9%) Calls for Service. The Base Service costs represent municipal costs related to proactive policing services such as routine patrols, crime prevention, training, administration etc. The Calls for Service costs represent the municipal costs related to policing services that are typically reactive in nature and usually require a police officer's attendance. A municipality's proportionate share of the costs is based on weighted time standards applied to the historical calls for service. The municipality's total weighted time is calculated as a percentage of the total of all municipalities.

OPP SERVICE COSTS

		2016		2015	
Base Service	Number of properties	6,798		6,567	
	Cost per property	$ 193.07	$ 1,312,490	$ 200.51	$ 1,316,749
Calls for Service	Total:	$ 143,818,773		$ 138,122,392	
	Loyalist Portion	0.6054%	$ 870,683	0.5992%	$ 827,592
Overtime			$ 62,366		$ 15,826
Prisoner Transportation	Per property cost:	$ 2.20	$ 14,956	$ 2.41	$ 15,826
Accommodation/Cleaning Services	Per property cost:	$ 4.73	$ 32,155	$ 4.82	$ 31,653
Total before Phase-In			$ 2,292,648		$ 2,249,746
Phase in Adjustment			$ -		$ 355,537
Court Security Prisoner Transport Grant			$ 7,027		$ -
Total Billing			$ 2,285,622		$ 2,605,283
Monthly Billing Amount			$ 190,469		$ 217,107

There are also some additional RIDE costs budgeted in the Police Services line item.

5. General Rate Capital Budget Overview

SUMMARY BY DEPARTMENT

10 Year General Rate Capital Budget	2015 Carry Over	2016	2017	2018	Total 10 Year Budget
	October 31, 2015				
Corporate Services	217,000	555,000	300,000	327,500	4,243,500
Infrastructure Services	1,606,400	2,530,000	3,942,000	5,580,000	29,552,700
Planning & Development	165,800	-	1,335,000	25,000	1,388,000
Emergency Services	5,000	275,500	1,272,500	198,000	3,792,000
Recreation Services	405,400	326,500	763,000	815,000	3,519,500
Conservation Authority	-				-
Total Capital Expenses	2,399,600	3,687,000	7,612,500	6,945,500	42,495,700
Development Charges	352,062	52,000	897,915	1,312,000	4,128,415
Developer Contributions	235,440	120,000	297,600	1,047,790	5,004,790
Discretionary Reserve Funds					55,000
Federal Gas Tax	250,000	421,000	421,000	470,000	4,651,000
Contributions from Operating Fund		1,450,000	1,450,000	1,450,000	14,500,000
Grants	153,333	686,000	171,000		857,000
Non Departmental Contribution to Capital		645,000			645,000
Total Funding	990,835	3,374,000	3,237,515	4,279,790	29,841,205
Net Capital Budget to be Funded in the Future	1,408,765	313,000	4,374,985	2,665,710	12,654,495
Please note that the municipally owned buildings are included within the departmental budgets in this table.					

The general tax rate ten year capital budget totals almost $43 million. The 2016 capital budget is $3.7 million, with $3 million being funded by development charges, developer contributions, Small Communities Funding, Ontario Communities Infrastructure Funding, Federal Gas Tax and contributions from the operating fund. $2.4 million of projects from the approved 2015 capital budget will be carried over for completion in 2016. Total general rate capital spending for 2016 is projected to be $6 million.

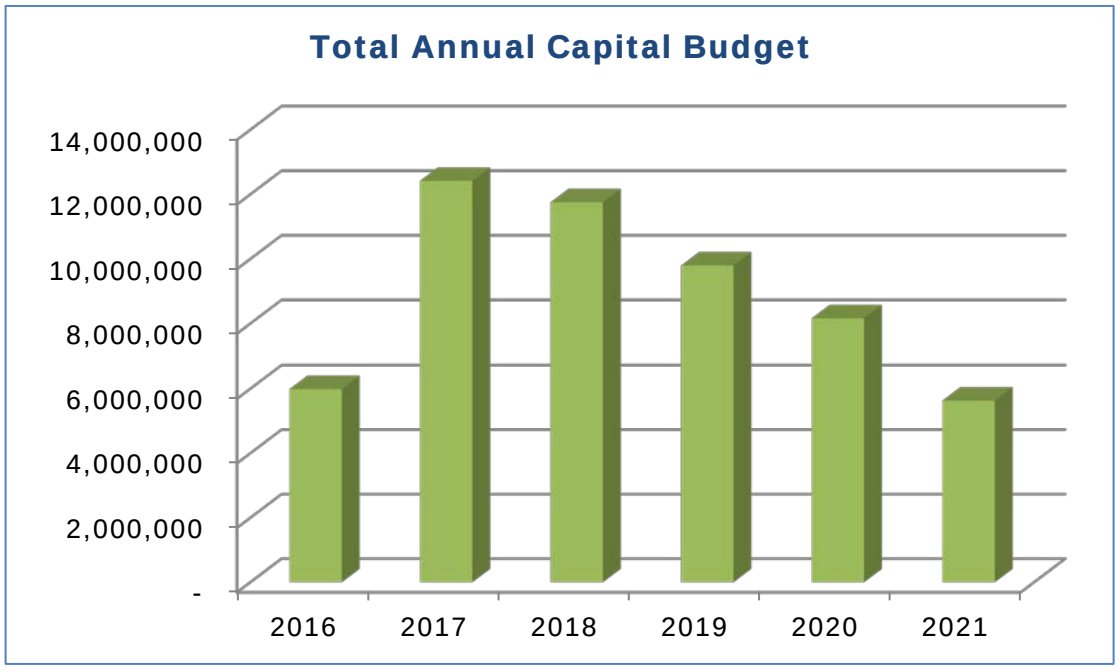
As indicated in prior year budget presentations, conservative projections of available funding over the ten year period reflect serious concerns with the long term financial ability of the township to fund capital projects, many of which represent life cycle replacement costs. Given the uncertainty regarding long range financial sustainability, staff were diligent in reviewing 2016 capital requirements and deferring projects where possible. All departments also reviewed all budget amounts that have been previously approved where the work had not been completed yet. Through this review, approximately $1.8 million of approved general rate budget has been either been cancelled or re-budgeted in 2017 and beyond, and will require council approval in those subsequent years.

