



AD HOC BUDGET ADVISORY COMMITTEE AGENDA
Monday February 3, 2020
Wilmot Community Room
5:30 P.M.

- 1. LAND ACKNOWLEDGEMENT**
- 2. DISCLOSURE OF PECUNIARY INTEREST UNDER THE MUNICIPAL CONFLICT OF INTEREST ACT**
- 3. AD HOC BUDGET ADVISORY COMMITTEE**
List of Actions from January 21, 2020 (For Information Only)
- 4. REPORT NO. FIN 2020-09**
2020 Proposed Operating Budget

Recommendation

THAT the 2020 Operating Budget, as prepared by the Director of Finance / Treasurer and Manager of Finance / Deputy Treasurer, be endorsed in principle.

- 5. REPORT NO. FIN 2020-10**
2020 Water & Sanitary Operating Budget & Rates Analysis

Recommendation

THAT the proposed 2020 Water & Sanitary Operating Budget, including the proposed rate increases, be endorsed and further;

THAT the proposed rate increases be effective January 1, 2020 and further;

THAT the Water and Sanitary Rates By-Law be updated accordingly.

- 6. REPORT NO. FIN 2020-11**
2020 Municipal Budget Package

THAT the 2020 Municipal Budget, as prepared by the Director of Finance / Treasurer and Manager of Finance / Deputy Treasurer, be endorsed and recommended to Council on February 10, 2020.

ADJOURNMENT



AD HOC BUDGET ADVISORY COMMITTEE ACTION ITEMS
Tuesday, January 21, 2020
Wilmot Community Room
7:00 P.M.

1. REPORT NO. FIN 2020-07
2020 Capital Budget

THAT the 2020 Capital Budget, as prepared by the Director of Finance / Treasurer, be endorsed in principle.

2. REPORT NO. FIN 2020-08
Ten Year Capital Forecast (2020-2029)

THAT the 10-Year Capital Forecast, as prepared by the Director of Finance / Treasurer, be endorsed in principle.

The ad hoc Budget Advisory Committee directed staff to include the following in the proposed 2021 Ten Year Capital Forecast (2021-2030):

- As per comments from the Director of Parks, Facilities and Recreation Services, updated forecast will include maintenance of trails in Anna Tuerr Park in Mannheim, and the Linear Trail in Baden
- Wilmot Line Environment Assessment (EA) / Environmental Impact Study (EIS) to be included within the final year of the forecast, dependent upon cost-sharing agreements with the Region of Waterloo and the City of Waterloo
- Updated forecast to revise intersection of Wilmot Line with "Columbia Street" to "Emergency Access Point"



TOWNSHIP OF WILMOT

FINANCIAL SERVICES *Staff Report*

REPORT NO: FIN 2020-09

TO: Ad Hoc Budget Advisory Committee

SUBMITTED BY: Patrick Kelly CPA, CMA Director of Finance / Treasurer

PREPARED BY: Patrick Kelly CPA, CMA Director of Finance / Treasurer
Ashton Romany, CPA Manager of Finance / Deputy Treasurer

REVIEWED BY: Grant Whittington, Chief Administrative Officer

DATE: February 3, 2020

SUBJECT: 2020 Proposed Operating Budget

RECOMMENDATION:

That the 2020 Operating Budget, as prepared by the Director of Finance / Treasurer and Manager of Finance / Deputy Treasurer, be endorsed in principle.

SUMMARY:

The 2020 Operating Budget is being presented for committee approval, based upon the direction provided from the first meeting of the ad hoc Budget Advisory Committee. The proposed budget is inclusive of the inflationary levy increase of 2.20%, and an adjusted special levy increase for Level of Service increases of 2.78%.

The initial direction, endorsed at the committee meeting held in mid-December noted a special levy requirement of 3.58%; however, through alternate revenue sources, and cost efficiencies, staff were able to reduce this requirement by 0.80% or approximately \$64,600.

Attached to this report is the operating budget detail, with supporting commentary to justify the allocations for the 2020 fiscal year.

BACKGROUND:

In preparing the annual operating budget, staff apply consistent methodologies across departments and divisions. Budget estimates incorporate any new legislative requirements and

initiatives from senior levels of government. An in-depth analysis of 3-year trends is completed for items with fluctuating results year-over-year. In addition, unit rates are adjusted based upon economist predictions for commodity items such as fuel, natural gas and hydro.

Finally, priorities are weighed to determine which minor capital items are of immediate need, in order to meet the target levy increase established by the committee.

REPORT:

Target Inflationary Levy Increase

As per direction from the committee, an inflationary levy increase of 2.20% has been achieved through the proposed operating budget. This target, is based upon the Bank of Canada Core Inflation rate, and when coupled with modest assessment growth, provides necessary funding levels to ensure consistent service is provided to the community.

Service Level Increases

The proposed budget is inclusive of the Level of Service increases, endorsed under Reports FIN 2019-45; FIN 2019-46; ILS 2019-56; PW 2019-18; PW 2019-19; FRS 2019-10; FRS 2019-11; CK 2019-05; DS 2019-31 and FD 2019-11.

These new service levels were anticipated to require a special levy increase of 3.58% as per calculations provided within Report FIN 2019-44. However, staff were able to reduce the special levy requirement to 2.78% within the final budget proposal. This reduction was mainly due to the funding for the Trails Coordinator Contract role being sourced from Development Charges, as per the 2019 DC Background Study and by-law. Growth related DC's are being collected to support the implementation of the Trails Master Plan, and therefore are eligible to fund this role. In addition, Part-Time staffing hours we reduced in conjunction with the additional FTE's within Parks, Facilities, Recreation Services, and Castle Kilbride.

Staff also identified some cost efficiencies and alternate revenue opportunities within the proposed budget, to help lower the overall special levy requirement.

Ontario Municipal Partnership Fund (OMPF)

In the fall of 2017, Township staff were notified of a significant change in the level of funding from the Province via the OMPF transfer. Transitional assistance is provided annually under the OMPF program, to ensure the direct impact to municipalities is spread over a longer term. This limits claw backs of funding to a maximum of 15% from the previous years' allocation. Accordingly, the OMPF funding provided to Wilmot in 2020 will be \$837,930, representing a reduction of \$147,870.

With continually increasing requirements from an operating standpoint, this reduction could not be sustained under adjustments to the operating budget. Fortunately, the committee endorsed

a Dedicated Infrastructure Levy of 2.00%, under Report FIN 2019-41, which provides for approximately \$161,650 in additional levy funding to be allocated to infrastructure reserve funds.

Transfer to Infrastructure Reserve Funds

The proposed budget includes a levy funded transfer to Infrastructure Reserve Funds of approximately \$362,750. This transfer reflects the 2019 budget transfer, less OMPF funding cuts (\$147,870), plus the dedicated Infrastructure Levy (\$161,650).

Infrastructure Reserve allocations, and their continued growth are critical to ensuring the sustainability of the Township's long-term infrastructure planning and 10-year Capital program. Staff will continue to review future capital requirements and Infrastructure Reserve Fund balances to determine infrastructure levy requirements going forward.

Level of Service Adjustments

In addition to staffing Level of Service adjustments, the operating budget also includes new operating requirements for: Off-leash Dog Park; Outdoor Community Ice Rinks; Integrity Commissioner utilization; HR Consulting services; Corporate Communications; Council Training and Development; Public Access Wi-Fi enhancements; Line Painting; Guiderail Maintenance; Municipal Drain Activities; and most notably Voice Radio System and Winter Maintenance operations.

