



2020

Capital &
Operating
Budgets

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1. General Rate Overview & Financial Planning

STRATEGIC PLAN



Financial Strategy



Commercial & Industrial Activity



External Communication



Infrastructure



Operational Excellence

OVERVIEW

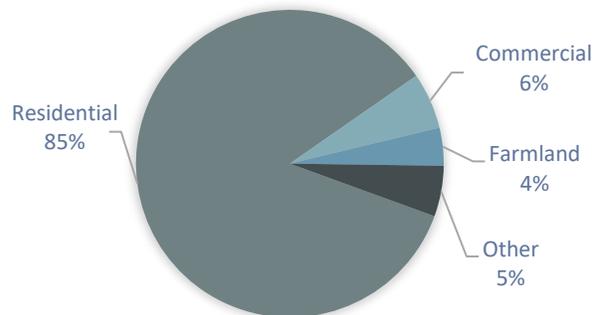
2020 General Rate Proposed Budget

3.2%	\$16,206,000	\$10,307,100	\$2,310,900	\$643,000
Overall Tax Rate Increase	Total Departmental Operating Budget	Total Capital Budget	Total Debt Issuances	Total Gross Withdrawals from Working Fund Reserve/General Surplus

PROPERTY TAXES

A 3.2% overall tax rate increase results in a Township levy requirement totaling \$17,174,828. This is an increase from the prior year of \$1,830,011, of which \$675,731 is from assessment growth. The increase in assessment values includes the last year of the market valuation phase-in period that began in 2016 by the Municipal Property Assessment Corporation (“MPAC”). Additionally, continued tax income is generated from past supplemental assessments. The Township’s main source of tax revenue comes from residential properties.

2020 ASSESSMENT DISTRIBUTION (TAXABLE AND PIL)



NB. **Other** includes Multi-Residential, Industrial, Large Ind, Landfill, Pipeline

LEVY REQUIREMENT HISTORY

Levy and rate comparisons	2018	2019	2020
Levy requirement	14,430,755	15,344,817	17,174,828
Township tax rate	0.00716053	0.00724732	0.0077694894
Residential township tax rate increase	5.3%	1.2%	7.2%
Overall tax rate	0.01390479	0.01390479	0.0143469594
Residential overall tax rate increase	2.0%	0.0%	3.2%

1. General Rate Overview & Financial Planning

The Tax Assessment table below shows assessed values for the last three years.

TAX ASSESSMENT TABLE

Property Class		2018 Current Value Assessment	2019 Current Value Assessment	2020 Current Value Assessment
Residential	RT	1,640,288,241	\$ 1,715,866,748	\$ 1,794,840,095
Multi / Residential	MT	39,237,500	40,268,750	41,149,000
New Multi / Residential	NT	-		
Commercial - Occupied	CT	33,284,748	34,266,589	36,367,205
Commercial - Excess Land	CU	518,098	491,214	870,600
Commercial - Vacant Land	CX	1,826,100	2,023,800	2,303,500
Commercial - Office Building	DT	-		
Commercial - New Construction	XT	9,233,282	11,420,792	13,978,400
Commercial - New Construction Excess Land	XU/XX	30,831	82,301	87,700
Shopping Centre - Occupied	ST	2,220,925	2,291,438	2,366,100
Shopping Centre - Excess Land	SU	-		
Industrial - Occupied	IT	11,144,977	11,270,077	8,066,600
Industrial - Excess and Vacant Land	IU/IX	3,979,650	4,540,043	5,605,200
Industrial - Full Support	IH	116,207	129,454	142,700
Industrial - Vacant Shared	IJ	7,723	10,412	13,100
Industrial - New Construction	JT	4,637,607	10,665,640	11,273,600
Industrial - New Construction - Vac/Exc	JU/JX	1,117,170	1,168,535	1,147,100
Large Industrial - Occupied	LT	15,282,000	15,324,750	15,367,500
Large Industrial - Excess and Vacant Land	LU/LX	-		
Large Industrial - New Construction	KT	-		
Landfill Taxable Full	HT	-		
Pipelines	PT	27,580,000	28,415,960	29,201,000
Farmlands	FT	66,409,277	76,299,485	83,331,100
Managed Forests	TT	837,323	895,482	956,000
Sub-Total: Levy		1,857,751,659	1,955,431,470	2,047,066,500
Payment in Lieu				
Residential - Full support	RF	681,300	681,300	681,300
Residential - No Support	RG	949,500	964,750	1,060,000
Commercial - Full Support	CF	59,370,500	60,114,707	64,033,300
Commercial - Excess Land Rate, Full Support	CQ	-		
Commercial - No School Support	CG	425,500	504,250	583,000
Industrial - NO Support	IF	1,008,800	1,008,800	1,008,800
Payments in Lieu - Taxable Tenants				
Residential - Full Support	RP	10,200	10,200	10,200
Commercial - no Support	CP	275,900	320,900	365,900
Commercial - Vacant Land	CR	-		
Commercial - New Construction Excess Land	XQ	65,350	71,025	76,700
Commercial - New Construction	XP	4,584,150	4,591,225	4,598,300
Landfill Payment in Lieu - Full	HF	52,300	38,550	40,600
Industrial - Full Support	IP	-		
Sub-Total: Payment in Lieu		67,423,500	68,305,707	72,458,100
Exempt		57,450,589	59,830,779	62,111,700
Total		\$ 1,982,625,748	\$ 2,083,567,956	\$ 2,181,636,300
Change from prior year			5.09%	4.71%

1. General Rate Overview & Financial Planning

The County of Lennox & Addington is responsible for setting the tax policy and tax ratios. Until they have presented and received approval from Council, the Loyalist Township tax levy is merely an estimate. Based on the proposed increase in Township tax rate and the assumptions of ratios, the proposed tax levy will cover the proposed general rate budget.

The increase in proposed tax rate would result in an increase in monthly property tax bill by \$13 from 2019 for an average assessed residential property of \$256,000.

PROPOSED OPERATING BUDGET - \$16,206,000

BY DEPARTMENT

	2020 1D Budgeted Revenue	2020 1D Budgeted Expenditures	2020 1D Net Budget
Corporate Services	(218,100)	2,314,900	2,096,800
Business Services	(575,600)	976,100	400,500
Community & Customer Services	(2,935,500)	10,870,100	7,934,600
Emergency Services	(189,700)	2,211,200	2,021,500
Economic Growth & Community Development Services (General Rate)	(1,890,700)	2,936,200	1,045,500
External Agencies	(12,000)	2,719,100	2,707,100
Net departmental operating budget excluding capital contributions	(5,821,600)	22,027,600	16,206,000
Less: Net non-departmental revenue	(1,625,600)	312,000	(1,313,600)
Add: Contribution to capital (all departments)	-	2,282,400	2,282,400
Net levy requirement	(7,447,200)	24,622,000	17,174,800

PROPOSED CAPITAL BUDGET - \$10,307,100

BY DIVISION

Division:	2020 Amount
Information Technology	205,000
Public Works	3,039,100
Recreation	260,500
Facility Maintenance	127,800
Emergency Services	767,000
Engineering	5,907,700
Total	10,307,100

PROPOSED DEBT ISSUANCES - \$2,310,900

The Township is proposing debt issuances in the general rate for 2020. Of this amount, \$1.24M is proposed to be incurred to service phase 2 of the Loyalist East Business Park. It is anticipated that future land sales will repay this debt including interest using the appropriate price per acre. Additionally, there is a funding gap totaling \$1.1M that will require debt for other 2020 capital projects. Furthermore, it is likely that debt will be issued on specific capital projects carried forward. The level of potential debt on these projects will be contingent on the amount requested to be carried forward in an upcoming staff report. The funding plan for all capital projects (including carried forward projects) are included in Appendix D.

Total debt payments in the general rate are budgeted based on existing debt held. It is presumed that any new debt proposed may be issued in 2020 with repayments beginning in 2021.

Principal and Interest Debt Payments for 2020			
	2020	2019	Change
Emergency Services*	191,700	191,600	100
Community & Customer Services - Public Works - Roads	64,800	64,800	-
Community & Customer Services - Public Works - Vehicles	41,400	41,300	100
Community & Customer Services - Public Works - Storm Water	36,300	36,300	-
Community & Customer Services - Public Works - Septage	145,800	146,600	(800)
Community & Customer Services - Public Works - Septage	43,300	44,300	(1,000)
Community & Customer Services - Recreation - Parks	29,700	29,600	100
Economic Growth & Community Development Services - Loyalist East Business Park	86,300	89,300	(3,000)
TOTAL DEBT PAYMENTS BUDGETED	639,300	643,800	(4,500)
Total Interest included in above	176,200	189,400	(13,200)

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

Total outstanding debt for both general rate and utilities is projected as follows:

Schedule of Debt	2019-2020			Closing 2020						
	Maturity (Renewal Date)	Interest Rate	Closing 2019	Utilities - Water	Utilities - Sewer	Community & Customer Services - Public Works	Community & Customer Services - Recreation (Parks)	Economic Growth & Community Development	Emergency Services	Total Closing 2020
Royal Bank of Canada	May 2021	3.14%	119,000	40,000						40,000
Toronto Dominion	Mar 2028	1.94%	1,505,000		494,700	842,300				1,337,000
Toronto Dominion	Jan 2030	2.81%	1,255,000		1,146,000					1,146,000
Canada Housing and Mortgage Corporation	May 2025	4.15%	438,000	373,000						373,000
Royal Bank of Canada	Mar 2024	2.35%	963,000		636,000	95,000				731,000
Toronto Dominion	Mar 2028	2.50%	942,000						839,000	839,000
Infrastructure Ontario	Aug 2025	4.06%	466,000			38,800		349,200		388,000
Infrastructure Ontario	Aug 2030	4.35%	956,000	634,400	86,900	147,700				869,000
Infrastructure Ontario	Dec 2031	2.95%	348,000	32,400		246,200	45,400			324,000
Infrastructure Ontario	Dec 2036	3.24%	1,088,000	176,600		187,000			675,400	1,039,000
Infrastructure Ontario	Dec 2041	3.42%	1,448,000	855,800		182,400	364,800			1,403,000
Toronto Dominion	Oct 2022	2.60%	445,000	295,000						295,000
Infrastructure Ontario	Sep 2037	3.28%	1,336,000		640,000	499,200			140,800	1,280,000
Infrastructure Ontario	Sep 2042	3.42%	1,416,000		591,300	783,700				1,375,000
Total			12,725,000	2,407,200	3,594,900	3,022,300	410,200	349,200	1,655,200	11,439,000

PROPOSED NET RESERVE AND RESERVE FUND CONTRIBUTIONS - \$318,800

The proposed budget will require withdrawals from the working capital reserve totaling \$473,900 (which includes usage of a portion of the modernization grant received in 2019) to cover temporary staffing as a result of the re-organization and other one-time costs as described in the operating and capital budget section and \$127,000 to purchase fleet from the asset replacement reserve. Gross proposed reserve fund contributions solely funded by general rate tax and user fees are as follows:

2020 Contributions (excluding obligatory reserve funds)	Restricted		Municipal	Asset		Total	2019 Contributions	\$ Change	% Change
	Reserves	Reserve Funds	Capital Reserve Fund	Replacement - Fleet/other	Contingency Reserve Fund				
Non-Departmental	-	-	-	-	-	-	-	-	0%
Corporate Services	165,000	-	260,000	-	10,000	435,000	607,900	(172,900)	-28%
Business Services	-	-	-	-	-	-	-	-	0%
Community & Customer Services	-	44,700	50,000	237,000	-	331,700	314,000	17,700	6%
Emergency Services	-	-	-	143,000	-	143,000	143,000	-	0%
Economic Growth & Community Development Services - General	-	-	-	10,000	-	10,000	10,000	-	0%
Total General Rate	165,000	44,700	310,000	390,000	10,000	919,700	1,074,900	(155,200)	-14%

A complete reserve fund continuity schedule including obligatory reserve funds as of December 31, 2019 and projection for 2020 is included in Appendix B.

FINANCIAL PLANNING

From a financial perspective, the proposed general rate budget will result in the following:

- Net growth in reserve and reserve funds (excluding obligatory reserve funds) by 21% when incorporating general rate tax, user fees, and other internally restricted income from third parties
- A projected capacity of annual repayment limit in general rate due to planned debt issuances & current 5-year capital plan of 11% in 2020 and 20% in 2021 & 2022
- A 14% increase in fixed/non-discretionary ongoing expenditures (salaries, debt repayments, insurance, and utilities), making up approximately 58% of total gross expenditures budgeted
- A 10% increase in discretionary expenditures (contracted services, supplies/materials, contribution to reserve funds, and internal allocations) that are ultimately tied to enhanced levels of service aligned with the strategic plan

It is imperative that significant operational impacts from past and proposed upcoming Council resolutions are reflected in proposed and future budgets. These would include the non-union compensation review, the recent corporate-wide reorganization, and proposed staffing increases. Projected operating costs at a high level are outlined in the operating summary section.

ASSET MANAGEMENT

The Township has been able to eliminate the accumulation of past unfinanced capital expenditures. This is considered a step to better asset management in correlation with the new Ontario Regulation 588/17. The regulation required an endorsed strategic asset management policy from Council by July 1, 2019. Staff time has been allocated in 2020 (similarly as 2019) with another staff member dedicated full-time to accomplish this important strategic objective and the following milestones.



*The annual report to Council will document the Township’s infrastructure and reserve fund position in correlation with the asset management plan

This plan must be updated every five years and will continue to be a work in progress in terms of collection of service levels, condition, and risks assessments. Asset management has been identified as a focus in the recently approved strategic plan.

CHANGES IN SALARIES AND BENEFITS:

As outlined throughout this budget and detailed in Appendix A, several positions are proposed as a result of the re-organization and a need to meet current levels of service or to meet the objectives in the Strategic Plan. As will be seen in the operating summaries, general rate and utilities salaries and benefits are proposed to increase 15% or \$1.65M. The overall increase is attributed to the following:

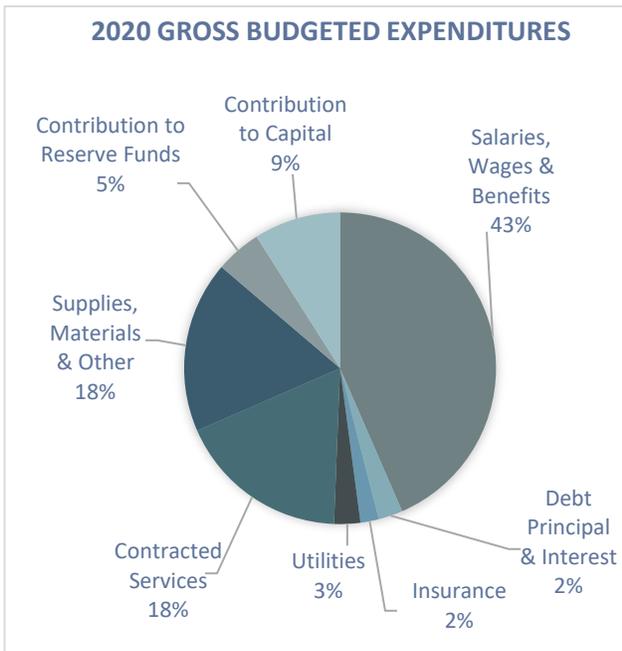
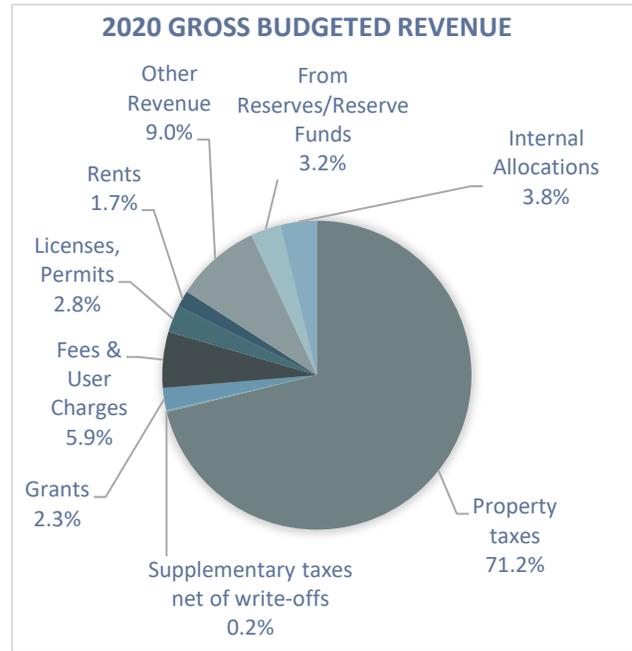
\$539,000	New positions proposed in 2020
\$201,000	New positions approved in 2019 not included in the approved 2019 budget
\$203,000	Net positions as a result of 2019 reorganization
\$353,000	Inflation and step escalations in accordance with CUPE agreement and non-union compensation review
\$354,000	Public Works 2019 salary template correction

2. General Rate Operating Budget

EXECUTIVE SUMMARY

The general rate departmental operating budget has increased \$1.97M or 14% over 2019. Most of this increase is attributed to salaries and wages as detailed in Section 1 and Appendix A. Due to the recent reorganization several budget amounts were reallocated between departments and internal allocations were further refined in accordance with estimated staff time. Additionally, various staffing needs were identified by directors and management to maintain current levels of service and to ultimately achieve priorities outlined in the strategic plan. These changes and staffing needs proposed will be discussed departmentally throughout this section.

In addition to salaries and wages, several specific operational costs are proposed to be incurred for ongoing maintenance. General



inflation is also a factor in the increased budget, specifically on significant contracts such as insurance. Furthermore, the Township must maintain its competitive process under its procurement policy, but will continue to identify operating efficiencies where possible. The upcoming service level review will assist in this process.