GENERAL RATE CAPITAL BUDGET OVERVIEW

The budget continues to reflect the accounting requirements for the tangible capital asset reporting as determined by the Public Sector Accounting Board (PSAB) under PS3150. These changes became mandatory beginning January 1, 2009. In developing the 2016 budgets, staff have accurately determined capital versus operating expenses and budgeted accordingly. In addition, in 2015 the Tangible Capital asset policy was updated to provide clarification and additional guidance for capitalizing assets.

The Township's practice is to capitalize expenditures that are incurred to purchase or construct new assets, or to significantly alter or upgrade the functionality of existing assets. Capital expenditures are amortized over the life of the asset, meaning the expense is spread over several years in an attempt to match the cost of the asset over the time period that the Township is using the asset.

Based on the 2016 weighted assessment of $1,894,937,400, every additional $100,000 of capital costs to be funded out of the operating budget will increment the residential tax rate by .00005277, increasing annual residential property taxes by $5.28 per $100,000 of residential assessment. In the scale of capital costs, $100,000 is a very small figure.



GENERAL RATE CAPITAL BUDGET OVERVIEW

RESERVE FUNDS – GENERAL RATE, SERVICE AREAS & UTILITIES

Reserve Funds Projection

	Total Reserve Funds	Development Charges	Other Obligatory	Restricted	Impost Fees	Other Special Area	Contingency	Asset Replacement
Balance Nov 30, 2015	**8,140,100**	2,000,000	743,000	1,301,700	3,515,500	187,400	184,800	207,700
Revenue								
Interest Income	**53,600**	11,000	2,500	6,300	28,000	1,200	1,900	2,700
Development/Impost Fees	**1,474,100**	550,000	-	-	924,100	-		-
Transfer From Operating	**152,800**		-	3,000		50,000	10,000	89,800
Other Income	**643,600**		630,400	-		-		13,200
Internal Interest	**12,500**		-	6,100	6,400	-		-
	2,336,600	561,000	632,900	15,400	958,500	51,200	11,900	105,700
Expenditures								
Expenditures	**2,500**		-	2,500		-		-
Transfer To Operating	**715,100**	99,000	428,500	-		187,600		-
Contribution to Capital	**1,332,000**	405,000	720,000	-	207,000	-		-
	2,049,600	504,000	1,148,500	2,500	207,000	187,600	-	-
Balance Dec 31, 2016	**8,427,100**	2,057,000	227,400	1,314,600	4,267,000	51,000	196,700	313,400

Adequate reserves/reserve funds are important to mitigate the Township's financial risk and to strengthen the Township's ability to withstand unforeseen expenditure requirements and negative impacts on revenue sources. Reserves and reserve funds are accumulated net revenues set aside for future expenditure. Planning for adequate reserve fund levels will benefit the Township by:

- Providing stability of property tax levy requirements and user rates
- Providing financing for one time or short term requirements
- Making provisions for acquisition and replacement of assets and infrastructure that are currently being consumed and depreciated
- Avoiding spikes in funding requirements and reducing reliance on long term debt financing
- Providing a source of internal financing
- Ensuring adequate cash flows

As of November 30, 2015, Loyalist Township had a balance of approximately $8.1 million in reserve funds. This is expected to increase to approximately $8.4 million by the end of 2016 based on revenues of $2.3 million against $2 million in expenditures over the remainder of 2015 and 2016.

GENERAL RATE CAPITAL BUDGET OVERVIEW

Internally, we have also borrowed money from the reserve funds. We have used the cash available in the reserve funds internally to fund capital projects, and that money is being returned over a number of years with interest. The balance of these internal loans is approximately $1.3 million as at December 31, 2015.

DEVELOPMENT CHARGES

Development Charges are an obligatory reserve fund that is regulated through the Development Charges Act of 1997. The Township collects Development Charges on new development for the purposes of recovering growth-related capital costs. Development Charges reserve funds are expected to grow from $2 million to approximately $2.06 million by the end of 2016, representing 24% of total reserve fund balances. Development Charges will contribute $405,000 to capital projects in 2016, as well as $99,000 to operating costs for the debt servicing of the loan that was used for the building of the Amherstview Fire Hall.

OTHER OBLIGATORY

Obligatory reserve funds are those funds that were established pursuant to legislative requirements such as the Development Charges Act or Federal/Provincial Gas Tax Funding legislation. Other Obligatory reserve funds consist of Loyalist Parkland, Provincial Gas Tax, Federal Gas Tax, and Building Permit Rate Stabilization.

The Building Permit Rate Stabilization fund will be depleted at the end of 2015. The current balance in the fund of approximately $60,000 will be transferred to the operations of the Building department to partially offset the 2015 deficit in the department.

The Provincial Gas Tax is funded annually by the province and is expected to receive $160,000 in 2016. It is also expected to be depleted at the end of 2016 as all of the funding received in 2016 is expected to be contributed to the operating requirements of Transit.

The Federal Gas Tax fund currently has a balance of $524,000 and is expected to receive $470,000 in 2016. $720,000 will be contributed to capital costs from the fund, which represents $250,000 in 2015 budget carry over and $470,000 in new contributions to capital in 2016. The fund will also contribute $49,000 to operating to fund the salary of the Asset Management Coordinator.

The projected balance in the “Other Obligatory” column of $227,400 at the end of 2016 is almost entirely made up of the Federal Gas Tax fund, with a nominal amount included for the Loyalist Parkland fund.

GENERAL RATE CAPITAL BUDGET OVERVIEW

RESTRICTED

Restricted reserve funds are those funds whose use is constrained in some way. Restricted reserve funds are made up of five funds with the largest funds being the Violet Landfill fund, projected $307,000 balance, and the Ferry Berthage Fees fund, projected $625,000 balance. There is not expected to be much activity in the restricted reserve funds in 2016 in terms of revenue or expenditures.

IMPOST FEES

Impost Fees are special area reserve funds that cover the areas of Loyalist East Sewer, Fairfield Water, Bath Sewer, and Bath Water. The Township collects impost fees for the purposes of funding future **growth related infrastructure costs** for the water and sewer works. Impost Fee reserve funds make up the largest portion of reserve funds, with an opening balance of approximately $3.5 million growing to approximately $4.3 million by the end of 2016. This represents approximately 50% of the total reserve fund balance. It is estimated that the Township will collect $924,000 in impost fees in 2016, and the Impost Fee reserve funds will contribute $207,000 in 2016 towards growth related capital projects.

