



**SPECIAL MEETING OF COUNCIL
AGENDA**

Thursday, January 17, 2019, 9:00 AM

Council Chambers

2021 Division Road N

Kingsville, Ontario N9Y 2Y9

Pages

A. CALL TO ORDER

B. MOMENT OF SILENCE AND REFLECTION

C. DISCLOSURE OF PECUNIARY INTEREST

When a member of Council has any pecuniary interest, direct or indirect, in any matter which is the subject of consideration at this Meeting of Council (or that was the subject of consideration at the previous Meeting of Council at which the member was not in attendance), the member shall disclose the pecuniary interest and its general nature, prior to any consideration of the matter.

D. STAFF REPORTS

1. 2019 Draft Budget – Executive Summary

1

Ryan McLeod, Director of Financial Services

Recommended Action

That Council receives the 2019 Draft Budget – Executive Summary report as supplementary information to the 2019 Draft Budget.

2. 2019 Draft Budget Amendments

7

Ryan McLeod, Director of Financial Services

Recommended Action

That council receive the proposed amendments to the 2019 draft budget.

That council approve the transfer of the unspent funds from the Parks and Recreation Masterplan Update in 2018 to a reserve to offset the completion of this project in 2019.

E. BUDGET DELIBERATIONS

1. Presentation of Departmental Operating and Capital Budgets

The page references next to the budget item refers to the corresponding page(s) in the Draft 2019 Municipal Budget, previously provided.

- a. Council (Pg. 10)
- b. General Administration (Pgs. 11-12)
- c. Information Technology (Pg. 13)
- d. Animal Control (Pg. 14)
- e. Fire (Pgs. 15-16)
- f. Building (Pg. 18)
- g. Public Works (Pgs. 19-21)
 - i) Grovedale Capital Project (Project #2018-14)
- h. Sanitation (Pg. 22)
- i. Cemetery (Pg. 23)
- j. Fantasy of Lights (Pg. 29)
- k. Migration Festival (Pg. 31)
- l. Recreation Programs (Pgs. 32 and 65)
- m. Communities in Bloom (Pg. 33)
- n. Planning (Pg. 34)
- o. Water (Pgs. 38-39)
- p. Kingsville/Lakeshore West Wastewater (Pgs. 40-41)
- q. Cottam Wastewater (Pg. 42)

F. CONFIRMATORY BY-LAW

1. By-law 10-2019

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Being a by-law to confirm the proceedings of the Council of The Corporation of the Town of Kingsville at its January 17, 2019 Special Meeting of Council

To be read a first, second and third and final time.

G. ADJOURNMENT



2021 Division Road North
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Date: January 10, 2019
To: Mayor and Council
Author: Ryan McLeod, CPA, CA
RE: 2019 Draft Budget – Executive Summary
Report No.: FS-2019-01

AIM

To provide Council with an overview of the 2019 draft budget.

BACKGROUND

As per section 290, of the *Municipal Act, 2001*, every year, municipalities are required to prepare and adopt a budget. The budget must include all estimated revenues, expenses, debt repayments and reserve contributions or withdrawals for the year.

The annual budget serves 3 main purposes;

- 1) It determines the amount of revenue to be raised from property taxes, which in turn, establishes the tax rate.
- 2) It provides the opportunity to direct financial resources towards municipal priorities.
- 3) It provides a tool for financial management and control.

DISCUSSION

The municipal budget includes both 'property tax' supported operations and 'water & wastewater rate' supported operations. Property tax supported operations determine the property tax rate, while the water and wastewater budgets form the basis for future water and wastewater rate discussions.

Property Tax Supported Operations

A summary of all property tax funded operations is located on page 3 of the budget document. As indicated in this summary, the budget consists of two components: an Operating Budget and a Capital Budget.

Operating Budget

Administration is committed to responsibly managing our financial resources to maintain or enhance the level of service the Town provides to its residents. The total 'net' operating

expenses for 2019 are budgeted at \$13,139,755 (2018 - \$12,334,780), an increase of \$804,975. 'Net' operating expenses refers to gross operating expenses, less operating revenues + / - operating reserve adjustments. The detailed departmental operating budgets can be found on pages 10 - 35.

The major factors contributing to increased operating costs are as follows:

Wages and Benefits

Salaries and wages funded by taxation amount to \$5,356,000 (2018 - \$5,172,000) and are the single most significant component of the Town's operating expenses. The increase of \$184,000 is primarily attributable to COLA adjustments, wage increases in accordance with our collective agreements (union) and performance based grid movements (non-union staff).

