



**Minutes of Special Council Meeting
February 6, 2023 5:00 PM
105 Elgin Street West, Arnprior, ON**

Council and Staff Attendance

Council Members Present (In Person):

Mayor Lisa McGee
County Councillor Dan Lynch
Councillor Lynn Grinstead
Councillor Chris Toner
Councillor Billy Denault

Council Members Present (Electronic):

Councillor Tom Burnette
Councillor Chris Couper

Council Members Absent:

Town Staff Present:

Robin Paquette, CAO
Maureen Spratt, Town Clerk
Jennifer Morawiec, General Manager, Client Services / Treasurer
Graeme Ivory, Director of Recreation
John Steckly, GM, Operations
Rick Desarmia, Fire Chief
Jennifer Eve, Manager of Finance
Emily Stovel, Manager of Culture, Curator
Alix Jolicoeur, Manager of Community Services / Planner
Steve McLean, Supervisor, Roads & Services
Taylor Giffen, Operations Supervisor
Patrick Foley, Engineering Officer, Facilities & Assets
Ryan Wall, Engineering Officer, Civil
Lucas Power, Program & Events Coordinator

1. Call to Order

Mayor Lisa McGee called the Special Council Meeting to order at 5:00 PM and welcomed those present.

2. Roll Call

The roll was called, with all Members of Council being present.

3. Land Acknowledgement Statement

Mayor Lisa McGee asked everyone to take a moment to acknowledge and show respect for the Indigenous Peoples as traditional stewards of the land we operate on, by stating:

I would like to begin by acknowledging that the land on which we work and gather is the traditional unceded territory of the Anishinaabe People. This Algonquin Nation have lived on this land for thousands of years, long before the arrival of the European settlers, and we are grateful to have the opportunity to be present in this territory.

Minutes of Council Meeting

4. Adoption of Agenda

Resolution Number 30-23

Moved by Billy Denault

Seconded by Lynn Grinstead

Be It Resolved That the agenda, for the Special Meeting of Council dated Monday, February 6, 2023 be adopted.

Resolution Carried

5. Disclosures of Pecuniary Interest

None

6. Awards/Delegations/Presentations

a) Presentations

The General Manager Client Services, Treasurer provided a Budget Recap, attached as Appendix A and forming part of these minutes, highlighting key areas of the 2023 Draft Operating Budget, the 2023 Draft Capital Budget, Supporting Documents and the 2023 Long Range Capital Forecast (LRCF). Budget Memos dated January 9, January 29 and February 2, 2023 are attached as Appendix B and forming part of these minutes.

Mayor McGee thanked the Treasurer for the overview and requested Council consider the funding requests made at the December 7, 2022 budget meeting first, then proceed with discussing the budget at-large including the municipal tax rate and any other budgetary items they wish to discuss.

Following discussion on the proposed grant to the Arnprior Public Library the following resolution was brought forward for consideration:

Resolution Number 31-23

Moved by Lynn Grinstead

Seconded by Billy Denault

That Council authorize grant funding of \$299,453 for the Arnprior Public Library to be included in the 2023 Operating Budget; and

Further That Council request the Arnprior Public Library, should they proceed with the additional Programmer position, return in September with a financial update.

Resolution Carried

Following discussion on the proposed grant to the Arnprior & McNab/Braeside Archives the following resolution was brought forward for consideration:

Resolution Number 32-23

Moved by Dan Lynch

Seconded by Lynch Grinstead

That Council authorizes a grant funding increase of \$500 for Arnprior McNab/Braeside Archives for a total funding amount of \$32,500 to fund Arnprior's share of a 4.5 days per week for a full time archivist, to be included in the 2023 Operating Budget.

Resolution Carried

Following discussion on the proposed grant to the Arnprior Airport the following resolution was brought forward for consideration:

Resolution Number 33-23

Moved by Billy Denault

Seconded by Lynn Grinstead

Minutes of Council Meeting

That Council authorizes grant funding of \$55,000 for the Arnprior Airport to be included in the 2023 Operating Budget on the condition that the Airport provides annual audited financial statements.

Resolution Carried

Following discussion on the proposed grant to the Physician Recruitment Committee the following resolution was brought forward for consideration:

Resolution Number 34-23

Moved by Dan Lynch

Seconded by Chris Toner

That Council authorizes grant funding of \$20,000 for the Physician Recruitment Committee to be included in the 2023 Operating Budget.

Resolution Carried

Following discussion on the proposed grant to the Seniors Active Living Centre (SALC) the following resolution was brought forward for consideration:

Resolution Number 35-23

Moved by Lynn Grinstead

Seconded by Dan Lynch

That Council authorizes an additional \$2500 of cash support for total cash grant funding of \$12,500 for the Seniors Active Living Centre to be included in the 2023 Operating Budget; and

Further That Council authorizes an additional \$2500 of in-kind support for a total of \$7,500 of in-kind support for the Seniors Active Living Centre to be provided in 2023.

Resolution Carried

Following discussion on the proposed grant to Arnprior Regional Health Foundation – CT Scanner the following resolution was brought forward for consideration:

Resolution Number 36-23

Moved by Dan Lynch

Seconded by Lynn Grinstead

That Council authorizes grant funding of \$200,000 (\$50,000 per year over a four-year period) to Arnprior Regional Health Foundation in support of the CT Scanner Campaign.

Discussion ensued regarding the benefit of providing the \$200,000 over the four year period or providing \$50,000 in 2023 and having Arnprior Regional Health Foundation return during annual budget meetings to request additional funding, if needed, in support of the CT Scanner Campaign.

Resolution Number 37-23

Moved by Dan Lynch

Seconded by Tom Burnette

That resolution number 36-23 be amended by striking out the words “four years” and inserting “2023.”

Resolution Carried

Resolution Number 38-23

Moved by Dan Lynch

Seconded by Lynn Grinstead

Minutes of Council Meeting

That Council authorizes grant funding of \$ 50,000 in 2023 to Arnprior Regional Health Foundation in support of the CT Scanner Campaign.

Resolution Carried (as amended)

Mayor McGee reminded Council of the inflationary and growth pressures the Town faces, significant unknowns for 2023 including the impacts of Bill 23, the joint use recreation agreement, that Town is vulnerable to provincial policies changes and that the unexpected can happen. As investing in roads today will save money tomorrow, an additional \$100,000 to Rolling Road Rehab would be a good investment and save over the long-term and that she would be supportive of a 3.0% to 3.5% municipal tax rate increase.

Discussion on the 2023 municipal tax rate increase ensued with the following motions being brought forward for consideration:

Resolution Number 39-23

Moved by Dan Lynch

Seconded by Tom Burnette

That Council direct staff to prepare the 2023 Budget by-laws for consideration of adoption at the February 13, 2023 Regular Meeting of Council, including a municipal tax rate increase of 3.0%.

Resolution Carried

Resolution Number 40-23

Moved by Dan Lynch

Seconded by Chris Couper

That Council authorize an additional \$100,000 be added to the 2023 capital budget for Rolling Road rehab.

