



TOWNSHIP OF WILMOT

AD HOC BUDGET ADVISORY COMMITTEE AGENDA **Monday, February 4, 2019** **Wilmot Community Room** **5:30 P.M.**

DISCLOSURE OF PECUNIARY INTEREST UNDER THE MUNICIPAL CONFLICT OF INTEREST ACT

1. **Ad Hoc Budget Advisory Committee** (Page 2)
List of Action Items from January 31, 2019 (for information only)
2. **REPORT NO. FIN 2019-08** (Page 4)
2019 Proposed Operating Budget

Recommendation

THAT the 2019 Operating Budget, as prepared by the Director of Finance / Treasurer, and Manager of Finance / Deputy Treasurer, be endorsed in principle.

3. **REPORT NO. FIN 2019-09** (Page 21)
2019 Water & Sanitary Operating Budget & Rates Analysis

Recommendation

THAT the proposed 2019 Water & Sanitary Operating Budget, including the proposed rate increases, be endorse;

AND FURTHER, THAT the proposed rate increases be effective January 1, 2019;

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

4. **REPORT NO. FIN 2019-10** (Page 32)
2019 Municipal Budget Package

Recommendation

THAT the 2019 Municipal Budget, as prepared by the Director of Finance / Treasurer and Manager of Finance / Deputy Treasurer, be endorsed and recommended to Council on February 11, 2019.

ADJOURNMENT



**AD HOC BUDGET ADVISORY COMMITTEE
ACTION ITEMS
Thursday January 31, 2019
Wilmot Community Room
5:00 P.M.**

**1. REPORT NO. FIN 2019-06
2019 Capital Program**

THAT the 2019 Capital Budget, as prepared by the Director of Finance / Treasurer, be endorsed in principle.

**2. REPORT NO. FIN 2019-07
Ten Year Capital Forecast (2019-2028)**

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

**3. REPORT NO. FIN 2018-40
2019 Service Level Requests**

THAT Report FIN 2018-40, regarding Level of Service Requests for fiscal 2019 be received for information purposes.

**4. REPORT NO. CL 2018-21
Service Level Request – Part-Time Communications Specialist**

THAT, subject to the approval of the 2019 Budget, the Director of Clerk's Services be directed to proceed with the hiring of a Part Time Communications Specialist, effective March 1, 2019;

AND FURTHER THAT staff proceed to incorporate the updated costs into the draft 2019 Operating Budget.

**5. REPORT NO. CL 2018-22
Service Level Request – Part Time Municipal Law Enforcement Officer**

THAT Report No. CL 2018-22 be received for information and that the draft 2019 Budget incorporate this position change.

6. REPORT NO. FD 2018-07
Service Level Request – Full Time Fire Prevention Officer

THAT, subject to the approval of the 2019 Budget, the Fire Chief be directed to proceed with moving the Part-time Fire Prevention Officer to a Full-time position, effective March 1, 2019;

AND FURTHER THAT staff proceed to incorporate these costs into the draft 2019 Operating Budget.

7. REPORT NO. PRD 2018-09
Part Time Programming Positions

THAT, subject to the approval of the 2019 Budget, the Director of Facilities and Recreation Services be directed to proceed with the hiring of a part-time Youth Action Council Facilitator on a one-year contract term, and transition an existing part-time Day Camp Leader position into a part-time Day Camp Facilitator position, effective March 1, 2019;

AND FURTHER THAT staff proceed to incorporate these costs into the draft 2019 Operating Budget.



Township of Wilmot **COMMITTEE REPORT**

REPORT NO. FIN 2019-08

TO: Ad Hoc Budget Advisory Committee

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

DATE: February 4, 2019

SUBJECT: 2019 Proposed Operating Budget

Recommendation:

That the 2019 Operating Budget, as prepared by the Director of Finance / Treasurer and Manager of Finance / Deputy Treasurer, be endorsed in principle.

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.

Discussion:

Target Levy Increase

As per direction from the committee, a levy increase of 2.0% has been achieved through the proposed operating budget. This target, based upon the Bank of Canada Core Inflation rate, and has been achieved through operational efficiencies, revenue line enhancements, and modest assessment growth, while maintaining and increasing levels of service.

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. An updated calculation of the Township's "Rural and Small Community Measure" (RSCM) resulted in a reduction in funding. Transitional assistance is provided under the OMPF program to ensure the budgetary impact to municipalities is not felt within a single year, but rather spread over a longer term. This limits claw backs of funding to a maximum of 15% from the previous years' allocation. As such, the reduction in OMPF funding provided to Wilmot in 2019 is anticipated to be approximately \$174,000.

Over the past number of years, Finance staff have prepared operating budgets with the understanding that 15% could be clawed back in any given year. Rather than utilizing the full OMPF funding to support current year operations, the equivalent of 15% was transferred directly to Infrastructure Reserve Funds to support future capital. Due to this prudent fiscal planning, the Township will not require additional levy increases to absorb this significant reduction anticipated for 2019.

Having said that, the budgeted transfer to Infrastructure Reserve Funds has been reduced by approximately \$141,500, while continuing to balance current year capital contributions and operating requirements. This reduction is directly attributable to the forecasted loss in OMPF support.

Staff are hopeful that participation by the Director of Finance on the OMPF Resource Group will bring some resolution to this matter before further cuts to funding could occur.

Transfer to Infrastructure Reserve Funds

The proposed budget includes a levy funded transfer to Infrastructure Reserve Funds of approximately \$349,000. This transfer represents a 2.0% inflationary increase over the 2018 levy allocation to infrastructure reserves (\$316,574), as well as an additional \$26,050 in operational efficiencies and revenue enhancements resulting from budget analysis.

As noted previously, the overall budgeted allocation to Infrastructure Reserve Funds no longer includes the 15% of OMPF funding that is anticipated to be clawed back in 2019. This eliminated approximately \$174,000 that would otherwise have been utilized toward future capital needs. Fortunately, with the \$26,050 in other savings / revenue enhancements the entire impact of the OMPF loss will not be felt within fiscal 2019.

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. The Council endorsed 10-Year Capital forecast is funded through a model that assumes allocations of \$450,000 to Infrastructure Reserve Funds annually. Therefore, the proposed 2019 operating budget transfer is approximately \$100,000 short of this target.

Based on the outcomes of the 2019 OMPF Review at the Provincial level, staff will look at options to close this funding gap, including a review of the merits of a dedicated Infrastructure Levy for future year budgets.

Level of Service Adjustments

The proposed operating budget is inclusive of the Level of Service adjustment approved under Reports FIN 2018-40; CL 2018-21; CL 2018-22; FD 2018-07 and PRD 2018-09. The evolution to a full-time Fire Prevention Officer, Part-time Communications Specialist, revised By-Law Enforcement Staffing, and additional Recreation Programming staffing resources have been included within the operating costs of each department.

The funding of these positions is derived from a variety of sources as indicated in the previously mentioned reports. The levy portion of funding for these positions was absorbed within the target 2.0% increase, and did not require further adjustments.

In addition to staffing Level of Service adjustments, the operating budget is also inclusive of new operating requirements for the Radar Speed Display Signs and Water/Ice Rescue Program. These service level adjustments were included by re-directing training costs in the Fire Service to this new program, and re-allocating staffing responsibilities within the Roads division. As noted, any further expansion of these programs would likely result in additional staffing resources to meet the service expectations.