OMPF Funding Decrease

In 2019, the amount the Town receives from the Ontario Municipal Partnership Fund (OMPF) is anticipated to decrease by \$136,965 (2019 - \$776,135, 2018 - \$913,100). While the Province has not yet issued the 2019 allocation notices, financial struggles at the Provincial level would suggest this funding will, at a minimum, continue to decrease at the same rate it has over the past few years. As this provincial transfer payment offsets general operating expenditures, any decrease will need to be funded by taxation to maintain current service levels.

Policing Costs

The Town's contract with the OPP is set to increase by \$145,327 in 2019. The OPP contract is based on a Provincial costing formula, which factors in a base service costs per household, plus additional costs based on calls for service.

Enhanced By-law Enforcement

As directed by Council, the 2019 budget includes \$85,500 for the cost of hiring an additional by-law enforcement officer. This position is being considered in response to growing concerns regarding greenhouse light pollution and odour control, in addition to a general increase in by-law enforcement requests.

Growth Related Costs

A number of operating cost increases are directly related to the growth of the municipality. For example, garbage collection is based on the number of households. Park maintenance is a function of the size and location of our parks. Streetlight hydro is based on the number of streetlights. Road maintenance is a function of the number of lane kilometers. As the municipality grows, so will the operating costs required to maintain established levels of service.

Inflation

According to Statistics Canada, the Consumer Price Index for Ontario rose by 2.5% between October 2017 and October 2018. While management strives to find efficiencies wherever possible, the general increase in the cost of goods and services cannot be ignored.

Grants & Donations

In accordance with Town Policy, the 2019 draft budget reflects a grants and donations budget of 0.5% of taxation or \$82,000 (based on 2018 taxes). As of the date of the draft budget, the Town had received grant requests totaling \$160,450. As in previous years, Council will assess grant applications during budget deliberations. Please note that grant awards in excess of the \$82,000 currently budgeted will increase taxation.

Capital Budget

The capital budget consists of current year capital expenditures (offset by various funding sources), reserve contributions and long-term debt servicing costs. The capital budget is summarized below:

	2019 Draft Budget	2018 Budget
Current Year Expenditures	\$11,951,183	\$11,784,884
Less: Funding Sources	(\$10,669,623)	(\$10,548,290)
Transfers to Reserves	\$2,195,500	\$1,710,500
Debt Service Costs	\$926,819	\$953,929
Capital Budget - Funded by Taxation	<u>\$4,403,879</u>	<u>\$3,901,023</u>

A detailed list of the proposed capital projects can be found on pages 6 – 8 of the budget document. The funding sources for each capital project, such as grants, reserves, development charges, etc. are identified in the columns on the right hand side of the schedule. Please note, only those projects with amounts in the last column on the right hand side of the schedule impact current year taxation.

Infrastructure Sustainability

As stated in the strategic plan, it is our goal to become a leader in sustainable infrastructure renewal and development. In an effort to close our infrastructure deficit over the next 10 years, the strategic plan indicates a commitment to increase capital spending on infrastructure and / or reserve contributions by 2.9% of the annual tax levy, each year. Administration is pleased to report that the 2019 draft budget reflects this target.

Long-term Debt

Administration is also pleased to report that the 2019 draft budget proposes no new debt. In a commitment to fiscal responsibility, the strategic plan includes a performance measure to reduce our tax supported debt service costs to less than 6.4% of taxation in 2019. Based on the draft budget, the debt service costs in 2019 will be approx. \$926,819 or 5.3% of taxation.

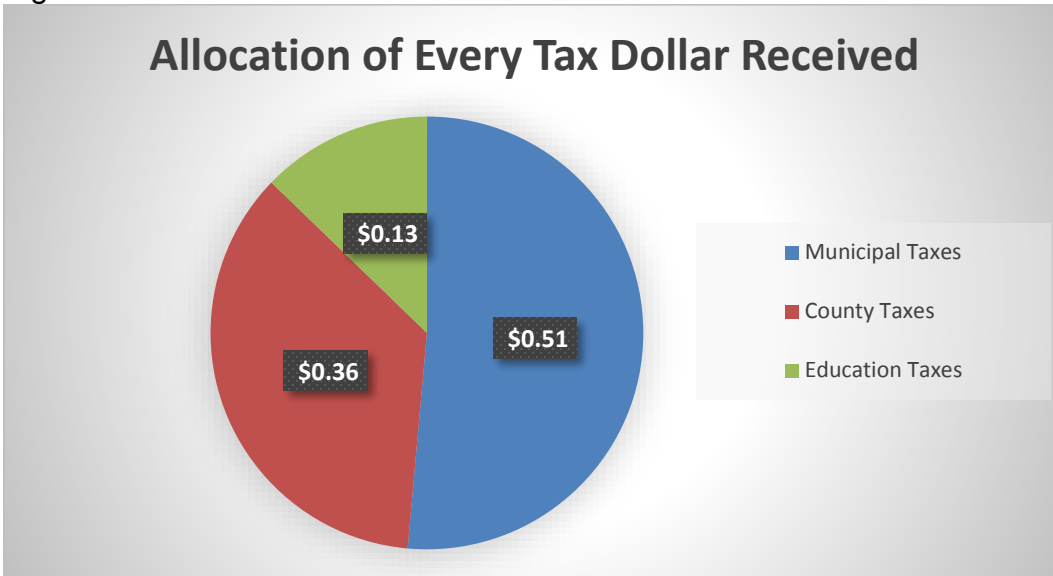
Further information and analysis on the proposed 2019 capital projects will be provided to Council prior to budget deliberations.