Resolution Carried

Resolution Number 41-23

Moved by Dan Lynch

Seconded by Tom Burnette

That Council authorize the additional funds of \$175,087 (3.0% municipal tax rate generated funding of \$328,087 less the \$53,000 of additional community grant funding and \$100,000 for Rolling Road Rehab) be allocated to the Capital Expenditure Reserve Fund to help fund future capital investments.

Resolution Carried

Councillor Grinstead asked that the minutes be reflected to note her agreement with the resolutions relating to the grants and addition to rolling rehab, however, she was not in agreement with the a municipal tax rate increase of 3%.

Mayor McGee and Members of Council thanked staff for their hard work on the 2023 Draft Budget, noting the quality of the budget document and efficiency of the process.

Council noted there is no need for the additional meeting scheduled for February 7, 2023.

Minutes of Council Meeting

17. Confirmatory By-Law

Resolution Number 42-23

Moved by Chris Couper

Seconded by Tom Burnette

That By-law No. 7352-23 being a By-law to confirm the proceedings of the Special Meeting of Council held on February 6, 2023 be and it is hereby enacted and passed.

Resolution Carried

18. Adjournment

Resolution Number 43-23

Moved by Dan Lynch

Seconded by Lynn Grinstead

That this meeting of Council be adjourned at 6:54 p.m.

Resolution Carried

Signatures



Lisa McGee, Mayor



Maureen Spratt, Town Clerk



2023 Budget Recap

Jennifer Morawiec, GM Client
Services / Treasurer

February 6, 2023

Budget Recap

- Current Draft Budget is presented with a 0% municipal tax rate increase and includes:
 - Operating Budget \$24.2M
 - Address inflationary & growth pressures
 - Increased contributions to reserves
 - Capital Budget \$6.95M
 - 31 new capital projects
 - Investment in linear infrastructure (49%)
 - Advancing waterfront development



Budget Recap

- Challenges
 - Legislative impacts (CVA, Bill 23)
 - Inflationary impacts / supply chain
 - Growth management
- Advantages
 - Successful capital grant funding
 - Reserve Balance recoveries
 - Growth management



Municipal Tax Rate

- Recommended 2.5% MTRI will generate \$273,406 in additional taxation revenue.
 - Equates to **\$1.85 / month, \$22.17 annual** increase for \$100,000 of residential assessed value.

| MTRI | Municipal Revenue | Annual Cost / \$ Assessed Value | | |
|-------------|-------------------|---------------------------------|----------------|----------------|
| | | \$100,000 | \$200,000 | \$300,000 |
| 1.0% | \$109,362 | \$8.87 | \$17.74 | \$26.61 |
| 2.0% | \$218,725 | \$17.74 | \$35.48 | \$53.22 |
| 2.5% | \$273,406 | \$22.17 | \$44.35 | \$66.51 |
| 3.0% | \$328,087 | \$26.61 | \$53.22 | \$79.85 |



Overall Municipal Impact

- For average home valued at \$221,000

| Estimated Impact | 2021 | 2022 | 2023 |
|------------------------|----------------|----------------|----------------|
| MTRI % Increase | 1.5% | 0.0% | 2.5% |
| Municipal Tax Rate | \$38.61 | \$0.00 | \$48.99 |
| Water/Wastewater | \$44.20 | \$30.96 | \$45.17 |
| Garbage/Recycling Rate | \$0.00 | \$0.00 | (\$20.00) |
| TOTAL Annual | \$82.81 | \$30.96 | \$74.16 |
| TOTAL Monthly | \$6.90 | \$2.58 | \$6.18 |

Municipal Tax Rate

- 2.5% MTRI will support:
 - Addressing legislative impacts.
 - Bolster reserve / reserve fund balances for future infrastructure investment.
 - Increased capital investment will help towards reaching target reinvestment rates as per the Asset Management Plan.
 - Financial Sustainability: Maintain the PAYG financial model and avoid the need for sharp increases in the future.

Budget Queries

- Budget Memos / Queries from Council
 - Budget Consultation Memo
 - NSC Slab Replacement Memo
 - Budget Query Memo #1 and #2
- Concerns over future MPAC property tax assessments
 - No word yet on whether a new assessment cycle will proceed in 2024 and what the length of the assessment cycle will be.
 - Council has control over the annual amount of levy required.



Municipal Grants

- Variance between grant requests and current 2023 budget is \$75,095
 - MTRI equivalent of 0.69%

| Organization | Request | 2023 Budget | Variance |
|-------------------------|--------------------------------------|--------------------------------------|----------------------|
| Arnprior Public Library | \$316,548 | \$299,453 | \$17,095 |
| Archives | \$35,000 | \$32,000 | \$3,000 |
| Arnprior Airport | \$55,000 | \$55,000 | \$0 |
| Physician Recruitment | \$20,000 | \$20,000 | \$0 |
| SALC | \$15,000 (cash) \$5,000 (in-kind) | \$10,000 (cash) \$7,500 (in-kind) | \$5,000 (\$2,500) |
| CT Scanner | \$50,000/yr (4 yrs) | \$0 | \$50,000 |
| TOTAL | \$491,548 | \$416,453 | \$75,095 |



Municipal Grants

- Arnprior Public Library
 - Grant request for additional programmer reduced from \$37,395 to \$17,095 due to additional 2022 operating surpluses.
 - Request has not been made to McNab/Braeside to fund the position.

| Programmer Position | 2023 9 Months | 2024 12 Months |
|-----------------------------------|------------------|-------------------|
| Salary & Benefits (35 hrs / week) | \$55,276 | \$73,701 |
| Funded from Library Surplus/Other | \$38,181 | TBD |
| Funding Request for Arnprior | \$17,095 | TBD |



Municipal Grants

- Arnprior Public Library - Options
 1. Fund the additional \$17,095.
 2. Fund the additional \$17,095 with the caveat that any future funding for the position will require joint funding with McNab/Braeside as per the Joint Use Agreement.
 3. Do not provide additional funding at this time. Ask for a long-term funding strategy to be developed for the position (full-time instead of 9 month contract).

Municipal Grants

- Arnprior & M/B Archives
 - Requested additional \$3,000 however this is based on Arnprior continuing to fund 5 days of the Archivist and M/B funding 4 days for a combined 4.5 days.

| # Days | 2022 Costs | Arnprior | McNab/Braeside |
|--------------------|------------|----------|----------------|
| 5.0 Days | \$11,000 | \$11,000 | |
| 4.5 Days | \$8,500 | \$8,500 | \$8,500 |
| 4.0 Days | \$6,000 | | \$6,000 |
| Variance | | -\$2,500 | \$2,500 |
| Funding Request | | \$3,000 | \$3,000 |
| Additional Funding | | \$500 | \$5,500 |

Municipal Grants

- Senior's Active Living Centre (SALC)
 - Requested additional \$5,000 in cash (increase from \$10K to \$15K)
 - Staff recommends increasing in-kind from \$5,000 to \$7,500 and leaving the cash contribution at \$10,000.
- Arnprior Airport
 - Budget currently includes \$55K request
 - Resolution to request audited financial statements



Municipal Grants

- Physician Recruitment
 - Budget currently includes \$20K request
- CT Scanner
 - Budget currently does not include the requested \$50K / year for 4 years.



