



## The Corporation of the Township of Malahide

### BUDGET COMMITTEE

March 15, 2022 – 7:00 p.m.

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**Malahide Community Place  
12105 Whittaker Road, Springfield**

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**\*\* Note: Due to COVID-19 restrictions, this meeting will have limited seating capacity for Council and Municipal Staff only. The meeting will also be streamed live on YouTube.\*\***

- (A) Call to Order
- (B) Disclosure of Pecuniary Interest
- (C) Approval of Previous Minutes (December 10, 2020) **(Pages 3-7)**
- (D) Delegations
- (E) Presentation of Draft 2022 Budget
  - (i) 2022 Draft Capital Budget **(Pages 8-11)**
- (F) Correspondence
- (G) Next Budget Committee Meeting
  - Tuesday, March 29, 2022 at 7:00 p.m.
- (H) Open Question Period - *See attached guidelines.* **(Page 12)**
- (I) Adjournment **RES**

**\*\*VIDEOCONFERENCE MEETING**

## Note for Members of the Public:

**IMPORTANT** --- As a result of COVID-19 protocols, all Council Members and Staff are required to wear a mask or other face covering when they enter Malahide Community Place. Once you are seated in your designated Councillor/Staff spot, you are able to remove your mask while you are seated. If you have to get up and move around during or after the meeting, you are required to put your mask back on. You must wear a mask whenever you are not seated in your designated spot.

Please note that the Budget Committee Meeting scheduled to be held on March 15, 2022 will be via videoconference only for presenters, the press and the public.

Please note the procedures for asking a question during the open question period regarding the content presented at the meeting:

On the [committee agenda](#) page of our website there is a meeting link option. If you only want to watch the meeting use the Meeting Link. If you want to ask a question during open question period follow the Meeting Invitation instructions and when open question period occurs do the following:

Call in:

\*6 - Toggle mute/unmute

\*9 - Raise Hand

Online Viewing with microphone:

Raise hand and you will be given permission to ask your question by the administrator.

Written comments regarding the Agenda items are welcome – please forward such to the Clerk at [aadams@malahide.ca](mailto:aadams@malahide.ca).

# The Corporation of the Township of Malahide

## Budget Committee Meeting

**December 10, 2020 – 7:00 p.m.**

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Due to COVID 19 and Public Health concerns, the Budget Committee met at the Malahide Community Place, at 12105 Whittaker Road, Springfield, at 7:00 p.m. in order to allow for physical distancing and limited public attendance. The following were present:

**Council:** Mayor D. Mennill, Deputy Mayor D. Giguère, Councillor M. Widner, Councillor M. Moore, Councillor S. Lewis, Councillor R. Cerna, and Councillor C. Glinski.

**Staff:** Chief Administrative Officer/Clerk M. Casavecchia-Somers, Information Technology Manager C. Coxen, Director of Financial Services A. Mohile, and Director of Public Works M. Sweetland.

### **CALL TO ORDER:**

Chair Mennill took the Chair and called the meeting to order at 7:00 p.m.

### **DISCLOSURE OF PECUNIARY INTEREST and the General Nature thereof:**

No disclosures of pecuniary interests were declared.

### **MINUTES:**

**No. B20-11**

**Moved by: Rick Cerna**

**Seconded by: Mark Widner**

**THAT the Minutes of the Regular Meeting of the Budget Committee held on November 12, 2019 be adopted as printed and circulated.**

**Carried.**

### **PRESENTATIONS:**

No delegations or presentations were received.

## **DRAFT 2020 BUDGET PRESENTATION:**

### Year 3 of 2019-2022 Multi Year Budget

The Director of Financial Services (Treasurer) presented Report No. FIN-20-23 entitled “Year 3 of 2019-2022 Multi Year Budget – Operating and Capital”.

### Capital Budget

The Treasurer advised that the capital projects proposed for 2021 totaled \$2,423,000.00. She confirmed that the capital expenditures proposed are to be funded from various lifecycle replacement reserves, with the exception of the Pier Parking Lot Design, which is estimated at \$10,000 and proposed to be funded from the tax levy; and the Broadband Connectivity Project, which is estimated at \$450,000 and proposed to be funded from grants. She noted that the Municipal Staff continue to seek other grants or funding opportunities to maximize alternate sources of funding such as “Improving Connectivity in Ontario”, “Investing in Canada Infrastructure Program”, “Trillium” or “Green Lane” funding.