- Major Contracts**
 - Policing - \$2.5M
 - Conservation Authority \$212K
 - Garbage collection - \$300K
 - Curbside recycling - \$475K
 - Insurance (general & utilities) \$587K
- Grants**
 - Community applications \$17K
 - Council ad-hoc - \$5K

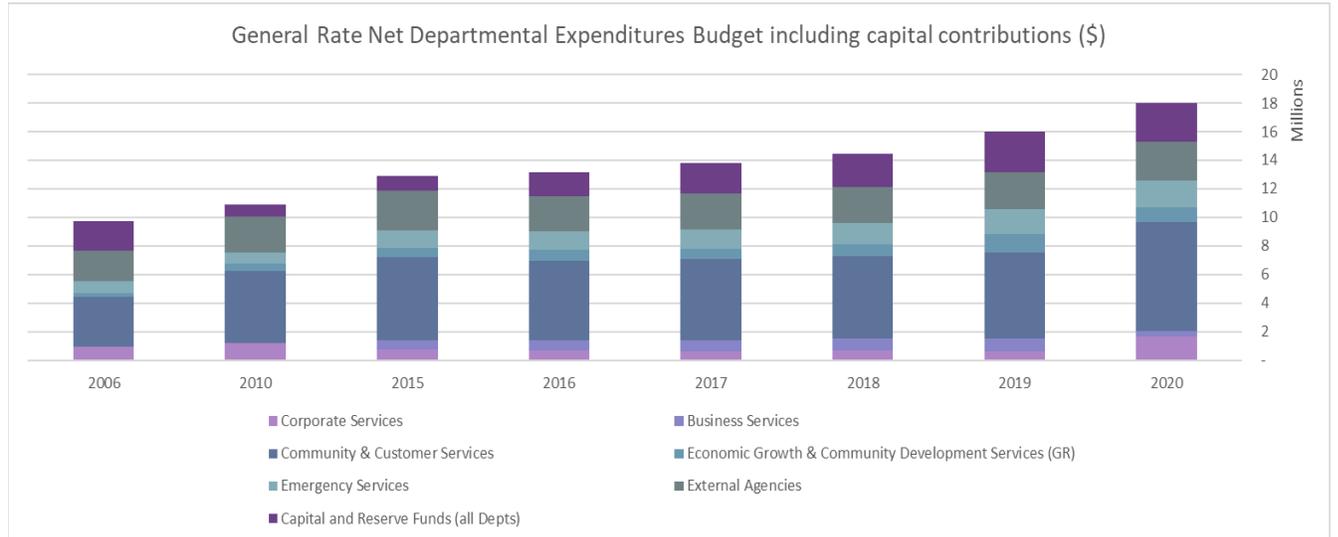
2. General Rate Operating Budget

DEPARTMENTAL – 2020 OPERATING BUDGET

	Corporate Services	Business Services	Emergency Services	Community & Customer Services	Economic Growth & Community Development Services	External Agencies	Total	Total 2019 Budget	\$ Change	% Change
Revenue										
Grants	(100,000)	-	-	(11,500)	-	(12,000)	(123,500)	(42,000)	(81,500)	194%
Fees & User Charges	(13,400)	-	-	(1,394,100)	(73,000)	-	(1,480,500)	(1,446,300)	(34,200)	2%
Licenses, Permits	(25,500)	-	-	(169,000)	(525,700)	-	(720,200)	(663,600)	(56,600)	9%
Rents	(18,800)	-	-	(414,900)	-	-	(433,700)	(454,100)	20,400	-4%
Other Revenue	(39,300)	(575,600)	(99,500)	(944,400)	(603,800)	-	(2,262,600)	(2,586,300)	323,700	-13%
From Reserves/Reserve Funds	(21,100)	-	(90,200)	(1,600)	(688,200)	-	(801,100)	(157,700)	(643,400)	408%
2020 Budgeted Revenue	(218,100)	(575,600)	(189,700)	(2,935,500)	(1,890,700)	(12,000)	(5,821,600)	(5,350,000)	(471,600)	9%
Expenses										
Salaries, Wages & Benefits	1,264,800	1,053,900	1,395,200	5,253,200	1,985,100	-	10,952,200	9,424,000	1,528,200	16%
Debt Principal & Interest	-	-	191,700	361,300	86,300	-	639,300	643,800	(4,500)	-1%
Insurance	85,300	-	36,500	350,400	10,000	-	482,200	442,200	40,000	9%
Utilities	-	-	64,800	623,100	500	-	688,400	649,800	38,600	6%
Contracted Services	73,900	30,000	20,000	1,637,200	38,300	2,718,600	4,518,000	4,312,600	205,400	5%
Supplies, Materials & Other	1,290,900	223,700	319,000	1,987,000	681,900	500	4,503,000	3,834,800	668,200	17%
Contribution to Reserve Funds	454,400	-	143,000	331,700	273,000	-	1,202,100	1,377,100	(175,000)	-13%
Internal Allocations	(854,400)	(331,500)	41,000	326,200	(138,900)	-	(957,600)	(1,102,700)	145,100	-13%
2020 Budgeted Expenses	2,314,900	976,100	2,211,200	10,870,100	2,936,200	2,719,100	22,027,600	19,581,600	2,446,000	12%
2020 Net Budget	2,096,800	400,500	2,021,500	7,934,600	1,045,500	2,707,100	16,206,000	14,231,600	1,974,400	14%

A history of net departmental operating budgets from 2010 to 2020 based on divisions under the current organizational structure can be found in the following chart.

NET BUDGET BY DEPT HISTORY CHART



2. General Rate Operating Budget

The operational impact of significant decisions made by Council is crucial to understand and analyze. Rising costs to reach a 3.2% overall tax rate increase still requires significant reserve and reserve fund withdrawals and issuance of debt for capital projects. In 2019, the modernization grant up to \$486,900 was allocated to the working fund. It is proposed that this grant cover the following expenditures relating to modernization:

\$20,000	Strategic plan completion - 2019
\$70,000	Audio/visual capital work - 2020
\$5,000	Website communications upgrade - 2020
\$24,000	Portion of salaries relating to re-organization - 2020
\$125,000	Development of urban design - 2020

Furthermore, it is proposed that \$169,100 is used from general surplus to cover costs for the following:

\$34,100	Portion of secondary plan and development charge study (90% funded by development charges as per the <i>Development Charges Act</i>)
\$90,000	Transportation and Stormwater Master Plan
\$20,000	Cultural and Heritage Asset Strategy
\$25,000	Zoning by-law review

Lastly, it is proposed that \$250,000 be withdrawn from the working fund reserve to cover the remaining temporary staffing costs from the re-organization.

2. General Rate Operating Budget

High level departmental budgets projected for 2021 and 2022 (based on several assumptions) currently propose a 6% increase in 2021 levy requirement, including any assessment growth.

PROJECTED OPERATING BUDGET

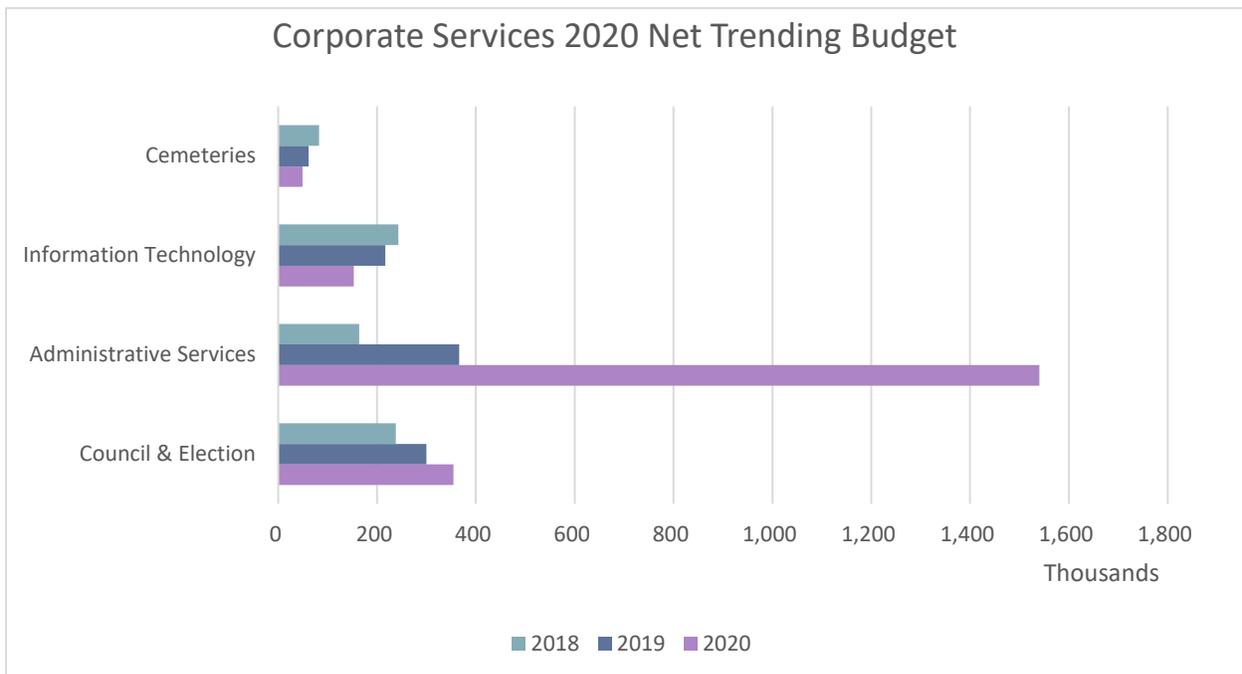
	2020	2020	2021	2021	2022	2022
Net Operating Budget	Salaries & Benefits	Total Net	Salaries & Benefits	Total Net	Salaries & Benefits	Total Net
Corporate Services	1,264,800	2,096,800	1,352,200	2,229,900	1,388,400	2,287,600
Business Services	1,053,900	400,500	1,081,400	409,800	1,119,700	445,500
Emergency Services	1,395,200	2,021,500	1,400,300	2,041,500	1,441,800	2,097,800
Community & Customer Services	5,324,300	7,934,600	5,465,200	7,962,400	5,614,800	8,217,100
Economic Growth & Community Development Services	1,985,100	1,045,500	2,009,400	1,257,500	1,984,700	1,227,900
External Services	-	2,707,100	-	2,761,200	-	2,816,400
Total	11,023,300	16,206,000	11,308,500	16,662,300	11,549,400	17,092,300
Non-departmental		(498,400)		(508,400)		(518,600)
Capital contributions		2,282,400		2,328,000		2,374,600
Forecasted new debt repayments		-		549,800		549,800
Levy requirement (including Twp portion of education rate)		17,990,000		19,031,700		19,498,100
\$ Change				1,041,700		466,400
% Change				6%		2%

As identified in the strategic plan, staff will move towards providing Council with refined multi-year budgets. The Township must be prudent in contributing and replenishing its working fund reserve and potentially implement a form of rate stabilization reserve fund to cover spikes in operating costs. Examples of this may be related to winter control and annual required studies. Significant tax rate reserve and reserve fund increases are not incorporated in the above projections. Staff will be reviewing the Township's reserve fund policy in the upcoming months to identify reserve and reserve fund needs and report back to Council.

CORPORATE SERVICES

CORPORATE SERVICES - 2020 OPERATING BUDGET

	Council & Election	Admin. Services	IT	Cemeteries	Total	Total 2019 Budget	\$ Change	% Change
Revenue								
Grants	-	(100,000)	-	-	(100,000)	(17,500)	(82,500)	471%
Fees & User Charges	-	(3,600)	-	(9,800)	(13,400)	(10,000)	(3,400)	34%
Licenses, Permits	-	(25,500)	-	-	(25,500)	(44,500)	19,000	-43%
Rents	-	(18,800)	-	-	(18,800)	(19,200)	400	-2%
Other Revenue	(100)	(37,500)	-	(1,700)	(39,300)	(519,800)	480,500	-92%
From Reserves/Reserve Fund	-	(21,100)	-	-	(21,100)	-	(21,100)	100%
2020 Budgeted Revenue	(100)	(206,500)	-	(11,500)	(218,100)	(611,000)	392,900	-64%
Expenses								
Salaries, Wages & Benefits	231,900	817,200	215,700	-	1,264,800	1,168,700	96,100	8%
Debt Principal & Interest	-	-	-	-	-	-	-	0%
Insurance	-	85,300	-	-	85,300	86,800	(1,500)	-2%
Utilities	-	-	-	-	-	-	-	0%
Contracted Services	-	50,900	-	23,000	73,900	84,200	(10,300)	-12%
Supplies, Materials & Other	107,700	451,400	694,400	37,400	1,290,900	1,111,800	179,100	16%
Contribution to Reserve Fund	15,000	429,400	10,000	-	454,400	626,100	(171,700)	-27%
Internal Allocations	-	(87,400)	(767,000)	-	(854,400)	(1,523,200)	668,800	-44%
2020 Budgeted Expenses	354,600	1,746,800	153,100	60,400	2,314,900	1,554,400	760,500	49%
2020 Net Budget	354,500	1,540,300	153,100	48,900	2,096,800	943,400	1,153,400	122%



2. General Rate Operating Budget

The proposed net operating budget for Corporate Services is \$2,096,800 and represents 13% of the total operating budget, excluding capital contributions.

KEY NEW OPERATING INITIATIVES/ENHANCED SERVICES PROPOSED FOR 2020

STRATEGIC PLAN PRIORITY	OBJECTIVE	
KEY INITIATIVE	NEW INITIATIVES FOR 2020	APPROXIMATE OPERATIONAL IMPACT
Operational Excellence	Meet high level of customer service expectations	
Annual review of staff complement to ensure staffing levels correspond with service demand	Hire new IT Coordinator to ensure the stability, security, integrity, and efficient operation of the in-house information systems that support core organizational functions	2020 – 4mos - \$25,000 2021 – 12mos - \$84,000 Thereafter – non-union policy
Assess & monitor changing demands & expectations	Implement cyber protection plan	Nil - This will be a time-oriented project with existing resources to establish a business continuity plan for IT & implement any policies required to obtain proper Cyber Insurance coverage & obtain PCI compliance
Continual review of equipment and technology for efficiency and effectiveness	Implement Intrusion detection/prevention system	\$100,000 in 2020, \$85,000 annually thereafter
	Implement Multi-factor Authentication (MFA)	\$8,000 - professional services to assist the Township with setting up MFA for its users to enhance security
	Implement penetration testing	\$12,000 – hire external vendor to complete a full and comprehensive Penetration test of the Loyalist IT Infrastructure
External Communications	Engage public through a broad range of communications & marketing	
Develop interactive website to provide exceptional user-friendly experience	Develop Interactive Website	2020-\$36,900 (Design and Implementation+4Months Hosting) proposed to be funded by carried forward capital and modernization fund 2021-\$5,600 (Hosting) 2022-\$5,600 (Hosting) Internal resources. Each department will be responsible for content writing and development of new web pages.

2. General Rate Operating Budget

External Communications	Engage public through a broad range of communications & marketing	
Implement a public engagement framework	Adopt a public engagement policy and standardized approach to public engagement	Nil-This project will use internal resources and staff time. Depending on the chosen approach, future investment in tools to enhance public engagement could be recommended
Publish an annual “report card”	Reporting on strategic goals to Council and other stakeholders	Nil- Year end report will be created using internal resources. Report will be published on Township website and shared through other electronic sources. Printed copies will be available at Township offices. If direct mailing is desired, there will be an additional cost for printing and postage. Cost would be dependant on quantity of reports to be distributed in this manner.
External Communications	Promote Loyalist community identity	
Review and update branding program to enhance a sense of community and assist with new initiatives	Protect Township brand integrity and develop brand awareness using standard accessible templates, social media strategy and website content	Nil-Develop guidelines in 2020. Replacement of existing branded assets might be required in future years (building signage, fleet signage, etc.)
Financial Strategy	Asset Management Program development	
Review level of current service delivery	Review level of current service delivery	2020 \$100,000 one-time expense pre-approved by Council. To be funded by upcoming efficiency grant

2. General Rate Operating Budget

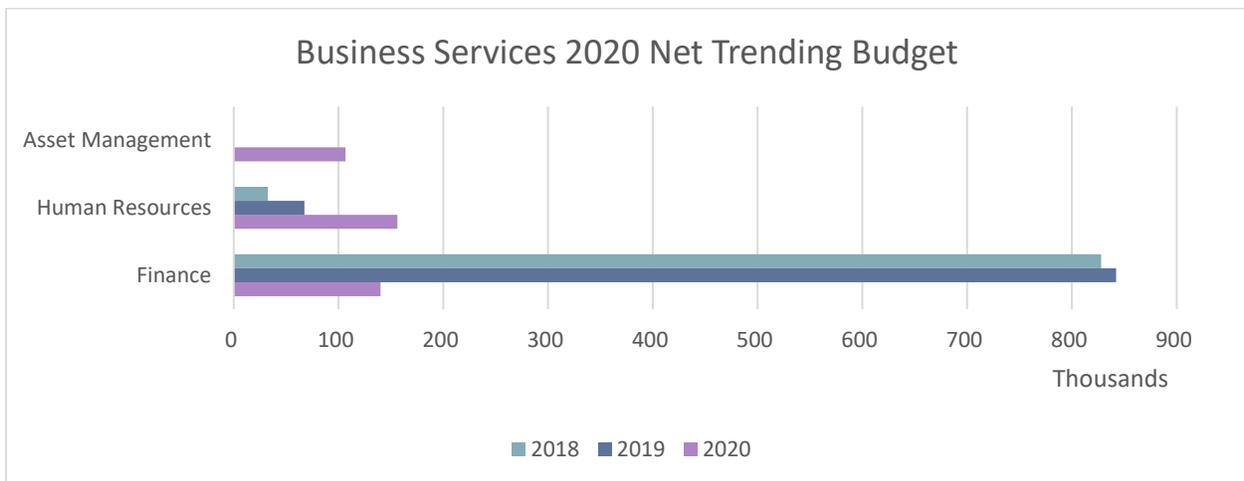
KEY OPERATING CHANGES TO MAINTAIN CURRENT LEVELS OF SERVICE

↑ \$5,000	Additional furniture costs for setup of information technology office
↓ \$503,000	Reallocation of interest and penalty revenue to Business Services
↑ \$669,000	Redirection of internal charges relating to finance and HR staff to respective department. Refined allocation based on 65% of costs to distribute within administrative services, net of increased internal allocation recovery to distribute 100% of software costs and 50% of IT salaries & benefits to respective departments (increased costs remaining in Corporate Services)
↑ \$13,000	Increase in Mayor per diems
↑ \$48,000	Added Council OMERS & benefits
↓ \$8,000	Reduction of planned maintenance costs in cemeteries
↑	Reallocation of policy analyst to Corporate Services from Economic Growth & Community Development Services as a result of re-organization
↓	Reallocation of HR salaries and benefits to Business Services

BUSINESS SERVICES

BUSINESS SERVICES - 2020 OPERATING BUDGET

	Finance	Human Resources	Asset Management	Total	Total 2019 Budget	\$ Change	% Change
Revenue							
Grants	-	-	-	-	-	-	0%
Fees & User Charges	-	-	-	-	-	-	0%
Licenses, Permits	-	-	-	-	-	-	0%
Rents	-	-	-	-	-	-	0%
Other Revenue	(555,600)	-	(20,000)	(575,600)	-	(575,600)	100%
From Reserves/Reserve Fund:	-	-	-	-	-	-	0%
2020 Budgeted Revenue	(555,600)	-	(20,000)	(575,600)	-	(575,600)	100%
Expenses							
Salaries, Wages & Benefits	812,800	127,300	113,800	1,053,900	768,900	285,000	37%
Debt Principal & Interest	-	-	-	-	-	-	0%
Insurance	-	-	-	-	-	-	0%
Utilities	-	-	-	-	-	-	0%
Contracted Services	-	-	30,000	30,000	-	30,000	100%
Supplies, Materials & Other	74,900	109,100	39,700	223,700	140,800	82,900	59%
Contribution to Reserve Fund	-	-	-	-	-	-	0%
Internal Allocations	(194,500)	(80,300)	(56,700)	(331,500)	-	(331,500)	100%
2020 Budgeted Expenses	693,200	156,100	126,800	976,100	909,700	66,400	7%
2020 Net Budget	137,600	156,100	106,800	400,500	909,700	(509,200)	-56%



2. General Rate Operating Budget

The proposed net operating budget for Business Services is \$400,500 and represents 2% of the total operating budget, excluding capital contributions.