2022 Works in Progress (WIP)

- Draft By-law provided including WIP schedule
- 30+ capital projects completed in 2022
- 27 projects carrying forward as WIP, a number near completion, awaiting delivery of goods, or multi-year projects
 - Craig & Hugh Street – top layer asphalt in 2023
 - Library Expansion – work in progress
 - Tandem Truck – 2023 Delivery
 - Malloch Rd Columbaria – 2023 Delivery
 - Museum Collection Digitization – 2 year project
 - Water/Wastewater MP & Rate Study – in progress

| Capital Project | Department | ACCOUNT CODE | COST CENTER | WIP BALANCE |
|---|-------------------------------|---------------|-------------|------------------|
| 2022 WIP Projects | | | | |
| Craig Street Reconstruction | Operations - Engineering | 2-5-2000-8700 | 2202 | 408,189.81 |
| Hugh Street Reconstruction | Operations - Engineering | 2-5-2000-8700 | 2203 | 518,844.41 |
| River Crossing 400mm Design | Operations - Engineering | 2-5-4300-8700 | 2022 | 91,684.93 |
| Design: Daniel St Signalization | Operations - Engineering | 2-5-2350-8700 | 2104 | 28,893.79 |
| DA Gillies Building - Fire Alarm & Sprinkler | Operations - Engineering | 2-5-7350-8400 | 2107 | 74,240.00 |
| Stanley Tourangeau Building - Monitored Alarm System | Operations / Fire | 2-5-1750-8400 | 2205 | 15,000.00 |
| Pump Station #2 Comms Upgrade | Operations - Environmental | 2-5-4110-8400 | 2118 | 49,522.24 |
| Nick Smith Centre - HVAC Replacement - RTU #1 (1993) | Operations / Recreation | 2-5-7120-8400 | 2208 | 45,000.00 |
| Nick Smith Centre - Pool Filtration System | Operations / Recreation | 2-5-7120-8400 | 2209 | 39,310.00 |
| Library Expansion | Operations - Engineering | 2-5-7500-8400 | 2233 | 670,370.66 |
| #78 Single Axle (2009) - move to Tandem | Operations - Roads & Services | 2-5-2000-8500 | 2213 | 280,000.00 |
| Vehicle Replacement - #10 Water Plant Van (2009) | Operations - Environmental | 2-5-4310-8600 | 2218 | 35,000.00 |
| Network Infrastructure - Modernization | Client Services - IT | 2-5-1260-8500 | 2121 | 34,328.95 |
| Telephone System Upgrade | Client Services - IT | 2-5-1260-8500 | 2212 | 27,186.34 |
| Digitization of Arnprior & District Museum Collection | Museum | 2-5-7300-8200 | 2234 | 204,271.06 |
| Malloch Road Cemetery - Columbaria Installation - Phase I | Operations / Client Services | 2-5-5100-8300 | 2220 | 80,000.00 |
| Design: Fairview Park | Operations / Recreation | 2-5-7001-8300 | 2221 | 16,425.43 |
| Design: Marshall Bay Meadows Phase I & II | Operations / Recreation | 2-5-7001-8300 | 2222 | 25,783.08 |
| Design: Waterfront Pathway Surfacing & Lighting | Recreation - Parks | 2-5-7001-8300 | 2223 | 68,046.16 |
| Design: Waterfront RSP Pedestrian Ramp to Beach | Recreation - Parks | 2-5-7001-8300 | 2225 | 45,000.00 |
| Waterfront Signage, Wayfinding & Interpretation Strategy | Recreation - Parks | 2-5-7001-8300 | 2224 | 40,000.00 |
| Development Charge Update | Client Services | 2-5-1250-8900 | 2228 | 6,860.50 |
| Transportation / Pedestrian Master Plan | Operations | 2-5-2000-8900 | 2229 | 75,000.00 |
| Recreation Master Plan | Recreation | 2-5-7115-8900 | 2230 | 75,000.00 |
| Affordable Housing Needs Study | Community Services Branch | 2-5-8100-8900 | 2138 | 15,000.00 |
| Water / Wastewater Rate Study | Client Services / Operations | 2-5-4300-8900 | 2140 | 15,000.00 |
| Water and Wastewater Master Plan | Operations - Environmental | 2-5-4300-8900 | 2141 | 120,758.39 |
| TOTAL 2022 Work-In-Progress | | | | 3,104,716 |



Budget Deliberations

- Draft Operating Budget
- Draft Capital Budget
- Supporting Documents
 - Reserve and Reserve Funds
 - Debt Schedules
 - Long Range Capital Forecast



Budget Deliberations

- Feb 7th – carry over from Feb 6th
- Council direction on Municipal Tax Rate % for 2023 Budget By-law
- February 13th Council Meeting
 - 2023 Budget By-Law – Operating & Capital
 - Works-in-Progress By-Law
 - 2023 Long Range Capital Forecast Resolution
 - Grant Resolutions
 - SALC & Airport

Questions?



• WHERE THE RIVERS MEET •



Memo

To: Members of Council

From: Jennifer Morawiec, GM, Client Services/Treasurer

Date: January 9, 2023

Re: 2023 Budget Consultations

Please find outlined below a summary of the 2023 Budget requests from the December 7, 2022 Special Meeting of Council along with additional information and comparison data. Please note that \$108,770 represents an additional 1.0% Municipal Tax Rate Increase.

Summary of Requests:

| Cash Requests | 2022 Budget | 2023 Request | Variance | Included in 2023 Budget (Recommended) |
|----------------------------|------------------|------------------|-----------------|---------------------------------------|
| Library | \$298,051 | \$336,848 | \$38,797 | \$299,453 |
| Archives | 32,000 | 35,000 | 3,000 | 32,000 |
| Physician Recruitment | 20,000 | 20,000 | - | 20,000 |
| ARH – CT Scanner | - | 50,000 | 50,000 | - |
| Airport | 55,000 | 55,000 | - | 55,000 |
| ARH - SALC | 10,000 | 15,000 | 5,000 | 10,000 |
| Total Cash Requests | \$415,051 | \$511,848 | \$96,797 | \$416,453 |

| In-Kind Requests | 2022 Budget | 2023 Request | Variance | Included in 2023 Budget (Recommended) |
|----------------------|----------------|-----------------|-----------------|---------------------------------------|
| ARH - SALC | \$5,000 | \$5,000 | - | \$7,500 |
| Ontario Winter Games | | ~\$10,000 | ~\$10,000 | ~\$10,000 |
| Total | \$5,000 | \$15,000 | \$10,000 | \$17,500 |

1. **Arnprior Public Library** – Request for increase in their annual operating grant to \$336,848 to bring on board an additional full time staff member to provide adult programming, thus reducing the number of hours worked by the Chief Librarian and to assist with succession planning purposes.

Considerations:

The grant request of \$336,848 is an increase of \$37,395 above the projected grant (\$299,453) under the Joint Library User Agreement. Please see Appendix A for the most recent 2022 calculation for the Library Use Agreement.