Operating Budget Highlights

- **Fees and Charges**
 - Revenue estimates have incorporated the Council approved fees and charges (Report FIN 2018-37), and utilized analysis of historical activity levels to arrive at current year projections
 - Overall operating revenues from rental activity are anticipated to increase by 2.4% or \$33,000 from the projected usage and updated rate structure
- **COLA and Grid Movement**
 - A cost-of-living adjustment of 1.63% and grid movements have been included within budget estimates across all departments
 - The impact of grid movement is naturally higher in departments/divisions with shorter tenured full-time staff
 - Budget reflects implementation of an updated Part-time Staffing Grid, resulting from a Part-Time Internal Equity Review undertaken in 2018
 - Departments with a higher number of part-time/casual staff are impacted to a greater extent by the updated Part-time Pay Grid
- **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 7.1% or \$88,500 in 2019. This is driven by the annualized benefits of a number of positions added in mid-2018 and increased premiums and source deductions for CPP and Group Benefits
- **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 levy funded operating budgets is \$207,950 (2018- \$206,330); with the majority of expenses dedicated to the Wilmot Fire Service, IT Services and Parks / Community Centres
- Works proposed help the Township to continue achieving goals set forth within our Strategic Plan and other Master Planning documents

- **New Legislative Requirements**

- Any new legislative requirements that have come into effect over the previous year have now been incorporated into the ongoing operations of the Township.
- These items include Maintenance Standards across several Public Works Asset Categories
- Overall Roads Operating costs are anticipated to grow by \$76,500, due to more hard surfaced roads requiring repair to comply with maintenance standards, and additional Road Safety expenses to complete Regulatory Sign Inspections and Replacements

- **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
- Hydro costs year-over-year from a budgetary perspective are anticipated to decrease approximately 11%. This is due in part to reduced kWh pricing, as well as efficiencies generated to LED retrofits
- Natural gas charges are anticipated to grow in 2019, but the overall increase will be mitigated somewhat due to Township participation on the co-operative LAS purchasing agreement
- When factoring in projections for fuel, telephone and water/sanitary the overall commodity budget is anticipated to reduce by approximately 5.0% or \$53,000.

- **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 across levy funded divisions is \$74,000, excluding any Minor Capital works that promote a safer working environment.
- This level of expenditure will support the implementation of a new health and safety program, currently in draft with our external consultants
- Future training needs from a health, safety and wellbeing perspective will be incorporated into the annual operating budget updates

- **Public Access Wi-Fi**
 - The proposed budget includes a provision for minor capital works installing wi-fi at the Works Yard in Baden, as well as the Community Centres in Mannheim and New Hamburg
 - Staging of installations is based upon resource availability and installations in Haysville and St Agatha are proposed in 2020
- **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 2019 operating budget includes funding to kick-start an annual CCTV Inspection program for Strom Infrastructure, and IT software to support data collection and on-going data gap analysis
- **User Pay Operating Divisions**
 - The proposed budget projects positive operating results from Building Services and Cemetery Operations
 - The net transfer to Reserve Funds projected for 2019 will assist in reducing the existing deficit in these two (2) user-funded Reserve Funds

Strategic Plan Conformity:

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 celebration with the previously endorsed 2019 Municipal Grants Program.

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 various advertising and promotional spending, as well as the addition of new dedicated resources for 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% and the target levy increase of 2.0%, to reach a balanced budget for fiscal 2019.

This budget allows Wilmot to progress on various key operational initiatives that bring us further along the path to achieve our corporate vision/mission, while meeting the target levy guideline from the ad hoc Budget Advisory Committee.

Conclusion:

Staff are proud to present the 2019 Operating Budget for committee endorsement. Upon approval, in principle, the proposed operating budget will be incorporated within the 2019 Municipal Budget for Council approval on February 11, 2019.

Patrick Kelly CPA, CMA
Prepared/ Submitted by
Director of Finance / Treasurer

Ashton Romany CPA
Prepared/ Submitted by
Manager of Finance / Deputy Treasurer

Grant Whittington
Reviewed by Chief Administrative Officer

**TOWNSHIP OF WILMOT
2019 PROPOSED BUDGET SUMMARY**

		2018 Budget	2018 Actual	2019 Proposed
<u>EXPENDITURES</u>				
OPERATING (EXCLUDING USER-PAY DIVISIONS)		9,920,980	9,704,756	10,365,810
TRANSFER TO CAPITAL PROGRAM ¹		1,744,061	1,744,061	1,742,617
TRANSFER TO INFRASTRUCTURE RESERVE FUNDS ²		490,529	945,829	348,938
<u>TOTAL EXPENDITURES FROM GENERAL LEVY</u>		12,155,570	12,394,646	12,457,365
<u>REVENUES</u>				
TAXATION	2018 GENERAL LEVY	7,505,415	7,505,415	7,709,930
	ASSESSMENT GROWTH (1.43%)	57,045	57,045	110,225
	TAX INCREASE (2.00%)	147,470	147,470	156,400
		7,709,930	7,709,930	7,976,555
OPERATING (EXCLUDING USER-PAY DIVISIONS)		2,397,620	2,379,023	2,470,580
PAYMENTS IN LIEU OF TAXES		185,220	188,586	188,585
SUPPLEMENTARY TAXES (NET OF WRITE-OFFS) ³		30,500	119,164	77,900
GRANTS ⁴		1,159,700	1,159,700	985,745
INVESTMENT INCOME ⁵		672,600	838,242	758,000
<u>TOTAL REVENUES TO GENERAL LEVY</u>		12,155,570	12,394,646	12,457,365

NOTES:

- 1 Represents the portion of Capital Program funded from General Levy, as per Report FIN 2019-07.
- 2 Includes a 2.0% inflationary increase to levy funded allocation (\$322,900) and additional allocation of \$26,038 generated from operational efficiencies and revenue enhancements. The previous allocation of OMPF funds (2018 - \$173,955) is no longer included due to anticipated reduction in OMPF support.
- 3 Net impact reflects estimated Supplementary Taxes (\$125,000) and write-offs (\$47,100).
- 4 Represents Township's allocation of funding under the Ontario Municipal Partnership Fund (OMPF). Anticipated reductions of 15% as per allocation notice from 2018. Staff participation on OMPF Resource Group will determine OMPF allocations moving forward.
- 5 Increase associate with investment returns from short-term money market instruments (\$200,000). Hydro investment income includes \$291,000 in long-term notes and a reduced dividend of \$267,200 anticipated by K-W Hydro. Staff reviewing impact of existing dividend policy with K-W hydro staff.

