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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

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Director of Financial Services

Peggy Van Mierlo-West

Peggy Van Mierlo-West, C.E.T.
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