Operating Budget Highlights

Fees and Charges

- Revenue estimates have incorporated the Council approved fees and charges (Report FIN 2019-42), and utilized analysis of historical activity levels to arrive at current year projections
- Overall operating revenues from rental activity are anticipated to increase by 2.56% or \$35,600 from the projected usage and updated rate structure
- Fees for development applications and activities have been incorporated at the adjusted rates, and represent a more significant portion of overall operating revenues for 2020

COLA, Grid Movement and Part-Time Staffing

- A cost-of-living adjustment of 1.71% and grid movements have been included within budget estimates across all departments
- Budget reflects implementation of the consolidated Grid structure for full-time and part-time staff, resulting from the Internal Equity Review undertaken in 2018 and 2019. Any impacts from the review of remaining positions, in 2020, will be reflected within the proposed Operating Budget for 2021. The 2020 Capital Program included funding of \$24,000 for an external HR consultant to complete this project
- Part-time staffing allocations within Castle Kilbride and the Parks & Facilities budget lines have been reduced as a result of new full-time Levels of Service

Payroll Remittances, and Benefits

- All payroll remittance rates for OMERS, CPP, EI, EHT, WSIB and Group Benefits have been updated, and are reflected within the proposed budget
- Overall payroll related costs, or Mandatory Employee Remittance Costs (MERCs) are projected to grow by \$193,000 in 2020. This is driven by the annualized benefits of a number of positions added in 2019, increased premiums and source deductions for CPP and Group Benefits, and the increased Levels of Service being on-boarded in 2020
- The 2020 fiscal year will include 27 pay-periods, rather than the traditional 26 pay-periods. The impact of the 27th pay will not affect the 2020 operating budget, as the municipality builds a provision for this item as part of closing entries during the annual audit process. This provision was built over several years in small increments, to provide sufficient funding for fiscal 2020. The next instance of 27 pays will occur in 2032

Minor Capital Initiatives

- Several initiatives that are one-time/minor capital in nature are included within the proposed budget, as referenced in accompanying notes. These one-time projects are below the capitalization threshold of \$10,000
- The aggregate sum of Minor Capital items within the proposed operating budget is \$143,175, with the majority of expenses dedicated to the Wilmot Fire Service, IT Services and Parks, Facilities and Recreation Services

Winter Maintenance

- Winter activity levels within the Public Works and Engineering Department have increased exponentially over the past number of years
- Operating costs over this time period have risen, resulting in the depletion of the entire Winter Maintenance Reserve Fund
- The 2020 operating budget has been adjusted to cover the expected costs within 2020 operations, including significant increases in unit rates for road salt, and projected increases within contracted services for parking lot clearing
- Private contractors, currently tasked with clearing municipal parking lots, are facing significant increases in insurance rates, which will result in increased billing rates to the municipality
- Staff within Public Works and Engineering, Parks, Facilities and Recreation Services, and Fire Services will be reviewing the current service delivery model for snow clearing of municipal facilities as part of the 2020 Work Program

Voice Radio System

- The new voice radio system includes unanticipated annual maintenance and licensing fees of \$84,000. These costs are new to the Township, and have been budgeted at 50% for the 2020 budget

- Township CAOs, Finance and Fire Services personnel continue to discuss the funding model and cost sharing with Regional staff in an attempt to allocate costs on proportionate usage, rather than physical radio count

Municipal Drains

- The proposed shared service arrangement with the Township of Woolwich for Municipal Drainage Consulting Services has been included within this budget, with an allocation of \$35,000 from Municipal Modernization Funding
- Staff will report back to Council upon formalization of this agreement with Woolwich

Joint Service Delivery Review

- Future shared service opportunities may result from the on-going joint service delivery review amongst the four (4) Townships. Any impact would be incorporated within the proposed operating budget for 2021
- Any other recommendations resulting from the Joint Service Delivery Review (i.e. Procurement, Training, etc.) will also be incorporated within the 2021 Operating Budget

Commodity Pricing Adjustments

- Staff worked with consultants and reviewed various economic forecasts to generate estimates for commodity pricing including hydro, gas, fuel, water and telephone/cell phone. Overall commodity price estimates have grown by 1.72% or \$17,240 year-over-year

Health, Safety and Security

- Additional provisions have been incorporated within the budget proposal for health and safety related training, certifications, clothing and equipment. The overall health and safety budget is \$86,800, excluding any Minor Capital works that promote a safer working environment
- This level of expenditure will support the implementation of Wilmot's Corporate Health and Safety Program

Public Access Wi-Fi

- The proposed budget includes a provision for minor capital works installing Wi-Fi installations at community centers in New Hamburg, Haysville and St Agatha, and improved quality of service at several locations

Asset Management Data Collection

- In 2018, the Township committed to growing the breadth of knowledge related to municipally-owned infrastructure with the hiring of the Asset Management Coordinator role

- The proposed 2020 operating budget includes funding to continue the annual CCTV Inspection program, and IT software/applications to support data collection and on-going data gap analysis

Municipal Grants Program and Discover Your Wilmot

- As per Council direction, the 2020 Municipal budget now includes a separate and dedicated budget line for Municipal Grants and the Discover Your Wilmot Program, outside of the Council operating budget line
- Staff are pleased to note that this final budget proposal includes the full \$5,000 provision for the 2020 Discover Your Wilmot program. Report FIN 2019-43 had proposed an allocation of \$2,145 to be included within the final operating budget. Following this meeting, staff looked for sufficient cost savings and revenue enhancements to maintain the program at \$5,000

User Pay Operating Divisions

- The proposed budget projects positive operating results for Cemetery Operations, and a balanced budget for Building Services Operations
- A net transfer to Reserve Funds at the conclusion of 2020 will assist in reducing the existing deficit in these two (2) user-funded Reserve Funds

ALIGNMENT WITH THE TOWNSHIP OF WILMOT STRATEGIC PLAN:

This report is aligned with several of the goals and strategies within the Township Strategic Plan.

The proposed budget will help the community to further enjoy quality of life through providing recreation opportunities to everyone. This is achieved through minor capital improvements to various recreation and parks amenities across the Township. The operating budget also supports community events and celebrations with the previously endorsed 2020 Municipal Grants Program, and Discover Your Wilmot funding.

Furthermore, this budget will help to build a prosperous economy through supporting the Waterloo Region Economic Development Corporation (WREDC), and works to generate bustling year round tourism by continuing to expand and refresh the program offerings at Castle Kilbride.

Finally, the budget will engage our community through new resource allocations supporting corporate communications. As always we strive to strengthen our customer service through training and development opportunities.

FINANCIAL CONSIDERATIONS:

The summary page outlines how net operating expenditures, combined with previously endorsed capital expenditures and dedicated transfers to infrastructure reserve funds, will be offset with OMPF funding, investment income, assessment growth of 1.43%, an inflationary levy increase

of 2.20%, a special levy increase of 2.78% for service levels, and a dedicated Infrastructure Levy of 2.00%, to reach a balanced budget for fiscal 2020.

Staff are pleased to present this budget, which allows Wilmot to progress forward on various key operational initiatives that bring us further along the path to achieving our corporate vision/mission. The budget meets the target levy guidelines provided by the ad hoc Budget Advisory Committee.

ATTACHMENTS:

- 2020 Operating Budget Detail

**TOWNSHIP OF WILMOT
2020 OPERATING BUDGET SUMMARY**

		2019 Budget	2019 Actual	2020 Budget
<u>EXPENDITURES</u>				
OPERATING (EXCLUDING USER-PAY DIVISIONS)		10,365,810	10,641,516	11,394,990
TRANSFER TO CAPITAL PROGRAM ¹		1,742,617	1,742,617	1,777,500
TRANSFER TO INFRASTRUCTURE RESERVE FUNDS ²		348,938	355,086	362,750
<u>TOTAL EXPENDITURES FROM GENERAL LEVY</u>		<u>12,457,365</u>	<u>12,739,219</u>	<u>13,535,240</u>
<u>REVENUES</u>				
TAXATION	2019 GENERAL LEVY	7,709,930	7,709,930	7,976,555
	ASSESSMENT GROWTH (1.33%)	110,225	110,225	106,088
	TAX INCREASE (COLA) (2.20%)	156,400	156,400	177,818
	INFRASTRUCTURE LEVY (2.00%)	-	-	161,653
	SPECIAL LEVEL OF SERVICE LEVY (2.78%)	-	-	224,697
		<u>7,976,555</u>	<u>7,976,555</u>	<u>8,646,811</u>
OPERATING (EXCLUDING USER-PAY DIVISIONS)		2,470,580	2,566,016	2,972,700
PAYMENTS IN LIEU OF TAXES		188,585	199,394	199,599
SUPPLEMENTARY TAXES (NET OF WRITE-OFFS) ³		77,900	96,855	80,000
GRANTS ⁴		985,745	985,800	837,930
INVESTMENT INCOME ⁵		758,000	914,600	798,200
<u>TOTAL REVENUES TO GENERAL LEVY</u>		<u>12,457,365</u>	<u>12,739,219</u>	<u>13,535,240</u>

NOTES:

- 1 Represents the portion of Capital Program funded from General Levy, as per Report FIN 2020-07.
- 2 Represents the total transfer towards the Township's three (3) dedicated core infrastructure reserve funds.
- 3 Reflects anticipated Supplementary Taxes (\$125,000) net of write-offs (\$45,000).
- 4 Represents Township's allocation of funding under the Ontario Municipal Partnership Fund (OMPF) which was reduced by 15% from 2019 to 2020. Staff continue discussions with ministry personnel to confirm status of this funding moving forward.
- 5 Represents anticipated dividends (\$330,500) and investment income (\$192,700) from Kitchener-Wilmot Hydro, and general bank investment income (\$275,000). While the prime interest rate and unexpended capital funds have increased overall investment income; the yield on investment in Kitchener-Wilmot Hydro has decreased, due to a reduction in IESO rates.