The budget submitted by the Library allocates the entire additional funding requirement \$37,395 to Arnprior (100%) and does not allocate any to McNab/Braeside (0%) to help fund this additional staff member. The Joint Use Agreement does include a clause for when additional programs or service levels are proposed, and agreed to by both McNab/Braeside and Arnprior, they should be added to the total grant value before the distribution calculation. This way Arnprior and McNab/Braeside would each fund their proportional share of the additional shared resource that both Arnprior and McNab/Braeside residents would benefit from. Based on this calculation, Arnprior's portion of the additional \$37,395 of expense would be \$25,391 (67.9%) and \$12,004 (32.1%) would be McNab/Braeside's portion.

| | Joint Use Agreement Grant Calculation | 2023 Library Budget Request | Reallocation (based on both parties funding) |
|----------------|---------------------------------------|-----------------------------|--|
| Arnprior | \$299,453 | \$336,848 | \$324,844 |
| McNab/Braeside | \$141,644 | \$141,644 | \$153,648 |

As the presentation by the Library indicated that a portion of hours for the additional full-time employee is to reduce the hours worked by the current Chief Librarian, one could argue that a portion of the new employee may not be a service level increase as the same services will be provided, just at a higher cost (salary of both Chief Librarian and new employee).

While the extra funding request amount is \$37,395, the net impact of the position on the Library 2023 budget estimated at \$47,776 (salary and benefit costs less additional revenue the position would generate).

| Library Programmer Position | 9 Months Apr - Dec | 12 Months Jan - Dec |
|---|-------------------------------|--------------------------------|
| Salary (31.15/hr x 35 hrs / wk) | \$ 42,520 | \$ 56,693 |
| Benefits (estimate 30%) | \$ 12,756 | \$ 17,008 |
| Total Salary & Benefits | \$ 55,276 | \$ 73,701 |
| Less: Adult Programming Revenue (50%) | -\$ 7,500 | -\$ 10,000 |
| Net Budgetary Impact | \$ 47,776 | \$ 63,701 |
| Notes: Assume 50% less adult programming revenues | | |

Options:

a) Council could fund the full request of an additional \$37,395.

Generating an additional \$37,395 of funds represents 0.344% of a tax rate increase. The new resource would benefit all library users but only be paid for by Arnprior users under this scenario.

b) Council could fund their portion of the additional funding request of \$25,391 with a caveat that McNab/Braeside agrees to fund their portion.

Generating an additional \$25,391 of funds represents 0.233% of a tax rate increase. Under this option, both McNab/Braeside and Arnprior users would share the cost of the new resource based on the Joint Use Agreement formula.

c) Council could choose not to fund the additional resource but still provide annual funding at the Joint Use Agreement level of \$299,453.

If the net impact of the new library position (\$47K) is removed from the Library budget, providing funding at the Joint Use Agreement level actual provides the Library and additional \$10K of funding that is currently unallocated that they could utilize towards additional adult programming costs. The current 2023 draft budget includes this funding option.

2. **Arnprior & McNab Braeside Archives** – Request for an additional \$3,000 for 2023 for a total value of \$35,000 to cover additional operating costs and maintain the archivist for 4.5 days week (32 hrs/week).

Considerations:

Funding for the Arnprior & McNab/Braeside Archives over the last five years:

| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 (ask) |
|----------|----------|----------|----------|----------|------------|
| \$15,500 | \$18,000 | \$21,000 | \$21,000 | \$32,000 | \$35,000 |

In 2022, the Municipal Grants operating budget line was increased by \$11,000 from \$21,000 to \$32,000 to accommodate the request to support the archivist from 3 days a week to 5 days a week. With McNab/Braeside funding only 4 days, an additional \$6,000, the Archives proceeded with 4.5 days / week.

For 2023 the Archives is looking to maintain 4.5 days per week and is asking for an additional \$6,000 with \$3,000 request to Arnprior and a \$3,000 request to McNab/Braeside. This funding approach however continues to have Arnprior pay for 5 days and McNab/Braeside pay for 4 days or archivist services. There should be an adjustment if the plan is to continue at 4.5 days.

| # Days | 2022 Costs | Arnprior | McNab/Braeside |
|----------------------|------------|----------------|------------------|
| 5.0 Days | \$11,000 | \$11,000 | |
| 4.5 Days | \$8,500 | \$8,500 | \$8,500 |
| 4.0 Days | \$6,000 | | \$6,000 |
| Amount Owning | | \$2,500 | (\$2,500) |

To bring both municipalities to funding 4.5 days, Arnprior overpaid \$2,500 while McNab/Braeside underpaid \$2,500.

| | Arnprior | McNab/Braeside |
|--|--------------|----------------|
| 2023 Funding Ask | \$3,000 | \$3,000 |
| Funding Adjustment to reflect 4.5 days | (\$2,500) | \$2,500 |
| 2023 Total | \$500 | \$5,500 |

3. **Physician Recruitment** – Request \$20,000 (cash) for 2023 to support physician recruitment.

Considerations:

This request is the same as what was provided in 2022 and as such there is no new taxation required to maintain this program.

4. **Arnprior & Regional Health Foundation** – Request for \$200,000 (cash) over a four-year period to assist with a first-ever CT Scanner to Arnprior Hospital.

Considerations:

As health care generally falls under provincial funding, utilizing Arnprior property tax dollars for hospital equipment could raise debate on fit in a municipal mandate. A comment was raised regarding “double dipping” as residents may be asked to contribute as part of the community fundraising campaign and again be impacted if their tax dollars are utilized. The concept of “double dipping” could also apply to the concept that residents contribute to provincial funding to cover healthcare and would now also be contributing through municipal tax dollars.

In 2021, the Local Health Integration Networks (LHINs) were dismantled by the provincial government and a new model, called Ontario Health Teams, were implemented with Arnprior and McNab/Braeside now being part of a group that includes Kanata, Stittsville and other rural areas including Kemptville.

ARH has confirmed that they will be requesting an equal \$200,000 ask (\$50,000 over 4 years) to McNab/Braeside’s Council. ARH anticipates that the asks to Mississippi Mills and West Carleton will be smaller due to the smaller demographic that utilizes the hospital.

5. Arnprior Airport Commission – Request \$55,000 to assist with maintaining operating expenses.

Considerations:

Funding for the Arnprior Airport over the last 5 years are as follows:

| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 (ask) |
|----------|----------|----------|----------|----------|------------|
| \$60,000 | \$65,000 | \$60,000 | \$60,000 | \$55,000 | \$55,000 |

Financials: Recent review of the financial documentation provided by the Airport generated a number of follow-up questions that have not yet been answered by the Airport. The Airport has confirmed they are experiencing some challenges with their bookkeeping. For budget consultation purposes, please note that the budget provided by the Airport does not balance and includes over a \$5,500 loss. The Airport indicated they will provide an amended budget that addresses the loss but this has not yet been received by the Town. The budget document included in the agenda package also lists a number of capital projects for 2023 without a funding source. The Airport confirmed that these capital projects are not being undertaken in 2023 and should not have been listed. Additionally the Airport is no longer providing audited financial statements. Their recent 2021 statement is a compilation statement which does not include any of the rigor of an audit, nor a third party opinion on the books and records. From a due diligence perspective, to provide the Airport with such a large sum of funds (\$55,000), the Town should include a requirement that the Airport should be providing audited financial statements to support their operations.

