

# Township of Malahide 2022 Draft Budget

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# Budget Committee Schedule

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<b>Tuesday, March 15, 2022 @ 7:00pm</b>	<b>Capital Budget</b>
Tuesday, March 29, 2022 @ 7:00pm	Operating Budget
Tuesday, April 5, 2022 @ 7:00pm	Deliberation of Any Outstanding Items & Presentation of Draft Budget Amendments

# Committee Meeting Outline – Capital

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What can be expected from today's meeting?

## 1. Presentation of the Capital Budget

### Presentation Takeaways:

- A) What is a Capital Budget?
- B) How does the Capital Budget connect with the Township's other financial operations?
- C) How much funding does the Township have and where does it come from?
- D) How much is proposed to be spent and how can we ensure we don't spend too much?
- E) How is the Township's current financial position impacted?

## 2. Council Discussion

## 3. Questions from the Public

Note that the primary focus of today's meeting is to focus on Capital Budget related items. Opportunities will be provided at the March 29<sup>th</sup> meeting for questions on the Township's day-to-day operations.

A)

# What's a Capital Budget?

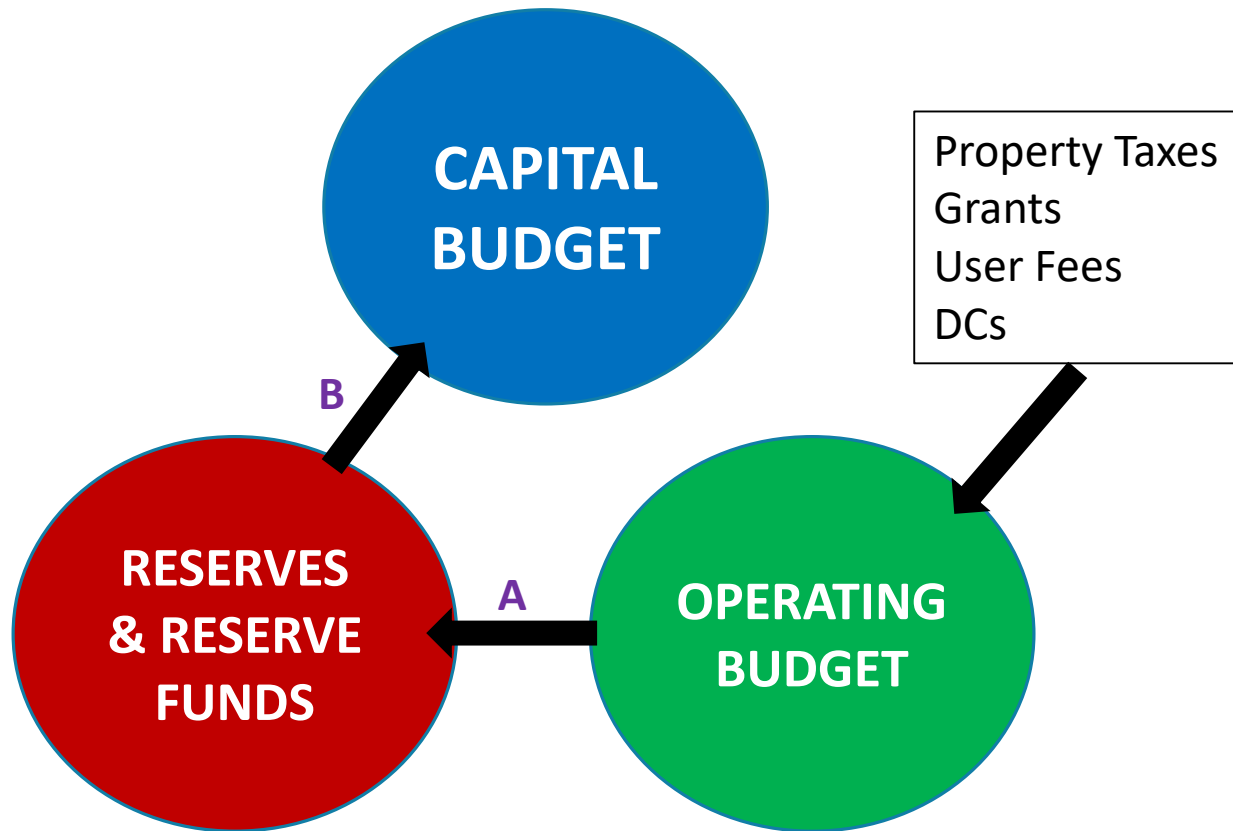
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Capital Budget	Operating Budget
<ul style="list-style-type: none"><li>-Costs relating to the purchase, construction or rehabilitation of tangible capital assets</li><li>-Other significant strategic investments</li><li>-Investments into assets used to provide services</li></ul>	<ul style="list-style-type: none"><li>-Day-to-day expenditures</li><li>-Costs to provide services</li></ul>
<p><u>Examples</u></p> <ul style="list-style-type: none"><li>-Reconstruction of a road</li><li>-Purchase of a vehicle</li><li>-Strategic Master Plan</li></ul>	<p><u>Examples</u></p> <ul style="list-style-type: none"><li>-Wages of staff</li><li>-Salt for winter control</li><li>-Insurance</li></ul>