OTHER SPECIAL AREA

Special Area reserve funds are those funds established to stabilize user rates and/or provide capital funding for a specific area. Other Special Area reserve funds consist of Amherstview Transit Operations and Ferry Operations reserve funds. The Bath Sewage Outflow fund was closed in 2015 per Council approval.

The Amherstview Transit Operations fund has a balance of approximately $74,000 as of November 30, 2015. This amount will be transferred to the Transit operating budget at the end of 2015 to partially offset the deficit of Transit operations for the year. This will deplete the reserve fund and there is no expectation of any revenue for the fund in 2016.

The Ferry Operations fund has a balance of approximately $114,000 as of November 30, 2015. It is projected that there will be a surplus of $50,000 in Ferry operations at the end of 2015, which will be contributed to the fund. In 2016, it is projected that $114,000 will be required from the fund in order to balance the Ferry operations. This will leave a balance of $51,000 in the Ferry Operations reserve fund which will comprise the entirety of the Other Special Area reserve funds at the end of 2016.

CONTINGENCY

Contingency reserve funds are established to accommodate contingent, unfunded or known liabilities for current and/or future years. Currently the Township has one contingency reserve fund, the Workers Compensation Fund. The fund is projected to have a balance of $196,700 at the end of 2016. The

GENERAL RATE CAPITAL BUDGET OVERVIEW

fund receives $10,000 annually in a contribution from the operating fund and is intended to assist in funding WSIB claims up to the deductible of the stop loss insurance.

ASSET REPLACEMENT

Asset replacement reserve funds are established in order to smooth the spikes in operating budgets and provide funding for emergency asset replacement. There are eight asset replacement reserve funds, including the new Municipal Capital Reserve Fund which was created in 2016.

The largest asset replacement funds are those for each of the four utilities areas, which combine for a total $160,000 of the $313,400 in asset replacement reserve funds. During 2016, $105,700 is budgeted to be transferred to these reserve funds. There are no expected expenditures from asset replacement reserve funds in 2016.

6. General Rate Capital Budget Summaries

6.1 EMERGENCY SERVICES

Emergency Services	2015 Carry Over	2016	2017	2018	Total 10 Year Budget
	October 31, 2015				
Emergency Services	5,000	275,500	1,272,500	198,000	3,792,000

CAPITAL SUMMARY & HIGHLIGHTS

The 2016 Capital Budget for Emergency Services includes the following items.

- $15,000 for the general replacement of equipment such as portable pumps, generators, positive pressure ventilation fans and fire hose.
- $150,000 for the purchase of a new Light Rescue unit for the Bath Fire Station. The current 1998 Rescue Unit in Bath will be relocated to the Odessa Fire Station and the 1995 unit that is currently in service at the Odessa Station will be sold to assist in offsetting the cost of the new unit.
- $100,000 for the design and installation of a water system as well as upgrading the septic system at the Amherst Island Fire Station. The current system in use by both the Amherst Island Road Garage as well as the Fire Station is not adequate to support an addition to the Fire Station. The balance of this amount will be used to start the design process for the addition to be completed in 2017.
- $10,500 is included to replace the phone system at the Bath Station as well as to replace the perimeter lights on the outside of the building. The current phone system is over 25 years old and it is no longer practical to repair. All of the perimeter lights on the outside of the building are failing due to moisture, based on how they were installed.

6.2 INFRASTRUCTURE SERVICES, PUBLIC WORKS DIVISION

Infrastructure Services	2015 Carry Over	2016	2017	2018	Total 10 Year Budget
Transportation Services	1,044,400	1,560,000	2,494,000	4,232,000	22,811,700
Storm water	427,000	830,000	380,000	1,178,000	4,201,000
Street lighting	5,000	-	578,000	-	587,000
Sidewalks	30,000	95,000	440,000	170,000	1,598,000
Solid Waste	100,000	45,000	50,000	-	355,000
	1,606,400	2,530,000	3,942,000	5,580,000	29,552,700

CAPITAL SUMMARY AND HIGHLIGHTS

TRANSPORTATION

Road Improvement Projects

Hyland Court and Briscoe Street

- These roads will be replaced in 2016 due to the need to complete watermain, sanitary sewer and storm sewer work. See the Utilities Capital budget for a more extensive description of the works.

Rural Roads Improvement Projects

Front Road

- The budget also includes the realignment and reconstruction of a portion of Front Road on Amherst Island. The realignment will relocate the north-east corner of the road away from the shoreline to alleviate on-going safety concerns. This project is essentially tender ready and is expected to be tendered as soon as the budget is approved. The total budget for the project is $1,114,400 and includes $440,000 new budget in 2016 and $674,400 carryover from 2015. Federal Gas Tax funding in the amount of $410,000 will be applied to this project.
  Staff request pre-budget approval for the additional $440,000 requested for 2016. This will allow the project to be tendered as early as possible in the year to take advantage of competitive tender pricing.

McIntyre Road (Townline Road Easterly to the CN Rail Crossing)

- In this section of McIntyre Road, the road surface and road base have failed and must be fully reconstructed. This project has been deferred for the last two years; subsequently the road section is completely at the end of its useful life cycle, and needs to be replaced.

The project will be engineered and tendered using in-house resources. It will include pulverizing, road excavation, new granular "A", new granular "B", geotextile cloth, and double surface treatment. The project cost for this reconstruction is estimated to be $810,000.

A portion of this project will be funded using the 2016 portion on the OCIF formula funding of $171,000. Additionally, the annual Surface Treatment Program budget of $250,000 will be allocated to this project.

Surface Treatment / Asphalt Resurfacing Program

As mentioned above, the entire 2016 Surface Treatment Program budget of $250,000 will be earmarked for the reconstruction of McIntyre Road.

The 2016 Asphalt Resurfacing Program budget of $100,000 is for the hot mix asphalt requirements for the Township maintenance program.