**TOWNSHIP OF WILMOT
2019 OPERATING**

	2018 Budget	2018 Actual	2019 Proposed
<u>GENERAL GOVERNMENT</u>			
<u>REVENUE</u>			
Administration Fees / Sale of Surplus Assets ¹	(53,000)	(62,145)	(53,240)
Grant Funding - General Government ²	(2,940)	(1,680)	-
Licenses and Fines ³	(85,260)	(81,593)	(82,470)
Penalties & Interest Revenue ⁴	(275,000)	(260,469)	(250,000)
	<u>(416,200)</u>	<u>(405,887)</u>	<u>(385,710)</u>
<u>EXPENSES</u>			
Council ⁵	132,430	128,396	166,060
CAO, Clerks ⁶	593,560	576,296	619,490
Insurance ⁷	309,600	268,954	294,180
Municipal Law Enforcement/Animal Control ⁸	209,670	188,486	161,430
Municipal Election ⁹	15,780	15,780	22,500
Financial Services ¹⁰	499,300	496,224	537,030
IT Services ¹¹	227,420	218,521	243,220
	<u>1,987,760</u>	<u>1,892,656</u>	<u>2,043,910</u>
<u>FIRE SERVICES</u>			
<u>REVENUE</u>			
Fire Services Revenues ¹²	(47,260)	(50,969)	(55,660)
	<u>(47,260)</u>	<u>(50,969)</u>	<u>(55,660)</u>
<u>EXPENSES</u>			
Fire Services Administration ¹³	903,350	859,233	944,160
Fire Services Operating Expenses ¹⁴	319,000	296,130	322,380
	<u>1,222,350</u>	<u>1,155,363</u>	<u>1,266,540</u>

**TOWNSHIP OF WILMOT
2019 OPERATING**

	2018 Budget	2018 Actual	2019 Proposed
<u>PUBLIC WORKS</u>			
<u>REVENUE</u>			
Roads/Engineering Service Charges ¹⁵	(24,100)	(31,705)	(58,400)
Aggregate Resource Fees ¹⁶	(97,300)	(79,417)	(80,000)
Grant Funding - Public Works ¹⁷	(28,700)	(28,701)	(42,500)
	<u>(150,100)</u>	<u>(139,823)</u>	<u>(180,900)</u>
<u>EXPENSES</u>			
Engineering Administration ¹⁸	170,150	167,210	217,050
Roads Administration ¹⁹	601,740	581,671	629,010
Roads Operating Expenses ²⁰	520,030	559,166	581,100
Winter Control Expenses ²¹	407,390	418,579	486,420
Municipal Drainage Operating Expenses ²²	18,000	37,234	25,000
Street Lighting Operating Expenses ²³	145,000	145,000	145,000
Crossing Guards Operating Expenses ²⁴	53,970	55,996	56,550
	<u>1,916,280</u>	<u>1,964,856</u>	<u>2,140,130</u>

**TOWNSHIP OF WILMOT
2019 OPERATING**

	2018 Budget	2018 Actual	2019 Proposed
<u>RECREATION AND FACILITIES</u>			
<u>REVENUE</u>			
Wilmot Recreation Complex Revenues ²⁵	(1,441,330)	(1,395,474)	(1,456,450)
Park, Facility and Community Centre Rental Revenue ²⁶	(149,880)	(168,501)	(161,030)
Grant Funding - Recreation and Facilities ²⁷	(6,020)	(15,401)	-
	<u>(1,597,230)</u>	<u>(1,579,376)</u>	<u>(1,617,480)</u>
<u>EXPENSES</u>			
Recreation Administration ²⁸	740,060	699,088	803,660
Wilmot Recreation Complex Administration	1,502,600	1,502,569	1,528,850
Wilmot Recreation Complex Operating Expenses ²⁹	914,500	887,532	919,820
Parks & Facilities Administration ³⁰	620,430	615,811	647,770
Parks and Community Centre Operating Expenses ³¹	346,610	322,020	343,440
Municipal Facilities Operating Expenses ³²	144,380	146,780	137,720
Abandoned Cemetery Operating Expenses	3,000	3,000	3,000
	<u>4,271,580</u>	<u>4,176,800</u>	<u>4,384,260</u>

**TOWNSHIP OF WILMOT
2019 OPERATING**

	2018 Budget	2018 Actual	2019 Proposed
<u>CULTURAL SERVICES</u>			
<u>REVENUE</u>			
Castle Kilbride Admissions & Events ³³	(47,330)	(53,520)	(44,930)
Grant Funding - Castle Kilbride ³⁴	(28,600)	(26,929)	(26,250)
	(75,930)	(80,450)	(71,180)
<u>EXPENSES</u>			
Castle Kilbride Administration	223,980	226,840	225,650
Castle Kilbride Operating Expenses ³⁵	56,980	54,802	58,910
Archives Operating Expenses	1,550	1,206	1,550
Heritage Wilmot Operating Expenses	10,700	9,942	10,440
	293,210	292,789	296,550
<u>DEVELOPMENT SERVICES</u>			
<u>REVENUE</u>			
Planning Application Fees ³⁶	(106,900)	(118,468)	(155,650)
Business Licensing	(4,000)	(4,050)	(4,000)
	(110,900)	(122,518)	(159,650)
<u>EXPENSES</u>			
Planning ³⁷	174,800	170,510	179,420
Economic Development ³⁸	55,000	51,781	55,000
	229,800	222,291	234,420
<u>TOTAL OPERATING</u>			
<u>REVENUES</u>	(2,397,620)	(2,379,023)	(2,470,580)
<u>EXPENSES</u>	9,920,980	9,704,756	10,365,810
<u>NET GENERAL LEVY EXPENDITURE</u>	7,523,360	7,325,733	7,895,230

NOTES:

- 1 Includes administrative fees associated with tax certificates; NSF payments; account balance transfer fees; tax sale and sale of surplus assets.
- 2 2018 included grant funding for summer student, no longer required under current By-Law Enforcement structure.
- 3 Includes Dog and Kennel Licences (\$46,000); Parking Fines (\$10,000); Marriage Licences (\$16,300); Property Standards Fees (\$2,500); Lottery Licences (\$4,150); Provincial Offences (\$3,520).
- 4 Includes Tax Penalty/Interest (\$200,000); Water Penalty (\$50,000). Reduced water penalty charges associated with rate revisions approved under Report FIN 2018-
- 5 Includes distribution of Municipal Grants (\$45,304), as per Council report FIN 2018-38 and Discover Your Wilmot Matching Program (\$5,000) as per Council report FIN 2018-39. Budget incorporates Council remuneration adjustment for the elimination of 1/3 tax exemption as per Report FIN 2017-33. Includes allocation for Mayor and three (3) members of Council to participate in the AMO Conference. Staff recognition funding has been fully consolidated into the Council budget line, and includes additional funding to consistently recognize part-time/casual employees (\$2,000).
- 6 Budget includes the addition of P/T Communications Specialist role, and Minor capital for furnishings and equipment associated with the new position (\$3,500), approved under Report CL 2018-21.
- 7 Includes Waterloo Region Municipal Insurance Pool Premiums (\$252,000), and annual budget allocation for claims falling under the Township's deductible limit (\$60,000), net of allocations to user-pay operations (\$17,823).
- 8 Reduced budget reflects adjustment to part-time by-law enforcement officer role, approved under Report CL 2018-22.
- 9 Annual allocation to Election Reserve Fund to cover costs associated with 2022 Municipal Election.
- 10 Increased budget associated with several staff moving within the grid.
- 11 Increased internet service and IT maintenance costs associated with additional wireless access points at municipal facilities, and improved security across IT infrastructure. Minor capital includes: Road Patrol Software for Maintenance Standards (\$8,200); Wi-Fi Installations at Works Yard; NHCC and Mannheim CC (\$9,800); Blue Beam Software for Building Plan Review (\$4,500); Desktop Scanner (\$700).
- 12 Includes Boundary Fire Service Agreement with Blandford-Blenheim (\$5,260); Fire Permits (\$3,900); and revenue from billable calls/activities (\$46,500).
- 13 Incorporates the full time wages of the Fire Prevention Officer position, approved under Report FD 2018-07.
- 14 Includes provision for Tanker Shuttle Accreditation renewal (\$6,000). Minor Capital includes BP/Pulse/Oxygen Monitors (\$2,750); Suction Devices (\$2,750); Medical Trauma Bags (\$2,750); O2 Bags (\$2,000); Rescue 42 Struts (\$3,500); Rhino Cutters (\$3,000); Decon Kits (\$4,250); Pylons (\$700); Tarps (\$1,500); Shop-Vacs (\$900); Accountability Vests (\$900); Gear Room Renovations (\$2,000); Storage Room Renovations (\$4,500); SCBA Work Tables (\$1,500); Replacement Tires T6 (\$7,000).
- 15 Includes adjusted engineering service fees, approved under Report FIN 2018-37. Estimate is based on anticipated applications.
- 16 Funding from Ontario Aggregate Resources Corporation (OARC) is based upon actual tonnage extracted from private pits within the Township from the preceding fiscal year. Estimate is based upon projection of 1.3M tonnes @ \$0.06/tonne.
- 17 OCIF Funding to cover portion of Asset Management Coordinator role (\$30,000). OMAFRA grant for Drainage Superintendent is based up 50% of Superintendent Fees anticipated in 2019 (\$12,500).

