



## 2018 Draft Budget Summary Report Budget Meeting December

“The question isn’t who’s going to let me; it’s who is going to stop me.” – [Ayn Rand](#)

“The good will of the governed will be starved if not fed by the good deeds of the governors.”  
[Ben Franklin \(1706-1790\)](#)



## Town of Minto Proposed 2018 Operating and Capital Budget

### Economic Context

Council and staff must always consider the economic context of the Town relative to the Province and Country when considering budget. In 2017 Canada's unemployment rate sits at 6.3% as of October down about 0.7% since this time last year, and as shown below dropping marginally since the start of this year.

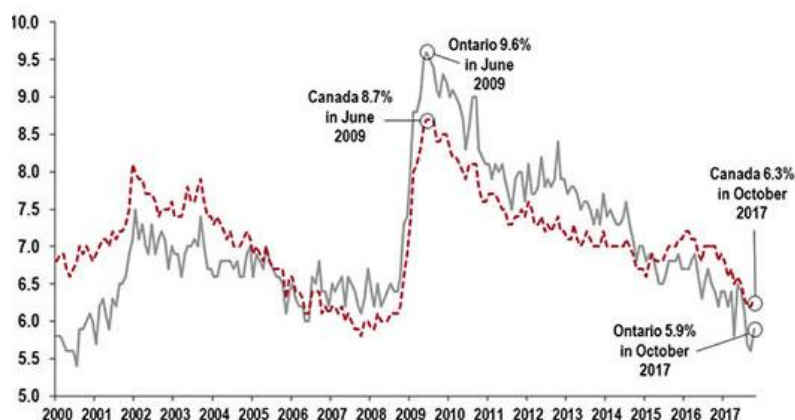
The average unemployment rate over the last 50 years has been 7.71% reaching its highest (13.1%) in 1982 and lowest in 1966 (2.9%). The “baby boom” is accepted to have entered the workforce in the mid 1960's through to the mid 1980's. This group represents over \$9 million

people or 25% of Canada's total population and has moved through the employment sector like a “large meal in an anaconda”. It is responsible for unemployment (albeit with huge numbers of employed people) peaking in 1982 and now as this cohort retires ever decreasing unemployment (despite periodic recessionary increases) to what will likely become historically low levels of unemployment in the future.



The last of the “baby boomers” will turn 65 in 10 years when most will enter retirement. This will continue to create market pressures on employment generating demand for new workers and impacting on the sectors that they work. Unemployment has steadily declined despite technology reducing the number of the “labour intensive” jobs that sustained many “boomers through the last three decades. The Town's employee age profile has a nice mix of age groups although 22% of the workforce will retire within 4 years, including employees at senior positions and/or with considerable local knowledge.

Unemployment Rate  
Per Cent

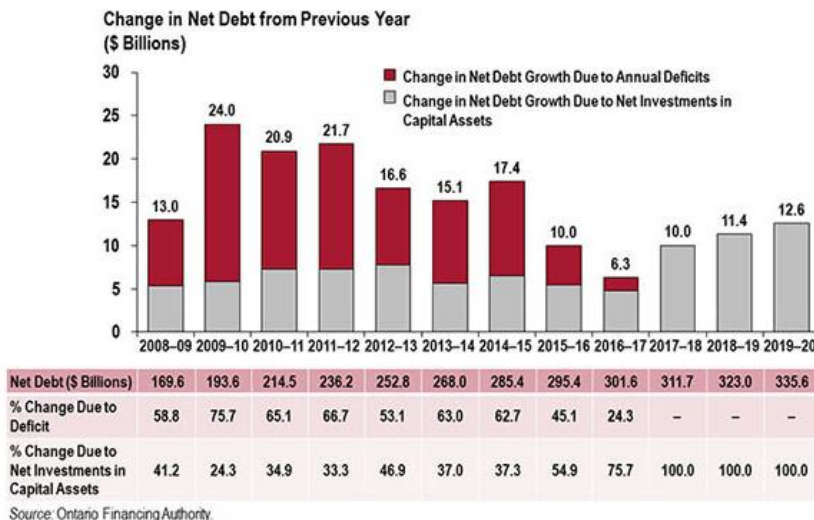


Source: Statistics Canada

Ontario's unemployment rate was 5.9% in October 2017 down slightly last year as shown. There is a small difference between the Ontario and Canada rate. Locally unemployment is less than 4%. Unemployment rates up to 4% are considered “full employment” where all that can participate in the workforce are employed. A rate below 4% is considered a labour shortage. In Minto the worker shortage is evident in trades and agricultural sectors. This budget is based on strong employment in Minto and surrounding areas and the need to attract labour to this area.

The 2017 Federal debt is \$645 billion dollars up from \$632 billion dollars in 2016. The rate of growth in Federal debt decreased from \$3 million per hour last year to \$2.5 million per hour (Canadian Taxpayers Federation national debt clock).

In 2015 the Federal deficit of \$3.2 billion was to be eliminated in 2016. Upon taking office the current government proposed “modest” \$9-\$10 billion deficits before balancing the budget in 2018-19. The spring Federal budget proposed a \$23 billion deficit for 2016-17 with an actual deficit being reported of about \$16.7 billion based on unexpected economic growth exceeding 3%. The Federal Government’s effort to stimulate the economy included a \$12.9 billion investment in water and waste water infrastructure. Spending continues to be part of the Federal government’s approach to stimulate the economy with the 2017-18 deficit projected to grow to nearly \$20 billion.



Ontario’s net debt is projected to grow to nearly \$312 billion in 2017-18 and continue growing into 2020. Despite increasing debt, the recent 2017 Ontario budget update proposes full elimination of the deficit in 2018. \$1.9 billion in cap and trade income is shown as “revenue neutral” in the budget update. This represents “positive accounting practices” where revenue will be distributed to economic winners and losers to projects that may not have a measurable public benefit. It has created a large pool of money within which the potential for waste is high.

Borrowing \$26 billion to mitigate hydro increases experienced due to the “green energy” program pushes program impact into future years for future governments to address.

As Ontario’s combined Federal and Provincial debt approaches \$1 trillion, recent interest rate increases may soon begin to curtail spending at these levels of government. However, in October, Ontario committed to added municipal infrastructure support providing increasing sustained base OCIF funding for Minto \$506,543 in 2020 up from \$130,000 when this fund was first introduced in 2016.