Governance: During the Airport presentation, the Commission Chair mentioned that he and other members of the Commission would also be managing the operations of the Airport, some through volunteer hours and some through paid work. Having members of the Commission (i.e. Board of Directors) who are responsible for the governance of the organization also controlling the operations and being paid by the Airport creates a number of concerns and conflicts (pecuniary and of interest). Members of the Commission should provide governance and oversight, not perform the operations. A comparison would be members of Council also performing staff functions.

6. Ontario Winter Games – Request of in-kind contributions for (a) use of the Nick Smith Centre to host the Ringette event; (b) possible other in-kind items (equipment / labour) prior to or during the games (truck use, sandwich boards, podiums, etc).

Considerations:

| In-Kind Requests | Calculation |
|--|----------------------------------|
| Use of NSC Arena and Community Hall for Ringette Event | \$8,510 |
| Other in-kind equipment / time | Not specified – estimate \$1,500 |
| Total In-Kind Requests | Estimate ~\$10,000 |

Total estimated in-kind cost for use of the NSC arena and Community Hall for the ringette event is \$8,510. For other Winter Games in-kind requests closer to the event such as ½ ton truck/driver for transportation, podiums, sandwich boards, etc. staff recommend that Council consider adding an additional amount to the total in-kind service value, e.g. increase from \$8,510 to \$10,000 to allow staff to help fulfill some of the additional in-kind requests at that time, subject to other operational requirements.

7. **Seniors Active Living Centre (SALC)** – Requested an increase of \$5,000 in cash to bring their annual grant to \$15,000 (cash) and \$5,000 (in-kind) for 2023.

Considerations:

Under the Seniors Active Living Center Act, it is mandated that 20% of their annual budget be funded from municipalities. Under the current proposed SALC budget, the grant contributions requested from Arnprior & McNab/Braeside represent 25% of the annual budget. SALC should consider other revenue generating opportunities such as user fees or increased fundraising to keep the municipal contribution levels at 20% requirement.

While the SALC presentation included their 2022 and 2023 budgeted amounts, it did not include any financial information on what their actual expenses for the prior year(s). Staff requested SALC provide their latest year end actuals, clarify what their policy is to address surpluses and shortfalls and if there were any surpluses from prior years that could be utilized.

SALC's response was that any surplus or deficit is absorbed by ARH in the year incurred and that SALC has generally run in a small deficit position that has been absorbed by ARH. The numbers below were provided by ARH which shows that for the fiscal period ending March 31, 2022 (ARH runs Apr to Mar for a fiscal year, not calendar) they incurred a (\$10,994) loss which was absorbed by ARH.

| | | | | | | |
|--------------------------------------|-------------------------|----------------|-----------------|--|----------------------------|----------------|
| Arnprior Regional Health | | | | | | |
| Senior's Active Living Centre | | | | | | |
| Operating Results | | | | | | |
| | | | | | | |
| | 8 Months Ended Nov 2022 | | | | 12 Months Ended March 2022 | |
| | Actual | Budget | Variance | | Actual | Budget |
| Revenue | 99,394 | 113,400 | (14,006) | | 157,808 | 150,100 |
| | | | | | | |
| Salaries & Wages | 50,654 | 40,364 | (10,290) | | 70,680 | 36,154 |
| Benefits | 12,961 | 12,547 | (414) | | 15,924 | 10,486 |
| Supplies | 2,479 | 130 | (2,349) | | 5,276 | 8,360 |
| Sundry | 3,469 | 2,667 | (802) | | 2,997 | 8,700 |
| Equipment | 20,500 | 20,000 | (500) | | 35,173 | 30,000 |
| Referred Out Expense | 13,171 | 24,533 | 11,362 | | 17,253 | 36,800 |
| Rent | 19,500 | 13,067 | (6,433) | | 21,499 | 19,600 |
| Total Expense | 122,734 | 113,308 | (9,426) | | 168,802 | 150,100 |
| | | | | | | |
| Surplus / (Deficit) | (23,340) | 92 | (23,432) | | (10,994) | - |
| | | | | | | |

In-Kind Services: In 2022, SALC exceeded their \$5,000 in-kind by \$2,052.60 (which generated an invoice to SALC for payment) which suggests that further in-kind support, instead of cash, would be of equal benefit to SALC and would avoid an extra invoicing charge.

Staff recommend raising the annual in-kind contributions from \$5,000 to \$7,500 and maintaining a \$10,000 cash grant. For SALC this would meet the 20% funding requirement threshold even if McNab/Braeside did not increase their contribution.

If you have any further questions regarding the 2023 Budget Consultation requests, please don't hesitate to reach out.

Sincerely,

Jennifer Morawiec
GM Client Services / Treasurer
(613) 623-4231 ext 1820
jmorawiec@arnprior.ca

Appendix A: Library Use Agreement – 2022 Calculation Update

2022 Population Update - Library Use Agreement

| | | | | |
|------------------------------------|-------|------|-------|-------|
| Population (2022) - McNab/Braeside | 7591 | 60% | 4555 | 32.1% |
| Population (2022) - Arnprior | 9629 | 100% | 9629 | 67.9% |
| | 17220 | | 14184 | |

| | 2021 | 2022 | 2023 | 2024 | 2025 |
|------------------------------------|------------|------------|------------|------------|------------|
| NET Operating Deficit (2019 Reset) | | | | | |
| NET Operating Deficit (2.0% Cap) | \$ 423,969 | \$ 432,449 | \$ 441,097 | \$ 449,919 | \$ 458,918 |

| | 5 Year Term | | | | |
|----------------------------------|-------------|----------------|----------------|----------------|----------------|
| | | 2022 | 2023 | 2024 | 2025 |
| Net Operating Deficit (2.0% Cap) | | 432,449 | 441,097 | 449,919 | 458,918 |
| Arnprior Portion | 67.9% | 293,582 | 299,453 | 305,442 | 311,551 |
| Total McNab/Braeside Grant | 32.1% | 138,867 | 141,644 | 144,477 | 147,366 |
| Total M/B Grant \$ | | 138,867 | 141,644 | 144,477 | 147,366 |
| M/B \$ per capita | | 18.29 | 18.66 | 19.03 | 19.41 |
| | | | | | |
| | | 2022 | 2023 | 2024 | 2025 |
| Net Operating Deficit (2.0% Cap) | | 432,449 | 441,097 | 449,919 | 458,918 |
| Arnprior Contribution \$ | | 293,582 | 299,453 | 305,442 | 311,551 |
| Facility / Capital Arnprior \$ | | 83,130 | 84,793 | 86,488 | 88,218 |
| Total Arnprior \$ | | 376,712 | 384,246 | 391,931 | 399,770 |
| Arnprior \$ per capita | | 39.12 | 39.91 | 40.70 | 41.52 |

| McNab / Braeside: | 2022 | 2023 | 2024 | 2025 |
|-------------------------|---------|---------|---------|---------|
| Original Estimate | 134,397 | 137,085 | 139,827 | 142,624 |
| Adjusted for Population | 138,867 | 141,644 | 144,477 | 147,366 |

| Arnprior: | 2022 | 2023 | 2024 | 2025 |
|-------------------------|---------|---------|---------|---------|
| Original Estimate | 298,051 | 304,012 | 310,092 | 316,294 |
| Adjusted for Population | 293,582 | 299,453 | 305,442 | 311,551 |



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Memo

To: Members of Council

From: Jennifer Morawiec, General Manager, Client Services / Treasurer

Date: January 29, 2023

Subject: **2023 Draft Budget Queries – Memo #1**

The following provides responses to comments and questions received from members of Council pertaining to the Draft 2023 Budget.