KEY NEW OPERATING INITIATIVES/ENHANCED SERVICES FOR 2020

STRATEGIC PLAN PRIORITY	OBJECTIVES	
KEY INITIATIVE	NEW INITIATIVES FOR 2020	APPROXIMATE OPERATIONAL IMPACT
Financial Strategy	Asset Management Program Development	
Develop, monitor and report a comprehensive asset management plan	Improvement of Asset Management practices, including development of road map	2020 - \$163,500 2021 and onward - \$130,000 per annum Mostly staff time redirected from reorganization
Financial Strategy	Long-term financial sustainability of municipal infrastructure with stable funding for our ten-year capital budget	
Develop a 10-year capital plan and status of funding	Develop 10-year capital and funding plan	Nil - using in-house resources
Financial Strategy	Practical and responsible fiscal framework for development and review of operating plans	
Provide multi-year operating budgets	Implement operating budget software	Implementation costs to be requested as transfer from existing approved capital budgets
Provide multi-year operating budgets	Present 3 years of operating plans as part of budget presentation	Nil - using in-house resources
Infrastructure	Long-term viability of maintaining cultural and heritage assets owned by the Township	
Develop cultural and heritage asset strategy	Complete heritage property assessment study	2020 - \$20,000 one-time expense proposed to be funded by general rate surplus

2. General Rate Operating Budget

Operational Excellence	Employer of Choice	
Commitment to staff training & professional development policy	Corporate training planned for customer service and report writing	2020 - \$12,000 2021 and onward - similar amount to meet strategic objective
Develop a staff attraction, retention and succession planning policy	Develop staff attraction, retention and succession planning program	Nil - developed in house. Training for HR staff will be targeted in this area
Develop an employee engagement plan and monitor by publishing a workforce report card	Complete an employee engagement survey	Nil - Use combination of in-house resources, on-line HR resources contracted and borrowing from best practice

KEY OPERATING CHANGES TO MAINTAIN CURRENT LEVELS OF SERVICE

FINANCIAL SERVICES

	Existing staff resources will be required to update the Development Charges bylaw in June 2020, and to incorporate new Community Benefit Charge legislation by January 1, 2021
↑ \$50,000	Increases in administrative recovery revenue for additional fees for service
↑ \$503,000	Redirection of interest & penalty revenue previously reported in Corporate Services. Net increase from prior year budget is \$20,000
↑ \$274,000	Redirection of administrative allocation recovery for portion of finance staff time distributed to various departments, previously reported in Corporate Services (increased costs distributed to other departments)

HUMAN RESOURCES

↑ \$25,000	Increased legal fees to reflect expected costs for planned arbitrations for a total of \$35,000
↑ \$80,000	Redirection of administrative allocation recovery for portion of HR staff time distributed to various departments, previously reported in Corporate Services (increased costs distributed to other departments)
↑ \$126,000	Redirection of HR salaries & benefits previously reported in Corporate Services
↑ \$5,000	Advertising for all corporate jobs previously reported in Corporate Services
↑ \$11,000	Proposed part-time HR associate to update health & safety policies and procedures

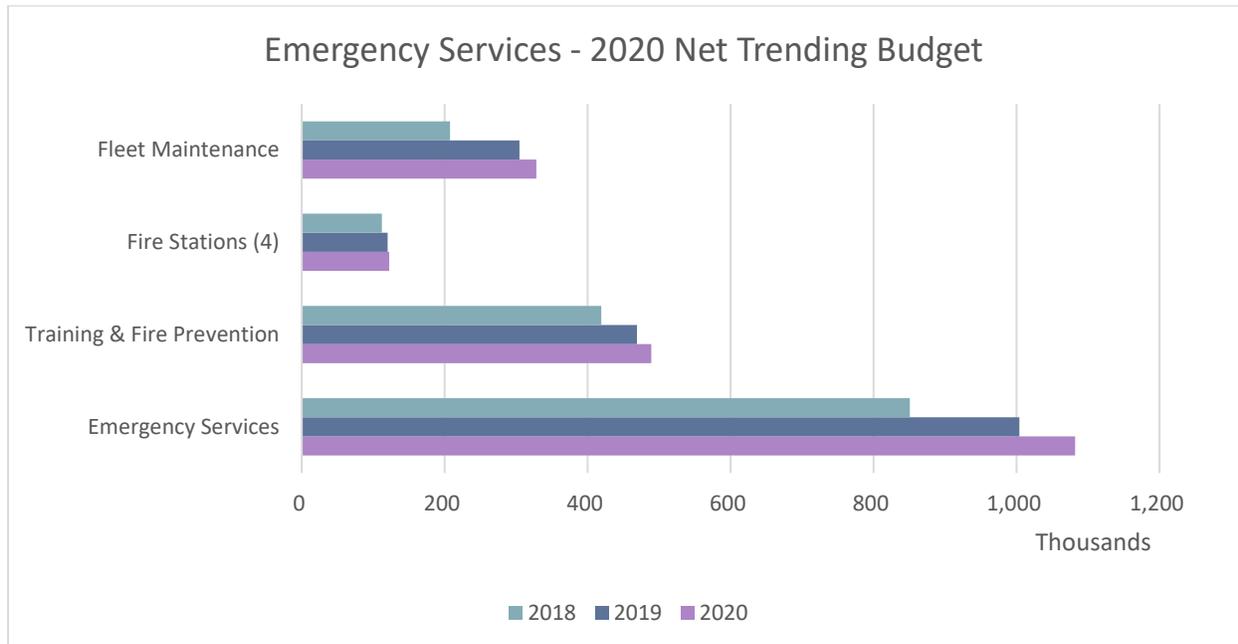
ASSET MANAGEMENT

↑	Assistant engineer position redirected to Business Services as Asset Management Manager as noted in new initiatives
↑ \$45,000	Increased training & consulting costs included in key new operating initiatives for third party assurance and expertise to meet new Ontario Regulation & milestones in an effective & efficient manner

EMERGENCY SERVICES

EMERGENCY SERVICES - 2020 OPERATING BUDGET

	Training &				Total	Total 2019		
	Emerg. Services	Fire Prevention	Fire Stations (4)	Fleet Maint..		Budget	\$ Change	% Change
Revenue								
Grants	-	-	-	-	-	-	-	0%
Fees & User Charges	-	-	-	-	-	-	-	0%
Licenses, Permits	-	-	-	-	-	-	-	0%
Rents	-	-	-	-	-	-	-	0%
Other Revenue	(95,000)	(4,500)	-	-	(99,500)	(59,500)	(40,000)	67%
From Reserves/Reserve Fund:	(90,200)	-	-	-	(90,200)	(90,200)	-	0%
2020 Budgeted Revenue	(185,200)	(4,500)	-	-	(189,700)	(149,700)	(40,000)	27%
Expenses								
Salaries, Wages & Benefits	845,800	452,800	5,500	91,100	1,395,200	1,200,600	194,600	16%
Debt Principal & Interest	191,700	-	-	-	191,700	191,600	100	0%
Insurance	12,200	-	5,500	18,800	36,500	30,500	6,000	20%
Utilities	3,700	-	61,100	-	64,800	61,500	3,300	5%
Contracted Services	-	-	-	20,000	20,000	20,000	-	0%
Supplies, Materials & Other	172,700	40,500	50,300	55,500	319,000	341,500	(22,500)	-7%
Contribution to Reserve Fund	-	-	-	143,000	143,000	143,000	-	0%
Internal Allocations	41,000	-	-	-	41,000	58,600	(17,600)	-30%
2020 Budgeted Expenses	1,267,100	493,300	122,400	328,400	2,211,200	2,047,300	163,900	8%
2020 Net Budget	1,081,900	488,800	122,400	328,400	2,021,500	1,897,600	123,900	7%



2. General Rate Operating Budget

The proposed net operating budget for Emergency Services is \$2,021,500 and represents 12% of the total operating budget, excluding capital contributions.

KEY NEW OPERATING INITIATIVES/ENHANCED SERVICES PROPOSED FOR 2020

STRATEGIC PLAN PRIORITY	OBJECTIVE	
KEY INITIATIVE	NEW INITIATIVES FOR 2020	APPROXIMATE OPERATIONAL IMPACT
Operational Excellence	Meet high level of customer service expectations	
Annual review of staff complement to ensure staffing levels correspond with service demand	Hire new full-time firefighter	2020 - 7 months - \$57,000 2021 - 12 months - \$100,000 thereafter - union policy

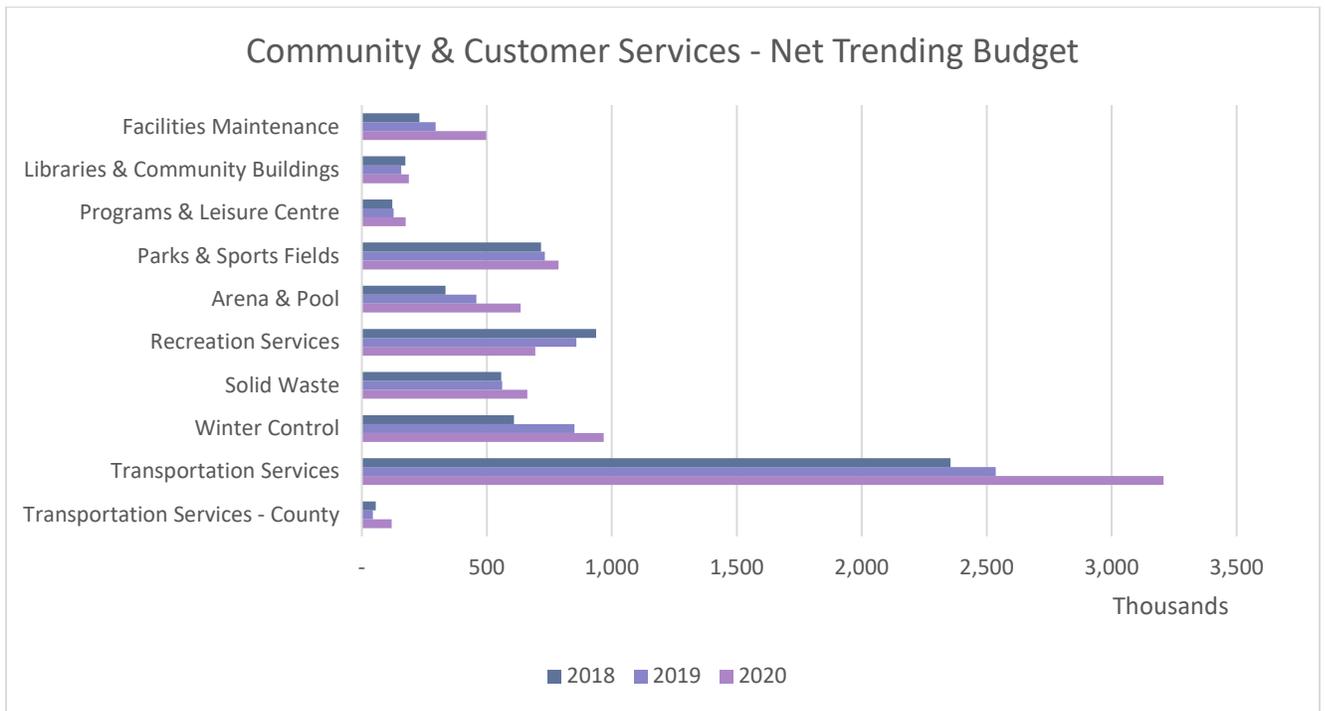
KEY OPERATING CHANGES TO MAINTAIN CURRENT LEVELS OF SERVICE

↑ \$14,700	Emergency Vehicle technician, increase from 35 to 40 hours per week for wages & benefits.
↓ \$4,200	Decrease in emergency medical response costs relating to changes to our tiered response agreement.
↑ \$2,000	Increased training costs as regulated to address PTSD Legislation
↑ \$8,900	Increased public education wages to meet community demands
\$6,000	Odessa Station window replacement & painting costs
↑ \$4,900	Amherst Island Station operating costs associated with addition
\$5,000	Complete Master Fire Plan included in 2019 budget and deferred
↑ \$48,000	Incremental cost of full year of firefighter hired and approved in 2019
↓ \$25,000	Reallocation of new firefighter's equipment cost to capital budget

COMMUNITY & CUSTOMER SERVICES

COMMUNITY & CUSTOMER SERVICES - 2020 OPERATING BUDGET

	Public Works				Recreation					Facilities Maintenance	Total	Total 2019 Budget	\$ Change	% Change	
	Transp. Services - County	Transp. Services	Winter Control	Loyalist Solid Waste	Recreation Services	Arena & Pool	Parks & Sports Fields	Programs & Leisure Centre	Libraries & Community Buildings						
Revenue															
Grants	-	-	-	-	(7,000)	-	-	(4,500)	-	-	(11,500)	(12,500)	1,000	-8%	
Fees & User Charges	-	-	-	(730,500)	(9,300)	(360,900)	(4,700)	(288,500)	(200)	-	(1,394,100)	(1,366,300)	(27,800)	2%	
Licenses, Permits	-	(169,000)	-	-	-	-	-	-	-	-	(169,000)	(99,000)	(70,000)	71%	
Rents	-	-	-	-	(4,000)	(339,900)	(31,000)	(8,000)	(32,000)	-	(414,900)	(434,900)	20,000	-5%	
Other Revenue	(630,200)	(248,300)	-	(2,200)	(57,700)	-	(500)	(4,000)	(1,500)	-	(944,400)	(1,403,100)	458,700	-33%	
From Reserves/Reserve Fund	-	(1,600)	-	-	-	-	-	-	-	-	(1,600)	-	(1,600)	100%	
2020 Budgeted Revenue	(630,200)	(418,900)	-	(732,700)	(78,000)	(700,800)	(36,200)	(305,000)	(33,700)	-	(2,935,500)	(3,315,800)	380,300	-11%	
Expenses															
Salaries, Wages & Benefits	235,200	1,909,500	400,000	261,300	676,200	726,800	456,000	374,900	70,000	143,300	5,253,200	4,518,200	735,000	16%	
Debt Principal & Interest	-	331,600	-	-	-	-	29,700	-	-	-	361,300	362,900	(1,600)	0%	
Insurance	-	255,300	-	6,600	22,300	35,500	8,400	-	21,000	1,300	350,400	315,800	34,600	11%	
Utilities	-	145,800	-	12,200	-	300,000	10,500	11,500	67,100	76,000	623,100	588,300	34,800	6%	
Contracted Services	37,000	452,900	2,000	884,700	103,500	65,000	39,600	18,000	25,500	9,000	1,637,200	1,830,100	(192,900)	-11%	
Supplies, Materials & Other	476,900	47,400	566,300	199,400	(21,300)	152,500	193,900	75,500	38,900	257,500	1,987,000	1,773,900	213,100	12%	
Contribution to Reserve Fund	-	254,500	-	-	21,200	56,000	-	-	-	-	331,700	314,000	17,700	6%	
Internal Allocations	-	228,900	-	30,700	55,800	-	-	-	-	10,800	326,200	223,900	102,300	46%	
2020 Budgeted Expenses	749,100	3,625,900	968,300	1,394,900	857,700	1,335,800	738,100	479,900	222,500	497,900	10,870,100	9,927,100	943,000	9%	
2020 Net Budget	118,900	3,207,000	968,300	662,200	779,700	635,000	701,900	174,900	188,800	497,900	7,934,600	6,611,300	1,323,300	20%	



\$253,000 { •Recovery is budgeted in Public Works & Recreation departments for the use of existing fleet & equipment to assist with fleet maintenance, replacement & other operating costs

2. General Rate Operating Budget

The proposed net operating budget for Community and Customer Services is \$7,934,600 and represents 49% of the total operating budget, excluding capital contributions.