Provincial operating transfers under the Ontario Municipal Partnership Fund (OMPF) remained stable at \$505 million for 2017, but have declined from \$598 million since 2012. The \$172,200 decrease in 2018 OMPF for Minto creates about a 3.6% budget shortfall to start. The Province argues the combined commitment to all municipalities (including uploading court security, Ontario Works and other benefits) is \$2.4 billion in 2017, up \$100 million over 2016 and \$1.8 billion since 2004. Increased infrastructure spending at the Provincial level has helped fund the Town’s capital program.

Minto’s 2018 budget will fund the Town’s share of federal and provincial capital programs approved in 2016 and 2017. This includes \$2.8 million from Ontario’s Connecting Link Program (Clifford Elora Street 2018 Budget Summary Report

reconstruction) and just under \$1 million from the Federal Community Water and Wastewater fund (Harriston George Street South). The Town currently has an OCIF merit based application before the province for \$1,208,652 (Queen Street Palmerston) of which the Town's share is about \$150,000 (90% funding program). The Town expects to participate in the Federal Community Water and Wastewater Fund again in 2018 although a funding window has not yet been announced.

Cost of living in Ontario was 1.7% in September 2017 slightly higher than Canada's 1.6%. For the 12 months leading to September 2016, up marginally from a year ago. Energy and transportation added most to the cost of living. Last year housing costs helped drive cost of living upwards and while housing costs are increasing it's at a much slower rate. CMHC reported in November that housing unit creation was steady between September and October and continues to be strong. In London single family housing unit creation was highest in October since 2007, but in Toronto single detached homes are being created at lower rates especially compared to apartment (condo) sales. Resale markets in Windsor and London are strong which the case in Minto is anecdotally as well.

Slightly higher interest rates and new restrictions on mortgage eligibility designed to decrease family household debt may cool the local housing market in the future, but the impact of these changes has not yet reached Minto. Housing unit creation in Minto is strong in 2017 and projected to continue in 2018 with approval of two new subdivisions.

Analysis of employment rates, senior government debt levels, cost of living and housing indicators is an attempt to provide context to Council on the 2018 budget. Staff expects local agriculture, manufacturing, service industries, and other business to continue to be healthy. The budget anticipates moderate assessment growth, as MPAC slowly begins to bring recent development into the Town's base.

### **Strategic Plan and Fiscal Accountability**

The Town's Strategic Plan was prepared "in-house" and was approved in August 2013 with over 100 people providing input. The Plan has a five to ten year scope and a new monitoring and updating process. It has 98 initiatives in nine business areas prioritized in an implementation schedule. The Plan was reviewed in 2015 when staff estimated about 40% of the actions as complete or partly complete. Asset Management Plans, Integrated Community Sustainability Plan, Cultural Master Plan, and Master Fire plan are authorized in the Strategic Plan. These planning documents are implemented through budget.

The Town should conduct a public meeting on its Strategic Plan early in 2018. The Business and Economic Manager and her staff assessed Department actions relative to the current strategic plan. They have found some parts of the Plan need updating. Each Department will critically look at the plan in the same light. It is recommended this Council continue with the course set out in the current plan, hold a public meeting, and provide a framework for issues the next Council can work through early in 2019 based on the leadership in place at that time.

In 2016 Council adopted a Fiscal Accountability Policy along with its Code of Conduct and Transparency Policies. The Fiscal Accountability Policy has the following general principles:

- Apply short and long term budgeting tools, financial plans and asset management practices to support infrastructure in a balanced and sustainable fashion
- Low to moderate user fee, rate and property tax increases that respect ratepayers ability to pay
- Show “value for money” by maintaining tangible capital assets and pursuing partnerships with other municipalities, governments and other entities.
- Capital budget should look at asset management plans, five year needs, grant programs and the capacity to complete capital works when making decisions on projects.
- Sustain sufficient reserves to cover two years of operations or twice the annual tax supported budget (on track – current estimate about \$8.8 million)
- Ensure total annual borrowing is less than total annual reserves if possible and practical unless borrowing or reserves are needed to obtain senior government grant programs.

Staff has prepared the budget according to the Town’s fiscal accountability policy.

### **Budget Theme**

The 2018 budget theme is “bringing it home”, a “positive encouraging and motivating phrase” to arrive at a conclusion. With uncertainty in the world economy, possible change in Provincial government in 2018, and a municipal election this budget punctuates the Town’s infrastructure investments and “brings home” a responsible operating and capital proposal using Federal/Provincial tools currently in place. 2019 will be a chance to evaluate this course based on choices made at the provincial and municipal elections.

The following have been budget themes the last seven years:

- 1) 2012 it was “change leading to sustainability”
- 2) 2013 “striving for sustainability”
- 3) 2014 “steps in the right direction”.
- 4) 2015 “hit the ground running”
- 5) 2016 “stay the infrastructure course”
- 6) 2017 “keeping it real”
- 7) 2018 “bringing it home”

The 2017 budget theme “Keeping it Real” was meant “to stay true to one's self; to resist the temptation to be fake” or “to stay cool”. The 2017 theme suggested Council meet its operational and infrastructure needs and stay within its means. It recognized that external and internal forces impact on the Minto, and the Town must stay true to its strategic plan and fiscal accountability policy. The property tax increases in 2017 ended up being less than 1% for the average residential home once assessment growth and changes were considered.

AMO continues to seek ways to address the \$3.6 billion looming fiscal gap between infrastructure and services municipalities provide over the next 10 years and anticipated revenues. Current revenue tools would require property tax increases of 4.6% annually over the next 10 years based on current committed revenues to municipalities.

The Provincial “cap and trade” program “cost the average Ontario household about \$13 more per month to fuel a car and heat a home”, while gasoline increased “4.3 cents a liter more in 2017”. The \$1.9 billion in new revenues creates a large fund to allocate to specific projects to benefit the environment. The Town should prepare the Minto Energy Strategy in 2018 to be in a position to access these funds, otherwise, the benefits to local ratepayers will not be tangible unless improvements to climate become more apparent.