**TOWNSHIP OF WILMOT
2020 PROPOSED OPERATING BUDGET**

	2019 Budget	2019 Actual	2020 Budget
<u>GENERAL GOVERNMENT</u>			
<u>REVENUE</u>			
Administration Fees / Sale of Surplus Assets ¹	(53,240)	(62,480)	(93,200)
Grant Funding - General Government ²	(5,000)	(10,860)	(35,000)
Licenses and Fines ³	(82,470)	(74,811)	(94,650)
Penalties & Interest Revenue ⁴	(250,000)	(273,894)	(258,600)
	<u>(390,710)</u>	<u>(422,044)</u>	<u>(481,450)</u>
<u>EXPENSES</u>			
Council ⁵	113,695	112,886	166,080
Municipal Grants Program ⁶	57,365	57,365	55,400
Office of the CAO, Information and Legislative Services ⁷	619,490	659,925	656,550
Insurance ⁸	294,180	253,225	268,040
Municipal Law Enforcement/Animal Control ⁹	161,430	147,518	166,600
Crossing Guards Operating Expenses ¹⁰	56,550	55,716	59,570
Municipal Election ¹¹	22,500	22,500	22,500
Financial Services ¹²	537,030	545,600	712,510
IT Services ¹³	243,220	240,321	354,500
	<u>2,105,460</u>	<u>2,095,056</u>	<u>2,461,750</u>
<u>FIRE SERVICES</u>			
<u>REVENUE</u>			
Fire Services Revenues ¹⁴	(55,660)	(52,959)	(56,770)
	<u>(55,660)</u>	<u>(52,959)</u>	<u>(56,770)</u>
<u>EXPENSES</u>			
Fire Services Administration ¹⁵	944,160	915,196	998,360
Fire Services Operating Expenses ¹⁶	322,380	311,622	368,035
	<u>1,266,540</u>	<u>1,226,818</u>	<u>1,366,395</u>

**TOWNSHIP OF WILMOT
2020 PROPOSED OPERATING BUDGET**

	2019 Budget	2019 Actual	2020 Budget
<u>PUBLIC WORKS</u>			
<u>REVENUE</u>			
Roads/Engineering Service Charges ¹⁷	(58,400)	(54,160)	(266,870)
Aggregate Resource Fees ¹⁸	(80,000)	(164,089)	(171,000)
Grant Funding - Public Works ¹⁹	(42,500)	(42,500)	(47,500)
	<u>(180,900)</u>	<u>(260,749)</u>	<u>(485,370)</u>
<u>EXPENSES</u>			
Engineering Administration ²⁰	217,050	213,320	269,200
Roads Administration ²¹	629,010	611,758	652,390
Roads Operating Expenses ²²	581,100	636,363	564,050
Winter Control Expenses ²³	486,420	657,120	797,970
Municipal Drainage Operating Expenses ²⁴	25,000	62,293	60,000
Street Lighting Operating Expenses ²⁵	145,000	145,000	145,000
	<u>2,083,580</u>	<u>2,325,853</u>	<u>2,488,610</u>
<u>RECREATION AND FACILITIES</u>			
<u>REVENUE</u>			
Wilmot Recreation Complex Revenues ²⁶	(1,456,450)	(1,456,584)	(1,485,250)
Park, Facility and Community Centre Rental Revenue ²⁷	(161,030)	(180,120)	(181,600)
Grant Funding - Recreation and Facilities	-	(2,300)	-
	<u>(1,617,480)</u>	<u>(1,639,004)</u>	<u>(1,666,850)</u>
<u>EXPENSES</u>			
Recreation Administration ²⁸	803,660	747,742	811,875
Wilmot Recreation Complex Administration ²⁹	1,528,850	1,558,250	1,570,690
Wilmot Recreation Complex Operating Expenses ³⁰	919,820	1,004,856	965,920
Parks & Facilities Administration ³¹	647,770	639,968	666,930
Parks and Community Centre Operating Expenses ³²	343,440	371,137	312,290
Municipal Facilities Operating Expenses ³³	137,720	139,649	133,140
Abandoned Cemetery Operating Expenses	3,000	3,000	3,500
	<u>4,384,260</u>	<u>4,464,602</u>	<u>4,464,345</u>

**TOWNSHIP OF WILMOT
2020 PROPOSED OPERATING BUDGET**

	2019 Budget	2019 Actual	2020 Budget
<u>CULTURAL SERVICES</u>			
<u>REVENUE</u>			
Castle Kilbride Admissions & Events ³⁴	(44,930)	(58,101)	(51,080)
Grant Funding - Castle Kilbride ³⁵	(26,250)	(24,063)	(27,030)
	<u>(71,180)</u>	<u>(82,164)</u>	<u>(78,110)</u>
<u>EXPENSES</u>			
Castle Kilbride Administration ³⁶	225,650	228,623	266,180
Castle Kilbride Operating Expenses ³⁷	58,910	62,502	48,400
Archives Operating Expenses	1,550	1,198	1,530
Heritage Wilmot Operating Expenses ³⁸	10,440	8,161	9,220
	<u>296,550</u>	<u>300,484</u>	<u>325,330</u>
<u>DEVELOPMENT SERVICES</u>			
<u>REVENUE</u>			
Planning Application Fees ³⁹	(155,650)	(102,528)	(200,150)
Business Licensing	(4,000)	(4,225)	(4,000)
Grant Funding - Development Services ⁴⁰	-	(2,344)	-
	<u>(159,650)</u>	<u>(109,097)</u>	<u>(204,150)</u>
<u>EXPENSES</u>			
Planning ⁴¹	179,420	176,935	233,560
Economic Development ⁴²	55,000	51,768	55,000
	<u>234,420</u>	<u>228,703</u>	<u>288,560</u>
<u>TOTAL OPERATING</u>			
<u>REVENUES</u>	<u>(2,475,580)</u>	<u>(2,566,016)</u>	<u>(2,972,700)</u>
<u>EXPENSES</u>	<u>10,370,810</u>	<u>10,641,516</u>	<u>11,394,990</u>
<u>NET GENERAL LEVY EXPENDITURE</u>	<u>7,895,230</u>	<u>8,075,501</u>	<u>8,422,290</u>

NOTES:

- 1 Includes administrative fees associated with tax certificates; NSF payments; account balance transfer fees; tax sale and sale of surplus assets. Year-over-year increase is reflective of increased per transaction administrative fees, updated under Report FIN 2019-42.
- 2 Reflects OCIF formula funding supporting the Asset Management Coordinator role. This funding was previously included under Public Works and Engineering Grant revenue. 2019 budget included funding from KWCF for the Discover Your Wilmot Program.
- 3 Includes Dog and Kennel Licences (\$59,550); Parking Fines (\$8,800); Marriage Licences (\$16,900); Property Standards Fees (\$1,500); Lottery Licences (\$4,300); Provincial Offences (\$3,600). Increase is associated with revised dog license fee, approved under Report FIN 2019-42. Anticipated Parking Fines continue to decline as a result of increased education and greater voluntary compliance.
- 4 Includes penalty and interest on overdue water accounts (\$33,600) and taxes receivable (\$225,000). Penalty on outstanding water accounts has been decreased from 7.5% to 5.0% to better align with area municipalities, as approved under Report FIN 2019-42.
- 5 Incorporates the first year of staged increases in Council remuneration, as approved under Report FIN 2019-25. Council Training and Development has been increased to \$15,000, based on Report ILS 2019-58. Special events now include new funding for the Women's Day/Women's History Month (\$1,500).
- 6 Municipal Grant Program allocations were approved under Report FIN 2019-43. Provision of \$5,000 is included for the release of the 2020 Discover Your Wilmot Program, subject the results of discussions with KWCF.
- 7 Includes the addition of new full-time Communications Specialist endorsed under 2020 Level of Service Report FIN 2019-56, and an allocation of \$4,000 for Graphic Design. 2020 budget includes transfer of Coordinator of Human Resources and Health/Safety to Financial Services. Contracted Services have increased due to increased utilization of the Integrity Commissioner and HR consulting services. Minor capital allocation provided for Stand-up Desk (\$500). Cost savings for postage/courier were achieved through increased e-Billing subscriptions and elimination of lease fees on folding machine.
- 8 Includes projected Waterloo Region Municipal Insurance Pool Premiums (\$228,600), and annual budget allocation for claims falling under the Township's deductible limit (\$60,000), net of allocations to user-pay operations (\$17,823). Budgeted premiums continue to decrease through claims experience, and municipal investment in risk management.
- 9 Includes direct and indirect staffing costs associated with Municipal Law Enforcement Officers, and contracted services for Animal Control.
- 10 Crossing guards program and scheduling are now under the Municipal Law Enforcement division of Information and Legislative Services, previously includes within Public Works and Engineering department. Budget includes Minor Capital provision for LED Stop Signs (\$3,000).
- 11 Annual allocation to Election Reserve Fund to cover costs associated with 2022 Municipal Election.
- 12 Overall increase within this operating line reflects the transfer of direct and indirect staffing costs associated with Coordinator of Human Resources and Health/Safety and Asset Management Coordinator to Financial Services. These positions were previously funded within the operating budget lines for Information/Legislative Services and Public Works/Engineering, respectively. Budget also includes provision new HR Administrative Assistant, endorsed under 2020 Level of Service Report FIN 2019-46, allocation for all-staff Violence and Harassment Training (\$3,600) and Joint-Health and Safety Committee Training (\$4,275).

- 13 Includes additional service level for Contract IT Desktop Support Technician, endorsed under 2020 Level of Service Report FIN 2019-45. Budget includes Internet Service Charge increases associated with Wi-Fi at St Agatha and Haysville CC, and improved quality of service at several locations. Annualized licensing fees for Office 365 (\$28,800); Support Fees for Road Patrol/Work Order Software (\$9,100); and additional licensing for HR Administration Assistant (\$3,600) have also contributed to increase in this budget line. Minor Capital includes: Desktop Scanner for ILS (\$700); A/C Unit for Server Room (\$5,000); Wi-Fi Installations/Improvements @ NHCC, HYCC and SACC (\$9,800); Adobe Licencing (\$2,800); and Mobile Fire Dispatch Application (\$2,000).
- 14 Includes Boundary Fire Service Agreement with Blandford-Blenheim (\$5,370); Fire Permits (\$3,900); and revenue from billable calls/activities (\$47,500)
- 15 Includes direct and indirect staffing costs associated with Fire Services Administration and Volunteer Fire Fighters. Increase is associated with additional P/T Training Officer, approved under 2020 Level of Service Report FD 2019-11.
- 16 Majority of increase is associated with provision of \$42,000 in new fees for maintenance contract for Voice Radio system, downloaded from Region of Waterloo, and projected 10.8% increase in annual fees for Fire Dispatch services, provided by City of Kitchener. Budget includes provision for legislative requirements for PTSD program (\$3,200) and Medical Oversight Program (\$5,000). Minor Capital provisions have been included for: Updated Medical Kits (\$9,000); Replace Gate Valves/Adaptors (\$6,000); Replacement of Exterior Doors @ Station 2 (\$5,000); Public Education Canopy (\$1,600); Fire Fighter Green Light Signs (\$5,500); Replacement Tires for P612 (\$6,000); and Replacement Tires T615 (\$6,000).
- 17 Includes adjusted engineering service fees, approved under Report FIN 2019-42, and billing for boundary road maintenance (City of Waterloo). 2020 budget increase is associated with anticipated engineering services on development applications and Wilmot-Line maintenance activity.
- 18 Ontario Aggregate Resources Corporation (OARC) fees are based upon actual tonnage extracted from private pits within the Township from the preceding fiscal year. Unit rate increased to \$0.12/tonne from \$0.06/tonne. Tonnage estimate is based on 3-year average tonnage.
- 19 Grant funding is combination of OMAFRA funding 50% of Drainage Superintendent (\$12,500) and Municipal Modernization Funding to support proposed share service for Municipal Drainage Consulting with Township of Woolwich (\$35,000). 2019 budget included grant funding from OCIF for Asset Management Coordinator role, now located under Financial Services.
- 20 Costs reflect direct and indirect staffing costs for Engineering Administration, net of cost allocation to Water/Sanitary (\$376,417). 2020 budget includes transfer of Asset Management Coordinator to Financial Services, transfer of existing FTE from Operations to Engineering Administration, and the inclusion of new Senior Engineering Technologist and Technical Program Coordinator, endorsed under 2020 Level of Service Report PW 2019-18 and PW 2019-19.
- 21 Costs reflect the direct and indirect staffing costs for Roads Operations excluding Winter Control.
- 22 Costs include maintenance of Hardtop and Loosetop Roads, Boundary Roads, Roadside, and Safety (Signage, Line Painting, etc.). Overall budget for safety related items has increased for Line Painting (\$10,000) and Guiderail Maintenance (\$10,000). Minor Capital: PWOC Kitchen/Lunch Room Enhancements (\$1,500); Barricade Replacements (\$2,000); PWOC Rear Yard LED Safety Lighting (\$2,900). Boundary road maintenance costs shared with Oxford County, City of Waterloo, City of Kitchener and Township of Wellesley are distributed with \$20,000 in this budget line for spring/summer maintenance, and \$93,000 within the winter maintenance budget line.
- 23 Includes works required to meet Winter Maintenance Standards (\$554,970); billing associated with Boundary Roads (\$93,000), moved from general roads maintenance budget line, and contracted services at Municipal Facilities/Parking Lots (\$150,000). Increased costs are associated with unit pricing for salt and materials.

- 24 Includes annual provision for Drainage Superintendent contract fees (\$25,000), and provision for Shared Services Contract with Woolwich (\$35,000). The shared service agreement is offset by funding from the Municipal Modernization Fund. Superintendent Fees are subject to 50% grant funding from OMAFRA.
- 25 Includes provision for maintenance and pole line rebuilds (\$25,000), hydro energy charges (\$68,000), and transfer to reserve funds (\$52,000) to repay initial capital outlay for LED conversion project.
- 26 Revenues include: Aquatics (\$473,000); Ice Pads/Arena Floor (\$728,000); Concession (\$108,000); Programming (\$81,950); Room/Field Rentals (\$48,300); Rink Board Advertising (\$35,000); Other (\$11,000). Aquatic revenue projections reflect 5-week maintenance shutdown in August/September.
- 27 Revenues include: NH Arena (\$31,000); Baden (\$18,950); Haysville (\$19,500); Mannheim (\$19,900); New Dundee (\$28,500); New Hamburg Parks (\$30,000); Petersburg (\$13,400); St Agatha (\$16,750); Other (\$3,600).
- 28 Costs reflect direct and indirect staffing costs for Recreation Administration, Scheduling and Customer Service personnel. Minor capital includes Ergonomic furniture (\$650).
- 29 Includes direct and indirect, full-time and part-time, staffing costs for the Wilmot Recreation Complex
- 30 Year-to-year increase is associated with additional programming expenses, which are offset by additional programming revenues. Minor Capital includes: Transformer Maintenance (\$3,000); Replacement Floor Sweeper (\$850); Replace Wheeled Garbage Tote (\$1,000); Skate Floor Repairs (\$3,700); Back-Pack Vacuum (\$1,600); Replace Hockey Nets (\$2,175); Pool Door Hardware Replacement (\$4,000); Aquatic Audio Module Replacement (\$3,430); Crowd Control Stanchions (\$3,900).
- 31 Include new Parks/Facilities Technician and Trails Coordinator, as endorsed under 2020 Level of Service Report FRS 2019-10 and FRS 2019-11, net of reduction in part-time hours. Minor capital includes Backflow Preventer Test Equipment (\$1,500). New service level for Outdoor Rinks has increased overall operating costs by \$3,000.
- 32 Minor Capital includes: **New Hamburg Arena/CC**: Barrel Roof Repairs (\$4,600); NHCC Flat Roof Repair (\$2,500); Ammonia Removal from Pressure Vessel (\$6,500); **Haysville**: Renovations for Meeting/Storage Space (\$7,500); Basketball Pole/Net (\$2,500); **New Dundee**: Ball Diamond Fence Capping (\$1,800); Parking Lot Crack Sealing (\$2,000); Bandshell Repairs (\$5,000); Card Tables (\$2,100); Kids Craft Chairs (\$400); **New Hamburg**: Kirkpatrick Park Gazebo Railing (\$3,900); **St Agatha**: Dead Tree Removals (\$2,400).
- 33 Minor Capital includes: **Administration Complex**: Front Ramp Railing Reinforcement (\$2,000).
- 34 Revenue includes: Admission (\$24,000); Giftshop (\$3,600); Programs & Workshops (\$9,150); Special Events (\$13,640) and Other (\$700). Increased revenues associated with extended hours of operation and updated admission fee. 2019 included unbudgeted revenues from filming of final season of Anne with an E.
- 35 Represents grants associated with Museum Operations and Summer Student staffing: YCW Grant (\$4,810); CMOG Grant (\$16,610); Summer Experience Program (\$3,650) and Canada Summer Jobs (\$1,960).
- 36 Costs reflect direct and indirect staffing costs for Castle Kilbride Administration. Overall increase is associated with new full-time Museum / Programming Assistant, as endorsed under 2020 Level of Service Report CK 2019-05, net of reduction in part-time hours.
- 37 Includes membership in Waterloo Region Tourism Marketing Corporation (\$10,000), and Minor Capital provision for Refinishing of Historic Front Doors (\$2,970). Decrease in overall budget associated with various Minor Capital projects that were included in the 2019 Operating Budget.