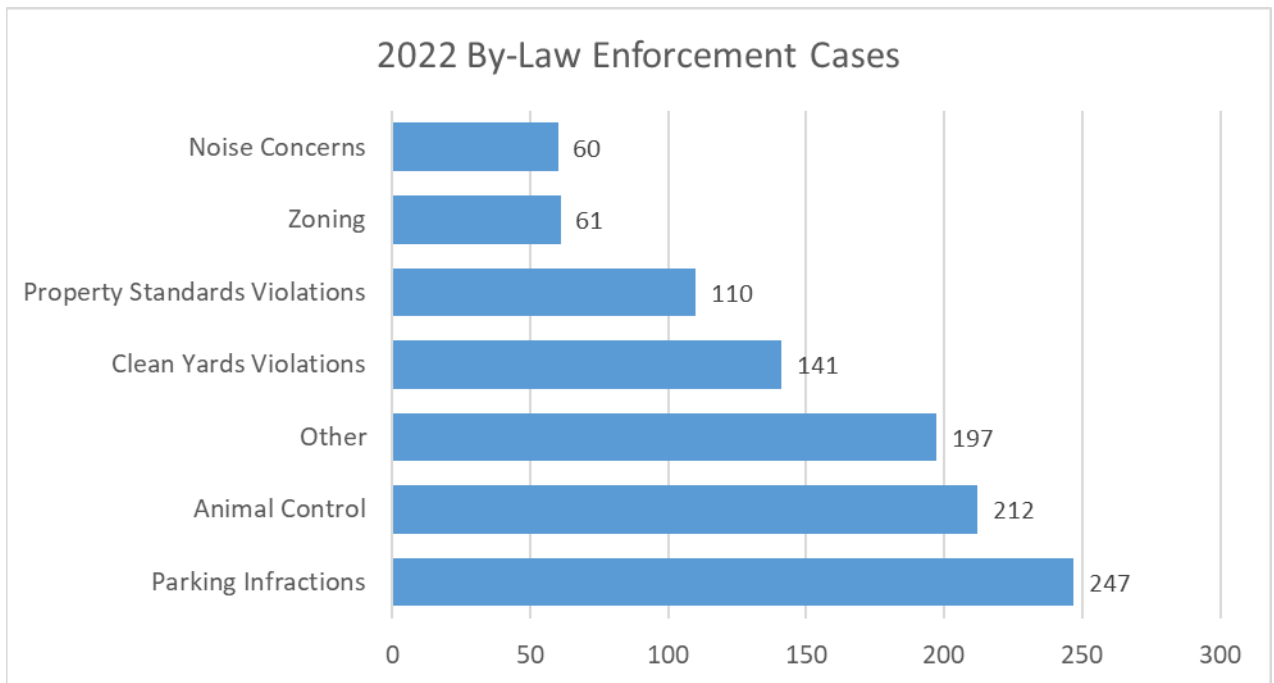
OPERATING BUDGET

- (1) Tab 8 – Recreation Programming includes revenues for the McNab/Braeside agreement at 100% (full-year). Should this be reduced to 50% given the December 22, 2022 letter received from M/B Council looking to terminate the agreement at end of June?

As the letter received from McNab/Braeside indicated they are interested in renegotiating another agreement, it would be appropriate to put an estimated amount in for the second half of the year. Without knowing how those negotiations will go, utilizing the amount in the current agreement is the best estimate at this point. Should a new agreement not be reached for the second half of the year, all McNab/Braeside users would move to the non-resident rate for programs / rentals and this additional revenue would help offset the lack of agreement revenues.

- (2) Recently there have been some concerns over animal control in Town. How many hours does by-law enforcement currently spend on animal control?

Currently, the Town pays for 50 hours per week of By-Law Enforcement Services from our current contractor MLES. These 50 hours are spread across the numerous enforcement issues that By-Law Enforcement addresses and will vary week by week. We do track by-law enforcement issues that are reported through the Town with our database management system. For 2022 we show over 1,000 closed cases and recognized that additional calls are received directly by MLES (estimate 15%) that would be above and beyond the 1,000 cases.



Animal control issues are the second highest category of by-law enforcement cases, with parking infractions being the highest. For parking infractions, 747 tickets have been issued in 2022 with 230 related to winter parking restrictions.

A staff report will be coming to Council in 2023 as a new contract for By-Law Enforcement services is due. The report will include additional information regarding by-law enforcement services and enforcement hours. Changes or additions to current services can be included, recognizing it could result in additional annual costs.

- (3) How much additional funds are included in the 2023 Budget that would be considered an investment in Culture?

The Museum & Culture cost centre includes an additional \$23K from the move from a part-time Curator to a full-time Manager of Culture / Curator. The cost centre also includes an additional \$10K for cultural programming and \$20K for a cultural event (Night Market).

- (4) Summer Students: In 2022 Council authorized a new summer student wage grid. Does the 2023 budget include any grant funding that offsets summer student wages?

While the annual amount of grants received to offset summer students widely varies per year and per department, we do include estimated grant revenues for summer student in the budget. These grant revenues are included under Clerk's Office 1-4-1200-0300 (\$5,000), and Museum & Culture 1-4-7300-0300 (\$7,500). During COVID, the amount of Government grants for summer students

increased. We are hoping it remains at those levels but keep the revenue estimates in the budget at conservative amounts in case the funding levels drop back down.

- (5) Debt Payments: Are the Town's current loans fixed or variable?

Currently all debt financing for the Town has been completed through Infrastructure Ontario's infrastructure lending program for municipalities. The benefit of the Infrastructure Ontario lending program is that it allows municipalities to utilize lending rates (fixed) much lower than what would typically be offered in the open market, minimizing the cost of borrowing for municipalities. Financing through Infrastructure Ontario is set for the term of the debenture, which provides consistent payments for municipalities but does not allow for earlier repayment.

CAPITAL BUDGET / LRCF

- (6) If the municipal tax rate was increased to 3.0%. Could the additional funds be applied to improve Town roads? There are a number of roads in poor shape (e.g. Ida, Norma, Tierney and the Avenues).