KEY NEW OPERATING INITIATIVES/ENHANCED SERVICES PROPOSED FOR 2020

STRATEGIC PLAN PRIORITY	OBJECTIVES	
KEY INITIATIVE	NEW INITIATIVES FOR 2020	APPROXIMATE OPERATIONAL IMPACT
Financial Strategy	Asset Management Program Development	
Look for efficiencies and innovation to deliver the same levels of service	Improvement of ditching for rural roads (Public Works)	2020 - \$50,000 for equipment (truck) rental to optimise staff time by not transporting material to and from the job site. Increase in staff resources assigned to rural road maintenance in 2019 is impacting service standards in other areas. Management is continuing to improve overall staff productivity as a result.
Infrastructure	Long-term viability of maintaining cultural and heritage assets owned by the Township	
Develop cultural and heritage asset strategy	New Fairfield Gutzeit House maintenance (Recreation)	2020 and annually - \$10,000 estimated based on current community buildings
Infrastructure	Be a municipal leader in climate action and environmental stewardship	
Incorporate environmental responsibility in decision-making	Complete Sand Beach stewardship commitments (Recreation)	2020- \$50,000 remove trees from beach area and stabilize sand dunes as per the heritage trust stewardship plans. Additional funds to support the development and implementation of a dune stabilization plan.
Operational Excellence	Meet high level of customer service excellence	
Assess and monitor changing demands and expectations	Hiring two new assistant roads supervisors with an emphasis on 1) preventive maintenance including ditching, berm removal, grading and gravel maintenance on rural roads 2) significantly improve customer service response times & 3) improve on-call coverage from two people to three. Will reduce burn out of staff as well as decrease risk to township. Creates increased risk for the Township to only have 2 people on call (Public Works)	2020 - 4 and 9 months - \$106,000 2021 - 12 months - \$202,000 thereafter - non-union policy additional operational costs in Appendix A

2. General Rate Operating Budget

Operational Excellence	Meet high level of customer service expectations	
Assess and monitor changing demands and expectations	New Manitou Office (Facilities Maintenance)	2020- and subsequent years related to lease \$234,600; increase workload for Facility Maintenance staff and additional part-time cleaner required as noted in Appendix A
Assess and monitor changing demands and expectations	Increase weed spraying program (Public Works)	2020 - \$15,000 as the program continues to be reviewed and assessed will have future budget impacts

KEY OPERATING CHANGES TO MAINTAIN CURRENT LEVELS OF SERVICE

RECREATION SERVICES DIVISION

Recreation Services - General Overhead

↓ \$157,000

Removal of Superintendent of Facilities Maintenance position (portion that was allocated to general overhead) and Reallocation of Facilities Maintenance Supervisor position to various departments based on staff time spent

ARENA & POOL

↑ \$140,000

Mainly due to increased allocation of staff time from facilities maintenance for various work/upkeep at Recreation Centre

↓ \$9,400

Decrease in projected in arena revenue

↑ \$10,000

Increase in projected pool revenue

PARKS & SPORTSFIELDS

↓ \$9,000

Decrease in rent revenue of sportsfields

↑ \$29,100

Net increase in labour allocated in sportsfields mainly by Public Works, staff based on historic time spent

RECREATION PROGRAMS & LEISURE CENTRE

↑\$27,000

Mainly due to allocation of staff time from facilities maintenance at the Leisure Centre

\$8,000

Maintenance cost to have Leisure Centre painted

LIBRARIES & COMMUNITY BUILDINGS

\$10,000

To secure Bath Library from rodents to be completed by facilities maintenance staff

↑\$21,000

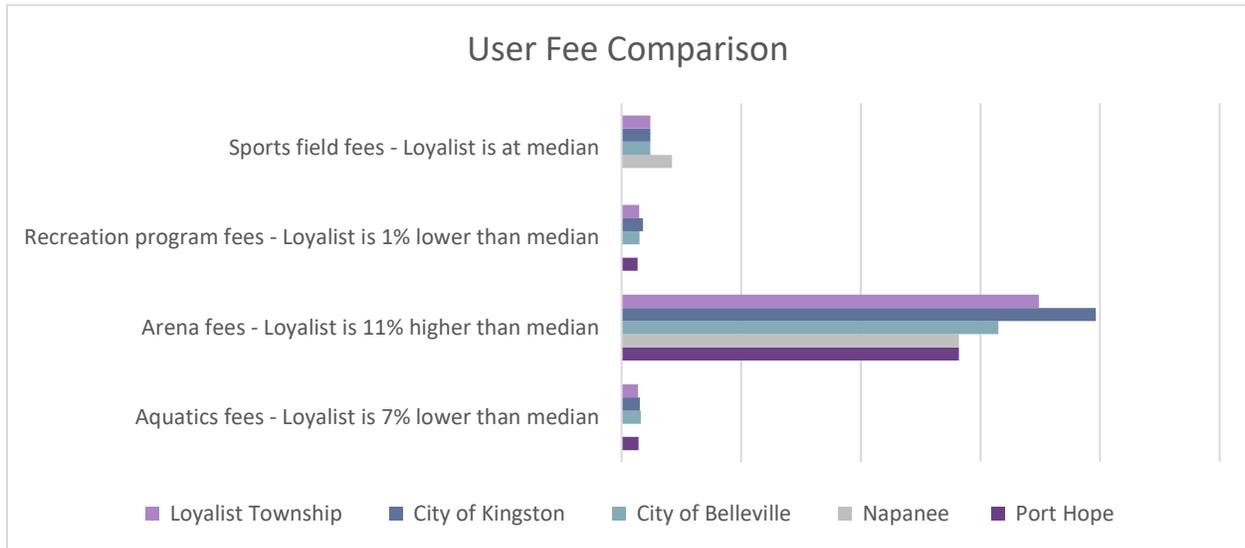
Allocation of staff time from facilities maintenance to seven community buildings

RECREATION USER FEES & REVENUE

Loyalist Township’s Recreation Division offers a widespread number of programs to its residents and neighbors for its size. All these service levels require a portion of general tax revenue to operate to ensure comparability of user fee rates with other municipalities. To illustrate, medians were compiled for the following common user fees:

Aquatics	Recreation Programs	Sportsfields	Arena
30-min lesson	Child/youth 50-min	Youth prime lit	Youth prime
Aquafit	Senior Dance	Youth non-prime unlit	Youth non-prime
Bronze Medallion	Regular day camp	Adult prime lit	Adult prime
National Lifeguard		Adult non-prime unlit	Adult non-prime

2. General Rate Operating Budget



Generally, fees charged with each area remain at the same level when comparing to other municipalities. As shown above, the aquatics fees tend to be slightly lower than the median but still comparable. The Township's arena fees are slightly higher than the median, however, it is worth noting that its neighbouring municipality, the City of Kingston, has fees that are considerably higher.

As per Township service standards, staff review and analyze the user fees of neighboring municipalities on an annual basis, and research new ways to recover costs that may be deemed reasonable or unreasonable in terms of the Township's demographic and participation. For instance, staff reviewed the possibility of charging a higher user fee for non-residents and fees to use the outdoor pickleball court that was recently constructed, as requested by Council. It was recommended that rates remain at status quo for various reasons which can be found in Staff Report-1293. Furthermore, it is evident that the pool that generates this revenue is aging and thus requires significant monetary resources and staff time. As such, operating cost recoveries (from user fees) budgeted for 2020 are as follows:

Area	Recovery (excluding unallocated general overhead and capital contributions)
Sports fields	23%
Arena	57%
Pool	52%
Leisure Centre	80%
Other Rec Programs	30%
Community Buildings	20%

Parks, general unallocated overhead as noted in the table, and libraries are primarily funded by the general tax rate. Overall, budgeted income from Recreation is approximately \$13,000 lower than prior year's budget based on current and past year-to-date results. Most of this is attributable to an anticipated decrease in sports fields, the arena, and community buildings rentals. The folding of two baseball leagues is having a significant impact on the

cost recoveries for the sports fields. Revenue at the Leisure & Activity Centre, however, saw an increase due to recent closures of Kingston west end fitness facilities. It is staff's goal to retain these new participants to ultimately reach capacity of the FIT program. The cost recovery at the

Leisure & Activity Centre is reduced slightly in 2020 due to some planned maintenance as noted below. Furthermore, revenue at the WJ Henderson Centre will be contingent on any unplanned maintenance that may be required. Similarly to 2019, \$50,000 is included in the proposed budget to set aside monies for this unplanned repair/maintenance.

FACILITIES MAINTENANCE DIVISION

General Overhead, Odessa & Manitou Municipal Offices

↓ \$53,000

Removal of Superintendent (portion allocated to facilities maintenance); overall reduction of staff time allocated to other divisions noted above net of inflationary increase and new part-time cleaner as noted in new initiatives

↑ \$20,000

Odessa office painting, carpet cleaning etc., as a result of new Manitou Office

PUBLIC WORKS DIVISION - GENERAL RATE

TRANSPORTATION SERVICES – COUNTY

↓ \$74,600

Decrease in recoverable work (revenue) associated with County Maintenance agreement (excluding charge to eligible equipment backcharges)

TRANSPORTATION SERVICES: STORM WATER, STREETLIGHTS, SIDEWALKS, GENERAL OVERHEAD

↑ \$113,000

Mainly for stormwater ditching & drainage improvements which includes \$50,000 rental of equipment as noted in new initiatives

\$40,000

Bridge repair/maintenance and protectant spray program to maximize useful life of structures and further defer capital replacement

\$75,000

Catch up of crack sealing program and hard service maintenance repairs to extend the useful life of infrastructure

\$75,000

Gravel road maintenance and additional equipment rental to allow staff to focus on other work rather than transporting goods to and from job site

↑ \$122,700

Internal administrative, engineering, and IT allocations due to services provided and costs incurred within this division as a result of the re-organization (increased costs distributed to Public Works)

↑ \$52,500

Estimated increase in aggregate royalty income to total \$150,000 with 25% being contributed to reserve fund

↑ \$42,000

Proposed hiring of part-time clerk to provide clerical support for Public Works department. Position would include input & analysis of department's activities to allow management to focus on other priorities

↑ \$128,300

Increase of recoverable work (revenue and allocated costs) through back charges from External Agencies

WINTER CONTROL

↑ \$19,100

Increased materials and equipment charges due to new plow route

↑ \$105,000

Mainly due to full year impact of two operators totalling \$152,000 approved by Council in 2019. These positions are needed primarily for the additional snow plow route in 2020 with a portion recoverable from back charges as noted above

LOYALIST SOLID WASTE

↑ \$68,500

Increased costs for site operations to maintain compliance, including internal equipment charges

↑ \$20,000

Increase in projected bag tag revenue

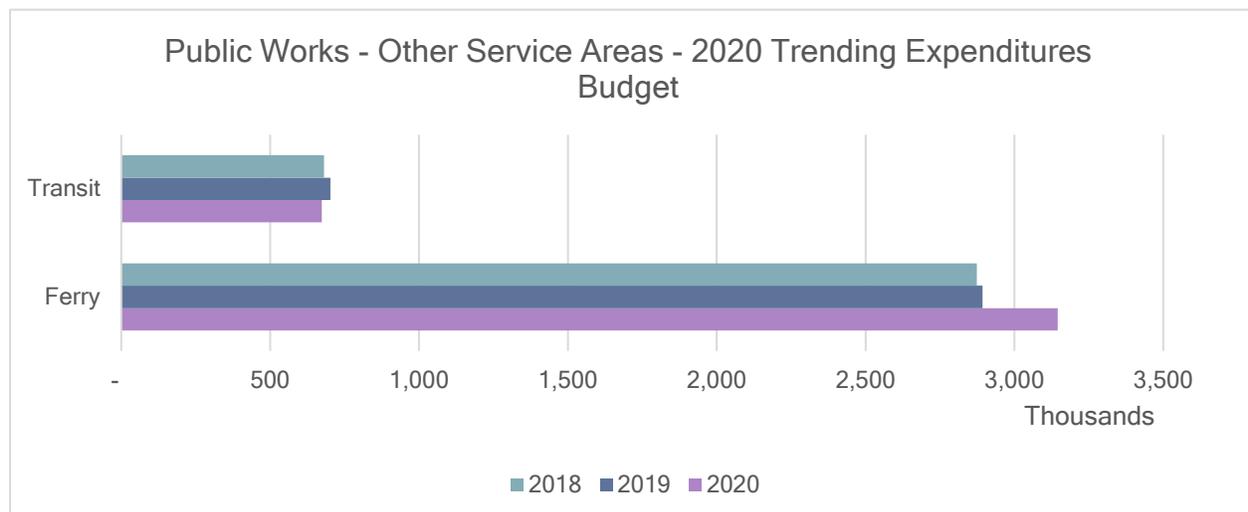
↑ \$16,000

Estimated increased contribution in landfill closure costs

PUBLIC WORKS DIVISION - OTHER SERVICE AREAS

OTHER SERVICE AREAS – 2020 OPERATING BUDGET

	Amherstview Transit	Amherst Island Ferry	Total	Total 2019 Budget	\$ Change	% Change
Revenue						
Grants	(98,700)	(2,843,000)	(2,941,700)	(2,589,400)	(352,300)	14%
Fees & User Charges	(70,000)	(320,000)	(390,000)	(400,000)	10,000	-3%
Licenses, Permits	-	-	-	-	-	0%
Rents	-	-	-	-	-	0%
Other Revenue	(43,000)	(16,200)	(59,200)	(111,200)	52,000	-47%
Area Rates	(499,500)	-	(499,500)	(476,400)	(23,100)	5%
From Reserves/Reserve Fund:	-	-	-	(18,600)	18,600	-100%
2020 Budgeted Revenue	(711,200)	(3,179,200)	(3,890,400)	(3,595,600)	(294,800)	8%
Expenses						
Salaries, Wages & Benefits	48,800	2,354,400	2,403,200	1,973,500	429,700	22%
Debt Principal & Interest	-	-	-	-	-	0%
Insurance	200	30,000	30,200	25,800	4,400	17%
Utilities	-	10,000	10,000	3,000	7,000	0%
Contracted Services	630,000	24,500	654,500	708,300	(53,800)	-8%
Supplies, Materials & Other	7,200	613,200	620,400	570,300	50,100	9%
Contribution to Capital	-	-	-	-	-	0%
Contribution to Reserve Fund	-	-	-	-	-	0%
Internal Allocations	25,000	147,100	172,100	314,700	(142,600)	-45%
2020 Budgeted Expenses	711,200	3,179,200	3,890,400	3,595,600	294,800	8%
2020 Net Budget	-	-	-	-	-	0%



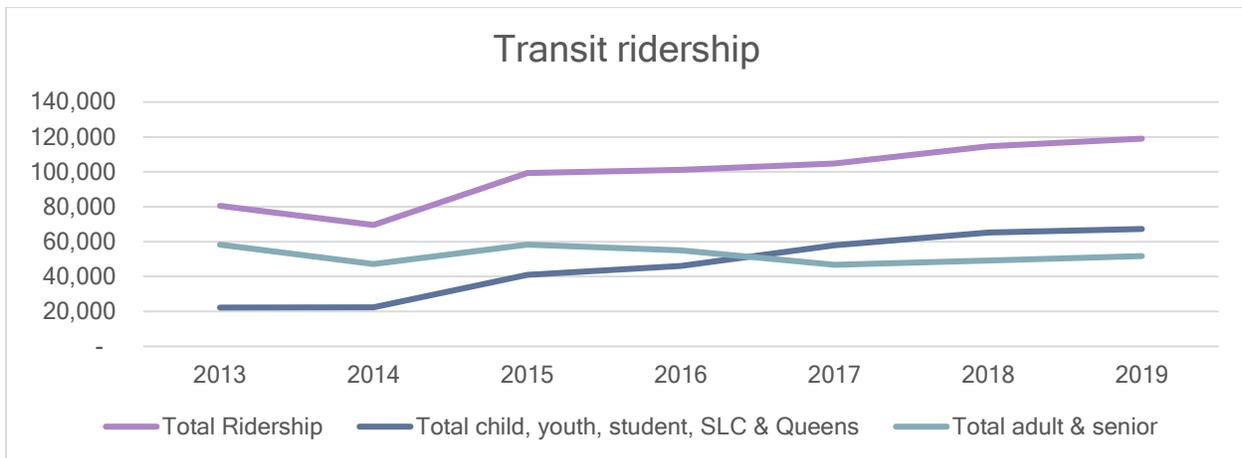
TRANSIT

The Amherstview Route 10 transit bus is funded by:

- Service area rate (Amherstview)
- Passenger fares
- Provincial gas tax

Most of the expenses are related to the Kingston Transit service contract as the Township's only owned assets include bus shelters, benches, etc. Operating increases are tied to the inflation index as per the terms of the agreement with the City of Kingston.

Fare revenue has been decreased again in the 2020 budget. While overall ridership continues to climb fares collected are continuing to decrease annually and only account for about 10% over the overall costs of the operation. An analysis has shown that the increase in ridership is primarily due to student and youth ridership both of which are now free to ride. It doesn't appear that paying ridership has recovered from the decision to switch the terminus of the route from Gardiners Road Town Centre to the Cataraqui Town Centre.



