

COMMITTEE OF THE WHOLE – 2010 BUDGET

Council Chambers
7 Broadway Street West, Paris
Thursday, February 11, 2010
7:00 p.m.

Present: Mayor Eddy, Councillors Wheat, Schmitt, Simons, Haggart, Atfield, Chambers, Hodge, Coleman and Gatward.

Regrets: Councillor Powell

Staff: Glassford, Compeau, Johnston, Bell, Kozak-Selby, Boissoneault, Ballantyne, Ayres, Atkinson, Koekoek, Henderson, Mifflin, Gubbels, Staley and Carman

Mayor Eddy in the Chair.

APPROVAL OF THE AGENDA

It was agreed that the agenda for this meeting would be approved as circulated.

APPROVAL OF MINUTES

Moved by – Councillor Hodge
Seconded by – Councillor Coleman

That the Committee of the Whole – 2010 Budget minutes of January 14, 21 and 28, 2010 be approved as circulated.

. Carried

COMMITTEE OF THE WHOLE

Moved by – Councillor Hodge
Seconded by – Councillor Coleman

That Council move into Committee of the Whole to discuss the 2010 budget.

. Carried

2010 BUDGET

Material was distributed to the Committee members for their information, including changes suggested by Council to the net operating budget for the Library, C.A.O. and Social Agencies and a reallocation of expenses within the Public Works 2010 Capital Budget and Capital Forecast sheets. In response to a request from Councillor Atfield to include the reconstruction of Amelia Street in the 2013 capital forecast, the Director of Public Works advised that while this may be possible, projects must be evaluated on the basis of needs and priorities, and there are other projects that require attention before Amelia Street.

Mr. Glassford reviewed the following information:

- Municipal Residential Tax Rate Comparison and Tax Dollar Comparison – over the period from 2000 to 2009, the County has consistently been the second lowest in comparison with fifteen other municipalities in the area. Brant's tax rate is significantly lower (40 – 50%) than some other municipalities, resulting in considerably less taxes received by Brant.
- Comparison of Portion of Levy by Assessment Class – statistics from 1999 to 2009 indicate that commercial assessment has remained constant, residential assessment has increased, and industrial assessment has decreased from 12.43% to 8.66%
- Assessment Summary – showing increases in assessment by class from 2001 to 2010
- Assessment Increase Due to Growth and Phase In and Property Tax as a Percentage of Assessed Value – these figures show a trend that the taxes in Brant as a percentage of the assessed value of a home have actually decreased over the past two years.
- Gross Expenditure by Major Funding Sources – indicates that expenses are increasing and other sources of revenue are decreasing (e.g. OMPF funding). As a result, taxes have to increase to make up the difference (25% since 2006). It is important that Council review options to the increase non-tax revenue stream.
- County of Brant Debt and Annual Debt Repayment (Historical and Projected) – for the period 2005 to 2015, with a large amount of debt to be incurred in 2010. It was noted that the County's debt is considerably less than the limits imposed by the Province; however, Mr. Glassford recommended that Council review their policies on when debt will be used to finance capital projects to reverse the trend that shows the County's debt increasing.
- Projected Capital Needs using the 2008 Tangible Capital Assets Data – shows historical book value (\$232,098,283), net book value at December 31, 2008 (\$129,328,603), 2010 replacement cost (\$770,194,101), the annual amortization based on historical costs (\$6,477,298), and the 2010 amortization cost based on replacement value (\$24,498,599), which is the amount that should be spent each year to maintain the County's existing assets
- Comparison of tax requirement by Division and Department – of the proposed 2010 budget amount of \$35,186,247, one third of the costs is for external agencies over which the County has no control.
- Debt charges as a Percentage of tax requirement, debt per household and debt per resident
- Listing of Open Capital Budgets – indicating expenses incurred to date and the balance remaining or shortfall
- Capital Projects that have been completed and closed – it was noted that the capital account balances from these accounts have been used in 2010 to allow for capital projects to proceed without using debt financing
- Grants included in the 2009 Operating Budget
- Explanation of increase in full-time salaries in the Library Budget
- 2009 Legal Expenses
- Explanation of increase in CAO's budget
- Reconciliation of 2010 Debt issue – listing by capital project

Financial Guidelines for Achieving Economic Sustainability

Mr. Glassford noted that the 2010 Budget is proposed to maintain the status quo of current services and service levels. Due to the fact that Brant's tax rate is considerably lower than neighbouring municipalities, the County's ability to continue to provide the same level of services is severely restricted. A policy is required on when debt can be issued, since the County cannot continue to issue debt to maintain the existing infrastructure. The County has a

very large amount of valuable assets and must move forward with plans to maintain these assets, as operating costs, liability issues, etc. will increase significantly if assets are not maintained or replaced in a timely manner.