### **Operating Budget**

For the first time since 2012 the Town is faced with a \$172,200 reduction in the main operating grant from the Province. The Ontario Municipal Partnership Fund (OMPF) varied over seven years as follows:

<b>Year</b>	<b>OMPF Allocation</b>
2012	\$1,354,300
2013	\$1,306,900
2014	\$1,491,400
2015	\$1,532,500
2016	\$1,680,700
2017	\$1,802,900
2018	\$1,630,700

In 2014 the Ministry of Finance redesigned OMPF to support areas with limited property assessment like Minto and to recognize challenges of rural municipalities “while targeting funding to those with more challenging fiscal circumstances.” The 9.5% reduction in the grant results from \$159,300 less in assessment equalization and \$93,800 less in Northern and Rural Fiscal Circumstances funding. Essentially the formula results in a decreased grant since Minto property values are closer to median market values in Ontario, while employment and income levels have improved. The Rural Communities portion of the grant is up \$80,900 since Minto still exceeds the 70% farmland indicator being 84.4% farmland. The 2018 budget begins with a 3.6% budget increase to maintain current operations.

In 2015 the Province approved funding to cover expenses to implement Source Water Protection initiatives. This included staff training, and in part new staff to provide a Risk Management Inspector (RMI) locally. The County Wide Risk Management Officer (RMO) provides direction to local RMI. Stacey Pennington and Terry Kuipers act in place of the County Wide RMO if necessary. Funding under this program is essentially used and the 2018 budget is adjusted to reflect no further Provincial subsidy.

Staff has reported regularly to Council on “hidden” downloads from the Provincial agenda that impacted Town operating budget in previous years including Accessibility Regulations, Green Energy Plans, Building Code amendments (vulnerable occupancies), and health and safety awareness. These new responsibilities include obligations to report back to the Province on progress in all these areas.

In 2015 staff reported that climate change, and access to transit, ultra-high speed internet and natural gas in rural areas are potentially the next “hidden” initiatives that may add to the operating budget in the future. In 2016 there were no adjustments to the operating budget to begin to address these initiatives, but in 2017 a significant amount of 2017 increases in Facilities, Pools, and Public Works were due to higher energy costs.

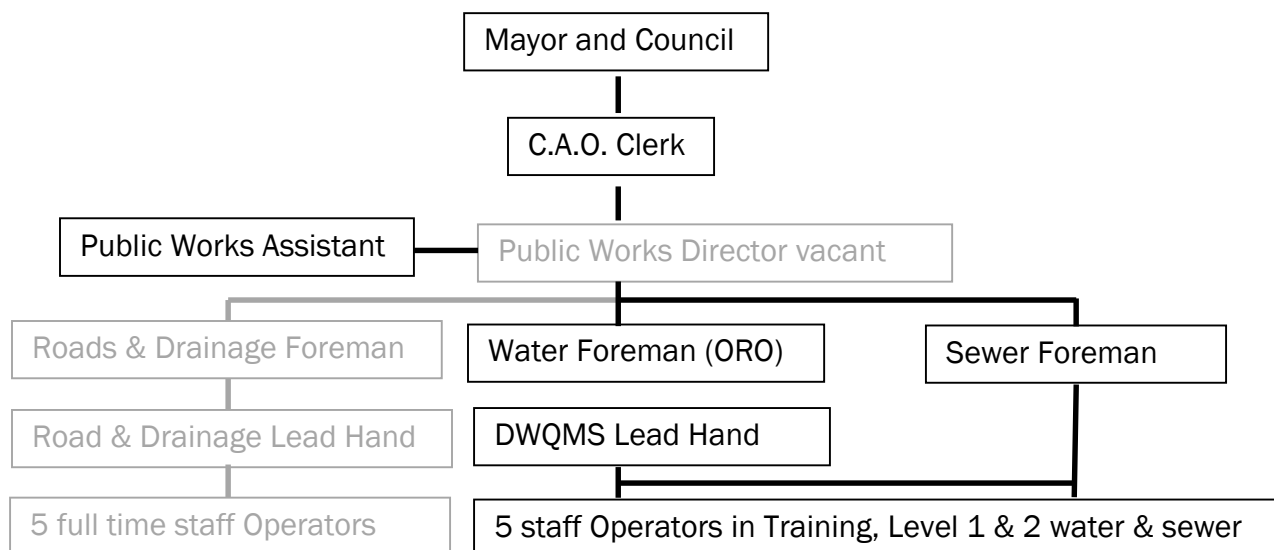
In 2017 staff reported on Bill 68 Modernize Ontario’s Municipal Legislation a wide ranging piece of legislation designed to ingrain the provincial climate change and oversight agenda into municipal operations. This will mean the Town will need an Integrity Commissioner to oversee municipal operations according to the existing Code of Conduct. While Minto will likely partner with the County and other local municipalities on this initiative, the long term impact of Bill 68 on municipal operations is not clear.

In 2016 and 2017 Council considered staff reports on changes to the Labour Relations Act and Employment Standards Act proposed through the 300 plus page Changing Workplaces Review Special Advisors Interim Report to address vulnerable workers in Ontario. Bill 148 was introduced in 2017 with potentially significant impacts on municipal employers even though few, if any, vulnerable workers are employed by the Town. Increasing minimum wage in 2018 and 2019 will impact on operations in Recreation and Facilities primarily. With the support of AMO, the Minister of Municipal Affairs and others it appears there is exemption related to on-call municipal employees, volunteer firefighters other elements of Bill 148. However there may still be additional costs for municipalities besides changes to minimum wage.

Clearly where the provincial and federal government has increased support to municipal governments in service uploads and capital programs, the expectation is that mandates from these senior levels will be implemented locally. While some of these mandates may benefit certain limited sectors, the “unintended impacts” of these “forced” initiatives have increased pressure on local operations in an unrelenting fashion. Staff and Council have done well to mitigate impacts on operations, but Bill 68 and Bill 148 will likely increase pressure on property tax payers for years to come.