- 38 Includes Minor Capital provision for Prime Minister Path Unveiling Event and Brochures (\$1,800).
- 39 Reflects anticipated applications to occur in 2020, including fee adjustments approved under Report FIN 2019-42.
- 40 2019 actual was Municipal Modernization funding utilized towards the area municipality Joint Lean Six Sigma Planning Approvals Process
- 41 Costs reflect direct and indirect staffing costs for Planning net of cost allocations from Building Services (\$140,572). Increase is associated with new full-time Planner, as endorsed in 2020 Level of Service Report DS 2019-31.
- 42 Represents Waterloo Region Economic Development Corporation (WREDC) allocations (\$50,000), and Economic Development Sponsorships and Promotional Materials (\$5,000).

TOWNSHIP OF WILMOT
2020 OPERATING BUDGET (USER-PAY)

	2019 Budget	2019 Actual	2020 Budget
<u>CEMETERY</u>			
<u>REVENUE</u>			
Cemetery User Fees ¹	(98,600)	(69,113)	(75,150)
Cemetery Investment Income ²	(7,500)	(8,208)	(8,000)
	<u>(106,100)</u>	<u>(77,321)</u>	<u>(83,150)</u>
<u>EXPENSES</u>			
Cemetery Administration ³	19,840	22,440	21,750
Cemetery Operating Expenses ⁴	41,430	39,716	59,100
	<u>61,270</u>	<u>62,156</u>	<u>80,850</u>
<u>TRANSFER (TO)/FROM RESERVE FUNDS ⁵</u>	<u>(44,830)</u>	<u>(15,165)</u>	<u>(2,300)</u>
<u>BUILDING</u>			
<u>REVENUE</u>			
Building Permit Fees ⁶	(662,330)	(539,285)	(657,130)
	<u>(662,330)</u>	<u>(539,285)</u>	<u>(657,130)</u>
<u>EXPENSES</u>			
Building Administration ⁷	403,880	407,891	419,720
Building Operating Expenses ⁸	220,390	217,866	237,410
	<u>624,270</u>	<u>625,757</u>	<u>657,130</u>
<u>TRANSFER (TO)/FROM RESERVE FUNDS ⁹</u>	<u>(38,060)</u>	<u>86,471</u>	<u>-</u>

NOTES:

- 1 Based upon three (3) year average of activity levels at Riverside Cemetery for grave openings and the sale of plots at 2020 rates, as per Report FIN 2019-42.
- 2 Investment Income earned on Care and Maintenance Trust Funds is utilized to support annual operating requirements.
- 3 Reflects direct and indirect staffing costs for works at Riverside Cemetery.
- 4 Minor Capital includes: Monument Maintenance/Repair Program (\$2,000). Overall increase associated with cost allocation from general levy for service provided by Recreation Administration personnel.
- 5 Represents the anticipated transfer to Cemetery Reserve Fund. These funds are used to fund future capital requirements at Riverside Cemetery.
- 6 Reflects adjusted building permit fees as per Report DS 2019-32.
- 7 Costs reflect direct and indirect staffing costs for Building Department.
- 8 Includes allocation to General Levy for Administrative Support Services (\$215,335).
- 9 Transfer to/from Reserve Funds is calculated at year end. The net results will reduce or increase the existing deficit in Building Reserve Funds.



TOWNSHIP OF WILMOT

FINANCIAL SERVICES *Staff Report*

REPORT NO: FIN 2020-10

TO: Ad Hoc Budget Advisory Committee

SUBMITTED BY: Patrick Kelly, CPA, CMA, Director of Finance / Treasurer
Jeff Molenhuis, P. Eng.,
Director of Public Works and Engineering

PREPARED BY: Ashton Romany, CPA, Manager of Finance / Deputy Treasurer

REVIEWED BY: Grant Whittington, CAO

DATE: February 3, 2020

SUBJECT: 2020 Water & Sanitary Operating Budget & Rates Analysis

RECOMMENDATION:

THAT the proposed 2020 Water & Sanitary Operating Budget, including the proposed rate increases, be endorsed and further;

THAT the proposed rate increases be effective January 1, 2020 and further;

THAT the Water and Sanitary Rates By-Law be updated accordingly.

SUMMARY:

This report provides an overview of the 2020 Water & Sanitary Operating Budget with accompanying analysis of the 2020 water and sanitary sewer rates.

BACKGROUND:

The *Sustainable Water and Sewage Systems Act, 2002*, requires municipalities to plan for the full cost of providing water and sanitary services including; source protection costs, operating costs, financing costs, renewal and replacement costs and improvement costs.

As part of the annual budget process, the Township reviews the costs associated with providing these services, the revenues collected in conjunction with the services, and makes recommendations for changes to ensure the operational and financial sustainability of the water

and sanitary systems.

REPORT:

The proposed operating budget for the Township's water and sanitary systems is included as Appendix A. This budget takes the following items into consideration:

Provincial Legislation

In addition to the *Sustainable Water and Sewage Systems Act, 2002* (SWSS), the *Safe Drinking Water Act, 2002* (SDWA) also imposes many legislative requirements on the Township's utilities. While the SWSS requires that municipalities plan for the full cost of providing water and sanitary services to its residents, the SDWA adds additional requirements to the water utility. These additional elements include; a licensing requirement for water distribution system owners, the maintenance of a Drinking Water Quality Management System (DWQMS) Operational Plan, annual internal and external audits, as well as, a minimum six year financial plan to be approved by Council and made available to the public.

10-Year Capital Forecast & Asset Management

Report FIN 2020-08 endorsed by the ad hoc Budget Advisory Committee on January 21, 2020 outlined the expected capital expenditure requirements for the water and sanitary systems for the next ten (10) years.

This forecast includes over \$10M in funding from Water & Sanitary Infrastructure Reserves to support capital plans for underground infrastructure, facilities, studies, vehicle and equipment for the utility systems. Of the \$10M approximately \$7.5M is attributable to sanitary works. As of the end 2019, the projected balance of the Sanitary Reserve Fund is \$1.9M as per FIN 2020-03. In order to reduce the forthcoming deficit, continued rate increases for are required.

In conjunction with the 10-year Capital, the Township's Asset Management Plan is utilized to further ensure the sufficiency of annual transfers to reserves for future infrastructure replacements. Resources continue to be directed in efforts to further refine and strengthen the reliability of Asset Management data, to support the shift from age-based to evidence-based decision making.