Mr. Glassford advised that it is his opinion that the path the County has been following cannot be sustained into the future in order to continue to deliver the current services or meet the demands of the community. He presented the following guidelines for the Committee's consideration, noting that it is not possible to implement these guidelines for 2010, but implementation could be accomplished for the 2011 Budget:

1. The annual increase to the gross operating budget expenditure be limited to an applicable inflationary increase, plus a percentage increase equal to growth in assessment, plus increases resulting from additional services or improved levels of service.
2. User fees as a minimum be increased annually by the inflationary index, including the need to review subsidized fees.
3. Service level increases (including capital and operating) be funded by efficiencies of operation and/or volunteer/public sponsorships to cover this; otherwise the level of service is capped.
4. New revenue streams to be found to offset loss of revenue from Provincial grants and corporate finance, e.g. holding company, new business ventures (e.g. energy generation), new user fees (e.g. bag tags for garbage).
5. Capital projects approved but not completed within 3 years of approval be closed and re-evaluated with current priorities
6. Project balances remaining when a project is completed or closed (surplus/deficit) be transferred to capital surplus for applicable asset class – these balances would be allocated to reserves at budget time and priorities set for their use.
7. Projected deficits for capital projects exceeding 10% of approved project cost or 50% of applicable capital surplus will require a report to Council with recommendations for funding.
8. The county's tax rate be frozen at the 2010 rate and that it be increased over time with the objective that the County's tax rate will be increased until it is at the median for the comparable group of neighbouring municipalities – this increase would provide significant revenue for the County.
9. The County give consideration to a capital surcharge to the tax rate, which would provide additional money for capital works.
10. Capital assets for additional services are funded by sources other than the property tax, as the County shouldn't be adding to the tax burden we already have.
11. A contingency/rate stabilization reserve be created by collapsing and merging the Working Fund, Computer Breakdown and the Insurance Reserve to create this reserve. The County could draw from this reserve to minimize large increases in a particular year. Initially the Reserve would be approximately \$1 million, but should be increased to an amount between \$1.75 – 3.5 million, which represents 5 – 10% of the total tax levy.
12. Tax ratios for all property classes in excess of the residential tax ratio receive an annual reduction up to 5% until such time as they are equal to the residential tax ratio. The cost of this reduction to be funded by up to 10% of additional tax revenues from growth in the applicable assessment classes.
13. New debt will only be issued for new assets that have the potential for a net gain to the municipality's revenue stream (e.g. water or wastewater).

14. Reserves be created for each asset class. The annual budget will make an allocation to these reserves. The amount of this allocation will be increased over time to equal the replacement cost amortization value. The ratio to be used in allocating to the different reserves will be calculated using the replacement cost amortization values.
15. New debt will also be considered for extraordinary expenditures or to leverage funding from other partners.
16. Priority lists be established for each of the asset classes.
17. Replacement or upgrades to existing infrastructure will be on a pay-as-you-go basis – the County should no longer issue debt for these purposes.
18. 40% of tax revenue resulting from growth for the first five years to be placed in a reserve to fund the County's share of new infrastructure and to reduce the development charge for new commercial/industrial development.
19. The remaining 50% of tax revenue from new growth for five years will be used to fund debt charges.
20. These guidelines be quantified with specific numbers and reported to Council and the public as part of the budget/business plan process

Mr. Glassford advised that implementation of these guidelines will help to address the trends he has seen develop – the public doesn't like tax increases, but wants good services and wants to maintain what they currently have. Although the economic downturn has affected some residents, there are still other residents who are demanding increased services and are willing to pay for these. In response to questions, Mr. Glassford pointed out that if the County had been at the median tax rate in 2009, there would have been an additional \$500 per residential/business unit, resulting in an additional \$6 million dollars, which would cover the tax levy costs of the 2010 Capital Budget. Due to the economic downturn, Council's capital allocation policy has been set aside and the capital allocation has remained flat-lined over the past two years.