### Water and Sewer Services

January 1, 2015 the Town took over full operation of its three waste water treatment facilities, the lagoon systems in Clifford and Harriston and secondary treatment facility in Palmerston. Starting February 2016 the water treatment and distribution, and waste water collection and treatment structure is as follows:





The 2018 budget anticipates operating water and sewer services using the same staff structure including deferring hiring a Public Works Director to 2019. Current staff in these areas increased responsibilities and “stepped up” in new roles providing improved level of service. This provides time for staff to grow in their positions with another year’s preparation for succession plan initiatives. The Director position will be formally reviewed in January as per Council direction. If Council chooses to fill that position this year some \$80,000 will need to be added into the budget at the January 18<sup>th</sup> meeting.

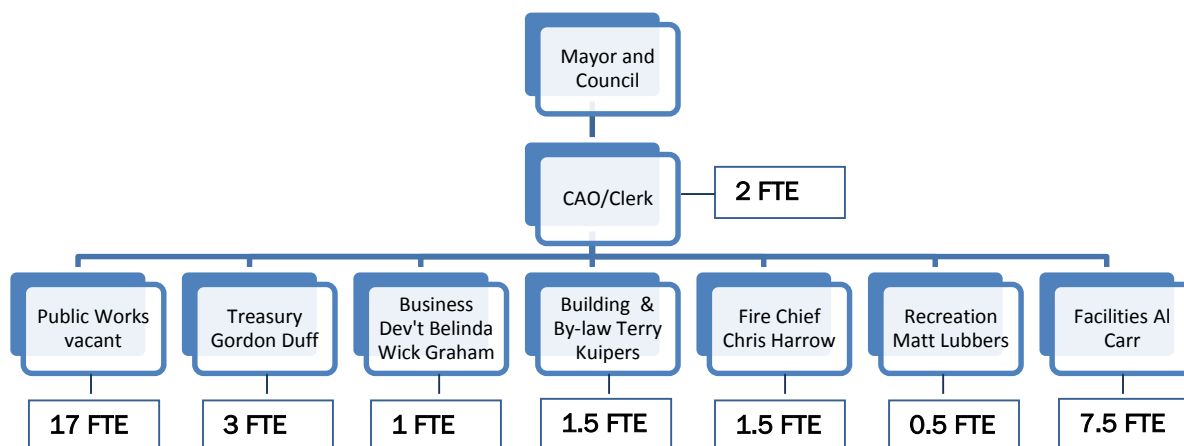
January 2012 Council approved the Watson & Associates Water Financial Plan required by Regulation 453/07 under DWQMS to obtain all permits to take water for the four Town systems. At the same time a sewer financial plan was developed in a combined document that set water and sewer rates for up to five years. In 2015 the Water and Sewer Financial Plan was updated and new water and sewer rates applied after meters were installed. The new rates resulted in less revenue to the system mainly due to increased conservation. Early in 2016 the Town increased rates to maintain the user pay system.

As a constant reminder to Council, Section 19 of the Safe Drinking Water Act (passed in 2002 but not executed) requires municipal drinking water systems owners exercise a “level of care, diligence and skill” when maintaining a system. Section 19 contains penalties for any person, including a member of Council, who does not act “honestly, competently and with integrity” when protecting the safety” of drinking water users. Penalties include fines up to \$4 million and imprisonment for up to five years.

The 2017 budget did not include a revenue increase for the Town’s water and sewer systems. Water and sewer rates need to increase to ensure the long term system viability as required by Provincial legislation. In particular there is a need for rate increases to fund the on-going capital plan to properly maintain the systems into the future.

### Overall Operations

This is the seventh budget planned under the following organizational structure.



There are 42 full time equivalent positions at the Town entering into 2018 with one vacant position. Aside from temporary restructuring for three active maternity leaves, one new position was created in Facilities to address a significant increase in satellite locations maintained by the Town (Palmerston Railway Museum, Harriston Lion’s Medical Clinic, Trails and other properties).



The 2018 Facilities budget is adjusted to accommodate that new position (net of an on-going health leave in that Department) Not included in the full time staff figure is the LaunchIT Coordinator contract shared with Chamber of Commerce, part time facility attendants, summer program staff and lifeguards, seasonal winter control, and crossing guards.

There are two staffing issues to be addressed in the coming year. The first relates to the vacant Public Works Director position. A review of the status of this will be brought forward in January. The proposed 2018 budget takes savings of \$70,000 from the tax, and other amounts from water and sewer, leaving this position vacant (net of funds for existing staff assuming added responsibility). If Council chooses to fill the position after the January review a budget adjustment could be considered at the January 12 meeting.

The second staff issue is the final staff structure for central facility booking. Current staff on leave in these areas will be part of the solution as far as central booking, but assigning a Facilities Lead Hand to work with users and staff between the Town office and the arenas/halls has worked very well. The Facilities Manager and Recreation Services Manager will bring forward a recommendation in this regard in spring 2018. The operating budget does not add resources for central booking at this time.

The 2017 market check was completed to set wages for 2018 and to ensure its Pay Policy is up to date. The net cost to maintain external equity where Minto staff is paid within the middle or median of its comparators is about \$40,000. An additional \$40,000 is needed to maintain internal equity between positions including ensuring three senior positions are paid in the proper band, and to fund a cost of living increase. The Town continues to meet requirements of the Pay Equity Act. The costs to fund the new 2018 pay policy are almost entirely offset by savings achieved from leaving the Public Works Director position vacant. The new minimum wage provisions in 2018 are addressed in the Recreation Programming, Pools and Facilities budget.

Council and the Town Employee Committee have worked hard since 2012 on Job Evaluation Maintenance ensuring new and restructured positions maintain internal equity. This has kept the cost to about one-third of the budget impact experienced in 2013. The Town remains competitive in the market with wages and benefits that meet the median of comparator municipalities. The greatest pressure is on wages at the senior management level. Minto is positioned such that retiring senior managers in the next few years could be replaced by consolidating Departments. The current structure might be reduced from seven functional areas down to five or less with replacement staff hired in mid-management/coordinator or front-line positions with a smaller Senior Management Team.

### **Infrastructure Spending**

Between 2011 and 2017 the Town spent over \$32 million improving infrastructure, and has identified capital need for \$15 million through 2021. This can be funded by a combination of tax supported capital, grants, borrowing and reserve contributions. Care is required in 2018 to manage reserve and borrowing to remain consistent with the Town fiscal accountability policy that reserves always exceed borrowing level. Staff will report on this during capital budget deliberations in the New Year.