- 18 Budget includes annualized salaries and payroll related costs for two (2) FTE's approved as part of the 2018 operating budget. Includes provision of funding for two (2) co-op students associated with GIS data collection, Asset Management data gap analysis, and sidewalk maintenance inspection program.
- 19 Includes continued provision of part-time staffing to meet legislative Maintenance Standards (MS), associated with road patrols. Increased budget reflects provision for additional legislatively required health and safety training (\$9,000).
- 20 Budget increase is associated with the establishment of a CCTV inspection program for Storm Sewers (\$15,000) to align with Council approved Asset Management objectives of transitioning to an evidence/risk-based decision making process for long-term infrastructure planning. Additional road operating costs are reflective of preliminary results from the 2018 Roads Needs Study. Impacts includes additional maintenance costs on hard surfaced roads (\$24,000), addition line painting works (\$10,000) and roadside reclamation works (\$17,500). Minor capital provisions include: Delineator and Traffic Cones (\$3,900); Grass Trimmer (\$1,400); AirComp Installation (\$1,200); Shoulder Grader (\$7,500).
- 21 Winter Maintenance budget includes works required to meet Winter Maintenance Standards on municipal roads (\$386,000) and contracted service at municipal facilities/parking lots (\$100,000). Increasing trend of winter maintenance activities are associated with the changing environment and weather patterns. Minor capital provision for Tailgate Salt Spreader (\$4,800).
- 22 Budget reflects increased activity levels requiring Drainage Superintendent services in recent year. 50% of the Drainage Superintendent Fees are eligible for grant funding from OMAFRA.
- 23 Budget include provision for pole line rebuilds and hydro energy charges. Budget maintained at current level, inclusive of transfer to reserves (\$56,000) to repay initial capital outlay for LED conversion project.
- 24 Budget includes provision for personal protective equipment (PPE) for crossing guards (\$1,800).
- 25 Budget is a combination of Aquatics (\$473,000); Ice Pads/Arena Floor (\$713,500); Concession (\$108,000); Programming (\$76,125); Room/Field Rentals (\$47,000); Rink Board Advertising (\$26,825); Other (\$12,000).
- 26 Based on increasing trend of paid activities at community centres with the new rate structure as per report FIN 2018-37. NH Arena (\$25,000); Baden (\$18,400); Haysville (\$12,400); Mannheim (\$20,000); New Dundee (\$30,500); New Hamburg Parks (\$26,500); Petersburg (\$13,100); St Agatha (\$13,100); Other (\$2,030).
- 27 2018 budget included funding under the Healthy Kids Community challenge.
- 28 Budget includes annualized costs associated with the Parks and Facilities Project Coordinator approved under report PRD 2017-13.
- 29 Minor Capital includes Pump Room Gas Sensors/Alarms (\$5,500); Cooling Tower Chemical Cleaning (\$2,000); Relocate Chiller Oil Drain (\$1,600); Deionizing Cartridge for ENGO Batteries (\$1,000); Pool Vac Replacement (\$2,500); Replacement of Four (4) Exterior Waste Receptacles (\$1,350), UV bulbs (\$3,000)
- 30 Minor Capital includes Eight (8) Waste Receptacles (\$2,800); Ten (10) Picnic Tables (\$3,500); Provision for Dug-out Signage (\$1,100); Replace Steiner Broom attachment (\$1,500).
- 31 Minor Capital includes **New Hamburg CC:** Complete Replacement of CC Washroom Floors (\$3,000); Add two (2) Speakers/Stands to Portable Sound System (\$1,200) **Baden:** Replace Tennis Court Nets (\$850) **Haysville:** Slurry Seal, Crack Seal, Paint Lines at CC Lot (\$7,500) **Mannheim:** Rejuvenate/Revitalize flowerbed at Anna Tuerr Park (\$6,500); Three (3) additional tables for CC (\$1,500); Address Drainage East of Parking Lot (\$4,000) **New Dundee:** Bandshell Painting/Lighting (\$6,000); Roof Replacement on Out-building (\$5,000); Remove Six (6) Dead Ash Trees (\$3,000); Provision to Replace Two (2) Recognition Signs (\$1,700) - subject to policy update; Replacement of Ceiling Tiles (\$5,200) **New Hamburg Parks:** Gate and Post Replacements (\$3,500); Bench and Concrete Pad at Captain McCallum Park (\$1,500); Park Signage at Scott Park (\$4,450); Grandstand Railing/Post (\$6,900) **Petersburg:** Park Signage (\$3,600) **St Agatha:** Sararas Park Ash Tree Removals (\$4,400); Sararas Park Chain Link Fence Repair (\$2,500).

- 32 Minor Capital includes Livingston Fountain Bench Concrete Pads (\$2,250); Re-grade, Add RAP to Arboretum Parking Lot (\$2,000); Install RAP on Oasis Pathways and Parking Lot (\$3,500).
- 33 Includes Admission (\$19,500); Giftshop (\$3,500); Programs & Workshops (\$7,730); Special Events (\$13,500); Miscellaneous (\$700). 2018 budget and actuals included revenues associated with Anne with an 'E' filming.
- 34 Budget reduced due to Student Experience Program (SEP) funding only available bi-annually.
- 35 Include provision for updated Castle Promo Video for General Public (\$1,500), and WRTMC membership (\$10,000). Minor Capital includes: Security Camera replacement/enhancement (\$9,800); Directional Signage in Castle Area (\$2,000) and Emergency Mural Repairs (\$1,200).
- 36 Reflects anticipated applications to occur in 2019, including fee adjustments approved under Report FIN 2018-37.
- 37 Budget is net of cost absorption by Building Services (\$105,382)
- 38 Budget based upon Waterloo Region Economic Development Corporation (WREDC) allocation (\$50,000), and Economic Development Sponsorships and Promotional Materials (\$5,000).