Please note that full reconstruction (including replacement of underground infrastructure) for First Avenue and Third Avenue are included in the Long Range Capital forecast for 2025 and 2027. While the remaining roads listed are not good candidates for shave and pave, they could benefit from strategic patching which is completed under the Town annual Road Rehab project. Additional funding from a tax rate increase (1.0% = \$109K) could be added to the annual Rolling Rehab program to increase funding for strategic patches.

- (7) Installation of a Dog Park is currently in 2026 in the LRCF. Can this installation be moved forward?

In order to successfully implement a Dog Park, key items are required:

- (a) A set of policies to govern the operation of the park;
- (b) A funding strategy to cover the capital and annual operating costs; and
- (c) A suitable location.

For background purposes, the November 22, 2021 staff report is attached. Please note that the staff report recommendations were not adopted by Council as presented for both the funding strategy and the location. Council passed an amended resolution 412-21:

"That future implementation of an off-leash dog park include:

- (a) A comprehensive Off-Leash Dog Park Policy outlining rules and regulations be developed;
- (b) A volunteer Community Group committed to support the off-leash dog park be established; and
- (c) That Council request staff to research alternate options for an off-leash dog park, including but not limited to collaborating with neighbouring municipalities.”

No further direction was provided at that time by Council regarding the funding strategy. Staff are continuing to research alternate location options for a dog park as per Council’s direction and will bring a subsequent report back to Council regarding both the location and to request Council direction on a funding strategy. Recently during Budget Consultations, the Airport Commission Chair indicated that an area of the Airport lands could be considered for a dog park. As Airport Lands are federally regulated lands, this triggers a number of questions that require further research and consideration. Staff will include the Airport Lands in their alternate location research.

Once policies are set, a funding strategy is approved and a location is determined, then installation of a Dog Park could proceed with Council’s authorization. Until that time, implementation of a Dog Park has been left in 2026 in the LRCF as a placeholder.

RESERVES / RESERVE FUNDS

- (8) Are there Reserves or Reserve Funds with balances that are too high and should be reallocated?

There following Reserves are above the recommended limits in the Town’s Reserve and Reserve Fund policies:

- (a) Waste Management & Collection Reserve – The policy indicates limits for this reserve should be not less than \$50,000 and no more than 10% of the waste management annual operating expenses. For 2023, 10% of the annual operating expenses would be \$95,140. The current Reserve balance is \$197,730. Council could choose to reallocate the additional \$102,590 however as both Garbage Collection and Landfill Management contracts are up for renewal in 2023-2024, staff recommends waiting to see the tender results for these large contracts. Should there be a significant increase, these reserve funds may be required to help offset a significant jump in the Garbage / Recycling rate for residents.

(b) Winter Control Reserve – The policy indicates that limits for this reserve should be not less than 50% of the annual winter control operating budget and not normally more than 100% of the annual winter control operating budget. The current Reserve balance is \$1,059,641 which is \$335,341 over the annual winter control operating budget of \$724,300. Council could choose to reallocated the additional balance however given the nature and expense of winter control, one or two years of significant weather events could quickly draw down this balance.

- (9) Are the amounts in the Landfill Reserve Fund sufficient to cover the Town's landfill liability as required under accounting requirements?

Current reserve funds maintained in the Town's Landfill Reserve Fund is sufficient to cover the annual liability requirements. The Town annually contributes \$51,000 to the reserve to ensure the future liability is met. The current calculation of future liability is based on the 2017 Financial Liability Estimate report. A new financial liability estimate is currently being prepared by Golder Associates Ltd and will be included in the 2022 audited financial statements notes.

Please let me know if you have any further questions.

Sincerely,

Jennifer Morawiec, CPA, CMA, CFE
General Manager, Client Services / Treasurer

Cc. Jennifer Eve, Manager of Finance
Robin Paquette, CAO
Maureen Spratt, Town Clerk
John Steckly, GM Operations
Graeme Ivory, Manager of Recreation



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Memo

To: Members of Council

From: Jennifer Morawiec, General Manager, Client Services / Treasurer

Date: February 2, 2023

Subject: **2023 Draft Budget Queries – Memo #2**

The following provides responses to comments and questions received from members of Council pertaining to the Draft 2023 Budget.

OPERATING BUDGET

- (1) Should Council want to host a “Town Hall” style information meeting for the public, is there funding in the budget for this?

Yes, this could be covered in the current budget. Advertising expense for meetings would be covered under the Clerks Office advertising line (1-5-1200-5110). Should Council wish to offer hospitality (coffee, water, etc) this could be covered under the Council reception line (1-5-1110-5820). For meetings held in the evening, staff are compensated through either their department’s honorarium budget or salary/wage line depending on the staff position as per the Hours of Work Policy.

- (2) Tab 4 – Police Services. Can you provide more information on why we have seen a decrease in police service expenditure when the Town has seen growth year over year?

Police billing costs have a base fee (per property) and a variable fee (based on calls per service). Similar to a water/wastewater bill with a base fee and a variable consumption fee. While the number of Arnprior properties is increasing, the base fees and calls for service fees are decreasing at a greater proportion causing the overall decrease in annual service costs.

| Year | Base Fee | Calls for Service Fee |
|------|----------|-----------------------|
| 2023 | \$165.66 | \$183.85 |
| 2022 | \$172.07 | \$190.55 |
| 2021 | \$177.48 | \$202.96 |
| 2020 | \$183.23 | \$207.48 |

- (3) Tab 5 – Winter Control: (a) What would the cost impact be to increase the winter control budget to clear sidewalks to the same standards as before we scaled back? (b) increasing the above but only to clear sidewalks directly adjacent to school zones (especially loading / unloading areas)?

(a) In 2019 Council authorized a 3200m reduction in the priority sidewalk route at an estimated annual cost savings of \$85,920. While estimates for winter control costs are very subjective and relative to the number and type of winter storm events, inflating this estimate to today's dollars would be \$99,667. In 2019, a contractor was also used with a fleet of 3-4 machines that run at one time. We now clear sidewalks with 2 units. An additional machine and/or staff may also be required should Council wish to significantly increase the amount of the priority route.

(b) The current process already addresses clearing and pick up for all school and bus loading zones. The exception is Baskin Drive (County Road) with no pick up on a rural cross section.

- (4) Tab 7 – Waste Management. For the Blue Bin Transition I was wondering if you could include the total savings on the municipality, the only line item I found was 1-5-4410-5660 WM – Contracted services for a total decrease of \$13,800. Is this the total savings? Also, I assume that because we enroll mid-2023, we would be getting half the annual savings anticipated included in the budget not the whole year, correct?

Slide 35 of the Budget Presentation provides a full breakdown of the Waste Management contracted services which includes garbage, recycling, landfill and monitoring. For recycling we have budgeted \$190,000 for 7 months of services (move to producer pay at end of July) which is a \$110,000 savings over 2022 contracted services budget of \$300,000. An additional \$55,000 has been added to the recycling contracted services line as an estimate should Council move forward to continue recycling pick up for current ICI users.

| Contracted Services | 2022 | 2023 |
|---------------------|-----------|-----------|
| Garbage | \$164,800 | \$198,000 |
| Recycling | \$300,000 | \$245,000 |
| Landfill | \$320,000 | \$350,000 |
| Monitoring | \$74,000 | \$52,000 |

CAPITAL BUDGET / LRCF

- (5) The capital budget includes purchase of a Skid Steer Loader with Flail, replacing a tractor and tractor/loader. Can more information about this change in equipment be provided? Will the reduction of one tractor impact services?