The gross value of Town Tangible Capital Assets is \$123 million and the depreciated or “book value” is \$68 million depreciating at a rate of \$2.8 million annually. The Town’s Asset Management Plan suggests over \$6 million is needed annually to maintain roads, bridges, water and sewer infrastructure. The Town should continue to spend between \$2.8 and \$6 million to properly maintain its assets.

The following summarizes use of existing grant funds for major projects:

<b>Project</b>	<b>Estimated Grant</b>	<b>Total Project \$</b>
2015 Connecting Link Intake 1 Clifford Elora (2018)	\$1,935,806	\$2,800,000
2016 Connecting Link Intake 2 Clifford Elora N (2018)	\$ 830,000	\$1,250,000
2016 OCIF Jane & Inkerman (finish 2018)	\$1,300,000	\$2,090,000
2017 CWWF George Street (finish 2018)	\$ 748,110	\$1,100,000
2017 OCIF Top Up Queen St Palm (2018)	\$ 150,000	\$1,208,652
<b>Total</b>	<b>\$4,963,916</b>	<b>\$8,448,652</b>

The Town will need to fund the Clifford Elora Street and Palmerston Queen Street projects under the 2018 budget. George Street Harriston and Jane & Inkerman are funded but will be carried over to 2018 for final asphalt work.

The Town received \$130,000 in formula based funding under OCIF as its Asset Management Plan is up to date and appropriate FIR reports are filed with no critical errors. This amount is assured through to 2019 increases as follows:

2016	\$130,000
2017	\$223,161
2018	\$315,205
2019	\$476,143
2020	\$506,543

In 2018 \$80,000 of the increase in base OCIF funding is applied to the Public Works roads and sidewalks operating budget. This funds additional work in these areas without impacting on the tax rate. \$153,000 of the Federal Gas Tax (+\$260,000) is committed to annual loan payments for a 10 year period. Also in 2018 the Town will have \$250,000 from the sale of the gravel pit to Denison Contracting and \$368,000 from the gravel pit reserve now not required for future remediation of the site. This injects \$618,000 in one time funding Council can allocate in 2018.

Starting out 2018 there is expected to be very little carry-over from 2017. Aside from Clifford Elora Street and Queen Street Palmerston (if approved under OCIF top up), the following is a list of major capital works for consideration:

- Noble Road Extension Palmerston Industrial Park
- Paving Frank Lambier Court Palmerston Industrial Park
- Minto Road Lift/Treatment Station Palmerston Industrial Park design
- Ann Street Clifford storm sewer, curb and gutter, first lift asphalt
- William Street Clifford Schwindt Townhomes, water sewer cost share developer

- William Street Harriston Lawrence Street Subdivision, water sewer cost share developer
- George Street North and South Harriston final lift of asphalt, curb
- James Street Palmerston Final Asphalt Lift
- 12<sup>th</sup> Line mill and pave

Clifford Elora and Palmerston Queen Streets total \$5.2 million in capital work. The above projects will need to be prioritized and reconsidered at the January capital budget session. Not included in this list are any works needed to support future industrial development in Harriston or capital projects outside Public Works. The Town has plenty of projects to choose from to ensure capital work fits between \$2.8 million and \$6 million, targets set by the amortization of the Town's tangible capital assets and the maintenance amount identified in the Asset Management Plan.

### **Operating Budget Process**

At budget meetings Council reviews each service to find increases or decreases to operating costs based on a "business plan" looking at strategic actions, budget pressures, long term issues, and service measures. Department Heads review these plans with Council to assist with decision making. Budget is provided in electronic form and posted on the Town website so the public has access to the same information at the same time as Council. Meetings are broadcast on YouTube and picked up by Wightman Cable. Electronic budget and YouTube recordings increase public access and transparency.

### **Format**

The "business plan" for each area is followed by the operating budget spreadsheet providing line item detail. Below highlights how a "business plan" cover sheet relates to the operating budget spreadsheet.

<b>Operating Budget Summary</b>					
2017 Budget (Actual \$285,189 to Sept 2017)					<b>\$335,900</b>
<b>Past &amp; Projected (1%)</b>		0.01			
<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	
\$276,900	\$ 335,900	\$ 333,600	\$ 336,936	\$ 340,305	
<b>Budget Initiatives</b>					
1. Increase marriage license and ceremony fees					-\$1,500
2. Transfer to water and sewer for Public Works function					-\$30,000
3. Reconcile Wages and benefits (mat leave, Public Works)					\$29,200
<b>Proposed 2018 Budget</b>					<b>\$333,600</b>

The “Past and Projected” section of the cover sheet gives a rough five year trend using and inflation factor of 0.01 or 1 percent. Business plans identify major differences between the 2017 budget and actual spending, future Department issue beyond 2018, and Service Measures with key indicators.

The “Actual” highlighted in red describes current spending in that area to date and matches the amount in red on the spreadsheet below. The 2017 budget in light green on the cover sheet matches the total on the spreadsheet. Budget Initiatives add or subtract from the 2017 budget to create a draft 2018 Budget (highlighted in blue).