B)

# How does the Capital Budget connect with the Township's financial operations?

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**A:** Capital Funding (Reserve Inflows)  
**B:** Capital Investments (Reserve Outflows)

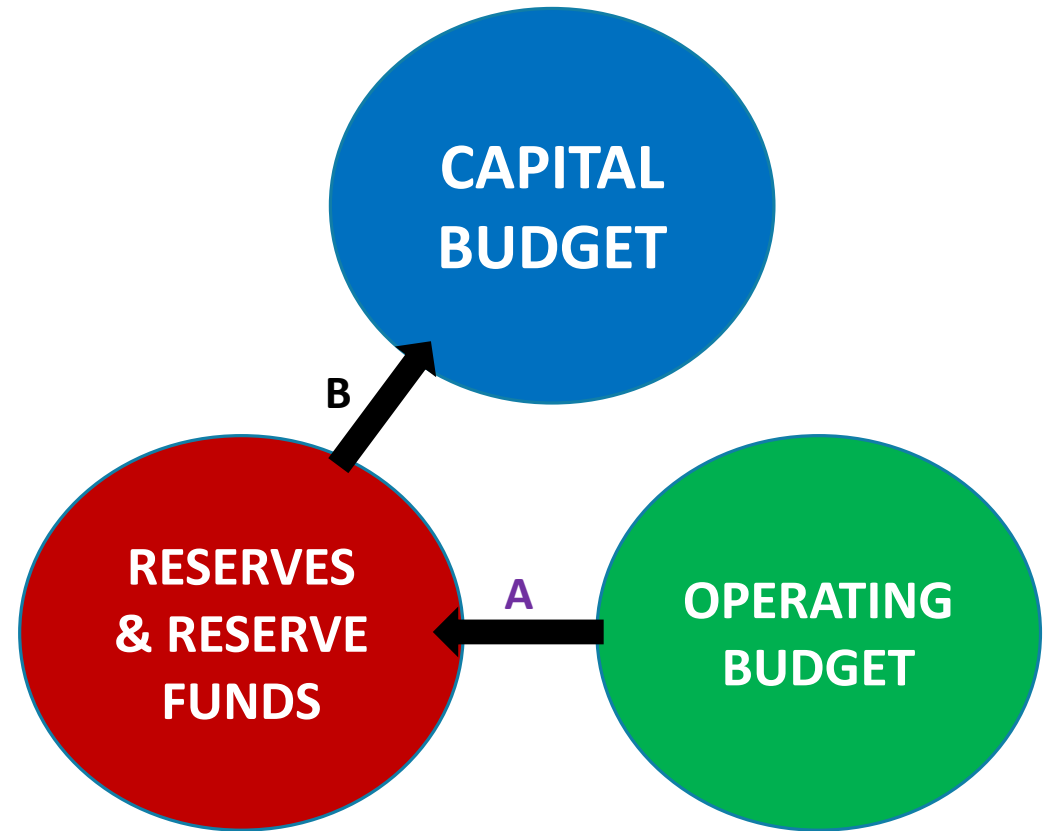
**Financial Sustainability Simplified:**  
Long-term financial sustainability can be achieved when  $A = B$  while providing desired levels of service.