TOWNSHIP OF WILMOT
2019 OPERATING (USER-PAY)

	2018 Budget	2018 Actual	2019 Proposed
<u>CEMETERY</u>			
<u>REVENUE</u>			
Cemetery User Fees ¹	(64,430)	(63,076)	(98,600)
Cemetery Investment Income	(4,000)	(7,475)	(7,500)
	<u>(68,430)</u>	<u>(70,551)</u>	<u>(106,100)</u>
<u>EXPENSES</u>			
Cemetery Administration	20,650	23,439	19,840
Cemetery Operating Expenses ²	36,350	34,972	41,430
	<u>57,000</u>	<u>58,411</u>	<u>61,270</u>
<u>TRANSFER (TO)/FROM RESERVE FUNDS</u> ³	<u>(11,430)</u>	<u>(12,140)</u>	<u>(44,830)</u>
 <u>BUILDING</u>			
<u>REVENUE</u>			
Building Permit Fees ⁴	(503,000)	(480,757)	(662,330)
	<u>(503,000)</u>	<u>(480,757)</u>	<u>(662,330)</u>
<u>EXPENSES</u>			
Building Administration ⁵	306,250	293,099	403,880
Building Operating Expenses	220,450	228,675	220,390
	<u>526,700</u>	<u>521,774</u>	<u>624,270</u>
<u>TRANSFER (TO)/FROM RESERVE FUNDS</u> ⁶	<u>23,700</u>	<u>41,018</u>	<u>(38,060)</u>

NOTES:

- 1 Based upon three (3) year average of activity levels at Riverside Cemetery for grave openings, sale of plots at 2019 rates as per report FIN 2018-37.
- 2 Minor capital includes shoring apparatus for grave excavation (\$1,600).
- 3 Represents the anticipated transfer to the Cemetery Reserve Fund. These funds will be used to help offset the existing deficit and fund future capital expenditures at Riverside Cemetery.
- 4 Reflects increased building rates as per report DS 2018-20.
- 5 Budget reflects return to full complement of staffing. 2018 included two (2) staff on maternity leave.
- 6 Budget anticipates a net transfer to reserve funds from 2019 operations. This surplus would help offset the existing deficit in the Building Reserve.



Township of Wilmot **COMMITTEE REPORT**

REPORT NO. **FIN 2019-09**

TO: **Ad Hoc Budget Advisory Committee**

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

DATE: **February 4, 2019**

SUBJECT: **2019 Water & Sanitary Operating Budget & Rates Analysis**

Recommendation:

That the proposed 2019 Water & Sanitary Operating Budget, including the proposed rate increases, be endorsed;

And further, that the proposed rate increases be effective January 1, 2019;

And further, that the Water and Sanitary Rates By-Law be updated accordingly.

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.

Discussion:

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 2019-07, endorsed by the ad hoc Budget Advisory Committee on January 31, 2019 outlined the expected capital expenditure requirements for the water and sanitary systems for the next ten (10) years.

This forecast includes over \$6M in funding from Water & Sanitary Infrastructure Reserves to support capital plans for underground infrastructure, facilities, studies, vehicle and equipment for the utility systems.

In conjunction of 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 Conservation

Water conservation continues to be a major consideration for municipalities when reviewing system operations and usage rates. The proposed operating budget considers a slight reduction in billable flows from the Region and billable consumption to residents based on a 5-year historical trend. As a reference, in the Township of Wilmot, the average consumption per account, including Residential, Commercial and Industrial accounts, was 261 cubic meters per year in 2007 and was 206 cubic meters in 2018. It is projected that average consumption will continue this trend in the long term.

While conservation efforts continue to be encouraged by senior levels of government, as its effects are considered environmentally responsible; these conservation efforts continue to put pressures on water and sanitary rates. With less overall water consumption, increasing infrastructure replacement costs and other fixed costs must be collected across fewer units of consumption.

To offset these pressures, municipalities must continuously look for operating efficiencies to reduce cost increases within the utility systems.

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 2018, the 2019 budget considers the average historical consumption. As noted in FIN 2019-06 (2019 Capital Program), staff will be investigating causes of higher levels of infiltration, through capital studies, to assist in addressing these high levels of I&I.

Region of Waterloo Rate Increase (2019)

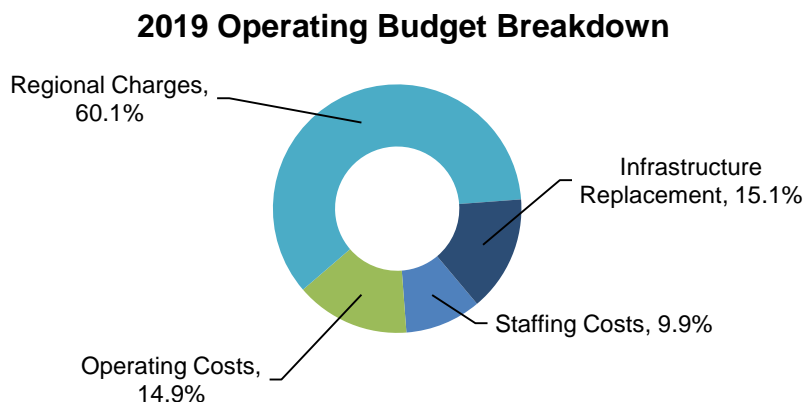
The fee increases of 2.9% and 6.9% respectively for water and sanitary services from the Region of Waterloo are the largest cost drivers for the Township's water/sanitary operating budget (Chart 1). These costs are based on the average historical consumption levels against the 2019 wholesale rates charged by the Region.

Other Operating Highlights

The 2019 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: Davit Crane Replacement, Replacement of Two (2) Vac Shields, and Fire Alarm System Upgrades.

Lastly, additional funding in the amount of \$15,000 has been introduced towards annual CCTV inspection programs. This investment is consistent with Township-wide efforts to improve the accuracy of data relating to critical infrastructure, to support the on-going efforts from an Asset Management perspective.

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% (2018 – 4.9%) to the Township's water volumetric charge and 7.9% (2018 – 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 C). 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 \$9.53 (5.72%) to the average residential two-month water bill (based on 31 cubic meter consumption) for a property with both water and sanitary services, and \$2.79 (3.59%) 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 2019 rate structure. Note that the proposed rate adjustments will allow the Township to continue to hold its position at the lower end of average water bills across the Region, and the lowest of the four (4) Townships.