The C.A.O. explained that Council will need to monitor the impact of the guidelines and make improvements or other changes that may be required. In response to a question, Mr. Glassford advised that once this policy is approved by Council, it will require a specific decision of Council to override any of the guidelines. Although there are no Provincial legislative requirements at this time for this type of policy, the Province has made it clear that municipalities must be better at managing and replacing their capital assets, considering the huge value of assets that are involved. Mr. Glassford noted that the development of growth policies for the municipality are a companion policy for these financial guidelines.

Moved by – Councillor Chambers
Seconded by – Councillor Haggart

That the Financial Guidelines for Achieving Economic Sustainability presented at this meeting be approved in principle;

And that staff be directed to provide further details and quantify these guidelines and report back to Council during 2010 for implementation of a policy and by-law to be effective for the 2011 Budget and Business Plan.

. Carried

Requests Referred to 2010 Budget Deliberations

Mr. Glassford reviewed the Budget status of the following requests that were referred to budget deliberations:

- Paris Optimists for Charlton Park Skateboard Park - \$15,000 included in budget
- Mosquito control program – nothing included in budget. However, it was noted that staff has met with a local manufacturer who is interested in a pilot project for mosquito control on individual properties, at a minimal cost to the municipality. Additional information has been requested on this proposal.
- Burford Optimists (request for \$10,000) and Burford Lions (request for \$6,000) re: functions that cannot be held at the Burford Community Centre due to repairs

Moved by – Councillor Hodge
Seconded by – Councillor Coleman

That a grant of \$5,000.00 each be approved for the Burford Optimist Club and the Burford Lions Club in compensation for fundraising events that cannot be held at the Burford Community Centre in 2010 due to renovations.

. Carried

In response to a question, the Treasurer advised that the cost of these grants would not likely be an eligible cost under the government funding for this project.

- Brant Historical Society – request for \$7,000 for maintenance/repairs and \$25,000 for 2010 program, which includes \$500 for the Doors Open Brant program – it was noted that \$14,000 was included in the 2010 budget, identical to the 2009 Budget

Moved by – Councillor Hodge
Seconded by – Councillor Coleman

That the County of Brant approve a grant of \$21,500 to the Brant Historical Society for 2010 on the following basis:

- \$14,000 annual grant (same as 2009)
- \$7,000 one-time grant for maintenance/repairs
- \$500 for Doors Open Brant program.

. Carried

- Paris Lions Club – request for \$45,000 for seed funding for upgrades to Paris Lions Park – included in 2010 Budget
- Federation of Canadian Municipalities – 2010 membership fee - \$4,602 – **it was agreed to not include this amount in the budget**
- Purchase of former Sacred Heart School – nothing included in the budget
The C.A.O. referred to a report that was circulated at the meeting providing additional information on the acquisition of Sacred Heart School for recreational programming and use

by other organizations, including the Paris Simply Grand Seniors. The report indicates that \$444,640 is estimated for immediate renovations/repairs to the building, with an additional \$242,425 estimated over the next five years. The annual operating budget for this facility is estimated to be \$44,500. Mr. Glassford noted that this property has value, but a decision must be made in a timely manner on the purchase. Although the funds for the purchase have not been included in the 2010 Budget, it could be funded from the Capital, Property and Parkland Reserves without affecting the Capital Budget. Most of the renovations can be deferred to 2011, and some of the organizations who wish to use the building may be able to apply for funding to assist with the renovation costs.

Members of the Committee discussed the pros and cons of purchasing of this property and the proposed uses for it, as well as the priority of this project in comparison to the Paris Pool and Syl Apps Community Centre. **However, a majority of the Committee indicated that the purchase of the former Sacred Heart School would be included in the 2010 budget at this time.**

- Paris Pool – no amount has been included in the 2010 Budget for this project, only an amount to provide subsidization of fees paid by County residents to participate in summer swimming programs in Brantford. Mr. Glassford advised that Council referred the staff report outlining the costs related to the three options for the pool to the 2010 Budget deliberations. If a new pool were to be built in either Lions Park or the Sacred Heart site, the cost would be \$2.5 – 3 million. Since the Paris Lions Club are not able to fund the costs of a new pool in this location, it would require debt financing from the County to proceed. The splashpad is an integral part of the plan for the new Lions Park, whether or not there is an outdoor pool. The splashpad will be operated similar to the Burford splashpad so that there is no need for staffing. The estimated cost to repair the pool in its existing location is \$550,000, it being noted that it will be extremely difficult to complete the pool repairs for the 2010 swimming season.

Moved by – Councillor Haggart
Seconded by – Councillor Atfield

That an amount of \$550,000 be included in the 2010 Capital Budget for repairs to the existing Paris outdoor pool.

