

THE CORPORATION OF THE MUNICIPALITY OF KINCARDINE

Committee of the Whole Agenda

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Monday, January 14, 2019

1.0 **CALL TO ORDER**

The Committee of the Whole (C O W) meeting of the Council of The Corporation of the Municipality of Kincardine will be called to Order at ____ p.m. on Monday, January 14, 2019 in the Council Chambers at the Municipal Administration Centre.

2.0 **ROLL CALL**

Mayor Anne Eadie
Deputy Mayor Marie Wilson
Councillor Maureen Couture
Councillor Dave Cuyler
Councillor Gerry Glover
Councillor Laura Haight
Councillor Doug Kennedy
Councillor Randy Roppel
Councillor Bill Stewart

Staff Present

Sharon Chambers, Chief Administrative Officer
Donna MacDougall, Clerk
Michele Barr, Director of Building & Planning
Roxana Baumann, Treasurer/Director of Finance
Karen Kieffer, Director of Parks & Recreation
Kent Padfield, Fire Chief
Adam Weishar, Director of Public Works
Shelby Clancy, Financial Analyst

3.0 **DISCLOSURE OF PECUNIARY INTEREST AND THE GENERAL NATURE THEREOF**

<u>Name</u>	<u>Item of Business</u>	<u>General Nature of Interest</u>
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4.0 **BUSINESS FOR WHICH THE SPECIAL MEETING IS CALLED**

4.1 **TRE 2019-01**

Subject: 2019 Budget Report

Recommendation: Council Deliberations

Date to be considered by Council: N/A

Report Summary: This report summarizes the changes since the previous draft budget presented on December 17, 2018, which recommended a municipal tax rate increase of 3.2%. The updated budget now includes a tax rate increase of 3.8%, primarily to account for the estimated decrease in OMPF funding.

Origin: Municipal Act, 2001

Existing Policy: n/a

Background/ Analysis: The draft budget presented at the first budget meeting on December 17th incorporated the following:

- 3.2% municipal tax rate increase
- Included a 3% tax rate increase to address the infrastructure deficit
- A total of \$2.88 million is included as a transfer to the Lifecycle Reserve Fund

Since the first budget draft was presented, there have been several modifications to both the operating and capital budgets as follows:

- Operating budget correction of ~\$12,000 to decrease the cost of dispatching services for the Fire Department
- Operating budget increased for pre-budget approval of the cemetery student for \$6,850
- Operating budget increase of \$5,000 for a traffic analysis report at Conc 2/Bruce Rd 23 (50/50 cost-sharing with Bruce County). This project was originally included in the capital budget but has now been removed from the listing
- Capital budget highlighted in green for all items that obtained pre-budget approval at the January 9th council meeting
- Capital budget updated to add purchase of a new welder. Operating budget originally included \$3,500, however there is a need for a more enhanced unit to allow for welding aluminum. Purchasing this unit allows us to keep work in-house.
- Capital budget updated to include engineering costing information for the Inverhuron storm sewer upgrades (Items #23-25)
- Capital budget updated to include the \$10,000 Stonehaven trails paving project as a high priority item (previously deferred)
- Operating budget decrease for estimated 2019 OMPF (further discussion below)

OMPF Funding:

On December 21, 2018, the Ministry of Finance issued a communication to municipalities regarding the OMPF funding. The Ministry has confirmed that it will be performing a detailed review of all transfer payments, including the

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OMPF, in an effort to address the provincial deficit. As a result, the overall funding envelope for OMPF is expected to decrease. The Ministry did indicate that they would like to ensure funding is allocated to Northern and Rural municipalities, therefore it is possible that while the overall funding for OMPF will decrease, the Municipality's allocation may not necessarily decrease significantly. The Ministry has indicated that the OMPF review will be completed in early 2019.

For budgetary purposes, staff has estimated a \$100,000 decrease (8.9%) to the 2019 OMPF allocation (\$1.049 million). This equates to a tax rate increase of 0.71%.