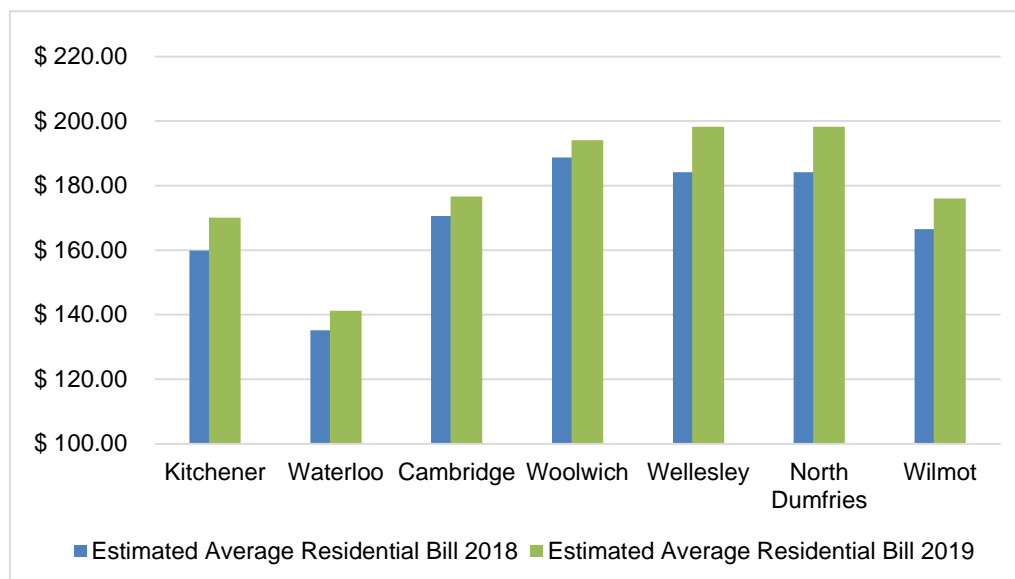
In 2019, the Region of Waterloo began to increase their wholesale rates effective January 1 opposed to March 1. In order to ensure appropriate cost recovery of these increases, staff are proposing that the Township rates also be effective January 1, 2019.

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

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

City/Township	2018	2019	% Change	\$ Change
Kitchener	\$ 159.86	\$ 170.12	6.42%	\$ 10.26
Waterloo	\$ 135.22	\$ 141.24	4.45%	\$ 6.02
Cambridge	\$ 170.62	\$ 176.59	3.50%	\$ 5.97
Woolwich	\$ 188.71	\$ 194.09	2.85%	\$ 5.38
Wellesley	\$ 184.21	\$ 198.25	7.62%	\$ 14.04
North Dumfries	\$ 184.21	\$ 198.25	7.62%	\$ 14.04
Wilmot	\$ 166.48	\$ 176.01	5.72%	\$ 9.53
Average with Wilmot	\$ 169.90	\$ 179.22	5.46%	\$ 9.32

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



Strategic Plan Conformity:

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 transfer to reserve funds of approximately \$881,723. These funds will be distributed across the Utilities; three (3) infrastructure reserve funds (Water, Water Meter and Sanitary) and are critical to the continuing efforts of ensuring the long-term financial sustainability of the Township owned water and sanitary systems.

Conclusion:

Upon ad hoc Budget Advisory Committee endorsement, staff will include the water and sanitary operating budget within the overall 2019 Municipal Budget Package for Council approval on February 11, 2019, and prepare the appropriate by-law for approval of the proposed rate changes.

Patrick Kelly CPA, CMA

Prepared/ Submitted by
Director of Finance / Treasurer

Ashton Romany CPA

Prepared/ Submitted by
Manager of Finance / Deputy Treasurer

Jeff Molenhuis P. Eng

Submitted by Director of Public Works
and Engineering

Grant Whittington

Reviewed by Chief Administrative Officer

APPENDIX A
2019 PROPOSED WATER/SANITARY OPERATING BUDGET

Description	2018 Budget	2018 Actual	2019 Budget
<u>WATER/SANITARY</u>			
<u>REVENUE</u>			
Utility User Fees ¹	(5,369,272)	(5,364,342)	(5,782,783)
Utilities Sales, Service Charges ²	(64,000)	(46,847)	(66,750)
	<u>(5,433,272)</u>	<u>(5,411,189)</u>	<u>(5,849,533)</u>
<u>EXPENSES</u>			
Water/Sanitary Administration ³	550,600	583,002	580,592
Water/Sanitary Operating Expenses ⁴	843,957	781,373	913,578
Water Regional Charges ⁵	1,472,000	1,411,193	1,482,000
Sanitary Regional Charges ⁵	1,718,608	1,792,710	1,991,640
	<u>4,585,165</u>	<u>4,568,278</u>	<u>4,967,810</u>
<u>TRANSFER (TO)/FROM RESERVE FUNDS ⁶</u>	<u>(848,107)</u>	<u>(842,911)</u>	<u>(881,723)</u>

NOTES:

- 1 Based upon estimated consumption levels and 2019 rate increases beginning January 2019 (average bill increase of 5.72%). Water Revenue (\$2,947,483); Sanitary Revenue (\$2,835,300).
- 2 Includes sale of water meters with estimate based upon projected housing starts of 110 units in 2019.
- 3 Increased budget associated with several staff moving within the grid.
- 4 Minor Capital includes: Fire Alarm System Upgrades (\$3,500); Replacement Davit Crane at Lift 4 (\$7,500); Replacement of two (2) Vac Shields (\$6,000). Additional operating expenses reflect annualized impact of engineering administration cost absorption. Additional funding provided to CCTV program for sanitary sewers (\$15,000).
- 5 Reflects projected flows from/to the Region of Waterloo, as well as Regional rate increases of 2.9% for water and 6.9% for wastewater. As noted within report FIN 2019-01 sanitary flows to the region have shown an increasing trend, staff have proposed I&I works in the 2019 Capital Program.
- 6 Transfer to Reserve Funds is directed towards the Township three (3) Utility Reserve Funds Water (\$541,620); Water Meter (\$94,286); Sanitary (\$245,817). These transfers continue to work towards full system sustainability for both water and sanitary system (as required by Provincial Legislation). Modest increase associated with existing sanitary inflow and infiltration (I&I) concerns which are being addressed through CCTV inspections and I&I study included within capital program.

APPENDIX B
Proposed Volume Charges

	Current Fee <i>per cubic meter</i>	Proposed Fee <i>per cubic meter</i>
Water Charge	\$ 1.9936	\$ 2.0514
Sanitary Charge	\$ 2.3445	\$ 2.5297

These charges are structured to recover the costs incurred for supplying residents with water and sanitary services. These costs include purchase of water/sanitary services from the Region, testing/treatment costs, maintenance costs, etc.

APPENDIX C
Proposed Service Charges

Meter Size	Water Service Charge <i>Annual Charge</i>		Sanitary Service Charge <i>Annual Charge</i>	
	Current	Proposed	Current	Proposed
Standard Residential	\$ 96.00	\$ 102.00	\$ 96.00	\$ 102.00
1" Meter	\$ 100.07	\$ 109.59	\$ 100.07	\$ 109.59
1.5" Meter	\$ 159.52	\$ 172.79	\$ 159.52	\$ 172.79
2" Meter	\$ 210.58	\$ 224.98	\$ 210.58	\$ 224.98
3" Meter	\$ 358.65	\$ 362.00	\$ 358.65	\$ 362.00
4" Meter	\$ 525.95	\$ 530.41	\$ 525.95	\$ 530.41
6" Meter	\$ 1,165.05	\$ 1,171.75	\$ 1,165.05	\$ 1,171.75

These charges are structured to recover the fixed costs associated with the water and sanitary systems (administration, infrastructure replacement, etc).