The objective of this program is to maintain the Township's road surfaces and attempt to complete road resurfacing at the optimum point in a road's lifecycle. This budget is for annual maintenance and repairs to the Township's existing infrastructure. The annual Hot Mix Asphalt program includes:

1. An allowance for hot mix padding of high wear areas, and to build up shoulders on our surface treated roads. Ideally this is placed the year before a new surface is applied, to allow for better bonding.
2. Asphalt overlays of existing hard surface roads.
3. Spot repairs to our existing asphalt roads as a result of underground infrastructure repairs and localized failures.

Public Works Equipment Replacement

There is $145,000 allocated for capital equipment in 2016. The plan includes the replacement of an air compressor, wood chippers, and the purchase of a new tandem truck-mounted water tank.

STORM WATER

Growth Area Storm Water Management Facility EA

There is $40,000 allocated for a Storm Water Master Plan and related trunk piping that supports the proposed Secondary Plan growth area to be identified in 2016.

GENERAL RATE CAPITAL BUDGET SUMMARIES

Odessa West Storm Water Management Facility

Construction of the Odessa West Storm Water Management Facility has been deferred to 2018 based on the status of the two developments in the area. The majority of the budget for this project has been moved forward; however, $96,000 of 2015 carryover remains to allow for the permanent pool volume of the pond to be determined in the near-term. The developers need this information to ensure that their storm sewer elevations within their developments are appropriate. This project is 89% funded by direct developer contributions. Staff and the developers continue to work toward a cost-sharing Agreement to ensure that this project can move forward.

STREETLIGHTS

The possible conversion to LED streetlights is detailed in the operation budget notes.

SIDEWALKS

There has been $85,000 budgeted for a new sidewalk on Briscoe Street between Manitou Crescent West and Sherwood Avenue. This new section of sidewalk will be connected to existing sidewalk infrastructure at both ends. As a result of this project all of Briscoe Street will have a sidewalk.

SEPTAGE

As the system is not currently operational no capital expenses are expected in 2016.

6.3 RECREATION SERVICES

Recreation Services	2015 Carry Over	2016	2017	2018	Total 10 Year Budget
Recreation Services	83,600	10,000	190,000	15,000	375,000
Arena	19,000	8,000	241,000	270,000	1,048,000
Pool	4,000	15,000	-	330,000	775,000
Parks	237,600	155,000	100,000	85,000	409,000
Sports Fields	-	103,500	182,000	88,000	413,500
Leisure & Activity Centre	16,200	10,000	20,000	5,000	100,000
Libraries	-	-	5,000	22,000	172,000
Community Buildings	45,000	25,000	25,000	-	227,000
	405,400	326,500	763,000	815,000	3,519,500

CAPITAL SUMMARY & HIGHLIGHTS

The Recreation Services Department will be focused on completing the Recreation Master Plan in 2016 ($75,000). Although an external consultant will be retained to conduct this review, there will be considerable demands on staff to help facilitate this project. The terms of reference /scope of project will need to be developed in the first quarter of 2016 along with a critical path that includes high level milestones and timelines. The approach to the review and desired outcomes will need to be determined prior to the development of the RFP. The Recreation Services Director will act as the project manager for this review to ensure the project is completed on time, on budget, and with the required deliverables. Staff at all levels in the department will be required to assist with the administrative requirements of this project as well as the lengthy public consultation process. Recommendations and outcomes from this master plan review will provide a departmental road map for the next 10 years.

The required parks/sports field operational projects comprise the majority of the capital budget for the Recreation Services Department in 2016 **($233,500)**. There are a number of life cycle projects such as equipment, gazebo repairs, outdoor rink boards, playground replacement projects as well as planned development in Loyalist Park.

The W. J. Henderson Recreation Centre requires the following lifecycle projects **($23,000);** HVAC unit, pool vacuum cleaner, and lifeguard office retrofits. This guard office is presently a health &

GENERAL RATE CAPITAL BUDGET SUMMARIES

safety concern due to the rotten wood, desks, shelving that has occurred over the years. This has caused an insect problem in the office that cannot be eliminated. The rotten wood needs to be removed, fully cleaned, painted, and replaced with new suitable work and storage solutions for a moist/humid environment. Some office furniture will be required for new departmental staff that joined the Township in 2015.

Priorities in 2016 for our community buildings/programs are equipment and cupboards/counter replacement in the community hall **($35,000).**

As recommended in the Economic Growth Strategy, a budget for the addition of new Township boundary entrance signs was established in 2015 ($30,000). This project was not completed and will be carried over into 2016. The required replacement of the 401 Township signage in 2016 will complement the boundary signage project in order to create and enhance the corporations brand and identity **($25,000)**. This 401 signage has been repaired annually for several years and Operations staff have indicated that further repairs are no longer possible.

Implementation of the goals and objectives from the Stewardship Plan for the Sand Beach property will require some capital investment in 2016 **($30,000)**. Funding applications for 50% have been submitted to the Ontario Heritage Trust for the proposed projects. Notification of grant approvals are expected in January 2016 and it is anticipated that 50/50 cost sharing will be received for the following projects: signage, gate/fencing, cottage demolition, gravel parking lot, viewing platform, and beach access boardwalks. This property is anticipated to be open to the public in spring of 2016.

The Odessa Lion's Club has proposed a partnership project with the Township for a Natural Playground at Babcock Mill Park. The proposed Phase 1 of the project is anticipated to be $100,000 with a 50/50 cost sharing arrangement. The investment of **($50,000)** is proposed for this project in 2016. Seed money has been identified in the long term capital budget for Babcock Mill Park for some time so this project is both timely and desirable.

6.4 PLANNING & DEVELOPMENT SERVICES

Planning & Development	2015 Carry Over	2016	2017	2018	Total 10 Year Budget
	October 31, 2015				
Planning	-	-	-	-	-
Industrial Development	165,800	-	1,307,000	-	1,307,000
Building Department	-	-	28,000	25,000	81,000
	165,800	-	1,335,000	25,000	1,388,000

CAPITAL SUMMARY AND HIGHLIGHTS

The Capital Budget items (carried over from 2015) are discussed in the Operating Budget.