c)

# How much funding does the Township have and where does it come from?

	<u>2022</u>
Restricted Capital Funding	\$883,081
Unrestricted Capital Funding	<u>\$1,596,155</u>
Total Capital Funding	<b>\$2,479,236</b>
Less: Irregular/Specialized Funding Development Charges	(\$125,000)
<b>Non-Growth Related Funding</b>	<b>\$2,354,236 A</b>

\*Note: the Township has been successful in obtaining one-time, application based grants that can supplement existing funding levels



c)

# Capital Funding – Restricted



## 2022 Draft Budget – OPERATING

<b>Transfers to Reserves</b>	<b>2019 Budget</b>	<b>2019 Actuals</b>	<b>2020 Budget</b>	<b>2020 Actuals</b>	<b>2021 Budget</b>	<b>2021 Actuals</b>	<b>2022 Budget</b>	<b>Change (\$)</b>
<b>Restricted Revenues</b>								
Canada Community-Building	573,192	578,619	281,884	281,884	294,697	577,998	294,697	0
OCIF Funding	234,039	234,039	238,268	558,469	238,268	238,268	463,384	225,116
Grants - Other	558,587	558,587	0	0	0	911,732 <sup>mm</sup>	0	0
Development Charges Income	0	218,454	0	197,717	0	122,589	120,000	120,000
Interest Income - DCs	0	8,308	0	3,928	0	0	5,000	5,000
<b>Total Restricted Revenues</b>	<b>1,365,818</b>	<b>1,598,007</b>	<b>520,152</b>	<b>1,041,998</b>	<b>532,965</b>	<b>1,850,587</b>	<b>883,081</b>	<b>350,116</b>
<b>Restricted Transfers</b>								
Transfer of Grants to Reserves	1,365,818	1,371,245	520,152	840,353	532,965	1,727,998	758,081	225,116
Transfer To DC Reserve	0	226,762	0	201,645	0	122,589	125,000	125,000
<b>Total Restricted Transfers</b>	<b>1,365,818</b>	<b>1,598,007</b>	<b>520,152</b>	<b>1,041,998</b>	<b>532,965</b>	<b>1,850,587</b>	<b>883,081<sup>oo</sup></b>	<b>350,116</b>

c)

# Capital Funding – Unrestricted



## 2022 Draft Budget – OPERATING

<b>Transfers to Reserves</b> <i>(continued)</i>	2019 Budget	2019 Actuals	2020 Budget	2020 Actuals	2021 Budget	2021 Actuals	2022 Budget	Change (\$)
<b>Capital Transfers</b>								
Roads Reserve	545,000	545,000	475,000	475,000	482,000	482,000	562,430	80,430
Buildings Reserve	176,000	176,000	226,100	226,100	193,700	193,700	193,700	0
Vehicles Reserve	457,500	457,500	469,000	469,000	476,500	476,500	500,325	23,825
Equipment & Furniture Reserve	224,950	224,950	227,600	227,600	225,250	225,250	225,250	0
Land Improvements Reserve	71,050	71,050	72,550	72,550	74,050	74,050	77,750	3,700
Administration / Council Reserve	5,000	5,000	5,000	5,000	5,000	5,000	0	-5,000
Fire Reserve (Hydrants)	5,000	5,000	5,000	5,000	5,000	5,000	0	-5,000
Parks & Community Centres	1,700	1,700	1,700	1,700	1,700	1,700	1,700	0
Community Service Reserve	175	175	175	175	175	175	0	-175
Plans & Studies	35,500	35,500	36,000	36,000	36,000	36,000	35,000	-1,000
<b>Total Capital Transfers</b>	<b>1,521,875</b>	<b>1,521,875</b>	<b>1,518,125</b>	<b>1,518,125</b>	<b>1,499,375</b>	<b>1,499,375</b>	<b>1,596,155</b>	<b>96,780</b>

**Important:** impact on rate payers locked in at \$1,596,155 regardless of magnitude of Capital Budget.

*Page 47 of the 2022 Draft Budget*



D)

# How much is proposed to be spent?

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**2022 Draft Budget**

**\$3,252,500**



*See pages 49 – 51 of the  
2022 Draft Budget*

Adjustments:

~~Less: EECC Skate Tile~~

~~(\$75,000)~~

Less: Vienna Line Culvert Construction

(1,000,000)

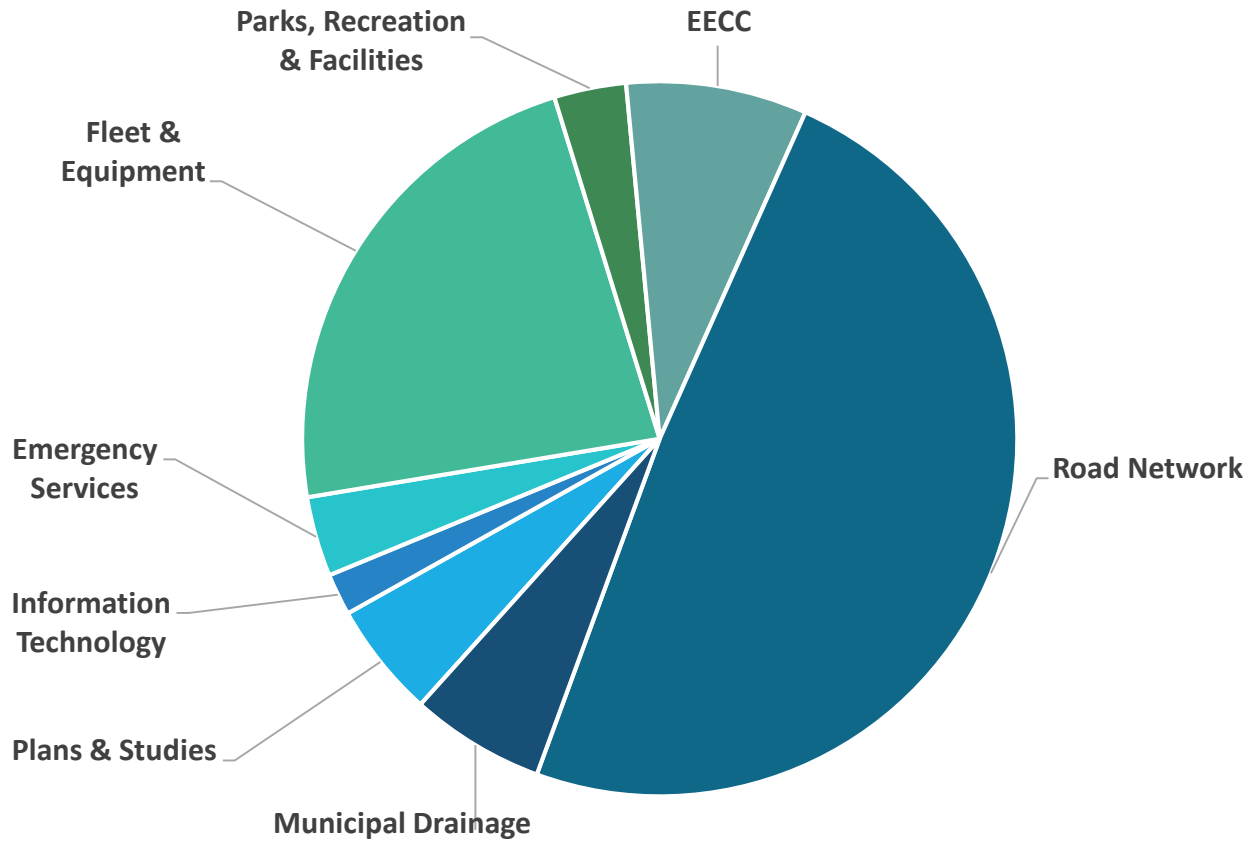
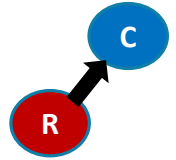
Plus: Vienna Line Culvert Design