Key new operating initiatives/enhanced services for 2020:

Township staff are continuing to work on developing an Accessible Transit strategy to bring the Township in line with Accessibility for Ontarians with Disabilities Act (AODA). Annual costs could be as high as \$600,000 per year which would result in a doubling of the existing Amherstview transit area rate. Staff are looking for more economical options as part of their review. Through the budget process, staff are requesting direction from Council on the funding of this program should it be implemented in the second half of 2020. Options would include one of/or a combination of the following:

- Increasing the area rate
- Using reserves in 2020
- Funding through the general rate

Council could also opt to do nothing on Accessible Transit however the Township would not follow the AODA as outlined in previous reports, this option is not recommended.

Staff have been directed by Council to look at options for implementing a rural transit system. No consulting costs have been specifically budgeted in 2020. A proposed reorganization of the Public Works Division is proposed as part of the 2020 budget in order to free up some staff time to work on these initiatives in-house.

No changes are proposed to current service levels at this time; however, staff will be undertaking a review in 2020 of the current service levels.

FERRY

The Amherst Island Ferry Service is funded by:

- Passenger fares
- Provincial subsidy

All the ferry infrastructure is owned by the Province of Ontario, regulated by Transport Canada and operated by Loyalist Township under an agreement.

The ferry service is currently going through a transition phase with the Province constructing new docks and a fully electric ferry. It is expected that the new docks and ferry will be in operation at Amherst Island beginning in the fall of 2020. A new operating agreement will be developed in 2021 once new operational costs have been determined. No fare increases are proposed in 2020. The ferry budget may potentially run at a deficit for the 2020 fiscal year should contingencies be fully utilized, and fuel prices remain high. This deficit would be funded through existing reserve funds, however, the MTO project is behind schedule and as such, the contingency and utility increases would be less than budgeted in 2020.

Key new operating initiatives/enhanced services for 2020:

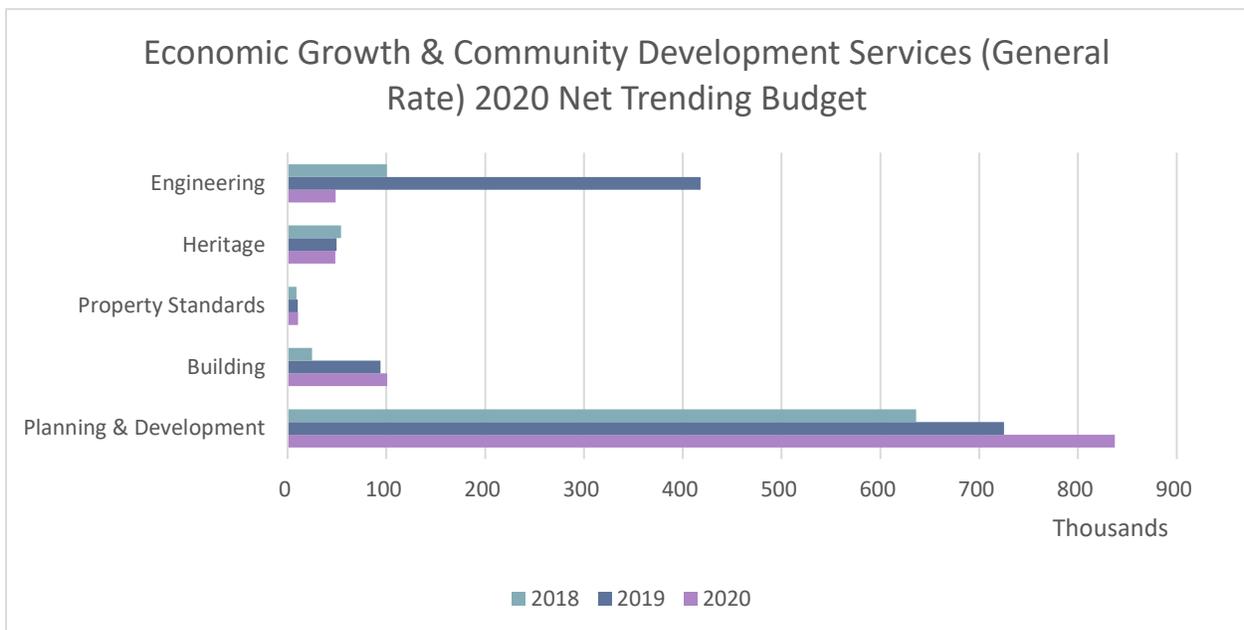
Staffing levels on the ferry are set by Transport Canada. For the existing ferry service, the vessel is required to operate with a minimum crew size of five. In discussions with MTO and their consultant there is the possibility that Transport Canada will require an increase in staffing and levels of qualifications. A contingency allowance was included in the ferry budget submitted to MTO last October should an additional crew member be required for each shift.

Township staff will be moving into the new ferry office currently under construction by MTO. The 2020 budget includes one time fit up costs for the new office space and increased utility costs.

ECONOMIC GROWTH & COMMUNITY DEVELOPMENT SERVICES

ECONOMIC GROWTH & COMMUNITY DEVELOPMENT - 2020 OPERATING BUDGET

	Planning & Development		Property			Total	Total 2019		% Change
	Development	Building	Standards	Heritage	Engineering		Budget	\$ Change	
Revenue									
Grants	-	-	-	-	-	-	-	-	0%
Fees & User Charges	(73,000)	-	-	-	-	(73,000)	(70,000)	(3,000)	4%
Licenses, Permits	(24,000)	(501,700)	-	-	-	(525,700)	(520,100)	(5,600)	1%
Rents	-	-	-	-	-	-	-	-	0%
Other Revenue	(603,800)	-	-	-	-	(603,800)	(603,900)	100	0%
From Reserves/Reserve Fund:	(551,500)	-	-	-	(136,700)	(688,200)	(67,500)	(620,700)	920%
2020 Budgeted Revenue	(1,252,300)	(501,700)	-	-	(136,700)	(1,890,700)	(1,261,500)	(629,200)	50%
Expenses									
Salaries, Wages & Benefits	1,005,200	512,300	9,500	23,300	434,800	1,985,100	1,767,600	217,500	12%
Debt Principal & Interest	86,300	-	-	-	-	86,300	89,300	(3,000)	-3%
Insurance	-	10,000	-	-	-	10,000	9,100	900	10%
Utilities	500	-	-	-	-	500	-	500	100%
Contracted Services	34,900	1,000	-	-	2,400	38,300	2,600	35,700	1373%
Supplies, Materials & Other	526,100	41,800	1,000	25,000	88,000	681,900	257,900	424,000	164%
Contribution to Reserve Fund	263,000	10,000	-	-	-	273,000	294,000	(21,000)	-7%
Internal Allocations	173,500	27,600	-	-	(340,000)	(138,900)	138,000	(276,900)	-201%
2020 Budgeted Expenses	2,089,500	602,700	10,500	48,300	185,200	2,936,200	2,558,500	377,700	15%
2020 Net Budget	837,200	101,000	10,500	48,300	48,500	1,045,500	1,297,000	(251,500)	-19%



2. General Rate Operating Budget

The proposed net operating budget for Economic Growth & Community Development Services (general rate) is \$1,045,500 and represents 6% of the total operating budget.

KEY NEW OPERATING INITIATIVES/ENHANCED SERVICES PROPOSED FOR 2020

STRATEGIC PLAN PRIORITY	OBJECTIVES	
KEY INITIATIVE	NEW INITIATIVES FOR 2020	APPROXIMATE OPERATIONAL IMPACT
Commercial & Industrial Activity	Streamline the application process for all types of development	
Establish a comprehensive application strategy	Develop Urban Design Guidelines	2020 - \$50,000 allocated to Engineering \$75,000 allocated to Development Proposed to be funded by modernization grant
Explore the concept of concierge type service or fast tracking similar to models in other municipalities	Changing part-time Heritage Assistant position to full-time to assist the Planning and Building Division in exploring different development application strategies	Incremental change: 2020 – 4 mos - \$15,000, 2021 – 12 mos - \$26,000, thereafter – non-union policy
Infrastructure	Be a municipal leader in climate action and environmental stewardship	
Incorporate environmental responsibility in decision-making	Hire a new project engineer to refocus division resources on: <ol style="list-style-type: none"> 1. Strategic objective of climate action (enhance) 2. Address new provincial soil management legislation and imminent downloading of wastewater environmental compliance approvals 3. Fill gaps in the division from staff realignment to address the strategic priorities of asset management and customer service 4. Assist in the development of technical standards & long-term infrastructure planning for development streamlining and enhanced infrastructure service delivery (enhance) 	2020 – 4mos - \$33,000 2021 – 12mos - \$98,000 Thereafter – non-union policy
Incorporate a carbon reduction plan in everything we do with focus on clean energy	Complete milestone #3 of the Community Energy Plan	Nil – the existing summer student position in the engineering division will be allocated to this project

KEY OPERATING CHANGES TO MAINTAIN CURRENT LEVELS OF SERVICE

ENGINEERING DIVISION

The Engineering Division largely supports other departments and therefore gross operating costs are re-distributed to other areas.

↓	Reduced budget in 2020 due to significant impact to overhead in 2019 for parental leave benefits and acting staff position
	A new full-time equivalent was created from re-organization titled Chief Engineer. This position is allocated amongst multiple departments based on planned time spent, but majority remains within Engineering division as it is proposed that it is mostly funded by working capital reserve.
↓	As a result of recent re-organization: Assistant Township Engineer now reports from Business Services as the Asset Management Manager; Policy and Programs Analyst now reports from Corporate Services; GIS Technician now reports from the Development Division; 80% of Customer Service Assistant now reports from Community & Customer Services
	Existing staff time allocated to complete technical standards for engineering requirements (water, wastewater, stormwater, roads and other infrastructure) in conjunction with Urban Development Design Guidelines for the Development Division as noted under new initiatives
\$90,000	On-going Infrastructure Master Planning (IMP) work will be undertaken to support new Official Plan by providing a road map for infrastructure associated with future development. This amount is allocated within Public Works and is proposed to be funded by general rate accumulated surplus

PLANNING & DEVELOPMENT, BUILDING, PROPERTY STANDARDS & HERITAGE DIVISION

Loyalist East Business park	Phase 1	Phase 2
Lots remaining for sale	4 out of 12 - 7.3 acres	6 out of 6 - 20.6 acres
Approximate price per acre	\$75K - \$80K	\$78K

2. General Rate Operating Budget

↑ \$6,000

Completion of Development Charges Study of which 90% is funded by development charges under *Development Charges Act* (Total cost \$60,000)

↑ \$28,100

Completion of Secondary Plan of which 90% is funded by development charges under *Development Charge Act* (Total cost \$281,000)

↑

GIS Technician now reported under Development Services division previously reported under Engineering

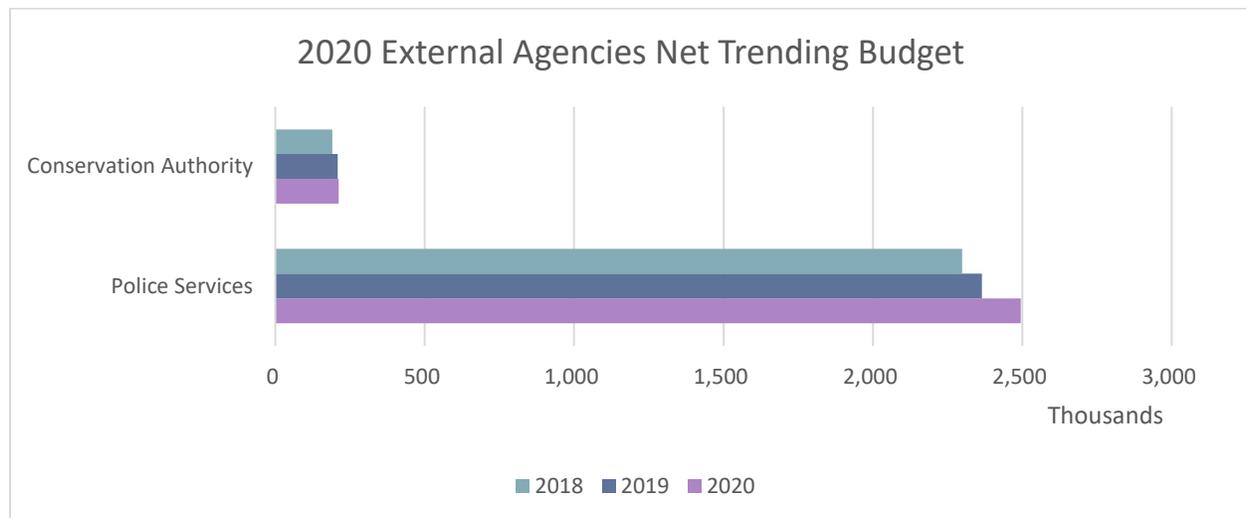
A new full-time equivalent was created from re-organization titled Chief Planner. It is proposed that it is funded by working capital reserve

Director of Economic Growth & Community Development Services now reports approximately one-third of time to Planning & Development

EXTERNAL AGENCIES

EXTERNAL AGENCIES - 2020 OPERATING BUDGET

	Police Services	Conservation Authority	Total	Total 2019 Budget	\$ Change	% Change
Revenue						
Grants	(12,000)	-	(12,000)	(12,000)	-	0%
2020 Budgeted Revenue	(12,000)	-	(12,000)	(12,000)	-	0%
Expenses						
OPP/Conservation	2,506,200	212,400	2,718,600	2,584,100	134,500	5%
Contracted Services	-	-	-	-	-	0%
Supplies, Materials & Other	500	-	500	500	-	0%
Contribution to Capital	-	-	-	-	-	0%
Contribution to Reserve Funds	-	-	-	-	-	0%
Internal Allocations	-	-	-	-	-	0%
2020 Budgeted Expenses	2,506,700	212,400	2,719,100	2,584,600	134,500	5%
2020 Net Budget	2,494,700	212,400	2,707,100	2,572,600	134,500	5%



The proposed net operating budget for External Agencies is \$2,707,100 and represents 17% of the total operating budget.

CONSERVATION AUTHORITY

The overall budget consists of levies paid to the following agencies:

\$205,800	Cataraqui Region Conservation Authority (“CRCA”)
\$6,600	Quinte Conservation

A 2% increase totaling \$4,000 has been imposed from the CRCA. This is lower than the 9.4% increase imposed in 2019. Budget details were outlined in CRCA’s budget presentation at the regular Council meeting held on October 28.

POLICING

Levies are paid to the Ontario Provincial Police (“OPP”) and are based on the 2020 billing statement provided. The 2020 policing levy calculation includes an adjustment adding \$10,100, which relates to the 2018 year-end accounting for the variance between actual and forecasted billings. Including this adjustment, and a reduction in actual versus billed adjustment as noted below in 2019, these levies have increased \$130,900 or 5.5%, mainly due to overall increased OPP salaries and benefits and portion of service calls to Loyalist.

The allocation of municipal workload is as follows:

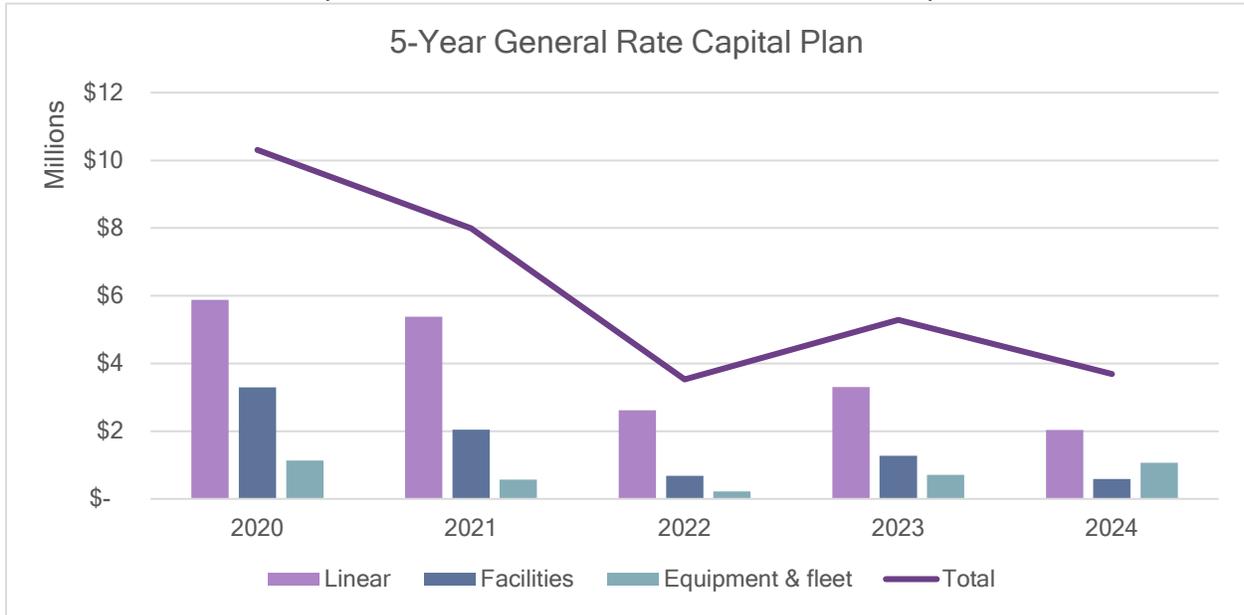
- Base service (proactive policing such as routine patrols, crime prevention, training, administration, etc.) - 54.5% (2019 - 56.2%)
- Calls of service (reactive policing) - 45.5% (2019 - 43.8%)

OPP Service Costs		2020		2019	
Base Service	Number of properties	7,128		7,016	
	Cost per property	\$ 183.23	\$ 1,306,073	\$ 189.54	\$ 1,329,813
Calls for Service	Total:	\$ 162,805,510		\$ 156,778,914	
	Loyalist Portion	0.6634%	\$ 1,080,074	0.6148%	\$ 963,841
Overtime			\$ 61,678		\$ 63,872
Prisoner Transportation	Per property cost:	\$ 2.27	\$ 14,185	\$ 2.27	\$ 15,926
Accommodation/Cleaning Services	Per property cost:	\$ 4.90	\$ 34,072	\$ 4.90	\$ 34,378
Total Billing			\$ 2,496,082		\$ 2,407,830
2017 Year-End Adjustment					-\$ 32,609
2018 Year-End Adjustment			\$ 10,065		
Adjusted Total Billing			\$ 2,506,147		\$ 2,375,221
Monthly Billing Amount			\$ 208,846		\$ 197,935

3. General Rate Capital Budget

EXECUTIVE SUMMARY

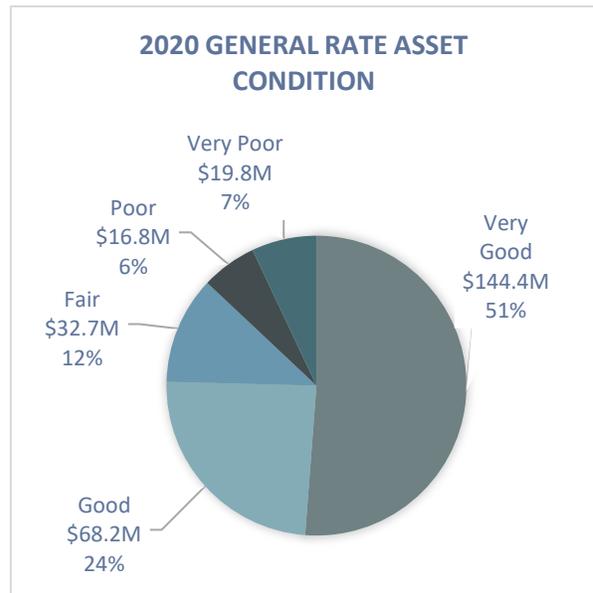
FIVE-YEAR CAPITAL PLAN (BASED ON INFORMATION CURRENTLY AVAILABLE)



Total general rate capital budget totals \$10,307,100. This is a significant increase from 2019 and was identified as such in 2019’s budget presentation in its five-year capital plan. Engineering and public works staff have developed a work plan for all 2020 and carry forward capital projects (contingent on Council approval). Several projects are large in dollar value and require less staff involvement as they are tendered out to qualified third parties.