6.5 CORPORATE SERVICES

Corporate Services	2015 Carry Over	2016	2017	2018	Total 10 Year Budget
Administrative Services	93,800	10,000	50,000	200,000	2,653,000
Information Technology	124,900	512,000	250,000	127,500	1,557,500
Cemeteries	-	33,000	-	-	33,000
	218,700	555,000	300,000	327,500	4,243,500

CAPITAL SUMMARY & HIGHLIGHTS

Administrative Services - New File Management System

The Township has in the past three years made a step forward in its file management capabilities with the installation of the new side tab, rolling filing cabinets in both the vault and the newly created filing room. These installations have freed space and afforded the Township the opportunity to document and file an enormous backlog of documents many of which predate our amalgamation process. This work continues, however, it is conceivable that in the very near future, this backlog will be cleared and the Township will be in a position to take the next step in file management through the implementation of a digital file management system.

The 2016 capital Budget includes carryover of approximately $20,000 along with $10,000 in new 2016 budget for the evaluation and procurement of a new file management software system.

Information Technology

The information technology budget is made up of the following components:

- Capital replacement including computers, printers, servers and other infrastructure **$125,500**
- Cartegraph OMS software upgrade, approved by Council previously. New 2016 budget of **$200,500**
- Internal website review, redesign and implementation **$15,000** (currently not using internal website) plus carryover of $8,600
- Antenna for Violet Landfill to improve connectivity **$8,000**
- Projects as requested by departments and summarized below **$163,000**

GENERAL RATE CAPITAL BUDGET SUMMARIES

Departments across the Township submitted requests to have certain IT related projects included in the 2016 capital budget through the Information Technology Governance Committee. Requests were presented at a meeting so that others in the organization could understand the requests and provide feedback and /or additional requirements based on impacts across the organization.

Once the requests were received, they were reviewed and evaluated by Kate Tindal, Mark Bright and Bryan Elliott of Zycom. They were then presented to the CAO who has approved the proposed projects to be included in the 2016 IT capital budget.

PROPOSED IT PROJECTS

Project	Capital Budget Amount	Brief Description
Roads Garage Rewire	$10,000	Separation of data and VOIP lines to bring up to current standards and allow for future expansion
IPads for Emergency Vehicles (4)	$5,000	Provide efficiencies for staff to access information and update information in a more timely and real time fashion
Vadim / iCity Upgrade	$21,000	Will provide more drill down functionality, user friendly features and better reporting. Optional to upgrade currently, but this will become mandatory in the future.
CaseWare Software	$5,000	Will greatly improve and streamline year end working paper and financial reporting processes.
Recreation Software Upgrade	$15,000	Must upgrade to new CLASS software system because current version will no longer be supported in 2017
Building and land development software	$100,000	Please see below.
Landscape software	$2,000	To allow the horticultural operator to create and upgrade landscape features throughout the Township
iCompass Report Writing Module	$3,000	New module facilitates paperless integrated report writing in iCompass. Able to compose, edit and approve council reports electronically.
Brousealoud	$2,000	An accessibility application to be added as an add-on to the Township Web-page which will allow users with special needs to adjust our web page as they require matching their particular disability
TOTAL	$163,000	

GENERAL RATE CAPITAL BUDGET SUMMARIES

Building and Land Development Software

The use of electronic permitting has changed the way Loyalist Township does business, speeding the building permit process for inspectors, builders, residents and technical staff while providing better and timely information to decision makers, managers and staff throughout the Township. Since the development and deployment of the first iteration (2009) of permitting software the building department has over 10 years of records, inspections and cross departmental files scanned and linked into the permitting application.

The application provides numerous reports to Council, managers and outside agencies (MPAC, Tarion) while supporting the use of mobile inspections in the field.

The first iteration of permitting software which was a customization of the asset software Cartegraph, and while successful, did lack some of the modern day functionality for the building department, and built in functionality for other departments outside the asset umbrella. With the current building permit software becoming obsolete, the department requires new software to continue to support staff and the established interdepartmental workflows. The trend with many of the permitting software packages on the market is that they include modules for by-law enforcement, agreements, licensing and land management functions. Moving forward, the best approach would be to consider a platform that firstly supports the building department's current investment while taking into account software that will allow other departments the benefits as experienced by the building department. The 2016 budget includes $100,000 for the acquisition of new building permit and land development software.

Cartegraph Operations Management System

In 2015, Cartegraph presented its Operations Management System, or "OMS", to the Township. Cartegraph OMS is a web-based system which uses computer browsers or an iPad App exclusively as its interface hardware in the field. Township staff had the opportunity to test the iPad interface and found it easy to use with fast response times to the Township's own GIS mapping and GPS processes, which can often slow down many types of computing devices.

Early in 2015, senior Township management requested an overall review of the Cartegraph software to ensure that it would be appropriate and sufficiently robust for an enhanced use by Township

staff and to be used in tandem with the Township's asset management software.

Cartegraph OMS is a powerful piece of software which has many capabilities. It effectively manages the individual work events that make up the work day. It is designed to specifically handle all types of municipal assets, infrastructure, and equipment, and has the ability to facilitate scheduling of activities related to these assets. The software works very well with the ArcGIS software also used by the Township. Cartegraph has versatile inventory attributes with easy to store factors such as age, type, size, and proximity, for example. The Cartegraph database allows for quick sorting and filtering of asset types when carrying out analysis. The main advantage for Loyalist Township is to have one centralized location for filing all detailed asset data. In this manner Cartegraph assists with the Township's development and maintenance of an Asset Management Plan.

The Infrastructure Services Department has many of its assets already stored within the older Cartegraph "Navigator" software. As the proposed program unfolds, data contained in the "Navigator" modules will need to be uploaded to the new OMS system.

Individual departments and individual functions within these departments may have different uses and priorities for the Cartegraph software. For example, one employee may be recording inspection results from the field while another employee is reviewing the detailed maintenance data to develop capital budgeting.

Cartegraph OMS includes industry-recognized condition assessment algorithms for use in rating specific asset types, which will complement our asset management software.

In 2015, a decision was made that all internal labour involved with capital projects would be charged directly to the capital project itself. Prior to 2015, staff time involved with capital projects was charged to the specific department responsible for the project within the operations budget. Previously, staff such as the Engineering Technician were not charged to the Cartegraph project. This decision results in some major increases to capital budgets, but in many cases the respective operational budgets are reduced by a similar amount. For the Cartegraph project, it is proposed that existing staffing levels will be augmented from time to time with contract employees that provide specific skill sets either directly to the project or as "backfill" for key staff assigned to the project.