The Operations Department is proposing to replace two existing tractors, both of which are beyond their expected useful life, with one single new skid-steer loader, while at the same time maximizing efficiencies of an existing front-end loader within the Operations Department fleet.

The first tractor to be retired is a 2001 New Holland TC40D tractor used solely for the purpose of backfilling earth burial graves at the Town's two cemeteries. This tractor has seen an increase in maintenance requirements in recent years, in part due to its limited function and use. With the Town seeing a downward trend in demand for earth burial graves over the past few years as cremations become more common, a dedicated tractor at the cemeteries is no longer justified. Staff are proposing to make better use of our existing (smaller) John Deere 204L front-end loader by using this loader at the cemeteries to backfill earth burials. This loader is currently used heavily in the winter months for winter control functions but less so in the summer months when earth burials predominantly take place.

The second tractor to be retired is a 1979 Ford 3600 tractor complete with flail mower used to mow road-side ditches throughout the Town. This tractor has experienced an increase in maintenance requirements and is no longer considered appropriate for the Town's required use. The Operations Department have reviewed options for its replacement and concluded that either a conventional tractor complete with boom-arm flail mower attachment or a skid steer loader with flail mower attachment are acceptable replacement options. The conventional tractor option would require a tractor of sufficient size (approx. 110 hp) to accommodate a boom-arm flail mower attachment and the necessary counterweights. This type of tractor could only be used for road-side mowing as it would not have a loader for other uses due to the boom arm attachment. It would also require storage during winter months and due to its larger size, would require significant space in the Town's garage, which we do not have available. Price estimates for this size of tractor complete with attachments would be in the range of \$140,000. The second option of a skid steer loader with flail mower would allow for better access into road-side ditches and on a steeper incline due to their low centre of gravity design and versatile maneuverability. This type of machine also provides a wider range of functionality (ie. loader bucket/forks, earth movement and grading) providing greater flexibility and use to the Town when needed. Further, due to its compact size, a skid-steer loader could fit much easier between our existing fleet of equipment in the garage, and by retiring the existing two tractors out of the cemetery sheds it will free up space for other smaller equipment which is not used in the winter to be properly stored. Price estimates for this type of skid-steer loader and mower attachment setup is in the range of \$110,000 to \$120,000 as reflected in the proposed capital budget item at \$117,000.

- (6) Are you able to provide the business case for the machinery and equipment investment?

There are three items under machinery and equipment in the budget. (1) Skid Steer Loader with Flail - Information regarding the skid steer is included in the response above. (2) Server Upgrades - the replacement and addition of Town servers is a necessity for additional storage requirements and ensuring our IT hardware and software is running fully supported current versions from a cyber security perspective. (3) NSC Auto Floor Scrubber – this is a lifecycle replacement of the 2009 auto floor scrubber. Over the last few years the scrubber has required repairs having to be made to a number of components including the vacuum, drive motors, and batteries (6). It is more cost effective and better value to replace at this point instead incurring any further repair costs.

- (7) Can you expedite the construction of the sidewalk linking Marshall's Bay Meadows to the existing sidewalks on Madawaska?

Completion of these sidewalks is already a high priority with engineering / design of these sidewalks is included in the current draft 2023 capital budget with the tender and construction in 2024. Completing a full engineering / design, tendering process and construction in a 9 month window (March – November) 2023 is a very condensed timeframe that would be quite difficult to successfully meet.

RESERVES / RESERVE FUNDS

- (8) Can you estimate the future financial impacts of Bill 23? Should we be putting aside funds to address these impacts?

It is difficult to estimate these financial impacts without further regulations from the Province with respect to Bill 23. For example, affordable units and attainable units are exempt from Development charges however definitions for affordable or attainable has yet to be provided.

We do know the amount of Development charges the Town will be able to charge is impacted. Examples include:

- Removal of studies as an eligible DC expense;
- Additional residential unit exemptions;
- Exemptions for affordable units, attainable units, inclusionary zoning units, and non-profit housing developments;
- Rental housing 15-25% reductions; and

- Mandatory phase-in of development charges over a five-year period (80%, 85%, 90%, 95%, 100%).

The shortfalls in development charge revenues will need to be recovered from alternate funding sources such as the municipal tax levy.

Example A: Mandatory Phase-In

Over the last five years (2018-2022) the average annual development charges revenue was \$2,005,605. Had the mandatory phase-in of DCs been applied to those years, the financial impact to the Town would have been \$1,002,803 over the 5 year period or approximately \$200,000 per year.

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|
| | 80% | 85% | 90% | 95% | 100% | TOTAL |
| Development Charges (5 Yr Avg) | \$ 2,005,605 | \$ 2,005,605 | \$ 2,005,605 | \$ 2,005,605 | \$ 2,005,605 | \$ 10,028,027 |
| Development Charges (Discounted) | \$ 1,604,484 | \$ 1,704,765 | \$ 1,805,045 | \$ 1,905,325 | \$ 2,005,605 | \$ 9,025,225 |
| Financial Impact (Lost Revenues) | \$ 401,121 | \$ 300,841 | \$ 200,561 | \$ 100,280 | \$ - | \$ 1,002,803 |
| | | | | | | |

Example B: Administrative Studies

The last Development Charges Background Study (2018) included capital costs for Administrative Studies totaling \$725,000 to be recovered through development charges over a 10-year period. The financial impact would be approximately \$72,500 per year.

The impact of Bill 23 will require additional levy based funding to cover the cost of future capital projects that were either partially or fully covered by development charges. The recommended 2.5% municipal tax rate increase is intended to help fund these future capital requirements.

- (9) Forward forecasting in say 2024 post bill 23. I don't know if you're able to pull out that crystal ball of yours or not, but I would like some estimate on the costs or surplus / deficits we expect in the next year in case we undershoot a tax increase this year and must overshoot the next.

In theory, this question is both easy and hard to answer. By following the Pay-as-you-go model and making small, incremental tax rate increases over the last few terms, Council has achieved short-term fiscal sustainability. Every year, the budget is presented at a 0%. That means in the short-term, the current tax rate is generating enough revenues to cover the annual operating budget and current year capital is funded through a combination of contributions from the operating budget, grants and reserve funds. The challenge is achieve long-term fiscal sustainability. It depends on over what timeline does Council want to

close their infrastructure funding gap and meet the Asset Management reinvestment targets. The recommendation of a 2.5% municipal tax rate increase to go towards funding future capital investment is a good step towards long-term financial sustainability.

Please let me know if you have any further questions.

Sincerely,

Jennifer Morawiec, CPA, CMA, CFE
General Manager, Client Services / Treasurer

Cc. Jennifer Eve, Manager of Finance
Robin Paquette, CAO
Maureen Spratt, Town Clerk
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