<b>2018 OPERATING BUDGET</b>						
<b>Account</b>	<b>Description</b>	<b>2016</b>	<b>2016</b>	<b>2017</b>	<b>2017</b>	<b>2018</b>
		<b>YTD Actual - Sept 30/16</b>	<b>YTD Actual</b>	<b>Budget</b>	<b>YTD Actual - Sept 30/17</b>	<b>Budget</b>
1010-00-5120	Oath/Witness Signature	860.00	1,060.00	1,000.00	1,020.00	1,000.00
1010-00-5112	Specialized Letters	965.00	965.00	0.00	1,080.00	965.00
1010-00-5121	Other Administrative Fees	0.00	0.00	0.00	0.00	0.00
1010-00-5122	MFIPPA Fees	0.00	0.00	100.00	21.96	0.00
1010-00-5125	Photocopy/Facsimile Charges	0.00	0.00	100.00	4.00	0.00
1010-00-5210	Marriage Licenses	4,440.00	5,520.00	4,500.00	4,440.00	5,000.00
1010-00-5215	Marriage Ceremonial Fees	5,216.55	6,815.67	5,400.00	7,573.46	6,400.00
1010-00-5220	Lottery Licenses	1,860.60	3,914.49	2,000.00	1,703.70	2,000.00
10-1000-5240	Taxi/Limousine Licenses	0.00	0.00	0.00	0.00	0.00
1010-00-5250	Peddlers' Licences	250.00	250.00	300.00	425.00	300.00
1000-00-5850	Transfers from Water & Sewer					30,000.00
	<b>Total Revenue</b>	<b>13,592.15</b>	<b>18,525.16</b>	<b>13,400.00</b>	<b>16,268.12</b>	<b>45,665.00</b>
1010-00-6012	Wages - Clerks	174,229.70	236,707.22	243,100.00	207,300.47	264,000.00
1010-00-6022	Benefits - Clerks	46,107.32	59,842.37	57,700.00	61,412.71	66,000.00
1010-00-6042	Conferences - Clerks	3,745.95	6,094.35	6,000.00	7,662.62	6,000.00
1010-00-6052	Training - Cleks	1,902.55	2,105.05	6,500.00	2,358.56	6,500.00
1010-00-6062	Mileage - Clerks	228.65	731.86	3,000.00	1,667.72	3,000.00
1010-00-6066	Marriage - Clerk Per Diems	1,875.00	2,850.00	2,300.00	3,300.00	2,300.00
1010-00-6075	Minto Mettle	0.00	145.62	0.00	150.36	200.00
1010-00-6110	Legal Services	16,387.37	19,613.58	10,000.00	5,942.40	10,000.00
1010-00-6128	electronic Records Software	10,082.38	10,082.38	12,000.00	10,082.38	12,000.00
10-1000-6610	Office Vehicle Fuel & Supplies	361.52	417.12	1,000.00	383.85	1,000.00
10-1000-6610	Office Vehicle Repair & Mtce	89.79	89.79	1,500.00	0.00	1,500.00
10-1000-6610	Office Vehicle Inspection/Licence	147.50	267.50	200.00	0.00	200.00
1010-00-7000	Election Vote - By-Mail	1,195.68	1,195.68	6,000.00	1,195.68	6,000.00
10-1000-7002	Election Expenses - Legal	0.00	0.00	0.00	0.00	0.00
10-1000-7010	Election Advertising	0.00	0.00	0.00	0.00	0.00
10-1000-7020	Election Printing	0.00	0.00	0.00	0.00	0.00
10-1000-7030	Election Supplies	0.00	0.00	0.00	0.00	0.00
10-1000-7040	Election Wages / Mileage	0.00	0.00	0.00	0.00	0.00
10-1000-7050	Election Rentals	0.00	0.00	0.00	0.00	0.00
	<b>Total Expenditures</b>	<b>256,353.41</b>	<b>340,142.52</b>	<b>349,300.00</b>	<b>301,456.75</b>	<b>378,700.00</b>
<b>Excess Revenue over/under Expenditures</b>		<b>-242,761.26</b>	<b>-321,617.36</b>	<b>-335,900.00</b>	<b>-285,188.63</b>	<b>-333,035.00</b>

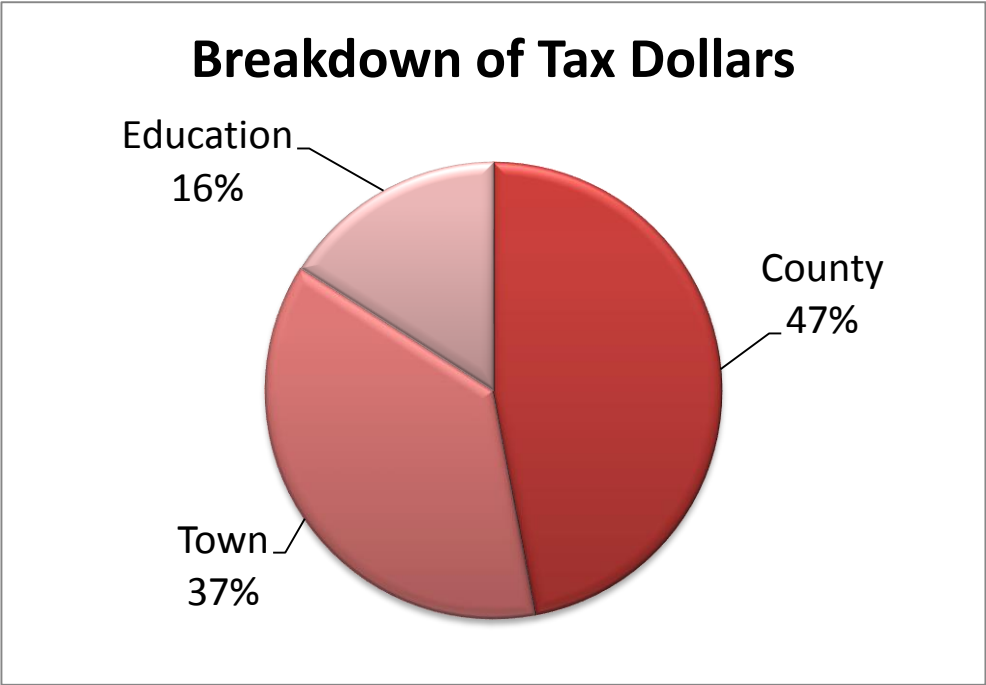
There are two columns showing 2016 actual budget and 2016 year to date to give some perspective on 2017 actual expenditures. At the end of the business plan is the C.A.O. Clerk and Department Head recommendation for the draft budget. Staff will briefly outline each service area to Council who can ask

questions and recommend changes by motion in Committee of the Whole. If there is no change a motion is not required and the amount recorded in budget minutes.