It is expected that the Cartegraph OMS will become the backbone of the "detailed asset information storage library" for

most, if not all of the Township's assets. Cartegraph is already the database platform for the Township's work order system and also the roads, sewer and water main physical asset data. Although the software costs for the Cartegraph OMS have remained relatively static since last year, adding sufficient staff time to mobilize the project for all Township departments, as well as appropriate links to the asset specific software results in a 2016 capital cost of $200,000 and a $150,000 cost in 2017. These costs include time for an external project manager to assist in the overall management of the Cartegraph OMS implementation and the inclusion of key Township staff for significant periods to assist with both the data collection and formation and structuring of the asset databases, as well as appropriate training and hardware.

Once the system is operational, it is expected that field staff involved in sampling, field testing, field inspections, and road patrols would regularly utilize handheld units. The intent would be to have the Cartegraph OMS structure in place for all departments in 2016, with the completion of the data collection over the course of 2017. Once fully implemented, the Township will be able to discontinue the use of several databases which are neither readily accessible to all employees nor guaranteed to have secure and accurate data.

Staff request pre-budget approval of $200,500 for the Cartegraph project to allow key staff to focus on activities related to the development of this program prior to the start of the construction season.

7. Other Service Areas

2016 Operating Budget Summary - Other Service Areas						
	Revenue	Salaries, Wages & Benefits	Supplies, Materials & Contracted Services	Debt & Contributions to Capital/ Reserve Funds	Net 2016 Budget	Net 2015 Budget
Transit	-685,200	21,000	664,200	0	0	0
Amherst Island Ferry	-2,804,700	2,051,200	753,500	0	0	0

7.1 OPERATING BUDGET SUMMARY

TRANSIT

Background

The Amherstview Transit System (Route 10) is operated by Kingston Transit on behalf of Loyalist Township and is connected integrally with the Kingston Transit system. The Kingston Transit system has completed a major review of its operations and routes and implemented significant route modifications in September 2013. Route 10 also was modified as result of these changes.

The total weekly hour of service had been 100 and was increased by 50% to 152 hours as per Council approval in May, 2013.

Objective

In 2015 the ridership numbers have shown an average increase of 850 riders per month over the 2014 ridership. Passenger Fare revenue is projected to meet budget for 2015.

RIDERSHIP NUMBER BETWEEN SEPTEMBER & NOVEMBER FOR 2013, 2014 & 2015

RIDERSHIP	2013				2014				2015			
	TOTAL	Loyalist	Kingston	Loyalist %	TOTAL	Loyalist	Kingston	Loyalist %	TOTAL	Loyalist	Kingston	Loyalist %
September	5409	3035	2374	56.11%	7720	3950	3770	51.17%	8673	3673	5000	42.38%
October	6222	3484	2738	55.99%	8403	4243	4160	50.49%	9332	4485	4847	48.06%
November	6884	3961	2923	57.54%	8384	3836	4548	45.75%	9067	4318	4749	47.63%

OTHER SERVICE AREAS

Financial

Passenger fares make up only 12% of the total Transit revenue. The area rate levied on the property tax bill makes up 48% of the revenue. Because the reserve funds related to Transit have been depleted, additional revenue will need to be collected through area rates or services levels will need to be reduced to be able to balance the Transit budget.

PROJECTED TRANSIT RESERVE FUND BALANCES AS AT DECEMBER 31, 2016

Description	Balance
Provincial Gas Tax RF Nov 30, 2015	$ 158,200
Amherstview Transit Operations RF Nov 30, 2015	$ 73,900
Projected transfer to Operating Fund in 2015	-$ 232,100
Projected Balance as at December 31, 2015	$ -
Projected 2016 Provincial Gas Tax income	$ 160,400
Projected transfer to Operating Fund in 2016	-$ 160,400
Projected Balance as at December 31, 2016	**$ -**

Township staff met with the City of Kingston Transit staff to come up with three options regarding Transit service in Loyalist Township.

	Existing	Option 1	Option 2	Option 3*
Number of hours / week	152 hrs/week	130 hrs/week	132 hrs/week	117 hrs/week
Contract with City of Kingston	$770,000	$669,400	$678,500	$606,000
Area Rate Revenue Required	$584,000	$483,400	$492,500	$420,000
Residential Rate	0.000816	0.000675	0.000688	0.000589*
Average Residential customer	$239,000	$239,000	$239,000	$239,000
Area Transit Charge	$195.02	$161.33	$164.43	$140.77
% increase	39% increase	15% increase	17% increase	

*Option 3 allows the Township to balance the Transit budget using the same Transit area rate as 2015 by reducing the service to 117 hours per week.

OTHER SERVICE AREAS

EXISTING ROUTE 10 SCHEDULE: 152 HOURS / WEEK

	Weekday		Saturday		Sunday	
	Bus #1	Bus #2	Bus #1	Bus #2	Bus #1	Bus #2
5:55 AM	17.5 Daily hrs	6.09 Daily hrs	15.5 Daily hrs	7.5 Daily hrs	11.67 Daily hrs	
6:25 AM						
6:55 AM						
7:25 AM						
7:55 AM						
8:25 AM						
8:55 AM						
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10:55 PM						

OTHER SERVICE AREAS

OPTION 1: 130 HOURS / WEEK; $100,600 REDUCTION IN COSTS

	Weekday		Saturday		Sunday	
	Bus #1	Bus #2	Bus #1	Bus #2	Bus #1	Bus #2
5:55 AM						
6:25 AM						
6:55 AM						
7:25 AM						
7:55 AM						
8:25 AM						
8:55 AM						
9:25 AM						
9:55 AM						
10:25 AM						
10:55 AM						
11:25 AM	15.5 Daily hrs	5.09 Daily hrs	14.5 Daily hrs	0 Daily hrs	11.67 Daily hrs	
11:55 AM						
12:25 PM						
12:55 PM						
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10:55 PM						