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

	2018 Rate	Proposed 2019 Rate	Criteria	Effective Date	Comments
Water Meters					
½" & ¾" Meters (Standard Residential) – plus HST	\$ 145.00	\$ 155.00	per Meter	01/01/2019	Incorporates the increased costs of a standard water residential meter.
Other Size Meters – plus HST	Actual Cost	Actual Cost	per Meter	01/01/2019	Maintain current rate.
MXU Device (includes installation) – plus HST	\$ 155.00	\$ 170.00	per MXU	01/01/2019	Incorporates the increased costs of a MXU device.
Security Tag Replacement (Meter Sealing) – plus HST	\$ 50.00	\$ 50.00	per Meter	01/01/2019	Maintain current rate.
Tail Pieces – plus HST	\$ 15.00	\$ 15.00	per Meter	01/01/2019	
Remote/Mounting Bracket Assembly – plus HST	\$ 30.00	\$ 30.00	per Meter	01/01/2019	
Meter Accuracy Deposit	Actual Cost	Actual Cost	per Test	01/01/2019	
Meter Installation Fee	Actual Cost	Actual Cost	per install	01/01/2019	
Water Meter Repairs	Actual Cost	Actual Cost	per Repair	01/01/2019	
Remote Re-Wiring	Actual Cost	Actual Cost	per Repair	01/01/2019	
Water/Sanitary Services					
Service Inspections	Actual Cost	Actual Cost	per Inspection	01/01/2019	Maintain current rate.
Water Service Line Repairs	Actual Cost	Actual Cost	per Repair	01/01/2019	
Sanitary Service Line Repairs	Actual Cost	Actual Cost	per Repair	01/01/2019	
Water Main Line Repairs	Actual Cost	Actual Cost	per Repair	01/01/2019	
Sanitary Main Line Repairs	Actual Cost	Actual Cost	per Repair	01/01/2019	
Water Sampling/Testing	Actual Cost	Actual Cost	per Test	01/01/2019	
Water/Sanitary Services Administration – plus HST	10%	10%		01/01/2019	
Materials	Actual Cost	Actual Cost		01/01/2019	Maintain current rate.

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

	2018 Rate	Proposed 2019 Rate	Criteria	Effective Date	Comments
Labour Charges					
Regular Working Hours – plus HST	\$ 40.00	\$ 40.00	per Hour	01/01/2019	Maintain current rate.
After Working Hours (Monday – Saturday) – plus HST	\$ 60.00	\$ 60.00	per Hour	01/01/2019	
After Working Hours (Sunday & Holidays) – plus HST	\$ 80.00	\$ 80.00	per Hour	01/01/2019	
Vehicle Rates					
Flusher/Vacuum Truck – plus HST	\$ 190.00	\$ 190.00	per Hour	01/01/2019	Maintain current rate.
Stake Truck – plus HST	\$ 40.00	\$ 40.00	per Hour	01/01/2019	
Service Truck – plus HST	\$ 40.00	\$ 40.00	per Hour	01/01/2019	
Pickup Truck – plus HST	\$ 35.00	\$ 35.00	per Hour	01/01/2019	
Miscellaneous Services					
Water Disconnect/Reconnect	\$ 75.00	\$ 75.00	Each	01/01/2019	Maintain current rate.
Camera Inspection – plus HST	\$ 155.00	\$ 155.00	per Hour	01/01/2019	
Hydrant Use Permit	\$ 75.00	\$ 75.00	per Day	01/01/2019	
Tapping Machine (minimum \$100) – plus HST	\$ 35.00	\$ 35.00	per Hour	01/01/2019	
Sidewalk Clearing	\$ 120.00	\$ 120.00	per Hour	01/01/2019	
Non-Radio Reading Charge	\$ 75.00	\$ 75.00	per Bill	01/01/2019	
Valve Turning Machine Attachment	NEW	\$ 15.00	per Hour	01/01/2019	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 D CONTUNIED
Schedule B of Water and Sanitary Rates
Water Rates and Charges

	2018 Rate	Proposed 2019 Rate	Criteria	Effective Date	Comments
Consumption Rates					
Water Rate	\$ 1.9936	\$ 2.0514	per cubic metre	01/01/2019	Incorporates a 2.9% increase as per the report.
Water Rate – Foxboro Green	\$ 1.0446	Current RoW Wholesale Rate	per cubic metre	01/01/2019	Matches the Region of Waterloo wholesale rate (2019 - \$1.0749).
Service Charges (Annual)					
½" & ¾" Meters (Standard Residential)	\$ 96.00	\$ 102.00	per Meter	01/01/2019	Incorporates the bi-annual service charge adjustment as per the report.
1" Meter	\$ 100.07	\$ 109.59	per Meter	01/01/2019	
1½" Meter	\$ 159.52	\$ 172.79	per Meter	01/01/2019	
2" Meter	\$ 210.58	\$ 224.98	per Meter	01/01/2019	
3" Meter	\$ 358.65	\$ 362.00	per Meter	01/01/2019	
4" Meter	\$ 525.95	\$ 530.41	per Meter	01/01/2019	
6" Meter	\$ 1,165.05	\$ 1,171.75	per Meter	01/01/2019	
Other Annual Charges (if applicable)					
Flat Rate Water Charge (non-metered properties)	\$ 1,120.98	\$ 1,161.22	per Service	01/01/2019	Increased by average bill impact with only water services (3.59%).
Foxboro Green Administration Charge	\$ 773.28	\$ 788.75		01/01/2019	Standard COLA adjustment.
Additional Meter Fee – ½" & ¾" Meters	\$ 11.00	\$ 18.00	per Meter	01/01/2019	Reflects increased cost of water meters.
Additional Meter Fee – 1" Meter	\$ 18.00	\$ 27.00	per Meter	01/01/2019	
Additional Meter Fee – 1½" Meter	\$ 35.00	\$ 49.00	per Meter	01/01/2019	
Additional Meter Fee – 2" Meter	\$ 43.00	\$ 60.00	per Meter	01/01/2019	
Additional Meter Fee – 3" Meter	\$ 122.00	\$ 122.00	per Meter	01/01/2019	Maintain current rate.
Additional Meter Fee – 4" Meter	\$ 208.00	\$ 208.00	per Meter	01/01/2019	
Additional Meter Fee – 6" Meter	\$ 725.00	\$ 725.00	per Meter	01/01/2019	
Other Annual Charges (if applicable)					
Account Setup Fee	\$ 30.00	\$ 30.00	per Setup	01/01/2019	Maintain current rate.
Additional Water Meter Reading	\$ 30.00	\$ 30.00	per Reading	01/01/2019	

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 D CONTUNIED
Schedule C of Water and Sanitary Rates
Sanitary Rates and Charges

	2018 Rate	Proposed 2019 Rate	Criteria	Effective Date	Comments
Consumption Rates					
Sanitary Rate	\$ 2.3445	\$ 2.5297	per cubic metre	01/01/2019	Incorporates a 7.9% increase as per the report.
Sanitary Rate – Morningside	\$ 1.7598	\$ 1.8929	per cubic metre	01/01/2019	Township Agreement rate, as per Council Report PW-01-02. Staff will be reviewing this rate structure as a 2019 work program item.
Sanitary Rate – Foxboro Green	\$ 1.1750	Current RoW Wholesale Rate	per cubic metre	01/01/2019	Matches the Region of Waterloo wholesale rate (2019 - \$1.2561).
Service Charges (Annual)					
½" & ¾" Meters (Standard Residential)	\$ 96.00	\$ 102.00	per Meter	01/01/2019	Matches water service charge rates.
1" Meter	\$ 100.07	\$ 109.59	per Meter	01/01/2019	
1½" Meter	\$ 159.52	\$ 172.79	per Meter	01/01/2019	
2" Meter	\$ 210.58	\$ 224.98	per Meter	01/01/2019	
3" Meter	\$ 358.65	\$ 362.00	per Meter	01/01/2019	
4" Meter	\$ 525.95	\$ 530.41	per Meter	01/01/2019	
6" Meter	\$ 1,165.05	\$ 1,171.75	per Meter	01/01/2019	
Other Annual Charges (if applicable)					
Foxboro Green Administration Charge	\$ 773.28	\$ 788.75		01/01/2019	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 **COMMITTEE REPORT**