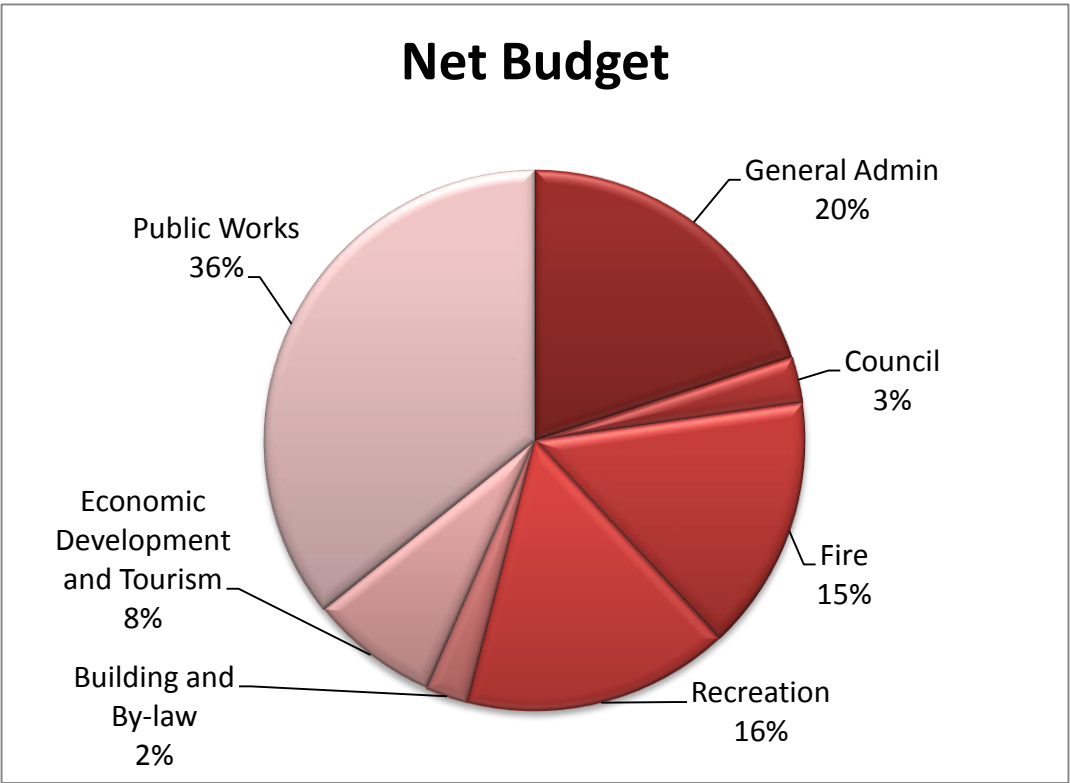
**Operating Budget Facts**

The budget as recommended would require approximately \$234,832 additional funding from taxation or a budget increase of about 5%.

The following chart breaks down the Town, County and Education share of your overall tax bill. The Town is responsible for 37% of the average residential tax bill, the County 47% and Education 15%.



The following chart illustrates the distribution of municipal tax dollars.



Trends in the 2018 budget include following:

1. The Town's budget increase would be in the range of 5% which when combined with County and Education levies would typically project to less than 3% for the average residential ratepayer.
2. Provincial re-assessment phase in continues. The Treasurer will provide details on the impact on the average residence, agricultural lands and the impact within tax classes as we move forward.
3. There is \$172,200 less OMPF funding in 2018 which requires 3.6% more tax supported dollars in the annual operating budget.
4. \$520,000 of capital funding is provided in the proposed operating budget, up \$20,000 from 2017.
5. Council budget is up \$1,500 to adjust per diems after a \$4,400 reduction in 2017. The pay system adopted for this term of Council will have cost \$14,000 less than the previous term.
6. The General Administration budget is decreased \$44,750 due to less reserve contribution.
7. The C.AO. Clerk by-law decreases \$2,300 due to an allocation to water and sewer recognizing increased role in Public Works.
8. Saugeen Valley Conservation Authority and Maitland Valley are projected at minor increases. Overall People and Property budget is down \$1,154 with a one time transfer from water reserves to fund the Town's share of the National Disaster Mitigation Program flood plain mapping program.
9. Health Services budget is decreased \$1,000 by reducing community garden expenses now that the Town has a location in Harriston, Clifford and Palmerston. There is a separate budget for the Municipal Services Corporation Harriston Lion's Medical Centre.
10. Overall Minto Fire Budget increases about \$11,730 to accommodate loss of revenue in the Howick agreement and additional responsibilities of the Fire Chief as Deputy CAO.
11. Public Works budgets are down overall about \$70,000. Administration is down reflecting not replacing the Director in 2018. Overall expenses are also down due to sale of the gravel pit.
12. The Town Landscape Care budget is increased to accommodate a machine time allocation not previously made to this Department.
13. Road maintenance increase of \$51,000 is offset by an \$80,000 transfer of annual OCIF base funding which is growing annually.
14. Winter control budget is up \$15,408 mainly to cover higher sand and salt costs.
15. Street lights remain \$0 base with the net impact of the agreement with LAS and Real Term Energy for LED street lights reflected. The Town's share of hydro savings is reduced by increased rates, which decreases the capital replacement for street lights to +-\$14,000 per year. Unless hydro increases are moderated the Town will have less than the \$500,000 in reserve to begin to replace lights as needed after their 10 year warranty expires. An increase in the street light levy is included as the Town continues to install new LED lights beyond the Real Term Energy Contract.
16. Cemeteries budget is the same as 2017. Staff will proceed with contracting for a design professional in 2018 to bring back design options for interring cremated remains. Public input will be sought before the design is approved. Financial options will be investigated.
17. The Trailer Park in Harriston is closed. PRAC will consider plans to redesign the space with recommendation to Council. The overall revenue to the Town increases over \$14,000 once maintenance and payout expenses (Harriston) are removed.
18. The Building and By-law Department is down \$3,500. Substantial fees in 2017 will be placed in reserve as per legislation requiring revenue from this service only be directed to the cost of providing it. 2017 permit revenue increases will apply the entire year of 2018.