50,000

**Amended 2022 Draft Capital Budget**

**\$2,302,500**

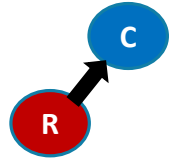
# 2022 Capital Costs



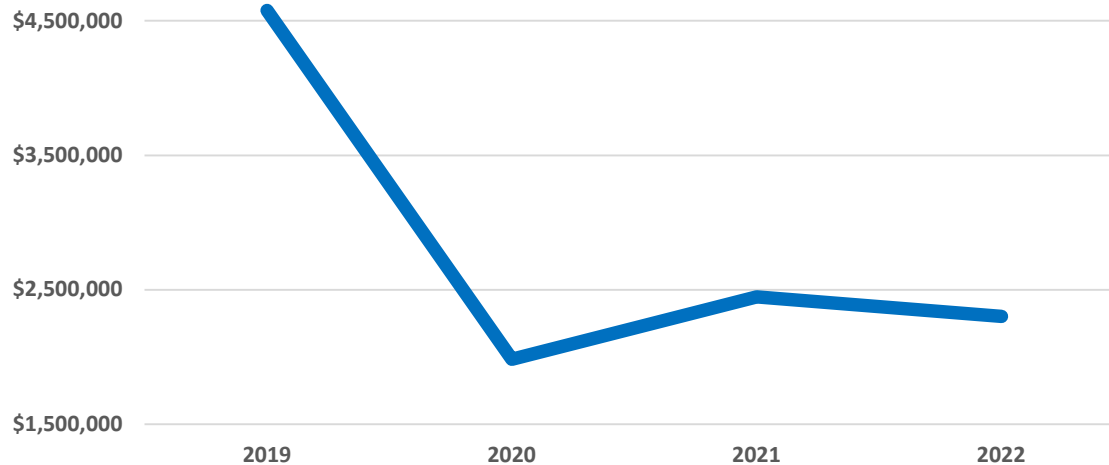
## 2022 Capital

Road Network	\$1,126,000
Fleet & Equipment	526,300
EECC	188,500
Municipal Drainage	140,000
Plans & Studies	120,000
Emergency Serv.	83,200
Parks, Rec. & Fac.	75,000
Information Technology	43,500
<b>Total</b>	<b>\$2,302,500</b>

# Historical Trend



Approved Capital Projects



*2019 includes the pier rehabilitation project which was funded through debt.*

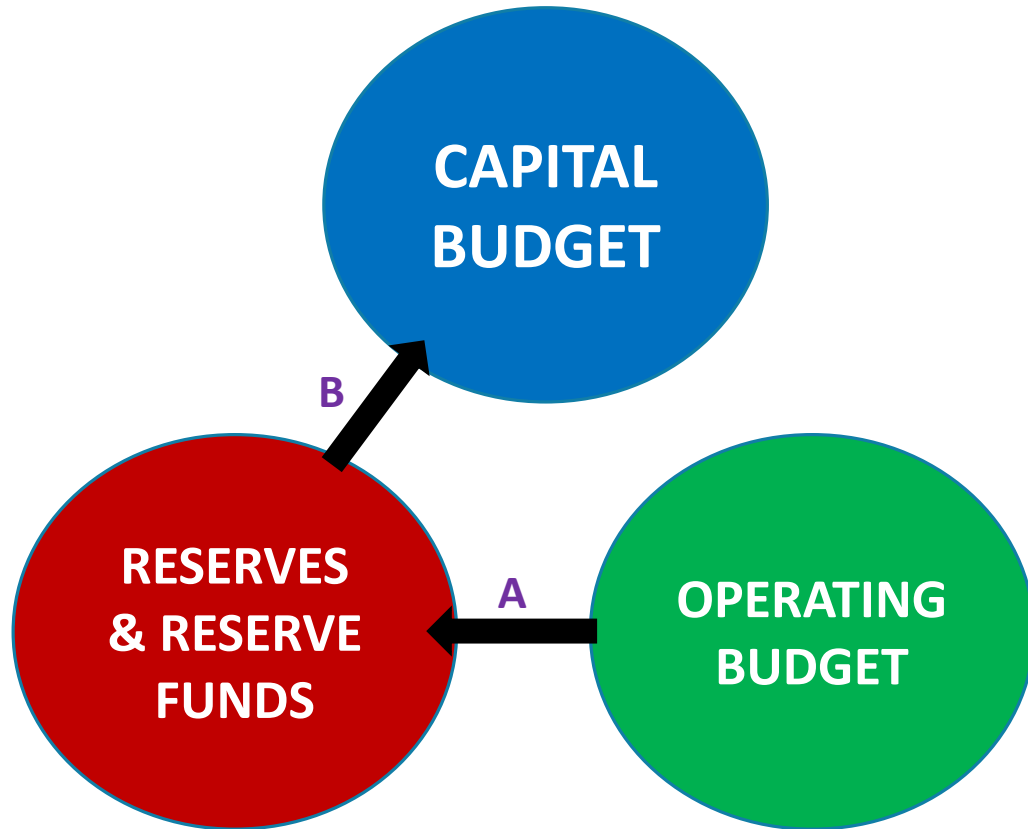
The 2022 Draft Budget proposes a capital projects totaling \$2,302,500.