REPORT NO. FIN 2019-10

TO: Ad Hoc Budget Advisory Committee

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

DATE: February 4, 2019

SUBJECT: 2019 Municipal Budget Package

Recommendation:

That the 2019 Municipal Budget, as prepared by the Director of Finance / Treasurer and Manager of Finance / Deputy Treasurer, be endorsed and recommended to Council on February 11, 2019.

Background:

The ad hoc Budget Advisory Committee commenced the 2019 Municipal Budget process in December 2018. The Budget process included a review/update of fees and charges, consideration of 2019 Municipal Grants, a review of 2018 fiscal results, endorsement of the 2019 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.

The October Core CPI - Median is the guideline utilized in calculating levy adjustments. Based on the data release from Statistics Canada, a target levy increase of 2.0% was set as the Township's guideline for 2019.

Discussion:

Overall, Township Council and staff have achieved the target levy increase of 2.0% amidst enhanced service levels, through increased staffing allocations, in the absence of any debt financing. This increase, as shown in Chart 1, is projected to be among the lower proposed rate increases within the Region of Waterloo. Chart 2 outlines levy increases across the Region of Waterloo over the past five (5) years.

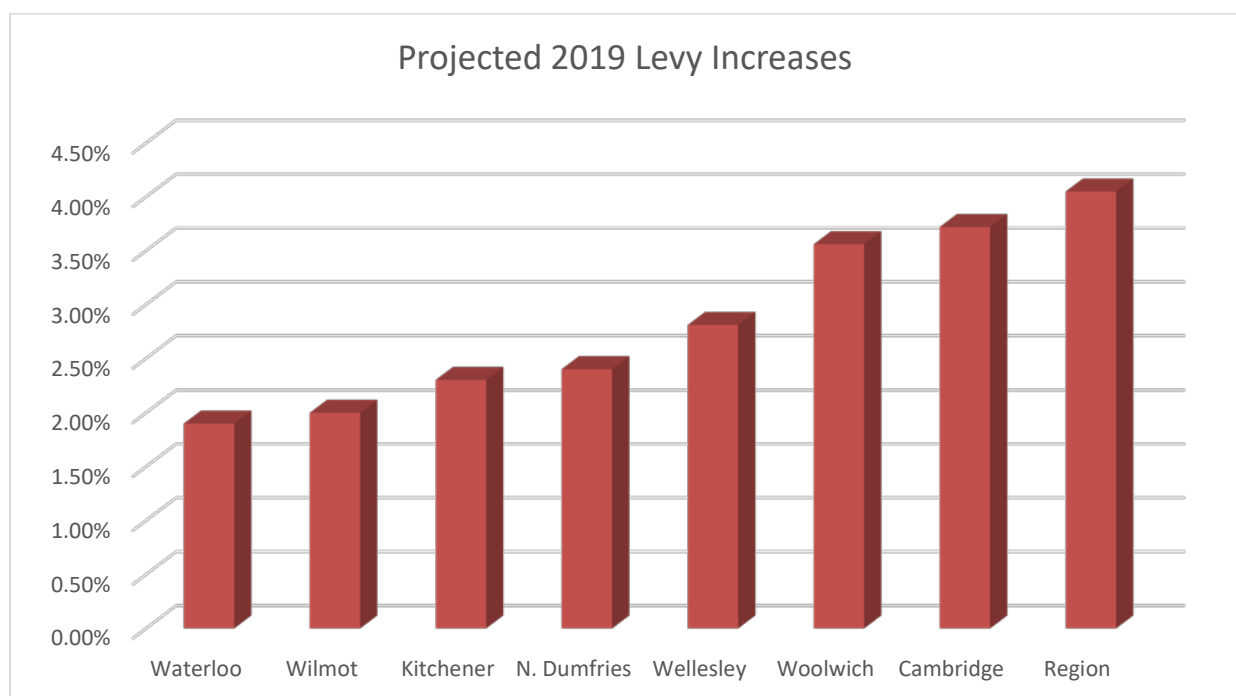
The proposed 2019 budget includes \$10.4M in operating expenditures, a \$6.9M capital program (\$1.7M in levy funding) and a modest increase in levy supported allocations to

Infrastructure Reserve Funds at \$349,000 (2018 - \$316,574). These costs are funded by the 2.0% levy increase, operational efficiencies, enhanced revenue from departmental activities, and increase return on investment of municipal funds.

All of the highlights above were achieved amidst a year of relatively low assessment growth (1.43%), and a significant 15% (\$173,955) reduction in funding under the Ontario Municipal Partnership Fund (OMPF).

In addition, the program budgets for Building Services, the Water and Wastewater Utility and Cemetery Services total \$6.6M, including \$964K in allocations to dedicated reserve funds.

CHART 1



*Cities of Kitchener and Waterloo levy increases exclude municipal storm water rates

CHART 2

Annual Levy Increases (5-Year Historical)

	Wilmot	Average	Region	Cambridge	Kitchener	Waterloo	Dumfries	Wellesley	Woolwich
2019	2.00	2.84	4.05	3.72	2.30	1.90	2.40	2.81	3.56
2018	1.95	2.71	2.74	4.52	1.70	2.10	2.40	3.00	3.30
2017	1.70	2.65	2.95	3.61	1.73	2.30	2.90	3.95	2.05
2016	2.10	2.71	2.96	3.00	1.46	2.20	3.90	2.43	3.60
*2015	2.30	2.44	2.58	2.72	1.91	1.53	11.41	2.49	3.60

* 2015 average excludes North Dumfries

Strategic Plan Conformity:

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 2.0% increase will generate a total levy of \$7,976,555, or an increase of approximately \$266,655 over the 2018 levy, factoring in assessment growth.

The proposed increase will impact Township residential property owners by \$13.48, when factoring in the phased-in average assessment of \$397,300 (2018 - \$386,000), excluding any impacts of Region of Waterloo and School Board levy increases and tax ratios.

For every 1.0% increase in the levy, an additional \$78,202 in funding is generated for Township services in 2019.

Conclusion:

Over the past several months, staff from all departments worked collaboratively to achieve the target levy increase of 2.0%, as proposed by the Committee on December 17, 2018. Upon endorsement from the ad hoc Budget Advisory Committee, the 2019 Municipal Budget will be presented to Council for full approval on February 11, 2019.

Patrick Kelly CPA, CMA
Prepared/ Submitted by
Director of Finance / Treasurer

Ashton Romany CPA
Prepared/ Submitted by
Manager of Finance / Deputy Treasurer

Grant Whittington
Reviewed by Chief Administrative Officer