19. Overall facilities increase about \$55,000 primarily due to one added staff and new facility initiatives. The Palmerston Railway Heritage Museum is now fully assumed. A slight reduction in the rent for cultural groups in the Harriston Library and the County rent increase adds to the increase for Satellite Facilities.
20. Recreation administration is up \$10,000 to accommodate wage and benefits. Pool costs are up \$3,000 total mainly due to minimum wage increase as well.
21. Norgan Theatre will contribute \$16,000 to reserves having fully retired previous debt from the 2006 renovation. The Committee will be working on its future structure moving forward in 2018.
22. Economic development and Tourism budget are down \$1,600 with an allocation for benefits at LaunchIt. There is a decrease in funding for the structural improvement grant of \$20,000 although there is still a reasonable amount remaining for substantial projects.
23. The impact of the Province wide hydro rate reduction, or freeze, has not been determined for the Town. Most budgets propose minor increases or decreases to reflect 2017 actual expenses.
24. All three sewer systems contribute to reserves annually although in 2018 the total reserve contribution is down about \$80,000. Revenue allocations in Palmerston have been corrected. Staff is working with Triton Engineering on Palmerston plant refurbishment to deal with aging equipment in need of replacement, but preliminary flow evaluations show added capacity which should allow an increase of available capacity in the sewage use bylaw. Revenue improvements are expected as customer base continues to grow.
25. Two of the four water systems do not contribute to reserves. In Harriston and Palmerston expenses are relatively stable with some increase in reserve contribution. Minto Pines budget remains the same as previous years. Revenue improvements are expected as customer base continues to grow.
26. The Town is compliant with internal, external and pay equity requirements having completed its 2017 market check update for 2018. The cost of attaining this is offset by savings by not replacing the Director of Public Works in 2018.

## Summary

This budget “Brings it Home” by providing for a reasonable budget increase to ensure a suitable operating budget is in place to implement an important capital plan for the Town. Reconstructing Elora Street in Clifford concludes the “old Highway 9” corridor from Harriston through Clifford to the Town limits, which sets up that part of Minto for significant residential and commercial development. Work in the Palmerston Industrial Park will bring forward opportunity for future industrial growth.

Expanded initiatives in youth, trails, recreation, culture and community economic development will ensure the heart of Minto continues to thrive, and support initiatives that improve the environment, promote innovation, and ensure long term prosperity for residents and business in the Town. 2018 promises to be a challenging year which may conclude with considerable “change in air” given a Provincial and Municipal election, and the possibility 2019 will bring about new ways of doing municipal business in Minto.

Bill White, C.A.O. Clerk

Gordon Duff Treasurer



The summary table below lists service areas along with draft 2018 budget versus 2017 budget:

		2017 Budget	2018 Draft	Difference	
<b>Council</b>		\$128,200	\$129,700	\$1,500	
<b>C.A.O. Clerk</b>		\$335,900	\$333,305	-\$2,595	
<b>General Admin &amp; Reserves</b>		\$550,050	\$505,300	-\$44,750	\$968,305
<b>People and Property</b>		\$139,650	\$138,196	-\$1,454	
<b>Health Services</b>		\$33,750	\$32,750	-\$1,000	-\$48,299
<b>Minto Fire Service Overall</b>	Fire Admin	\$596,930	\$607,260	\$10,330	
\$908,128	Palmerston Fire	\$68,773	\$63,423	-\$5,350	
\$919,858	Harriston Fire	\$146,825	\$146,375	-\$450	
	Clifford Fire	\$95,600	\$102,800	\$7,200	\$11,730
<b>Clifford Arena &amp; Hall</b>		\$162,043	\$167,232	\$5,189	
<b>Harriston Arena &amp; Hall</b>		\$175,744	\$178,867	\$3,123	
<b>Palmerston Arena &amp; Hall</b>		\$184,709	\$198,203	\$13,494	
<b>Satellite Facilities</b>		\$76,044	\$85,845	\$9,801	
<b>Clifford Parks</b>		\$21,411	\$25,554	\$4,143	
<b>Clifford Ball &amp; Soccer</b>		\$19,933	\$20,306	\$373	
<b>Harriston Parks</b>		\$29,457	\$28,772	-\$685	
<b>Harriston Ball</b>		\$18,870	\$21,771	\$2,901	
<b>Palmerston Parks</b>		\$56,633	\$55,269	-\$1,364	
<b>Palmerston Ball &amp; Soccer</b>		\$36,338	\$43,479	\$7,141	
<b>Trails</b>		\$5,590	\$16,474	\$10,884	\$55,000
<b>Recreation Administration</b>		\$252,000	\$262,000	\$10,000	
<b>Harriston Pool</b>		\$46,000	\$48,000	\$2,000	
<b>Palmerston Pool</b>		\$39,500	\$40,500	\$1,000	
<b>Adventure Camp</b>		\$0	\$0	\$0	
<b>Special Programs</b>		-\$6,000	-\$6,000	\$0	\$1,192,272
<b>Joint Health &amp; Safety</b>		\$5,000	\$5,000	\$0	
<b>Norgan Theatre</b>		\$0	\$0	\$0	\$13,000
<b>Building &amp; By-law</b>		\$150,175	\$146,675	-\$3,500	
<b>Economic Development</b>		\$434,035	\$434,981	\$946	
<b>Tourism</b>		\$25,900	\$23,350	-\$2,550	-\$1,604
<b>Public Works</b>	Roads Admin	\$844,208	\$771,478	-\$72,730	
	Municipal Drains	\$53,306	\$33,306	-\$20,000	
	Vehicle Cost & Time	-\$345,000	-\$322,600	\$22,400	
	Road Maintenance	\$1,041,810	\$1,012,810	-\$29,000	
	Winter Control	\$479,206	\$494,614	\$15,408	
	Trailer Park	-\$8,115	-\$22,744	-\$14,629	
	Cemeteries	\$20,520	\$20,520	\$0	
	Street Lights	\$0	\$0	\$0	-\$70,251
	Town Landscape Care	\$100,506	\$128,806	\$28,300	\$2,116,190
<b>Sewage Collect &amp; Treat</b>		\$0	\$0	\$0	
<b>Water Treat &amp; Distribute</b>		\$0	\$0	\$0	-\$70,251
<b>Subtotal</b>		\$6,015,501	\$5,971,577	-\$43,924	-\$43,924
<b>OMPF</b>		-\$1,802,900	-\$1,630,700	\$172,200	
<b>StabilizationReserves</b>		-\$10,026	\$6,530	\$16,556	
<b>Pay Equity, Internal &amp; External Equity</b>		\$0	\$80,000	\$80,000	
<b>Total Operating</b>		\$4,202,575	\$4,427,407	\$224,832	\$224,832
<b>Tax Supported Capital</b>		\$510,000	520,000	\$10,000	
<b>Total Raised through Tax</b>		\$4,712,575	\$4,947,407	\$234,832	\$234,832