Council has already pre-approved the following general rate projects for 2020:

- \$400K { • Emergency Services - T931 tanker replacement funded by Pay-As-You-Go
- \$300K { • Public Works - New tandem plow funded by development charges
- \$63K { • Engineering - Loyalist East Business Park phase 2 servicing funded by reserve funds



3. General Rate Capital Budget

A detailed funding plan by project is included in Appendix D.

Proposed General Rate Funding Plan for 2020 Capital:	Amount
Reserves and Reserve Funds:	
Ice resurfacer reserve fund	50,000
Municipal capital reserve fund (past fleet sales)	84,000
Working Capital reserve (Modernization grant)	70,000
Industrial Park reserve fund	63,000 *
Federal Gas Tax (estimated)	515,000
Other Grants:	
Connecting Links (estimated)	1,350,000
Ontario Community Infrastructure Fund (estimated)	752,000
Municipal Disaster Recovery Program	794,300
Ontario Municipal Partnership Fund	460,400
Other	15,000
Development Charges	2,020,500 **
Debt	1,070,900
Interim Debt	1,240,000 *
Pay-As-You-Go	1,822,000
Total	<u>10,307,100</u>

*Business Park servicing project will be funded by future land sales as there is currently insufficient funds in the reserve fund. At least \$1.24 million of debt will be required in the interim to complete this work.

**Included in this is the Public Works garage expansion. Development charges are regulated and capped to service levels therefore debt may be required for any residual costs above capped charge. This will be calculated in upcoming DC study.

As noted above proposed projects require debt issuances which ultimately increase operating costs. Future debt costs based on the above funding plan would be \$140,000 per annum if amortized over 25 years at 3.5% interest.

A 10-year capital plan at current values (non-inflated) is in Appendix C. Based on funding assumptions and a 2% increase in capital contribution, there are still significant funding gaps in some years. The Township must continue to contribute to its reserve funds to alleviate some of the impacts of rising construction costs.

UNFINANCED CAPITAL OUTLAY

In 2019, Council approved transfers from general rate surplus, parkland reserve fund, and industrial park reserve fund to eliminate the unfinanced capital outlay totaling \$848,000. As outlined in past staff reports there is still planned debt issuances on capital (if carried forward)

from the 2018 approved budget. This amount will be refined when staff bring a report to council requesting specific capital projects to be carried forward.

CAPITAL WORKS IN PROGRESS

There are ongoing general rate capital projects approved between 2016 and 2019 of approximately \$5.1M that will likely be requested to be carried forward. Significant projects are as follows:

Project Name	Funded primarily by	Rounded CF amount as of Jan 2020 (\$)
180027 - Amherst Island flood repairs	Municipal Disaster Fund	1.1 million
180025 - Public works garage expansion	Development charges contingent on upcoming study	500,000
190022 - Surface treatment to Shorey, Fred Brown, Clark, Lucas, Wilson	2019 OCIF and general rate PAYG	550,000
190021 - 2019 Vehicles & equipment - Tandem plow to be delivered in 2020 - T921 tanker replacement to be delivered in 2020 - Pickup truck for facilities maintenance	General rate unexpended and development charges for facilities maintenance vehicle	700,000
170024 Road design - Edgewood & Compton	General rate and utility unexpended	300,000
190005 Road design - Chesterfield, Tareyton,	General rate and utility unexpended	250,000
170016 Municipal office building	General rate unexpended	200,000
170015 Building software	General rate unexpended	150,000
160034 Citywide Works - proposed to be used for FMW software (multi-year budgeting)	General rate unexpended	100,000
180015 Amherst Dr. urbanization	Development charges	100,000

A complete list of capital works in progress to date (including completed and in progress) with funding plan is included in Appendix D.

CORPORATE SERVICES

2020 CAPITAL BUDGET BY PROJECT

Cost centre	(CS) Project Name	Amount
200045	Network server equipment	70,000
200046	Audio/video upgrades	70,000
200047	Annual PC/Laptop/Monitors	40,000
200048	Annual Printer Replacement	10,000
200049	Mobile devices	10,000
200050	Leisure Centre phone system	5,000
Total		205,000

KEY CAPITAL PROJECTS

\$70,000 - Network & server equipment

- *Priority: Lifecycle Maintenance and Safety, Health & Legislative*
- Updating existing server rooms, increasing security physically in these rooms, additional switches for network improvements and Uninterruptible Power Supplies (UPS) where needed

\$70,000 - Audio/Visual upgrades

- *Priority: New Initiatives*
- *Strategic Plan Alignment: Engage public through broad range of communication & marketing on multiple platforms and creating greater opportunities for public communications & engagement fostering a positive public/municipal relationship (communication strategy)*
- Replacement of older audio video (AV) equipment such as; Council Chambers projector & meeting room projector. Installation of Flat-Panel displays with wireless devices to allow for easier connectivity for both internal and external customers. It is proposed this project be funded by the modernization grant.

\$40,000 - Annual PC, laptop, & monitor replacements

- *Priority: Lifecycle Maintenance*
- Annual replacement of laptops/PCs that are nearing end of their useful life; included this year will be additional monitor purchases

EMERGENCY SERVICES

2020 CAPITAL BUDGET BY PROJECT

Cost centre	(ES) Project Name	Amount
190011	Radio repeater	10,000
200021	Vehicles & Equipment / Fleet purchases	522,000
200037	Annual bunker gear replacement	30,000
200038	Bunker gear for new firefighters	25,000
200039	Annual pooled fire equipment replacement	30,000
200040	Face Fit Tester for Scott air packs	25,000
200041	Odessa Fire Hall Roof	100,000
200042	Outbuilding for generator - Bath Fire Station	25,000
Total		767,000

KEY CAPITAL PROJECTS

\$422,000 - Fleet purchases

- *Priority: Lifecycle Maintenance & Safety, Health & Legislative*
- Pre budget approval was received for this project at the May 27, 2019 Council Meeting under Resolution 2019.10.7. Tanker upgrades were approved in both the 2019 and 2020 budget years to realize the savings in purchasing both units at the same time. These are replacements as required to maintain the Township's Superior Water Shuttle Certification for rural residents

\$100,000 - Fleet purchases

- *Priority: Lifecycle Maintenance*
- For the replacement of a 1997 Ford Wildland truck as well as a 2009 half ton. Both units were up for replacement in 2018 but based on condition their usable life was extended

\$30,000 - Annual pooled bunker equipment replacement

- *Priority: Lifecycle Maintenance and Safety, Health & Legislative*
- Replacements to ensure firefighters gear is within the 10-year useful life as mandated under the Occupational Health and Safety Act

3. General Rate Capital Budget

\$30,000 -Annual pooled
fire equipment
replacement

- *Priority: Lifecycle Maintenance*
- General fire hose, gas detection, portable pump and generator life cycle replacements

\$25,000 - Face fit testers

- *Priority: Lifecycle Maintenance and Safety, Health & Legislative*
- Replacement of current face fit tester. Occupational Health and Safety requires all firefighters to be fit tested annually under the Respiratory Protection Act. The current unit is 12 years old and does not allow the fit test for N95 masks

\$100,000 - Odessa Fire
Hall roof

- *Priority: Lifecycle Maintenance*
- Roof replacement of the east and west sections of the firehall. This item was deferred from 2019 due to an emergency repair that was done in 2018 that allowed for some extended life

\$25,000 - Bath Fire
Station outbuilding

- *Priority: New Initiatives*
- To house the diesel generator for emergency power at this fire station. The generator is currently on a trailer and must be pulled outside to be utilized. Generator will still require to be manually started when a power failure occurs

\$25,000 - Bunker gear for
new firefighters

- *Priority: Growth*
- *Strategic Plan Alignment: Meet high level of customer service expectations (staff complement/new firefighters)*
- To cover the cost of Personal Protective Equipment for the 2020 recruits. These costs have traditionally been included in operating costs

COMMUNITY & CUSTOMER SERVICES

2020 CAPITAL BUDGET BY PROJECT

Cost centre	(PW) Project Name	Amount
180002	Sandbeach Access Stairs	10,000
190023	AI Works Garage - Plumbing & HVAC	25,400
200004	Landfill Fencing (AI & Violet)	52,500
200005	Walkways (Bath Park, Briscoe Park, Millcreek, Babcock Mill)	65,800
200018	Bus Shelter Replacement - Transit Rate	15,000
200008	Finkle Walkway & Shoreline Protection	64,000
200011	PW Radio Repeater	30,000
200021	2020 Vehicles & Equipment	446,000
200022	Surface Treatment Program	1,271,800
200023	Cross Culverts and 2021 ST Preparation	693,600
200044	Annual Driveway Culvert Replacement	50,000
200043	Annual Roadway Sign Replacement	10,000
190012	Annual Bleacher Replacement	5,000
200016	Paved Apron in front of County Rd 6 Domes	300,000
Total		3,039,100

Cost centre	(Rec) Project Name	Amount
200003	Loyalist Dog Park Pilot	85,000
200009	Willie Pratt Sports Field Redesign	10,000
200021	2020 Vehicles & Equipment	165,500
Total		260,500

Cost centre	(FM) Project Name	Amount
190037	Arena Ice System Header Pipes & 2 Compressors	52,800
200010	County Rd 6 Salt Dome Reshingling	75,000
Total		127,800

KEY CAPITAL PROJECTS

\$1,271,800 - Surface Treatment Program

- *Priority: Lifecycle Maintenance*
- The Township Surface Treatment Program was restarted in 2019 at a sustainable level. Surface treated roads require resurfacing approximately every six to seven years depending on factors such as road base, traffic volume, drainage etc. All Township surface treated roads were inspected and prioritized based on the condition rating of the roads. Road surfaces that could be salvaged were given a higher priority than roads that had already failed and need to be pulverized or reconstructed completely before resurfacing
- For 2020, portions of Brandon, Caton, Clark, Creekside, Fairbanks, Fisk, Morven, Shane and Sharpe were selected however a final inspection in the spring will determine if those roads are still suitable for resurfacing. Roads that no longer meet the criteria for resurfacing will be rescheduled for a later date

\$693,600 - Cross culverts & 2021 surface treatment preparation

- *Priority: Lifecycle Maintenance*
- Prior to any resurfacing, all cross culverts will have been inspected and replaced if required, roadside berms removed, any ditch work completed, and roads padded
- Work will also commence on the preparation of 2021 roads identified for resurfacing

\$311,500 - Fleet & equipment replacements

- *Priority: Lifecycle Maintenance*
- *Strategic Plan Alignment: Be a municipal leader in climate action and environmental stewardship (carbon reduction)*
- Includes three pickup trucks, two of which are to be funded from reserve funds/sales of past fleet, three pieces of equipment, & one ice resurfacer
- The ice resurfacer should be replaced in 2022 based strictly on lifecycle age. In view of condition assessment and recent maintenance issues and in order to maintain a reliable level of service, replacement was moved to 2020 and is anticipated to be an electric model. It is proposed that \$50,000 is withdrawn from the ice resurfacer reserve fund to partly fund this

\$300,000 - New fleet

- *Priority: Growth*
- *Strategic Plan Alignment: Meet high level of customer service expectations (changing demands/expectations/growth)*
- New tandem plow pre-approved in 2019 to be funded by development charges

\$300,000 - Paved apron
at Cty Rd 6 domes

- *Priority: Lifecycle Maintenance*

- Apron in front of domes has failed to the point that large potholes are regularly opening, surface has also become uneven making loading and scraping more difficult. Surface asphalt was originally budgeted for in 2012 (\$50,000) as part of the construction of the new dome but was not completed at that time. Asphalt base also appears to have failed and complete reconstruction is now required. Asphalt is required to ensure that any spillage of salt is cleaned up to reduce potential for contamination of the environment. Asphalt apron is also utilized during the filling of the domes. Project would include the repaving of the County Road 6 entrance used for the Fire Training Centre. Should weather cooperate this spring Township forces would reconstruct the granular base reducing overall project costs, however project has been budgeted based on external construction. Asphalt needs to be back in place prior to loading the domes this summer

\$52,500 - Landfill fencing

- *Priority: Lifecycle Maintenance and Safety, Health & Legislative*

- Fencing at the Violet landfill site which is an extension of existing chain-link fence. This is for litter control and is a requirement of the operating license of the landfill. This also includes replacement fencing at the Amherst Island landfill.

\$65,800 - Park walkways

- *Priority: Lifecycle Maintenance & New Initiatives*

- The walkways at Bath, Briscoe, & Millcreek are lifecycle replacement. Babcock Mill Park is a new initiative which is Phase II of the natural play park previously constructed in partnership with the Odessa Lions Club. Staff are currently in discussions with the club to determine what level of contribution they will be making to this phase. The current budget reflects no contribution but if the project is approved the final decided contribution will be applied to assist in funding this project

3. General Rate Capital Budget

\$64,000 - Finkle walkway
& shoreline protection

- *Priority: Lifecycle Maintenance and Safety, Health & Legislative*
- Work to shoreline protection and part of the walkway as a result of flood damage. There is a section of the walkway that is lifecycle replacement

\$50,000 - Annual
driveway culvert
replacement

- *Priority: Lifecycle Maintenance*
- This is an ongoing replacement program completed by Public Works. There is a significant amount of lifecycle replacements identified within the asset manager backlog that require an annual allotment of funding

\$85,000 - Dog park pilot

- *Priority: New Initiatives*
- *Strategic Plan Alignment: Assess and monitor changing demands and expectations*
- This project was proposed in the 2019 budget that was ultimately deferred. Staff are presenting this pilot dog park again as Council has expressed an interest in pursuing this type of park as identified in the Recreation Master Plan

\$52,800 - Arena ice
system header pipes &
compressors

- *Priority: Lifecycle Maintenance*
- This project is included due to current age and assessed condition

\$75,000 - Cty Rd 6 salt
dome re-shingling

- *Priority: Lifecycle Maintenance*
- This project is included due to current age and assessed condition

ECONOMIC GROWTH & COMMUNITY DEVELOPMENT

2020 CAPITAL BUDGET BY PROJECT

Cost centre	(Eng) Project Name	
180025	Public Works Garage	1,911,600
180027	Amherst Island Flood Repair	818,200
190039	Business Park - Servicing Phase 2	1,303,000
190058	Scotland Road & Old Wilton Rd (Asphalt) Reconstruction	30,000
190061	Bath Main St Resurfacing & Culverts	1,500,000
200006	Fairfield House & Park - Parking Lot & Washroom	127,000
200024	Rural Road Design (Maple, Simmons, Old Wilton & Absalom)	177,900
200028	Bath Lakeview sidewalk extension	15,000
200029	Lakeview Forcemain Relocation & Drainage Issue	25,000
Total		5,907,700

KEY CAPITAL PROJECTS

The Engineering Division manages large capital projects in partnership with the Utilities, Public Works, and Recreation divisions. In the 2020 budget, these types of projects total \$5.9M in general rate budget and \$5.4M in utilities service rate budget. Significant projects proposed to move forward in 2020 that will be managed by the Engineering Division are as follows:

\$1,911,600 - Public Works Garage

- *Priority: Growth and Safety, Health & Legislative*
- *Strategic Plan Alignment: Meet high level of customer service expectations (changing demands/expectations/growth)*
- The construction of six additional bays at the Public Works Garage on County Road 6 including additional public works office space on the main level and the reorganization of the facility to relocate mechanic workspace to promote health and safety for all staff utilizing this facility. This project is eligible for Development Charges funding and costs are estimated to be approximately 90% growth related. The upcoming development charges study will determine the eligible amount in line with growth projections and current service levels in accordance with the *Development Charges Act*

\$818,200 Amherst Island flood repair

- *Priority: Safety, Health & Legislative*
- *Strategic Plan Alignment: Longterm financial sustainability of municipal infrastructure with stable funding for Township ten-year capital budget (maximize grant funding)*
- The reconstruction of four roads on Amherst Island to address flooding damage as a result of 2017 high water levels on Lake Ontario. This project is funded by a cost sharing agreement with the province under the Municipal Disaster Recovery Assistance Program, and the general rate.