Water Loss and Inflow/Infiltration Rates

Water loss and Inflow/Infiltration (I&I) rates are two figures that are utilized in determining budget estimates annually for the utility. Due to the continued high level of inflow and infiltration levels experienced during 2019, the 2020 budget considers the average historical consumption. As noted in FIN 2020-07 (2020 Capital Program), staff continue to investigate causes of higher levels of infiltration, through capital studies, to assist in addressing these high levels of I&I.

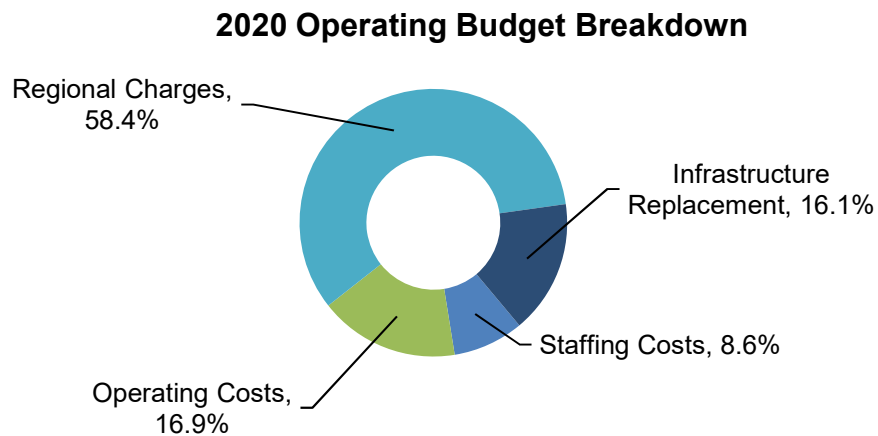
Region of Waterloo Rate Increase (2020)

The fee increases of 1.9% and 3.9% respectively for water and sanitary services from the Region of Waterloo are the largest cost drivers for the Township's water/sanitary operating budget (Chart 1). These costs are based on the average historical consumption levels against the 2019 wholesale rates charged by the Region.

Other Operating Highlights

The 2020 operating budget covers all costs associated with day-to-day operations of the water and sanitary systems. These costs include: staff training, laboratory testing, equipment and vehicle maintenance, and the supply of materials for main breaks and blockages. Also part of the operating budget is a variety of minor capital purchases designed to increase staff safety, efficiency, and improve existing capital. These purchases include: Portable Generator, Service Tapping Machine, Lift Station Pump and Marvin St Lift Station Conversion Analysis.

Chart 1 – Operating Budget Allocations



Rates Analysis

Taking into consideration the legislative, capital and operating requirements placed upon the Township's water and sanitary systems, staff propose an increase of 2.9% (2019 – 4.9%) to the Township's water volumetric charge and 7.9% (2019 – 7.9%) to the sanitary volumetric charge (Appendix B).

In addition to proposed changes to the volumetric charges, staff also propose changes to the current annual service charges for all service sizes in accordance with the Township's bi-annual practice (Appendix B). This change is consistent with the goal of having the service charge of the utility rate cover infrastructure replacements needs, while the volumetric charge covers operational requirements. Staff are also proposing that the bi-annual service charge adjustment be phased in annually to provide a steadier and less impactful increase year-over-year.

The combination of these rate increases would result in an increase of \$9.04 (5.14%) to the average residential two-month water bill (based on 31 cubic meter consumption) for a property with both water and sanitary services, and \$2.35 (2.92%) for a property with only water service.

Chart 2 provides an estimated comparison of rate adjustments across the Region of Waterloo, while Chart 3 displays the average bill for consumers under each municipality's estimated 2020 rate structure with Sanitary Services.

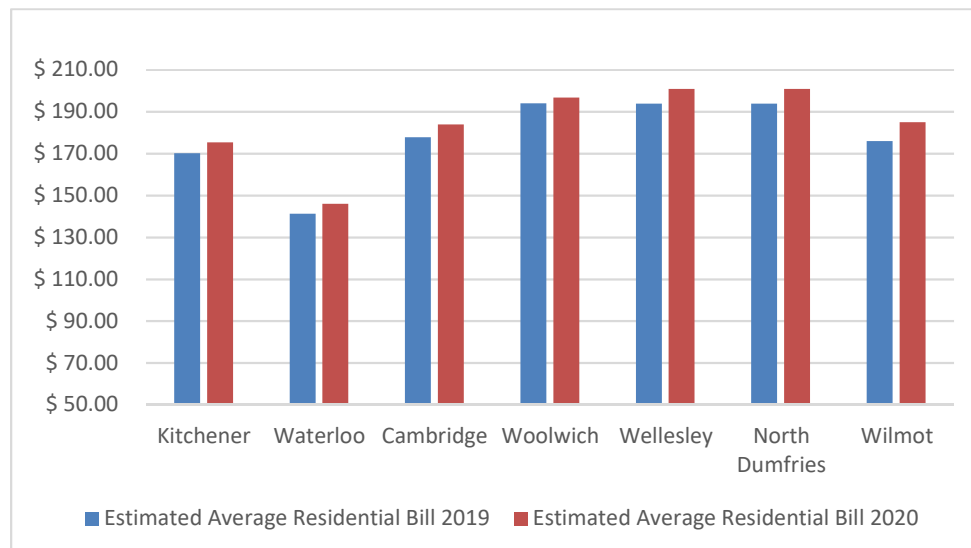
Note that the proposed rate adjustments will continue the Township's position at the estimated average water bill cost across the Region, and the lowest of the four (4) Townships.

Staff have also included the schedules from the Water and Sanitary Fees and Charges By-Law (Appendix B). These schedules include additional proposed modifications with accompanying comments where applicable.

Chart 2 – Comparison of Average Water Bills for Area Municipalities (Estimated)

City/Township	<i>Estimated Average Residential Bill</i>			
	2019	2020	% Change	\$ Change
Kitchener	\$ 170.12	\$ 175.43	3.12%	\$ 5.31
Waterloo	\$ 141.25	\$ 146.02	3.38%	\$ 4.77
Cambridge	\$ 177.87	\$ 183.89	3.38%	\$ 6.01
Woolwich	\$ 193.98	\$ 196.77	1.44%	\$ 2.79
Wellesley	\$ 193.82	\$ 200.91	3.66%	\$ 7.09
North Dumfries	\$ 193.82	\$ 200.91	3.66%	\$ 7.09
Wilmot	\$ 176.01	\$ 185.05	5.14%	\$ 9.04
Average with Wilmot	\$ 178.12	\$ 184.14	3.40%	\$ 6.01

Chart 3 – Average Water Bills for Area Municipalities (Estimated)



Upon ad hoc Budget Advisory Committee endorsement, staff will include the water and sanitary operating budget within the overall 2020 Municipal Budget Package for Council approval on February 10, 2020, and prepare the appropriate by-law for approval of the proposed rate changes.

ALIGNMENT WITH THE TOWNSHIP OF WILMOT STRATEGIC PLAN:

This report is aligned with the strategic plan and the goal of being an engaged community, through strengthening customer service by reviewing operational efficiencies and the use of resources while maintaining the Township's water and sanitary infrastructure.

FINANCIAL CONSIDERATIONS:

The proposed operating budget, in conjunction with the proposed rate changes, is projected to generate a combined transfer to reserve funds of approximately \$984,434. These funds will be distributed across the Utilities; three (3) infrastructure reserve funds: Water (\$530,004), Water Meter (\$123,730) and Sanitary (\$330,700) and are critical to the continuing efforts of ensuring the long-term financial sustainability of the Township owned water and sanitary systems.