Average capital spending from 2019 to 2021 was \$3,002,910/year (\$2,352,910/year excluding the pier).

D)

# How can we ensure we don't spend too much?

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**Answer: Through understanding the Township's funding capacity.**

	<u>2022</u>
<b>A:</b> Capital Funding	\$2,354,236
<b>B:</b> Capital Costs	\$2,302,500
Net Capital Contribution	\$51,736

**Answer: By determining the Township's future needs and planning ahead for them.**

- Multi-Year Capital Forecasts (master plans, asset mgmt, etc)
- Capital Financing Strategy (reserve mgmt, debt mitigation)
- Cash Flow and Investment Strategy

E)

# How is the Township's Current Financial Position Impacted?



<b>Reserve Category</b>	<b>2020</b>	<b>2021 Estimate</b>	<b>2022 Forecast</b>	<b>Change from 2020 to 2022</b>
Obligatory Reserve Funds	\$2,012,265	\$2,478,493	\$2,728,596	\$716,331)
Contingency & Stabilization	\$1,836,323	\$1,651,919	\$1,449,919	(\$386,404)
Capital Reserves	\$4,353,279	\$5,324,288	\$5,249,143	\$895,864
Total	\$8,201,867	\$9,704,803	\$9,427,658	\$1,225,791

2021 reserves peaked due to unspent operating and capital funds. 2023's Budget is expected to draw down reserves to around what the Township retained at the end of 2020.

# Unfinished Business – EECC Budget

## Key Information:

1) We should be focusing on 2022's budget - future years are not required to be approved and can be debated in future meetings.

Allow time for the management teams to work together behind the scenes on a future plan (2023 and beyond) that may satisfy all parties.

2) The 2022's Budget as proposed is currently being funded on the Malahide side without a significant impact to financial operations.

Proposed 2022 Budget	Cost	Malahide's Share
<b>Operating (uncontested)</b>	<b>595,034</b>	<b>297,517</b>
<b>Capital (contested)</b>		
Ice Resurfacers	105,000	52,500
Skate Tile	150,000	75,000
Parking Lot	55,000	27,500
Hot Water Heaters	32,000	16,000
Concrete Floor Repairs – Olympia Room & Rink Access	15,000	7,500
Security Cameras and Updated Infrastructure	20,000	10,000
<b>Total</b>	<b>377,000</b>	<b>188,500</b>

# Unfinished Business – EECC Budget

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## **Recommendations:**

That Council approve the 2022 EECC Budget as proposed under the condition that the Ice Resurfacer undergoes a third party condition assessment which is to be reported to the Board.

AND THAT

Replacement of the ice resurfacer will be entirely contingent upon both receipt of the third party condition assessment and the satisfaction of the majority of the Board that replacement should occur.

AND THAT

Staff be directed to consult with Aylmer on developing the long-term capital budget for the East Elgin Community Complex in a manner that can be financially supported by the Township of Malahide.

# Questions?

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## **Suggested potential topics for today's meeting:**

- EECC Capital Budget
- Clarifications on current or past capital projects
- Discussion of projects desired to be added or removed from the Capital Budget
- Questions on capital financing and funding sources
- Discussions on future capital projects and significant investment plans
- Any other topics pertaining to the Township's Capital Budget

## **Suggested topics for the March 29<sup>th</sup> meeting:**

- Tax rates and financial impact on ratepayers
- Day to day operating processes including service level discussions
- Operating budget line reviews
- All other inquires