. No Vote – Agreement to Defer Follows

- Syl Apps Community Centre – no money included in the Capital Budget
The C.A.O. advised that approval has been given for the installation of a sports court floor in the Syl Apps Arena until the end of August, and Council will need to determine the future uses beyond that time. There has been no money included in the 2010 budget for operation of the Syl Apps Community Centre beyond the end of August, as the Twin Pad Complex will be operational by that time. One option would be to sell the Syl Apps property and use this revenue for other recreational projects (e.g. pool, purchase of Sacred Heart property, etc.) Mr. Glassford noted that the County has a policy that if industrial lands that are purchased from the County are not developed with a certain time, the lands then revert back to the County. He suggested that Council may wish to consider a similar policy for land which is donated for other uses, noting that it may be appropriate to review the commitment for the two parcels of land which have been donated by Council in the past few years.

Members of the Committee discussed some of the potential uses for the Syl Apps Community Centre building, including indoor sports uses, as well as uses for this property (e.g. police station). Councillor Haggart noted the need to carry out a structural analysis of the building to determine the potential future uses of the building.

Moved by – Councillor Haggart
Seconded by – Councillor Atfield

That \$40,000 be included in the 2010 Capital Budget to carry out a structural analysis of the Syl Apps Community Centre.

. No Vote – Agreement to Defer Follows

Concern was expressed by some members of the Committee that although the need and merit for the purchase of the Sacred Heart School, the repairs to the Paris Pool and the structural analysis of the Syl Apps Community Centre have been demonstrated, Council cannot make a decision to proceed until the budget effects and financing options of these additional projects and the other changes made at this meeting are known. **It was agreed by consensus that the recommendations on the Paris Pool and the Syl Apps Community Centre would be deferred for consideration at the next meeting when the effects of including these projects in the 2010 Capital Budget are available.**

- Salt Springs Church Heritage Society – request for \$2,100 – \$500 included in 2010 Budget, same as 2009 grant – **there was consensus that \$500 would be approved for 2010**
- Bite of Brant Program – request for \$500 – included in 2010 Budget
- Springtime in Paris – new request for \$1,000 – **there was consensus to approve a grant of \$1,000 for 2010**

Members of Council brought forward the following additional grant requests for consideration in the 2010 Budget:

- Why Not Paris Youth Centre and Salvation Army Community Services Food Bank – new requests for grants in 2010 – **there was consensus with the suggestion that \$1,000 be removed from the Paris Port Dover Pipe Band grant (leaving a grant of \$2,000) , and that a grant of \$500.00 each be made to the Why Not Paris Youth Centre and the Salvation Army Community Services Food Bank in 2010.**
- Brant United Way Air Show – request to donate \$2,500 – there was no consensus to approve this grant
- Paris Masons – request of \$300.00 for Child Identification Project – **there was consensus to approve this grant**
- Brantford Airport Commission – request to grant \$2,500 towards the costs to operate the Brantford Municipal Airport. There was no consensus to approve this grant, but Councillor Schmitt agreed to advise the Airport Commission of the County's application to the Community Adjustment Fund for upgrades to the Airport clarigester and York and Airport Roads, at a total cost of \$6 million.

In response to a question on the capital costs for the Mount Pleasant water upgrades that are to be funded through a grant and loan from FCM, it was noted that the project was listed twice incorrectly on the Capital Forecast budget pages. These pages will be corrected and replaced for Council at the next meeting.

The C.A.O. advised that staff will review the proposed budget changes suggested at this meeting and provide information for the next meeting on the impact on the tax levy and the alternatives for financing. Councillor Haggart suggested that staff review priorities and areas where additional cuts can be made, efficiencies achieved, additional revenue sources/increases, etc.

Moved by – Councillor Coleman
Seconded by – Councillor Gatward

That the curfew for this meeting be extended beyond the 11:00 p.m. curfew.

. Carried

Moved by – Councillor Coleman
Seconded by – Councillor Schmitt

That the Committee of the Whole meeting on the 2010 Budget now resume in Open Session of Council.

. Carried

OTHER BUSINESS

1. Councillor Coleman advised that the fundraising for the Twin Pad Complex had surpassed \$2.25 million today.

NEXT MEETING

The meeting adjourned at 11:05 p.m. to meet again on Thursday, February 18, 2010 at 7:00 p.m. at the Fire Administration Building.

Secretary