ATTACHMENTS:

APPENDIX A – Proposed 2020 Water & Sanitary Operating Budget

APPENDIX B – 2020 Water & Sanitary Fees and Charges

APPENDIX A
2020 PROPOSED WATER/SANITARY OPERATING BUDGET

Description	2019 Budget	2019 Actual	2020 Budget
<u>WATER/SANITARY</u>			
<u>REVENUE</u>			
Utility User Fees ¹	(5,782,783)	(5,673,749)	(6,031,958)
Utilities Sales, Service Charges ²	(66,750)	(68,329)	(77,350)
	<u>(5,849,533)</u>	<u>(5,742,077)</u>	<u>(6,109,308)</u>
<u>EXPENSES</u>			
Water/Sanitary Administration ³	580,592	576,803	523,430
Water/Sanitary Operating Expenses ⁴	913,578	927,615	1,096,642
Water Regional Charges ⁵	1,482,000	1,406,383	1,446,000
Sanitary Regional Charges ⁵	1,991,640	1,868,227	2,058,802
	<u>4,967,810</u>	<u>4,779,028</u>	<u>5,124,874</u>
<u>TRANSFER (TO)/FROM RESERVE FUNDS ⁶</u>	<u>(881,723)</u>	<u>(963,049)</u>	<u>(984,434)</u>

NOTES:

- 1 Based upon estimated consumption levels and 2020 rate increases beginning January 2020 (average bill increase of 5.14%). Water Revenue (\$2,989,027); Sanitary Revenue (\$3,042,931).
- 2 Includes sale of water meters with estimate based upon projected housing starts of 90 units in 2020.
- 3 Decrease in budget associated with transfer of an existing FTE from Operations to Engineering Administration.
- 4 Minor Capital includes: Portable Generator Replacement (\$5,000); Replacement Service Tapping Machine (\$4,000); Lift Station 5 Pump (1) (\$7,500); Marvin St Lift Station Conversion Analysis (\$5,000). Incorporates increasing Regional Lab Tests costs from the Region of Waterloo in accordance with O.Reg 170/03. Additional operating expenses reflect annualized impact of engineering administration cost absorption.
- 5 Reflects projected flows from/to the Region of Waterloo, as well as Regional rate increases of 1.9% for water and 3.9% for wastewater. As noted within report FIN 2020-01 sanitary flows to the Region continue to be abnormally high staff have proposed further I&I works in the 2020 Capital Program.
- 6 Transfer to Reserve Funds is directed towards the Township three (3) Utility Reserve Funds Water (\$530,004); Water Meter (\$123,730); Sanitary (\$330,700). These transfers continue to work towards full system sustainability for both water and sanitary system (as required by Provincial Legislation).

APPENDIX B
Schedule A of Water and Sanitary Rates
Utility Service Fees

	2019 Rate	Proposed 2020 Rate	Criteria	Effective Date	Comments
Water Meters					
½" & ¾" Meters (Standard Residential) – plus HST	\$ 155.00	\$ 165.00	per Meter	01/01/2020	Incorporates the increased costs of a standard water residential meter.
Other Size Meters – plus HST	Actual Cost	Actual Cost	per Meter	01/01/2020	Maintain current rate.
MXU Device (includes installation) – plus HST	\$ 170.00	\$ 250.00	per MXU	01/01/2020	Incorporates the increased costs of the automated reading device.
Security Tag Replacement (Meter Sealing) – plus HST	\$ 50.00	\$ 50.00	per Meter	01/01/2020	Maintain current rate.
Tail Pieces – plus HST	\$ 15.00	\$ 15.00	per Meter	01/01/2020	
Remote/Mounting Bracket Assembly – plus HST	\$ 30.00	\$ 30.00	per Meter	01/01/2020	
Meter Accuracy Deposit	Actual Cost	Actual Cost	per Test	01/01/2020	
Meter Installation Fee	Actual Cost	Actual Cost	per Install	01/01/2020	
Water Meter Repairs	Actual Cost	Actual Cost	per Repair	01/01/2020	
Remote Re-Wiring	Actual Cost	Actual Cost	per Repair	01/01/2020	
Water/Sanitary Services					
Service Inspections	Actual Cost	Actual Cost	per Inspection	01/01/2020	Maintain current rate.
Water Service Line Repairs	Actual Cost	Actual Cost	per Repair	01/01/2020	
Sanitary Service Line Repairs	Actual Cost	Actual Cost	per Repair	01/01/2020	
Water Main Line Repairs	Actual Cost	Actual Cost	per Repair	01/01/2020	
Sanitary Main Line Repairs	Actual Cost	Actual Cost	per Repair	01/01/2020	
Water Sampling/Testing	Actual Cost	Actual Cost	per Test	01/01/2020	
Water/Sanitary Services Administration – plus HST	10%	15%		01/01/2020	To align with Public Works administration fee.
Materials	Actual Cost	Actual Cost		01/01/2020	Maintain current rate.

APPENDIX B
Schedule A of Water and Sanitary Rates
Utility Service Fees

	2019 Rate	Proposed 2020 Rate	Criteria	Effective Date	Comments
Labour Charges					
Regular Working Hours – plus HST	\$ 40.00	\$ 54.00	per Hour	01/01/2020	Updated to address increased labour rates to be more in line with Ontario Provincial Standard Specification (OPSS) rates.
After Working Hours (Monday – Saturday) – plus HST	\$ 60.00	\$ 81.00	per Hour	01/01/2020	
After Working Hours (Sunday & Holidays) – plus HST	\$ 80.00	\$ 108.00	per Hour	01/01/2020	
Vehicle Rates					
Flusher/Vacuum Truck – plus HST	\$ 190.00	\$ 256.50	per Hour	01/01/2020	Updated to address increased labour rates to be more in line with Ontario Provincial Standard Specification (OPSS) rates.
Stake Truck – plus HST	\$ 40.00	\$ 65.00	per Hour	01/01/2020	
Service Truck – plus HST	\$ 40.00	\$ 65.00	per Hour	01/01/2020	
Pickup Truck – plus HST	\$ 35.00	\$ 55.00	per Hour	01/01/2020	
Miscellaneous Services					
Water Disconnect/Reconnect	\$ 75.00	\$ 101.25	Each	01/01/2020	Increased due to labour and equipment rates.
Camera Inspection – plus HST	\$ 155.00	\$ 209.25	per Hour	01/01/2020	
Hydrant Use Permit	\$ 75.00	\$ 101.25	per Day	01/01/2020	
Tapping Machine (minimum \$100) – plus HST	\$ 35.00	\$ 47.25	per Hour	01/01/2020	
Sidewalk Clearing	\$ 120.00	\$ 162.00	per Hour	01/01/2020	
Non-Radio Reading Charge	\$ 75.00	\$ 101.25	per Bill	01/01/2020	
Valve Turning Machine Attachment	\$ 15.00	\$ 20.25	per Hour	01/01/2020	Reflects the hourly charge for utilities staff to utilize the valve turning attachment, this fee is similar to other attachments used in Public Works.

APPENDIX B
Schedule B of Water and Sanitary Rates
Water Rates and Charges

	2019 Rate	Proposed 2020 Rate	Criteria	Effective Date	Comments
Consumption Rates					
Water Rate	\$ 2.0514	\$ 2.1109	per cubic metre	01/01/2020	Incorporates a 2.9% increase as per the report.
Water Rate – Foxboro Green	Current RoW Wholesale Rate	Current RoW Wholesale Rate	per cubic metre	01/01/2020	Maintain current rate.
Service Charges (Annual)					
½" & ¾" Meters (Standard Residential)	\$ 102.00	\$ 105.00	per Meter	01/01/2020	Incorporates the bi-annual service charge adjustment as per the report.
1" Meter	\$ 109.59	\$ 112.59	per Meter	01/01/2020	
1½" Meter	\$ 172.79	\$ 177.29	per Meter	01/01/2020	
2" Meter	\$ 224.98	\$ 230.98	per Meter	01/01/2020	
3" Meter	\$ 362.00	\$ 371.00	per Meter	01/01/2020	
4" Meter	\$ 530.41	\$ 542.41	per Meter	01/01/2020	
6" Meter	\$ 1,171.75	\$ 1,189.75	per Meter	01/01/2020	
Other Annual Charges (if applicable)					
Flat Rate Water Charge (non-metered properties)	\$ 1,161.22	\$ 1,180.14	per Service	01/01/2020	Increased by average bill impact with only water services (2.92%).
Foxboro Green Administration Charge	\$ 788.75	\$ 806.10		01/01/2020	Standard COLA adjustment.
Additional Meter Fee – ½" & ¾" Meters	\$ 18.00	\$ 23.00	per Meter	01/01/2020	Reflects increased cost of water meters.
Additional Meter Fee – 1" Meter	\$ 27.00	\$ 31.00	per Meter	01/01/2020	
Additional Meter Fee – 1½" Meter	\$ 49.00	\$ 67.00	per Meter	01/01/2020	
Additional Meter Fee – 2" Meter	\$ 60.00	\$ 64.00	per Meter	01/01/2020	
Additional Meter Fee – 3" Meter	\$ 122.00	\$ 122.00	per Meter	01/01/2020	Maintain current rate.
Additional Meter Fee – 4" Meter	\$ 208.00	\$ 208.00	per Meter	01/01/2020	
Additional Meter Fee – 6" Meter	\$ 725.00	\$ 725.00	per Meter	01/01/2020	
Other Annual Charges (if applicable)					
Account Setup Fee	\$ 30.00	\$ 35.00	per Setup	01/01/2020	To align with the Township's standard admin fee.
Additional Water Meter Reading	\$ 30.00	\$ 35.00	per Reading	01/01/2020	

Water Rates and Charges Descriptions:

Water Rates and Charges are only applicable if a property is connected to one of the Township's Waste Distribution Systems.