Taxation

When residents receive their tax bill, they are actually paying 3 different taxes: Municipal (or local) taxes, County taxes and Education taxes.

Based on the 2018 budget, every tax dollar that a Kingsville resident paid was divided as follows:

Figure - 1



Municipal Tax Levy

The 2019 draft budget proposes a total Tax Levy of \$17,332,634 (2018 - \$16,024,803).

The Residential Tax Rate is calculated as follows:

Total Tax Levy / Weighted Assessment Base = Residential Tax Rate

Based on this formula, any increase to the Town's assessment base will reduce the impact of budgetary changes on the tax rate.

Assessment Growth

According to the latest assessment information provided by MPAC, the weighted value of our assessment will increase by 5.13% in 2019. This 5.13% increase is a combination of phased-in assessment growth (2.33%) and new construction (2.8%). A detailed breakdown of the Town's assessment base can be found on page 4 of the budget document.

Tax Rates

The 2019 budget proposes a municipal tax rate increase of 2.9% (2018 – 3.3%). On a home valued at \$200,000 this represents an annual increase of \$39.22 (2018 - \$43.14).

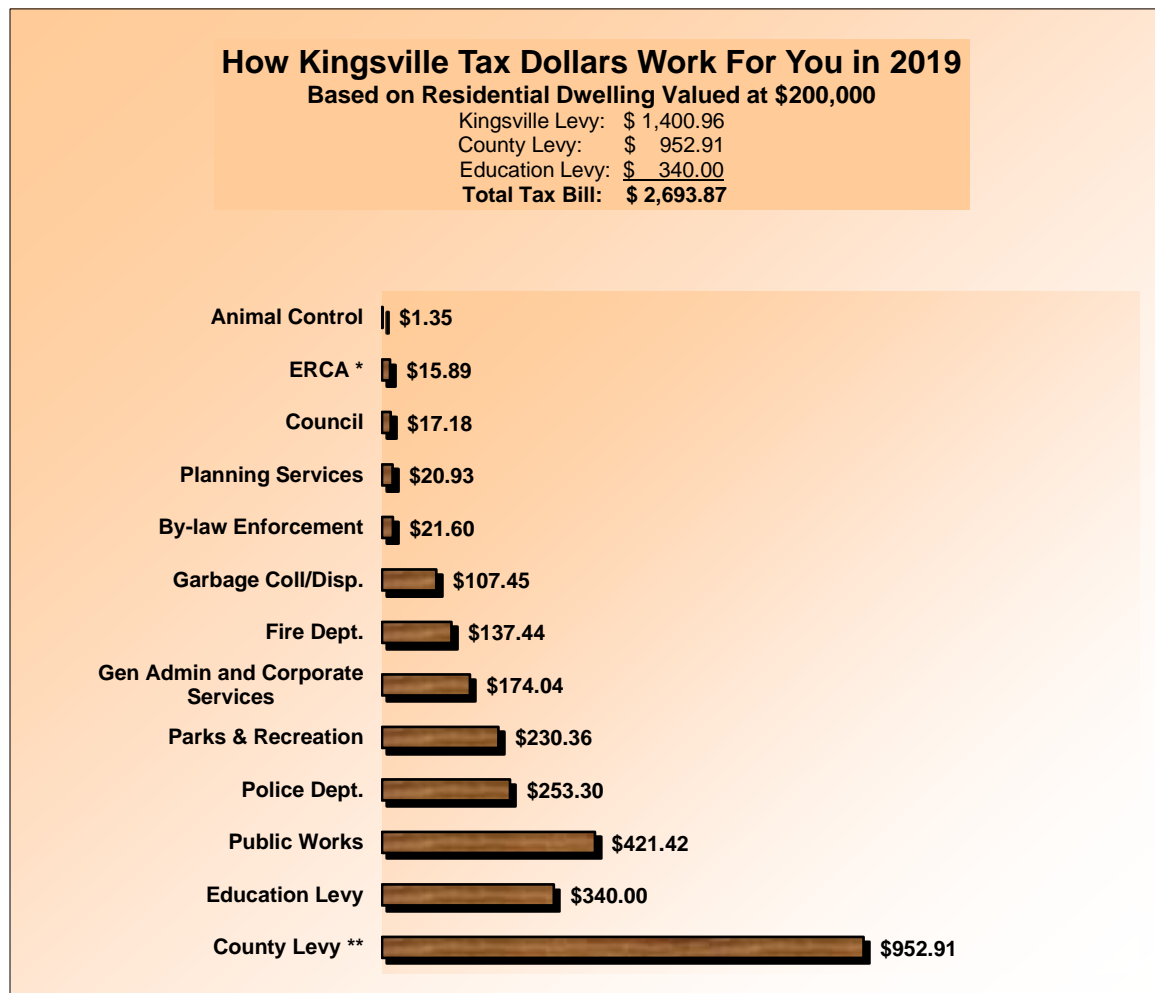
As illustrated in Figure 1 above, the municipal taxes represent only 51% of the property tax bill that Kingsville residents will pay. The County tax rate is established by County