The total impact of the above factors equates to a tax increase of 3.8%. For the average residential property assessed at \$270,000, the impact has been summarized below:

	2019 Levy	2018 Levy	\$ Change	% Change
Kincardine	\$ 1,826	\$ 1,759	\$ 67	3.80%
Bruce County	\$ 1,045	\$ 1,045	\$ -	0%
School Boards	\$ 459	\$ 459	\$ -	0%
Total	\$ 3,330	\$ 3,263	\$ 67	2.05%

At the December 17th meeting, Council requested additional information for the property tax revenues generated from the commercial properties located at the 9/21 Business Park. This has been provided as an attachment to this report (*2018 Property Tax Revenues for Hwy 9/21 Businesses*). The 2018 municipal property taxes ranged from \$5,085 to \$67,146, with an average amount of ~ \$30,000.

Servicing the initial phase of the 9/21 Business Park has been included in the 2019 Capital Budget at a cost of \$4.265 million. If this project proceeds and is funded in part by ~ \$450,000 from the 2019 OPG LLW hosting payment, external borrowing in the amount of \$3.815 million would be required. With a loan term of 10 years and at an interest rate of 3.41%, annual loan payments would amount to ~ \$454,000. The servicing costs would ultimately be funded by Area Specific Development Charges (ASDC's), similarly to the OPF lands which the ASDC Study process is currently underway.

In the interim, and until such time that the costs are recouped through ASDC's, staff recommends that Council allocates the annual OPG LLW payments towards the annual loan repayments. As per the amended Hosting Agreement, payments will continue at the 50% level until either (a) OPG decides to terminate the DGR project at the Bruce site, or (b) if the government allows the DGR project to proceed, the payments would resume at the 100% level and all amounts held in trust would be released. Once the development charges are collected from the developers, the OPG funds

would be redeposited into a reserve fund. This would not tie-up taxpayer funds directly and could be a possible option for Council to consider.

Management of Tiverton Sports Centre:

The Tiverton Sports Centre is rented for various functions on a year-round basis, with the following groups utilizing it:

- Kincardine Skating Club
- Kincardine Minor Hockey
- Public Skating
- Adult Men's & Ladies Recreational Hockey
- Pick-up hockey and shift hockey
- Bright Beginnings Daycare
- Lacrosse
- Rugby
- Rentals for various meetings and events upon request

Since amalgamation, the Municipality of Kincardine has contracted out for the operation and management of the Tiverton Sports Centre. The contract covered the operation of the facility from September to March (7 months) while municipal staff was responsible for the facility from April – August (5 months). A 3-year cost comparison is provided below:

2016:

Management Services	\$66,006
Municipal Staff	<u>\$ 4,843</u>
Total Labour Costs	\$70,849

2017:

Management Services	\$66,564
Municipal Staff	<u>\$11,508</u>
Total Labour Charges	\$78,076

2018:

Management Services	\$31,020 (January – March)
Municipal Staff	<u>\$53,560</u> (April – December)
Total Labour Charges	\$84,580

Based on the above figures, the average annual cost has amounted to \$78,000. The 2019 municipal budget includes \$75,460 for municipal staff wages and benefits to operate the facility for the year. This amount was determined based on current usage, and therefore if facility usage increases, the wages may also increase. This would be partially offset by the increase in revenues. The overall budget allocation for 2019 is comparable to the operating costs incurred in the previous 3 years.

Council to deliberate:

- 1) Detailed review of 2019 capital projects
- 2) Delegation request for Kincardine Arts Centre Phase 3 - \$490,000 adjusted for 2019 dollars

A closed session report will be provided to Council at the January 30th budget meeting in order to provide additional context to the staffing positions.

Community Plan and Integrated Community Sustainability Plan (ICSP)

Considerations: n/a

Financial Implications: As contained within this report

Attachments:

- [2019 Operating Budget Summary](#)
- [2019 Capital Budget](#)
- [2019 Reserve Fund Balances](#)
- [2018 Property Tax Revenues for Hwy 9/21 Businesses](#)

C O W RECOMMENDATION

5.0 ADJOURNMENT

Motion #01/14/19 C O W -

Moved by:

Seconded by:

THAT this C O W adjourn at

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