Consumption Rates are applied based on a consumer's consumption of water as measured by the installed meter.

Service Charges are applied based on the size of the meter measuring the water service at each property.

Other Charges and Fees are applied to a consumer only as necessary. Annual Fees are prorated based on the number of days within a billing period.

- The Flat Rate Water Charge is applied to any consumer whose property is connected to a Township Water Distribution Systems and whose consumption is not measured by a meter.
- An Additional Meter Fee is applied only if there is an additional Township owned meter located at a property.
- The Account Setup Fee is applied to the first bill of all "newly created" Wilnot Water Accounts.
- An Additional Water Meter Reading Fee is applied to an account for all readings not associated with the regularly scheduled bi-monthly reading.

APPENDIX B Schedule C of Water and Sanitary Rates Sanitary Rates and Charges					
	2019 Rate	Proposed 2020 Rate	Criteria	Effective Date	Comments
Consumption Rates					
Sanitary Rate	\$ 2.5297	\$ 2.7295	per cubic metre	01/01/2020	Incorporates a 7.9% increase as per the report.
Sanitary Rate – Morningside	\$ 1.8929	\$ 2.0173	per cubic metre	01/01/2020	Township Agreement rate, as per Council Report PW-01-02. Staff are continuing to review the rate structure for Morningside.
Sanitary Rate – Foxboro Green	Current RoW Wholesale Rate	Current RoW Wholesale Rate	per cubic metre	01/01/2020	Maintain current rate.
Service Charges (Annual)					
½" & ¾" Meters (Standard Residential)	\$ 102.00	\$ 105.00	per Meter	01/01/2020	Matches water service charge rates.
1" Meter	\$ 109.59	\$ 112.59	per Meter	01/01/2020	
1½" Meter	\$ 172.79	\$ 177.29	per Meter	01/01/2020	
2" Meter	\$ 224.98	\$ 230.98	per Meter	01/01/2020	
3" Meter	\$ 362.00	\$ 371.00	per Meter	01/01/2020	
4" Meter	\$ 530.41	\$ 542.41	per Meter	01/01/2020	
6" Meter	\$ 1,171.75	\$ 1,189.75	per Meter	01/01/2020	
Other Annual Charges (if applicable)					
Foxboro Green Administration Charge	\$ 788.75	\$ 806.10		01/01/2020	Standard COLA adjustment.

Sanitary Rates and Charges Descriptions:

Sanitary Rates and Charges are only applicable if a property is connected to the Township's Sanitary Collection System.

- Discharge Rates are applied based on a consumer's consumption of water as measured by the installed meter.
- Service Charges are applied based on the size of the meter measuring the water service at each property.
- Other Annual Charges are applied to a consumer only as necessary and are prorated based on the number of days within a billing period.



TOWNSHIP OF WILMOT

FINANCIAL SERVICES *Staff Report*

REPORT NO: FIN 2020-11

TO: Ad Hoc Budget Advisory Committee

SUBMITTED BY: Patrick Kelly CPA, CMA Director of Finance / Treasurer

PREPARED BY: Patrick Kelly CPA, CMA Director of Finance / Treasurer
Ashton Romany CPA, Manager of Finance / Deputy Treasurer

REVIEWED BY: Grant Whittington, Chief Administrative Officer

DATE: February 3, 2020

SUBJECT: 2020 Municipal Budget Package

RECOMMENDATION:

That the 2020 Municipal Budget, as prepared by the Director of Finance / Treasurer and Manager of Finance / Deputy Treasurer, be endorsed and recommended to Council on February 10, 2020.

SUMMARY:

The 2020 Municipal Budget has been prepared in accordance with the historical practice of establishing a target levy adjustment in mid-December, and building a Capital and Operating program that meet or exceed that target.

The initial direction, endorsed at the committee meeting held in mid-December noted an inflationary levy increase of 2.20%, an Dedicated Infrastructure Levy of 2.00% and a Special Level of Service Levy of 3.58%. Through the 2020 Capital Program and Operating Budget, staff were able to reduce the special levy from 3.58% to 2.78%, while meeting the requirement from a Capital and Operations perspective for fiscal 2020.

This budget is indicative of the collaborative efforts of staff and Members of Council in meeting the needs of this community for 2020 and moving forward, while continuing our commitment to fiscal responsibility.

BACKGROUND:

The ad hoc Budget Advisory Committee commenced the 2020 Municipal Budget process in December 2019. The Budget process included a review/update of fees and charges, consideration of 2020 Municipal Grants, a review of 2019 fiscal results, endorsement of the 2020 Capital Program and updated 10-year capital forecast, approval of Level of Service adjustments, and endorsement of the proposed operating budgets for general levy and user-pay funded departments.

REPORT:

Overall, Township Council and staff have achieved the target inflationary levy increase of 2.20%, and special levy increase 2.78% for service levels, in the absence of any debt financing.

The proposed 2020 budget includes \$11.4M in operating expenditures, a \$7.7M capital program (\$1.8M in levy funding) and a modest increase in levy supported allocations to Infrastructure Reserve Funds at \$362,750 (2019 - \$348,938). This transfer is inclusive of the dedicated infrastructure levy of \$161,650.

All of the highlights above were achieved amidst a year of relatively low assessment growth (1.33%), a 15% or \$147,870 reduction in funding under the Ontario Municipal Partnership Fund (OMPF), and non-staff service levels enhancements to areas such as municipal drainage, winter maintenance and voice radio systems.

In addition, the program budgets for Building Services, the Water and Wastewater Utility and Cemetery Services total \$6.8M, including \$987K in allocations to dedicated reserve funds.

ALIGNMENT WITH THE TOWNSHIP OF WILMOT STRATEGIC PLAN:

This report is aligned in many ways with each of the four main goal areas, and corresponding strategies within the Township Strategic Plan. The strategic alignment was outlined in detail throughout each of the preceding budget reports.

FINANCIAL CONSIDERATIONS:

The proposed increase will generate a total levy of \$8,646,811, or an increase of approximately \$670,256 over the 2019 levy, factoring in assessment growth.

Assessment growth of 1.33% represents \$106,088 of the additional levy funds.

The inflationary adjustment to the general levy of 2.20% will generate \$177,818 of the additional levy funding. This adjustment will add \$20.27 in annual Township taxes to residential property owners, based on the average assessment of \$397,300.

The Dedicated Infrastructure Levy of 2.00% will generate \$161,653 of the additional levy funding. This adjustment will add \$18.43 in Township taxes to the average residential property owners.

The Special Levy for additional Levels of Service in 2020 of 2.78% will generate \$224,697 of the additional levy funding. This adjustment will add \$25.62 in Township taxes to average residential property owner.

In 2019, \$921.56 of the average residential property taxes were remitted for Township of Wilmot services, with the remainder allocated to the Region of Waterloo (\$2,016.47) and area school boards (\$639.65). The combined impact of inflationary adjustments, dedicated infrastructure levy, and the special levy for Levels of Service will add \$64.32 to the Township portion of taxes for the average residential property owner.

A review of increases across the Region of Waterloo municipalities indicates a range of 2.09% to 4.24%. Excluding the special levy for Levels of Service, the Wilmot levy adjustment would total 4.20% for 2020.

For every 1.0% increase in the levy, an additional \$80,826 in funding is generated for Township services in 2020.

ATTACHMENTS:

- None