Council. The Education Tax rate is established by the Province. At the time of this report, the County and Education Tax rates are unknown.

For budget discussion purposes, council should be aware that a 1% change in the municipal tax rate equals approx. \$160,000.

Taxes Dollars at Work

The following chart illustrates how the tax dollars, on a home valued at \$200,000, would be distributed based on the 2019 draft budget. For the purpose of this chart, we have assumed no changes in the Education or County tax rates.



Water and Wastewater Rate Supported Operations

A summary of all water / wastewater rate funded operations can be found on page 36. The detailed operating budgets, for these departments, can be found on pages 38-42. Water and wastewater capital projects, along with the various funding sources, are listed on page 37.

Further information and analysis on the proposed capital projects for water and wastewater will be provided to Council prior to budget deliberations.

LINK TO STRATEGIC PLAN

Effectively manage corporate resources and maximize performance in day-to-day operations.

To become a leader in sustainable infrastructure renewal and development.

FINANCIAL CONSIDERATIONS

Please see above.

CONSULTATIONS

Senior management team

RECOMMENDATION

That Council receives the 2019 Draft Budget – Executive Summary report as supplementary information to the 2019 Draft Budget.

Ryan McLeod

Ryan McLeod, CPA, CA
Director of Financial Services

Peggy Van Mierlo-West

Peggy Van Mierlo-West, C.E.T.
Chief Administrative Officer



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Date: January 10, 2019
To: Mayor and Council
Author: Ryan McLeod, CPA, CA
RE: 2019 Draft Budget Amendments
Report No.: FS-2019-02

AIM

To provide council with a summary of changes to the 2019 draft budget since its original submission to council on December 10, 2018.

BACKGROUND

The draft budget provided to council on December 10, 2018 reflected management's best estimates based on the information available at that time. Prior to the formal adoption of the budget, administration will propose changes to update the budget to reflect the most current information available.

DISCUSSION

The 2019 Draft Budget has been amended as follows:

Insurance Renewal

On December 21, 2018, Administration finalized the Town's insurance renewal with Jardine Lloyd Thompson Canada Inc ("JLT"). Based on the renewal offer, our 2019 insurance premiums will be \$340,380 which is \$25,000 higher than previously estimated. Based on discussions with JLT, this increase is primarily attributed to the increasing replacement values of our facilities. This increase has been reflected in General Insurance expense (01-112-099-60312) in the General Administration operating budget (pg. 11).

ERCA Levy

On December 17, 2018 administration received ERCA's 2019 draft budget. Based on this budget, Kingsville's share of the ERCA levy will be \$199,719 (\$779 higher than previously estimated). The General Administration operating budget (01-112-420-60950) has been updated accordingly.

IT Operating Budget and Capital Project #15 – Endpoint Protection Solution

IT has identified some cost saving alternatives, allowing the removal the Vmunity Maintenance annual fee of \$10,500 from the Computer Maintenance line (01-114-099-60309) and Capital Project # 15 – Endpoint Projection Solution, has been reduced from \$17,000 to \$11,000. The budget has been updated to reflect these savings totaling \$16,500.