OTHER SERVICE AREAS

OPTION 2: 132 HOURS / WEEK; $91,500 REDUCTION IN COSTS

	Weekday		Saturday		Sunday	
	Bus #1	Bus #2	Bus #1	Bus #2	Bus #1	Bus #2
5:55 AM						
6:25 AM						
6:55 AM						
7:25 AM						
7:55 AM						
8:25 AM						
8:55 AM						
9:25 AM						
9:55 AM						
10:25 AM						
10:55 AM						
11:25 AM	14.5	5.09	14.5	7.5	11.67	
11:55 AM	Daily	Daily	Daily	Daily	Daily	
12:25 PM	hrs	hrs	hrs	hrs	hrs	
12:55 PM						
1:25 PM						
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10:55 PM						

OTHER SERVICE AREAS

OPTION 3: 117 HOURS / WEEK; $164,000 REDUCTION IN COSTS

	Weekday		Saturday		Sunday	
	Bus #1	Bus #2	Bus #1	Bus #2	Bus #1	Bus #2
5:55 AM						
6:25 AM						
6:55 AM						
7:25 AM						
7:55 AM						
8:25 AM						
8:55 AM						
9:25 AM						
9:55 AM						
10:25 AM						
10:55 AM						
11:25 AM	16.5	0	14.5	0	11.67	
11:55 AM	Daily	Daily	Daily	Daily	Daily	
12:25 PM	hrs	hrs	hrs	hrs	hrs	
12:55 PM						
1:25 PM						
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10:55 PM						

OTHER SERVICE AREAS

The 2016 budget includes Option 3, a proposed reduction in service from 152 hours per week to 117 hours per week and a related estimated reduction in the contracted services budget with respect to the contract with the City of Kingston in the amount of $164,000.

Recommendation:

Reduce the operating hours of the transit system from 152 hours per week to 117 hours per week

Link to the Strategic Plan

Provide a Well-Managed and effective Municipal Government by looking into option for Alternative Service delivery options for the transit system.

AMHERST ISLAND FERRY

The passenger fare revenue was down in 2015, due to the Quinte-Loyalist being in service for the extended period of seven months. The passenger fare revenue is expected to rebound during 2016, as it is anticipated that the Frontenac II will be in service for the full year.

The budgeted amount for fuel in 2016 has been increased from $500,000 to $560,000. This reflects the actual fuel cost of having the Frontenac II in service for the full year.

7.2 CAPITAL BUDGET SUMMARY

	2015 Carry Over	2016	2017	2018	Total 10 Year Budget
Transit - Bus Shelters	50,000	20,000	20,000	20,000	110,000
Amhest Island Ferry - Building	-	-	675,000	-	675,000
	50,000	20,000	695,000	20,000	785,000

TRANSIT

In 2016, $20,000 has been budgeted for new bus shelters. The existing bus stops have been in place for 2 years. There is a need to install new shelters on the high-use bus stops. This will provide passengers protection from the weather as they wait for the bus. This capital project is contingent on the availability of Provincial Gas Tax funding.

8. Report to Council

Township Budget Report: 2016 Budget

Date: January 13, 2016

Page 1 of 6

Executive Summary

Township staff has completed the 2016 budget in draft for Council's review. Both the Operating and Capital budgets for General Tax Rate Supported and Service Area budgets together with information on Reserve Fund balances, assessment changes and other relevant information have been included in the Budget binder.

Recommendations

1. That any surplus from the 2015 General Rate year end operating budget be applied to the unfinanced capital outlay balance.
2. That the General Tax Rate Supported Operating budget reflecting
   a. net operating departmental budget of $13,321,500;
   b. net non departmental budget of ($555,600);
   c. resulting in a net General Tax Rate levy requirement of $12,765,900 with a tax rate of 0.00673685 which is a 3.9% increase over the 2015 Township tax rate and a 1.9% increase in the overall Loyalist Township tax rate assuming that the County and Education portions remain the same as last year;

   be received.
3. That Service Area Operating budgets reflecting Gross operating expenses of
   a. $685,200 for Transit;
   b. $2,804,700 for Amherst Island Ferry;
   c. $3,794,200 for Water;
   d. $3,347,500 for Sewer;

   be received.
4. That the 2016 Amherstview Transit Area Tax levy be established at $420,000, resulting in no increase to the area tax rate.
   That the 2016 General Tax Rate Supported Capital Budget in the amount of $3,687,000 be received.

File: F05

5. That the 2016 Service Area Rate Supported Capital Budgets in the amount of
   a. $2,300,000 for Water and Sewer
   b. $20,000 for Transit;

   be received.

6. That Public Notice of Intention to adopt the 2016 budget be posted on the February 8, 2016 Council agenda and advertised in a local newspaper.
7. That the 2016 Budget as presented be referred to March 14, 2016 Council agenda for adoption.
8. That staff be authorized to proceed with the implementation of programs and projects reflected in the 2016 General Tax Rate Supported and Service Area Rate Supported Capital and Operating budgets, subject to incorporation of changes resulting from Council's review of these budgets.

Original signed by:
Kate Tindal, CPA, CGA
Treasurer/Director of Finance

Original signed by:
Robert J. Maddocks
Chief Administrative Officer

Background

The 2016 Township budget prepared by staff has been referred to Council for consideration for meetings to be held on January 21 through February 1, 2016.

Status - Operating

The 2016 net departmental operating budget for those services funded by the property tax levy is as follows:

2016 Operating Budget Summary - General Rate

	Revenue	Salaries, Wages & Benefits	Supplies, Materials & Contracted Services	Debt & Contributions to Capital/ Reserve Funds	Net 2016 Budget	Net 2015 Budget	Net Change	Percentage Change
Corporate Services	-455,500	1,635,500	212,900	421,700	1,814,600	1,672,000	142,600	9%
Infrastructure Services	-1,293,500	2,238,300	2,361,200	1,119,700	4,425,700	4,269,300	156,400	4%
Planning & Development	-851,200	1,041,700	474,100	122,700	787,300	647,700	139,600	22%
Emergency Services	-123,700	836,600	418,600	358,400	1,489,900	1,306,700	183,200	14%
Recreation Services	-1,071,800	1,989,500	1,137,500	296,600	2,351,800	2,210,300	141,500	6%
External Agencies	15,000	-	2,467,200	-	2,452,200	2,766,700	-314,500	-11%
	-3,810,700	7,741,600	7,071,500	2,319,100	13,321,500	12,872,700	448,800	3.5%

The 2016 operating budget for other service areas which are funded by other revenue sources (not funded by property taxes) are as follows:

2016 Operating Budget Summary - Other Service Areas

	Revenue	Salaries, Wages & Benefits	Supplies, Materials & Contracted Services	Debt & Contributions to Capital/ Reserve Funds	Net 2016 Budget	Net 2015 Budget
Transit	-685,200	21,000	664,200	0	0	0
Amherst Island Ferry	-2,804,700	2,051,200	753,500	0	0	0

The 2016 operating budget for the water and sewer utilities which are solely funded by utility rates, are as follows:

2016 Utilities Operating Budget

	Water			Sewer		
	2016 Budget	2015 Budget	Increase	2016 Budget	2015 Budget	Increase
Revenue User Charges	-2,897,300	-2,626,100	10%	-2,436,200	-2,280,700	7%
Revenue Miscellaneous	-896,900	-831,900	8%	-911,300	-881,100	3%
Salaries, Wages & Benefits	868,500	925,300	-6%	576,900	622,700	-7%
Supplies, Materials & Contracted Services	1,213,000	1,271,100	-5%	1,609,000	1,568,400	3%
Debt & Contributions to Capital/Reserve Funds	1,712,700	1,261,600	36%	1,161,600	970,700	20%
Net Budget	0	0		0	0	

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Status – Capital

The ten year general rate capital budget is funded by several revenue sources including property taxes, development charges, and government grants. The 2016 budget includes an increased focus on providing "pay as you go funding for the capital budget" meaning an increase in contributions from the operating fund. The 2016 budget also contemplates borrowing significant money to fund annual capital requirements as well as the Unfinanced Capital Outlay Balance.

10 Year General Rate Capital Budget

10 Year General Rate Capital Budget	2015 Carry Over October 31, 2015	2016	2017	2018	Total 10 Year Budget
Corporate Services	217,000	555,000	300,000	327,500	4,243,500
Infrastructure Services	1,606,400	2,530,000	3,942,000	5,580,000	29,552,700
Planning & Development	165,800	-	1,335,000	25,000	1,388,000
Emergency Services	5,000	275,500	1,272,500	198,000	3,792,000
Recreation Services	405,400	326,500	763,000	815,000	3,519,500
Conservation Authority	-				-
Total Capital Expenses	2,399,600	3,687,000	7,612,500	6,945,500	42,495,700
Development Charges	352,062	52,000	897,915	1,312,000	4,128,415
Developer Contributions	235,440	120,000	297,600	1,047,790	5,004,790
Discretionary Reserve Funds					55,000
Federal Gas Tax	250,000	421,000	421,000	470,000	4,651,000
Contributions from Operating Fund		1,450,000	1,450,000	1,450,000	14,500,000
Grants	153,333	686,000	171,000		857,000
Non Departmental Contribution to Capital		645,000			645,000
Total Funding	990,835	3,374,000	3,237,515	4,279,790	29,841,205
Net Capital Budget to be Funded in the Future	1,408,765	313,000	4,374,985	2,665,710	12,654,495

The 2016 capital budget for the other service areas includes an amount for bus shelters and is funded solely by revenue related to Transit.

	2015 Carry Over	2016	2017	2018	Total 10 Year Budget
Transit - Bus Shelters	50,000	20,000	20,000	20,000	110,000
Amhest Island Ferry - Building	-	-	675,000	-	675,000
	50,000	20,000	695,000	20,000	785,000

4

The 2016 capital budget for Utilities is funded by several revenue sources including impost fees (growth related projects), utility rates and some grant funding. Similar to the general rate budget, there has been a concerted effort to transfer as much money as possible from the operating budget to cover the annual capital budget. The 2016 budget also includes significant borrowings to fund the annual budget and the Unfinanced Capital Outlay balance.

2016 Utilities Capital Budget	2015 Budget Carryover At Oct 31, 2015	2016	2017	2018	Total 10 Year Budget
Loyalist East Sewer Plant	1,079,636	80,000	1,306,000	910,000	3,542,000
Loyalist East Sewer Collection	476,900	1,080,000	490,000	67,000	3,217,000
Bath Sewer Plant	222,300	60,000	140,000	632,000	1,915,000
Bath Sewer Collection	-	35,000	200,000	35,000	760,000
Sewer Capital Budget	1,778,836	1,255,000	2,136,000	1,644,000	9,434,000
Fairfield Water Plant	624,600	20,000	343,000	1,025,000	5,033,000
Fairfield Water Distribution	249,800	925,000	1,205,000	1,802,000	11,872,000
Bath Water Plant	502,100	15,000	200,000	173,000	2,309,000
Bath Water Distribution	5,000	-	705,000	-	1,105,000
Water Capital Budget	1,381,500	960,000	2,453,000	3,000,000	20,319,000
Meters	-	85,000	107,000	85,000	872,000
Utilities Vehicles	-	-	-	70,000	430,000
Utilities Building (Millhaven Garage)	22,000	-	110,000	10,000	190,000
Utilities Overhead Costs to be Split	22,000	85,000	217,000	165,000	1,492,000
Total Utilities Budget	3,182,336	2,300,000	4,806,000	4,809,000	31,245,000
Total Funding					
CSC	391,674	44,250	187,400	483,750	2,365,740
Developer Contributions			510,000		510,000
Water Meter Revenue		30,000	30,000	30,000	300,000
Impost Fees	207,440	40,000	536,250	85,000	1,591,250
Small Communities Fund	131,000	915,000			915,000
Transfer from Operating		575,500	575,500	575,500	5,755,000
	730,114	1,604,750	1,839,150	1,174,250	11,436,990
Net Capital Budget	2,452,222	695,250	2,966,850	3,634,750	19,808,010

The 10 year capital budget continues to evolve as staff gather better asset information and projects are moved around to accommodate resourcing levels. The completion of the Loyalist Township Asset Management Plan by

the end of 2016 will improve the Township's asset inventory data greatly and facilitate more informed long term planning numbers.

The 2016 budget also provides information on debt service costs, reserve fund balances, unfinanced capital outlay balances and the initial draft long range financial plan.

Consultation

The 2016 Budget has been developed with the input of all departments.

Link to strategic plan

Development of an annual fiscal plan that anticipates operational and capital requirements meets the strategic goal of providing a well-managed municipal government

End of Report