3. General Rate Capital Budget

\$3,481,800 - Bath WTP
filter upgrade -
Utilities Funded

- *Priority: Safety, Health & Legislative & Growth*
- *Strategic Plan Alignment: Meet high level of customer service expectations (changing demands/expectations/growth)*
- Pre-Budget Approval given for this project by Council Resolution 2019.11.9 Project involves changing filtration process to address turbidity spikes and provide full redundancy. A portion of this project is considered growth and will be partly funded by growth impost charges and Correctional Services Canada.

\$717,100 - Lakeview &
Bath PS upgrade -
Utilities Funded

- *Priority: Lifecycle Maintenance and Safety, Health & Legislative*
- Replacement of the generators at Lakeview PS in Amherstview and Bath PS 1 based on the condition review completed in 2018. These are vital pieces of equipment that must operate during power outages or sewage overflows or backflow into residences could occur. The condition review outlined that parts for this equipment are no longer available.

\$1,622,500 - Business
Park Servicing - General
Rate & Utilities Phase 2

- *Priority: Growth*
- *Strategic Plan Alignment: Increase local retail/commercial services across Township (part of upcoming retention plan)*
- Servicing of Phase 2 of the Loyalist East Business Park to provide additional serviced light industrial lands

\$1,500,000 - Main Street
Bath resurface & culverts

- *Priority: Lifecycle Maintenance*
- *Strategic Plan Alignment: Longterm financial sustainability of municipal infrastructure with stable funding for Township ten-year capital budget (maximize grant funding)*
- Resurfacing and culvert replacements for Main Street in Bath between the west end of the village and the water plant. This project would be funded 90% by the province through connecting links funding and will only move forward if the Township's application is approved by the province

\$800,000 - Fairfield WTP
Membrane -
Utilities Funded

- *Priority: Lifecycle Maintenance and Safety, Health & Legislative*
- Replacement of aging membranes in two sub-trains at the Fairfield WTP. The useful life of these membranes was exhausted in 2018 and staff has been monitoring condition and performance over the last number of years and the membranes now require replacement to ensure effective operation and public safety.

\$127,000 - Fairfield
House & Park parking lot
& washroom

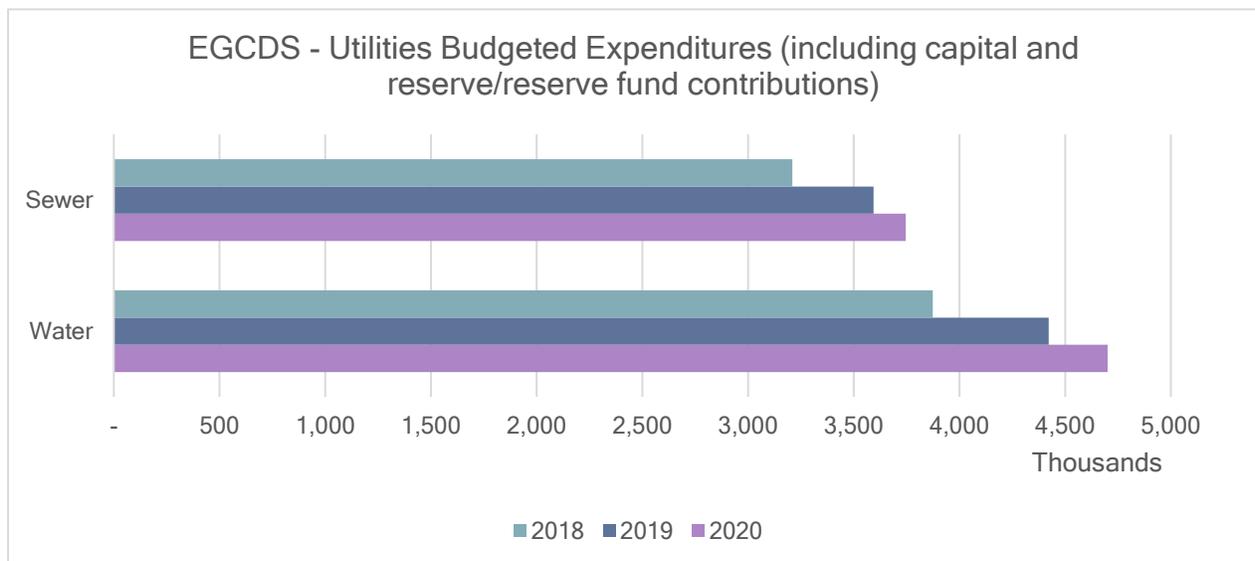
- *Priority: Lifecycle Maintenance*
- Plan to upgrade the parking lot to a paved lot based on the use and maintenance level required to maintain a gravel parking lot at this location.

4. Utilities Budget

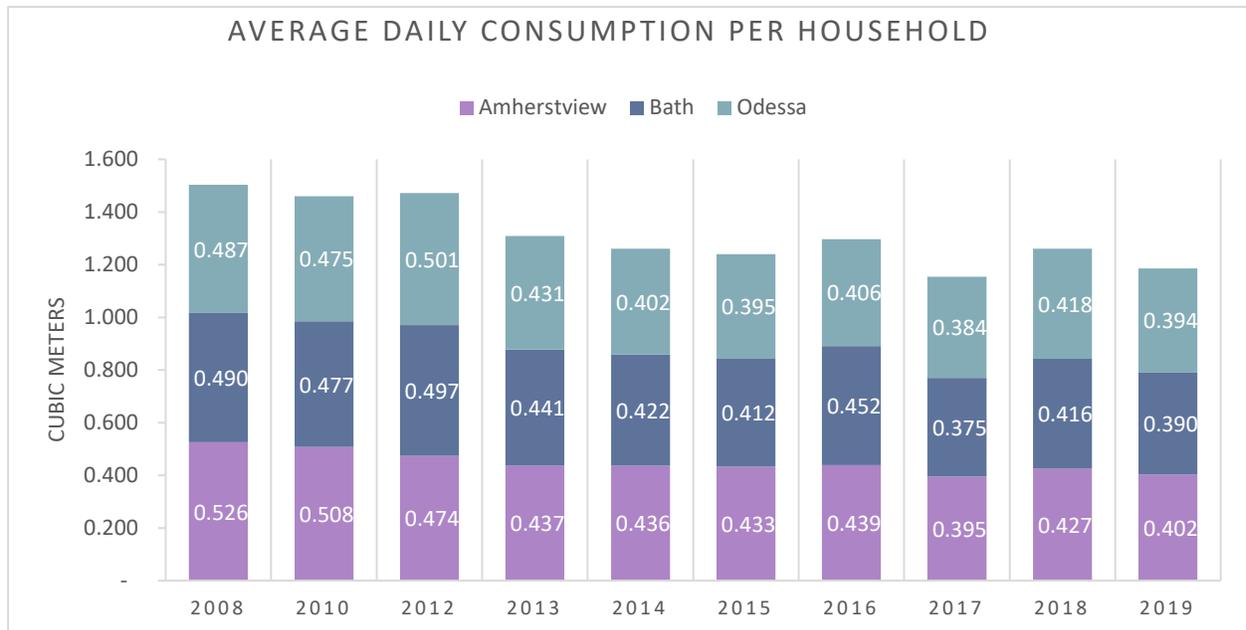
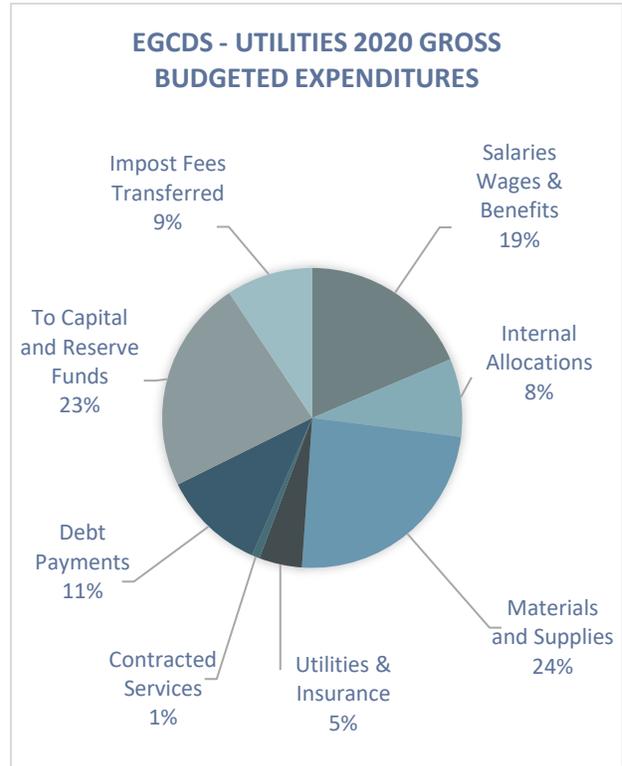
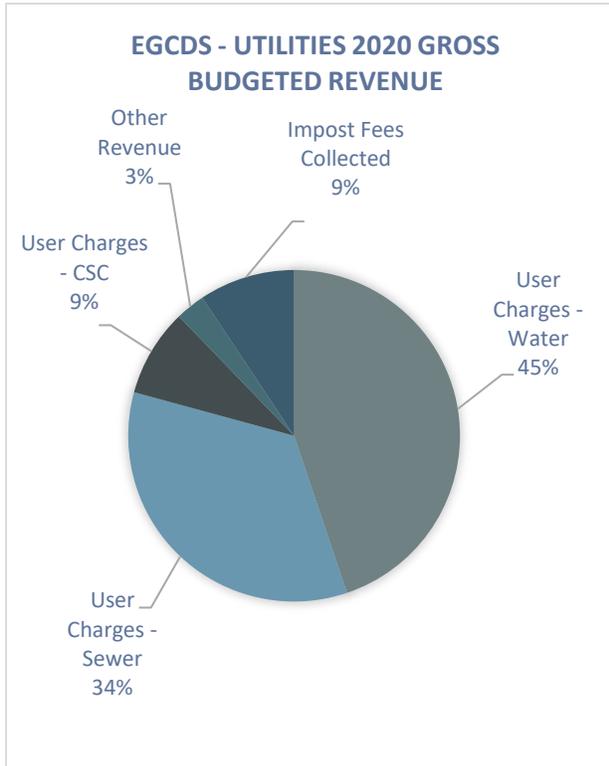
OPERATING BUDGET

UTILITIES - 2020 OPERATING BUDGET

	Water	Sewer	General Overhead	Total	Total 2019		% Change
					Budget	\$ Change	
2020 Budgeted Revenue	(5,204,000)	(4,112,300)	(7,000)	(9,323,300)	(9,334,400)	11,100	0%
Expenses							
Salaries, Wages & Benefits	621,800	505,800	606,100	1,733,700	1,615,900	117,800	7%
Debt Principal & Interest	497,500	536,900	-	1,034,400	1,043,200	(8,800)	-1%
Insurance	13,300	13,400	48,200	74,900	66,300	8,600	13%
Utilities	57,600	298,500	-	356,100	310,500	45,600	15%
Contracted Services	37,000	39,000	3,000	79,000	72,900	6,100	8%
Supplies, Materials & Other	717,900	1,210,900	316,200	2,245,000	2,022,100	222,900	11%
Contribution to Capital	1,497,600	313,100	-	1,810,700	1,796,900	13,800	1%
Contribution to Reserve Funds	245,300	35,800	53,100	334,200	305,700	28,500	9%
Contribution to Reserve Funds - impost fees	503,200	366,600	-	869,800	1,312,900	(443,100)	-34%
Internal Allocations	1,012,800	792,300	(1,019,600)	785,500	788,000	(2,500)	0%
2020 Budgeted Expenses	5,204,000	4,112,300	7,000	9,323,300	9,334,400	(11,100)	0%
2020 Net Budget	-	-	-	-	-	-	0%



4. Utilities Budget



4. Utilities Budget

2020 Sewer Costs



2020 Water Costs



The proposed gross operating budget for Economic Growth & Community Development Services (Utilities Rate) is \$5,204,000 for water and \$4,112,300 for sewer. Excluding impost fee activity, the budget has increased \$432,000 or 5.4% over 2019. Most of this is attributed to salaries, wages, and benefits as detailed in Section 1 and Appendix A and materials, supplies, and other expenditures.

Key new operating initiatives/enhanced services proposed for 2020:

STRATEGIC PLAN KEY PRIORITY	NEW INITIATIVES FOR 2020	APPROXIMATE OPERATIONAL IMPACT
KEY INITIATIVE	OBJECTIVE	
Infrastructure	Be a municipal leader in climate action and environmental stewardship	
Incorporate environmental responsibility in decision-making	AWPCP Biosolids lagoon cleaning	\$300,000 in 2020. Possible capital project to follow to prevent further cost
Operational Excellence	Meet high level of customer service excellence	
Continual review of equipment and technology for efficiency and effectiveness	Water tower inspections	\$16,000 in 2020
Continual review of equipment and technology for efficiency and effectiveness	Cathodic Protection Inspections	\$6,000 in 2020

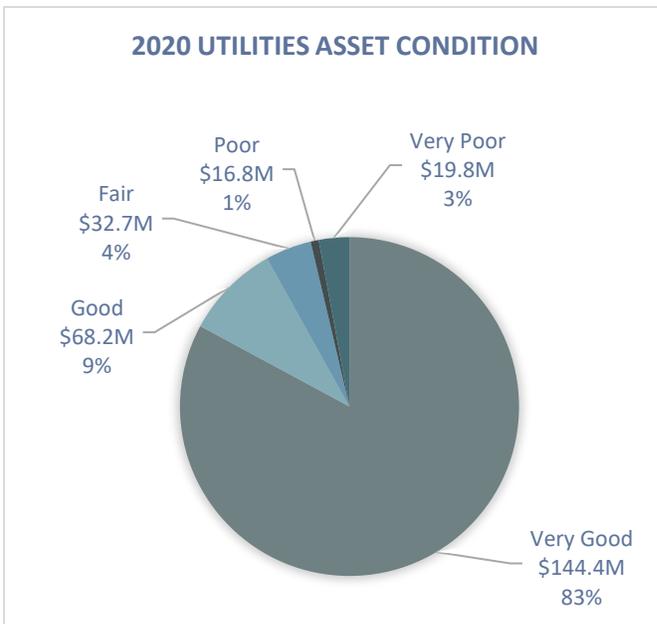
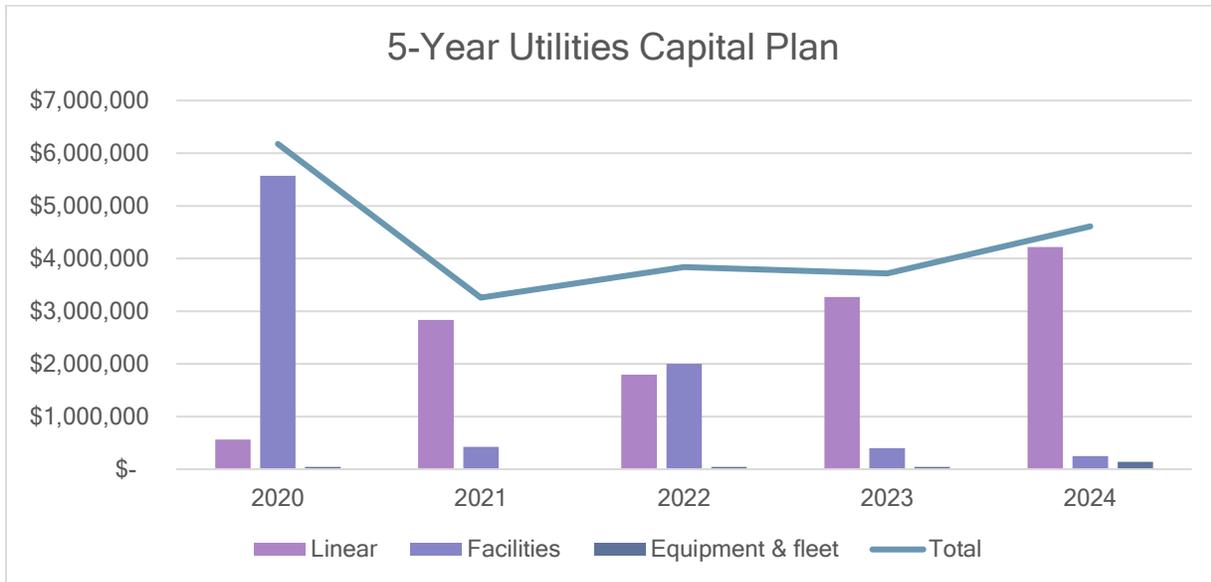
4. Utilities Budget

Key operating changes to maintain current levels of service:

↑ \$78,000	Hire full-time Compliance Technician to support Compliance Supervisor in addressing current backlog caused by understaffing in last five years while Provincial Regulatory requirements increased. No longer sustainable with upcoming download of Provincial Regulations on municipal sewer side
↓ \$50,000	Reduced hydro charges at Fairfield Water Treatment Plant by approximately 30% due to operational changes made in 2018. (Savings)
↓ \$11,000	Decrease in water usage at Lakeview Pumping Station by approximately 40% over four year average due to mechanical changes to pumps (Savings)
↑ \$87,000	Maintenance apprentice position to address an upcoming retirement
↑ \$20,000	Increase in property tax at Bath Sewage Treatment Plant due to reassessment following upgrades in 2014
↑ \$10,000	Increase in contracted services at Bath Sewage Treatment Plant for foam removal process to keep plant in compliance
↑ \$10,000	Increase in SCADA Contracted Services at Booster Station to address alarm system for generator

CAPITAL BUDGET

Based on current information available, the five-year capital plan is as follows:



The proposed water and sewer capital budget totals \$6,175,900, which is an increase of \$3.6M from 2019.