Capital Project # 2018-16 (new) – Parks and Recreation Masterplan Carryover

The Parks and Recreation Masterplan update is expected to be completed in early 2019. Although the overall budget for this project has not changed, Administration is recommending to carryover the unspent funds from this 2018 capital project to offset the \$32,000 required in 2019 to complete the update.

Capital Project # 31 – Reconstruction of Graham Sideroad from Road 2 E to Seacliff Dr.

After reviewing the road assessment data received in December 2018, Municipal Services is no longer recommending the Graham Sideroad reconstruction project to proceed in 2019. Based on the data obtained, there is more pressing road work that should be considered.

The budget for the Graham Sideroad Project was \$1,100,000. This was to be funded by \$483,600 in Development Charges and \$616,400 in Federal Gas Tax. Municipal Services is currently performing geo-technical analysis in the Cedarhurst Subdivision area and will provide Council with a recommendation for the use of these funds prior to the second budget deliberation meeting on January 30, 2019. There is no budget impact at this time.

Capital Project #50 (new) - Lakeside Park Bridge Beautification

In 2018, the Town completed structural work on the Lakeside Park Bridge, expending almost all of the \$25,000 budget. In 2019, Municipal Services is proposing some beautification work to the bridge, specifically; a new railing, lighting, and landscaping. The cost of the proposed work is estimated at \$10,000. This project has been added to the capital schedule for Council deliberations.

Capital Project #51 (new) – Lion's Hall HVAC Replacement

In December, one of the rooftop HVAC units at the Lion's Hall failed and requires replacement. Based on the quotes obtained, this will cost approx. \$10,000. This expense will be funded from the Town's Facility Lifecycle Reserve, resulting in no tax impact.

2018 Actual Results

The '2018 Actual' figures in the 2019 Draft Budget provided to council on December 10, 2018 reflected the revenue and expenses recorded as of that date. As time passes, Administration will continue to update the '2018 Actual' column. Please note, the most up-to-date figures will be presented on the screen during budget deliberations.

LINK TO STRATEGIC PLAN

Effectively manage corporate resources and maximize performance in day-to-day operations.

FINANCIAL CONSIDERATIONS

The net impact of these changes increases the amount to be funded by taxation by \$19,279

Based on these changes, the proposed increase to the municipal tax rate is currently 3.0% (previously 2.9%).

CONSULTATIONS

Municipal Services Management
Parks & Recreation Management

RECOMMENDATION

That council receive the proposed amendments to the 2019 draft budget.

That council approve the transfer of the unspent funds from the Parks and Recreation Masterplan Update in 2018 to a reserve to offset the completion of this project in 2019.

Ryan McLeod

Ryan McLeod, CPA, CA
Director of Financial Services

Peggy Van Mierlo-West

Peggy Van Mierlo-West, C.E.T.
Chief Administrative Officer

THE CORPORATION OF THE TOWN OF KINGSVILLE

BY-LAW 10 - 2019

**Being a By-law to confirm the proceedings of the
Council of The Corporation of the Town of Kingsville at its
January 17, 2019 Special Meeting**

WHEREAS sections 8 and 9 of the *Municipal Act, 2001* S.O. 2001 c. 25, as amended, (the "Act") provides that a municipality has the capacity, rights, powers and privileges of a natural person for the purpose of exercising the authority conferred upon a municipality to govern its affairs as it considers appropriate.

AND WHEREAS section 5(3) of the Act provides that such power shall be exercised by by-law, unless the municipality is specifically authorized to do so otherwise.

AND WHEREAS it is deemed expedient that the proceedings of the Council of The Corporation of the Town of Kingsville (the "Town") be confirmed and adopted by by-law.

NOW THEREFORE THE COUNCIL OF THE CORPORATION OF THE TOWN OF KINGSVILLE ENACTS AS FOLLOWS:

1. The actions of the Council at its January 17, 2019 Special Meeting in respect of each report, motion, resolution or other action taken or direction given by the Council at its meeting, is hereby adopted, ratified and confirmed, as if each resolution or other action was adopted, ratified and confirmed by its separate by-law.
2. The Chief Administrative Officer and/or the appropriate officers of the Town are hereby authorized and directed to do all things necessary to give effect to the actions set out in paragraph 1, or obtain approvals, where required, and, except where otherwise provided, the Mayor and the Clerk are hereby directed to execute all documents necessary and to affix the corporate seal to all such documents.
3. This By-Law comes into force and takes effect on the day of the final passing thereof.

**READ A FIRST, SECOND AND THIRD TIME AND FINALLY PASSED THIS
17th DAY OF JANUARY, 2019.**

MAYOR, Nelson Santos

CLERK, Jennifer Astrologo