Council has previously approved year two of the Bath filter upgrade project totaling \$3.48M, which is funded by water user rates, impost fees, Correctional Services Canada (“CSC”), and Federal Gas Tax.

4. Utilities Budget

Cost Centre	Project Name	Amount	Water	Sewer
190004	Development oversizing and modelling	75,000		75,000 *
190013	Bath WTP Filter Upgrade	3,481,800	3,481,800	*
190027	Lakeview PS & Bath PS 1 Generator Design	717,100		717,100 *
190039	Business Park - Servicing Phase 2	319,500	192,800	126,700 *
200001	Amherstview WPCP Clarification Scada	20,000		20,000
200002	Water Services on HWY 33 north of Edgewood	3,000	3,000	
200007	Utilities Head Quarters Steel roof	65,000	32,500	32,500
200012	Utilities Generator fuel and exhaust systems	217,000	77,500	139,500
200021	2020 Vehicles & Equipment	57,000	21,000	36,000
200013	Amherstview WPCP Final Effluent Instrumentation	45,000		45,000
200014	Lakeview PS Piping and Valves	10,000		10,000
200015	Bath WPCP Building HVAC (includes lab, blower room, chemical room & sludge room)	2,000		2,000
200017	Fairfield WTP Intake Equipment	5,000	5,000	
190038	Fairfield WTP Membrane Replacement	800,000	800,000	*
200019	Fairfield WTP GAC Media Replacment	93,500	93,500	
200020	Bath WTP AC Unit Replacement	10,000	10,000	
200025	Fairfield WTP Backflow Preventor Piping	40,000	40,000	
200027	Bath WTP Intake Screen	50,000	50,000	
200029	Lakeview Forcemain Relocation & Drainage	25,000		25,000 *
200036	Meter Replacement	140,000	140,000	
Total		6,175,900	4,947,100	1,228,800
*Project to be managed by the Engineering division. Significant projects are discussed within Section 3 general rate capital.				
Funded by:		Amount	Water	Sewer
Reserve funds:				
	Water connection charges (non-growth club fee) reserve fund	507,900	507,900	
	Sewer connection charges (non-growth club fee) reserve fund	757,000		757,000
	Federal Gas Tax (estimated)	271,000	271,000	
	Third-party agreements	1,408,700	1,397,700	11,000
	Connection charges (growth) reserve fund	1,101,100	1,080,100	21,000
	Interim Debt	319,500	192,800	126,700 **
	Water User Rates	1,497,600	1,497,600	
	Sewer User Rates	313,100		313,100
Total		6,175,900	4,947,100	1,228,800
**Business Park Servicing project will be funded by future land sales as there is currently insufficient funds in the reserve fund. Debt will be required in the interim to complete this work.				

A detailed funding plan by project is included in Appendix D.

KEY CAPITAL PROJECTS

\$217,000 Generator fuel
& exhaust sytem
upgrades

- *Priority: Safety, Health & Legislative*
- Due to TSSA requirements from Township's fuel supplier, generators have to be inspected every 10 years. This inspection resulted in many deficiencies identified on the fuel and exhaust systems with all (8) of the diesel generators.

\$93,500 - FWTP GAC
replacement

- *Priority: Safety, Health & Legislative*
- GAC was last replaced in 2008 and normal lifecycle is 10 years with our current usage. Part of this cost will also be to address safe access for replacement.

\$50,000 - BWTP intake
screening

- *Priority: Safety, Health & Legislative*
- The intake screening at the BWTP is currently in need of replacement as the screens are unable to be repaired due to material, age and current installation.

\$45,000 - AWPCP Final
effluent solar energy
upgrade

- *Priority: Safety, Health & Legislative*
- The Township is required under ECA to have composite sampling for final effluent. The current solar power system cannot provide sufficient power to accommodate this.

FINANCIAL PLANNING

DEBT AND RESERVE FUND CONTRIBUTIONS

EXISTING DEBT HELD IN UTILITIES

Principal and Interest Debt Payments for 2020			
	2020 Budget	2019 Budget	Change
Fairfield Water	436,100	441,800	(5,700)
Bath Water	61,400	61,300	100
Loyalist East Sewer	393,800	397,000	(3,200)
Bath Sewer	143,100	143,100	
Total Debt Payments Budgeted	1,034,400	1,043,200	(8,800)
Total Interest included in above	205,600	222,800	(17,200)

Other than the interim debt for the Loyalist East Business Park as noted, there is currently no debt proposed to complete the capital projects listed above. Legislation requires that debt principal and interest repayments do not exceed 25% of own-source revenue. The projected annual repayment limit for utilities based on existing debt for 2020 is at 12% out of 25%. Although this limit is calculated corporately, most of the current debt held belongs to Utilities.

Gross reserve fund contributions total \$334,200 in 2020 that are ultimately funded by the user rate. This is a \$28,500 increase from 2019 mainly due to the implementation of the conservation incentive program that Council approved on January 27, 2020, however, significant capital work is proposed as noted in the user rate study that requires a significant withdrawal from the connection charge club fees accumulated to date totaling \$1.26.M. A complete reserve fund continuity schedule as of December 31, 2019 and projection for 2020 is included in Appendix B.

ALIGNMENT WITH USER RATE STUDY AND FINANCIAL PLANS

The Township passed by-laws to impose new connection charges and user rates starting January 2020. These by-laws were accompanied by a user rate study completed by a third-party consultant. Several assumptions were made in terms of general inflation and long-term capital planning to complete this study as required. Below compares the proposed 2020 budget to the recently completed rate study:

	Higher (Lower) than Rate Study
Total Revenue	(16,800)
Salaries and Wages	(103,300)
Internal Allocations	(18,300)
Debt, Principal & Interest	(2,500)
Contracted Services	4,700
Insurance	7,200
Utilities	30,000
All Other Materials, Supplies, and Expenses	182,400
Capital	(147,000)
Transfer to Reserves/Reserve Funds (excluding impost fees)	30,000
Total expenditures	(16,800)
Net impact	-

Salaries and wages are lower than forecasted due to the following:

- Change in positions from re-organization
- Hourly rate lower than anticipated for two new positions proposed
- More salaries allocated to capital compared to 2019
- Less overtime budgeted compared to 2019

Furthermore, other significant changes are:

- Materials and supplies higher than general inflationary projection mainly due to biosolids lagoon cleaning as noted under new initiatives
- Higher reserve fund transfers to kickstart incentive program approved by Council as noted

Capital contributions for non-growth projects are lower than anticipated due to some significant deferrals proposed:

- Bakers, Chesterfield, Tareyton water and sanitary pipe replacements that must be aligned with general rate. This project is currently unfunded, and staff have analyzed the risk associated with deferral
- A portion of water meter replacements to better align with staff time available for this project

4. Utilities Budget

The following growth projects funded by growth connection charges have been deferred due to recent reorganization and available staff time; pending the completion of the hydraulic model

- Upsizing for Main Street Bath from Mott to Heritage
- Upgrade Purdy pressure reducing valve
- Extension of Academy
- Utilities general workshop

UNFINANCED CAPITAL OUTLAY

Council approved transfers from water and sewer surpluses to eliminate the unfinanced capital outlay totaling \$797,000 that has accumulated from past years. As outlined in past staff reports there is still planned debt issuances on capital to be incurred (if carried forward) from the 2018 approved budget. This amount will be refined when staff bring a report to Council requesting specific capital projects to be carried forward.

CAPITAL WORKS IN PROGRESS

There are ongoing Utilities capital projects approved between 2016 and 2019 of approximately \$3.6M that will likely be requested to be carried forward. Significant projects are as follows:

Project name	Funded mostly by	Rounded CF amount as of Jan 10 (\$)	Note
170024 Road design - Edgewood & Compton	General rate and utility unexpended	300,000	As noted in general rate
190005 Road design - Chesterfield, Tareyton, Bakers	General rate and utility unexpended	250,000	As noted in general rate
190013 Bath filter upgrade	2-year pre-approved budget - unexpended, third party agreement, federal gas tax	1.1 million	
190004 Development oversizing and modelling	impost charges (growth)	1 million	
170033 Bath sewer treatment plant aeration design	Unexpended and third party agreement	400,000	
180052 HP water pipe on Tower Rd.	Unexpended and third party agreement	300,000	

A complete list of capital works in progress to date (including completed and in progress) with funding plan is included in Appendix D.

5. Report to Council

Appendix A - New Staff Proposals

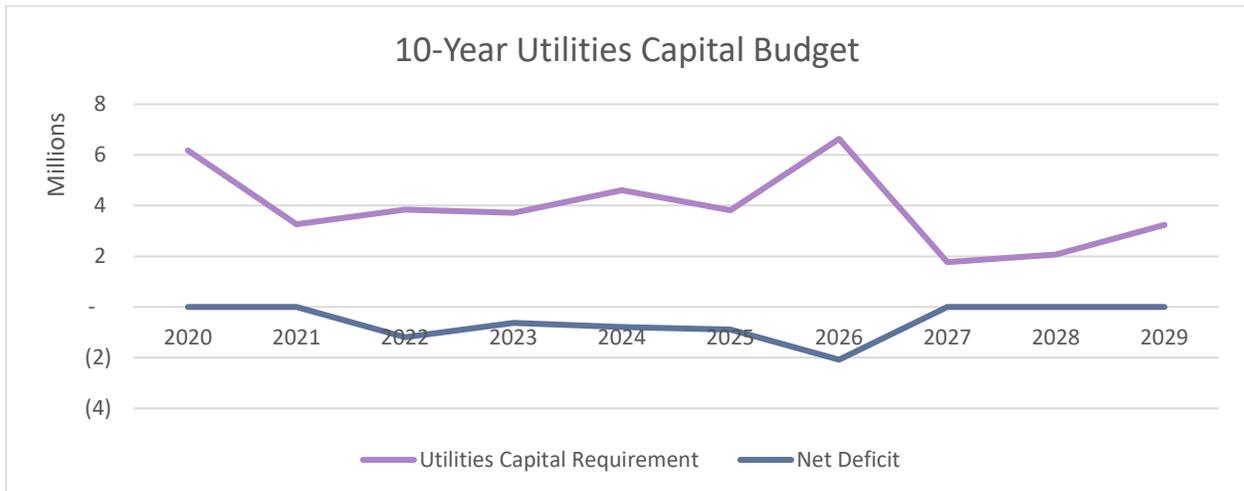
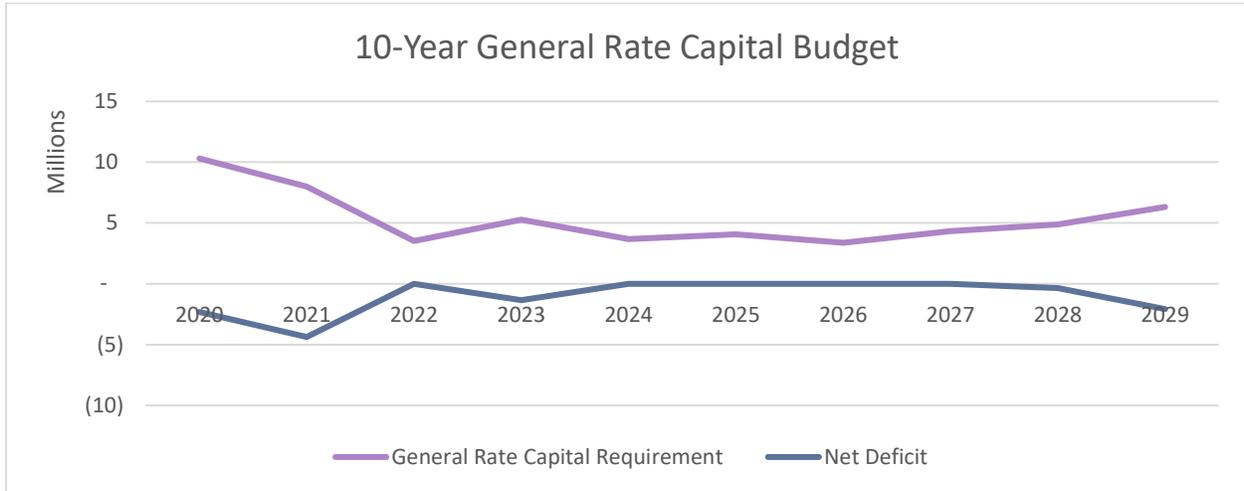
Appendix B - Reserve & Reserve Fund Continuity

GENERAL RATE AND UTILITIES RESERVE FUND SCHEDULE JANUARY 9, 2020

	TOTAL RESERVE FUNDS	TOTAL OBLIGATORY	TOTAL RESTRICTED	TOTAL SPECIAL AREA	TOTAL CONTINGENCY	TOTAL ASSET REPLACEMENT
Current Balance as of January 9, 2020	16,484,500	3,856,500	2,596,100	7,484,200	238,400	2,309,300
Estimated 2019 year-end entries not yet reconciled:						
Transfers in	108,500	-	-	-	-	108,500
Transfers out	(699,200)	(569,100)	(2,000)	(124,600)	-	(3,500)
Estimated ending 2019 balance	15,893,800	3,287,400	2,594,100	7,359,600	238,400	2,414,300
2020 Projection:						
Transfers in	4,049,500	1,331,800	1,003,900	869,800	10,000	834,000
Interest income	390,300	86,100	68,100	162,300	6,100	67,700
Transfers out	(4,235,600)	(1,581,900)	(150,200)	(2,366,000)	-	(137,500)
Ending 2020 projected	16,098,000	3,123,400	3,515,900	6,025,700	254,500	3,178,500

	TOTAL RESERVES	TOTAL WORKING FUND	TOTAL OTHER
Current Balance as of January 9, 2020	1,541,500	1,449,700	91,800
December 31, 2018 general surplus balance	1,923,300	1,923,300	
Estimated 2019 year-end entries not yet reconciled:			
Transfers in	7,400	-	7,400
Transfers out	(691,000)	(691,000)	-
Estimated ending 2019 balance	2,781,200	2,682,000	99,200
2020 Projection:			
Transfers in	173,600	150,000	23,600
Transfers out	(643,000)	(643,000)	-
Ending 2020 projected	2,311,800	2,189,000	122,800

Appendix C - 10-year Capital Plan



	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Forecasted debt repayments	1,676,000	2,200,500	2,130,100	2,094,100	1,886,100	1,896,800	1,725,800	1,722,100	1,531,300	1,539,000
Combined forecasted percent of ARL reached (out of 100)	22%	29%	27%	26%	23%	23%	21%	20%	17%	17%

Appendix C - 10-year Capital Plan

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Forecasted debt repayments	1,676,000	2,200,500	2,130,100	2,094,100	1,886,100	1,896,800	1,725,800	1,722,100	1,531,300	1,539,000
Combined forecasted percent of ARL reached (out of 100)	22%	29%	27%	26%	23%	23%	21%	20%	17%	17%

Appendix D - 2020 and Carry Forward Capital Funding Plans

Appendix E - Prioritization of Capital Projects Policy

NAME	Prioritization of Capital Projects
DATE OF ADOPTION	Administration Committee - October 5, 2009 Council - October 13, 2009
COUNCIL MINUTE NO.	Administration No. 2009.104 Council Minute No. 2009.21.18

POLICY

Due to limits on availability of funding, capital budgeting decisions by Council are of necessity made on a priority basis. When developing Capital Budgets, Department Heads will classify projects into one of 5 categories being: **safety, health or legislated** initiatives, **lifecycle maintenance** (to care for existing assets); **ongoing programs** (to address ongoing community priorities), **growth** (to support new residents and businesses), which form the bulk of the requirement, and **new initiatives** (to fund new programs and assets that are not growth related). It is recognized that some projects will cross over between two or more categories. These will be grouped into the single category which predominates.

1. Safety, Health and Legislative

New initiatives resulting from safety, health, and environmental concerns or to meet new legislative requirements.

2. Lifecycle Maintenance

The Townships physical assets include roads and sewer infrastructure, sidewalks, water, fleet equipment, information technology, parks and buildings. To protect its investment and ensure the economical, efficient and effective performance of these assets, the Township must perform appropriate maintenance and repair, along with the timely replacement of key components. This long-range financial plan identifies the estimated level of expenditure needed to address ongoing needs of these physical assets, as well as the impact of deferred maintenance activity. **Generally, lifecycle maintenance is funded from the property tax base or the water and sewer surcharge rate base.**

3. Ongoing Programs

Ongoing programs are determined by community needs not characterized as lifecycle or growth related. Generally, these programs-like community-related facilities, affordable housing, new street or park pathway lighting, sports field development, and park and intersection improvements-consist of annual allotments that gradually increase the level of service throughout the City and are an important part of the City's day-to-day service delivery to

residents. Also included in this category is planning work-such as the Official Plan and master plans-performed on a cyclical basis. **These programs are generally paid through taxes and utility rates.**

4. Growth

New residents and businesses require either new or expanded municipal infrastructure to service their needs. For the purposes of this long-range financial plan, this kind of infrastructure is known as growth infrastructure. Although driven by growth, these infrastructure projects often benefit existing residents. For example, if the Township standard is one ice rink for a specified number of people, when the population grows, the Township will require a proportionate number of new ice rinks. **Since all residents profit from these projects, they are funded both by development charges and by property taxes and utility rates.**

5. New Initiatives

New initiatives are large one-time projects that provide a new or improved level of service. Examples could include new transit initiatives, a new library branch, and expansion of the ambulance fleet that are driven by improving service to existing residents rather than by growth. **Generally, these initiatives are funded through taxes (including e.g. repayment of debenture issues) and utility rates.**

REVISION NO. _____ DATE _____ MINUTE NO.