### Operating Budget

The Treasurer noted that the proposed 2021 Operating Budget of \$12,145,691.00 is 1.97% higher than the 2020 Operating Budget of \$11,910,421.00. She noted that most operating expenditures and revenues are budgeted to increase by 1% to 2% or are based on specific information received from outside agencies, such as the OPP billing, the draft budget of the East Elgin Community Complex, Conservation Authorities, and the Provincial announcement regarding the OMPF allocations.

### One Time Projects

The Treasurer noted the following proposed one-time projects:

- Springfield Water Servicing Expansion Feasibility Study to be funded from Development Charges Reserve (\$50,000.00)
- Development Charges Study Update funded from the Development Charges Reserve (\$12,500.00)
- Pay Equity and Remuneration Study with 2/3rds funded from Reserves (\$30,000.00).

Chair Mennill noted that the Township could not proceed with the Water Servicing Project to Springfield unless there was government funding. The CAO indicated that, typically in the past, government funding was subject to projects being shovel-ready and therefore, if this was the case in future, it would be necessary to have the feasibility study completed in advance.

In response to an inquiry from Councillor Moore regarding the proposed development of the lands in Springfield, the CAO advised that the Township would not be proceeding with the development of the lands, but rather it is anticipated that a private developer

would undertake such development. She noted that future residential development could occur if the waterline project moved forward.

In response to an inquiry from Councillor Widner regarding the existing sewage capacity for Springfield development, the CAO indicated that it is estimated that there is currently allocation for about 350 new homes.

Deputy Mayor Giguère noted there is a housing shortage in Elgin County and that this proposal will ensure housing opportunities would be available in the area.

The Committee indicated its support to proceed with the \$50,000 expenditure relating to the Water Servicing Project to Springfield.

The Treasurer requested direction regarding the Pay Equity and Remuneration Study. The Mayor noted his agreement to the study indicating that he did not want to lose valuable employees to neighbouring municipalities because of wage inequities.

The Deputy Mayor questioned whether the timing to complete this study was appropriate given the recent reorganization. She suggested that consideration be given to using the Ontario Municipal Compensation Survey at a cost of \$5,000 rather than hiring a third party consultant. The CAO noted that the timing was right for looking at an employee compensation structure with the expected retirement of municipal staff. The CAO noted that it would be difficult for internal staff to utilize the Ontario Municipal Compensation Survey in order to do a fulsome review.

The Committee indicated its support to proceed with the Pay Equity and Remuneration Study.

### Community Grants and Cemeteries

The Treasurer noted the East Elgin Housing Initiative's correspondence in support of their request for a \$3,000.00 grant. The Committee agreed to provide the East Elgin Housing Initiative with a grant of \$3,000.00.

### Assessment

The Treasurer noted that, due to COVID-19, the Province has postponed the phased-in reassessment. She noted that the 2021 current value assessment (CVA) on a property will remain the same as the 2020 assessment except for any reclassifications, improvements, or demolitions that would affect the CVA.

### 2021 Tax Levy Increase

The Treasurer noted that based on the changes made to date, the proposed 2021 tax levy increase is 2.86%.

Councillor Glinski noted that the budgets of some area municipalities was lower and that he would like to see further changes to lower the tax levy before finalizing the budget.

Councillor Cerna noted that it was important not to fall behind by reducing the tax levy increase to the detriment of municipal services.

Deputy Mayor Giguère noted that she did not like to see line items in the budget carried over from year to year and be unspent. It was noted that COVID-19 played a large part in monies not spent of items such as conferences and workshops. The CAO advised that early in the year because of COVID-19, the Municipal Staff delayed any expenses that were not absolutely necessary as the Staff was unsure of how COVID-19 would affect the finances of the municipality. The CAO noted that many Directors and Managers were new to their positions and that they were taking a closer look at their department's budget for the future.

The CAO advised that based on the Township operations, information available, services levels, and expectations of the Council and the public, she was confident that the amounts put forward in the propose 2021 Budget are relevant and accurate to the best of Staff's ability at this time.

The Deputy Mayor noted that the budget has improved over the last two years and wanted to stay on that path to ensure the budget was more accurate each year. She wanted to see full transparency in the budget in the future.

Councillor Glinski questioned why the maintenance budget for the South Dorchester Community Hall was \$8,000 each year but the original problems from two years ago have not been rectified. The Director of Public Works noted that the community centres had only recently been added to his responsibilities. He noted that he is aware of the deficiencies at the SDCH and they are now identified as a priority for his consideration.

Councillor Lewis indicated that he was more interested in reviewing possible revenue opportunities rather than simply cutting more expenses. He hopes that Council will consider supporting these in the future.

In response to a request from Councillor Widner, the Treasurer noted that there is funding available in reserves to replace the dishwasher at the South Dorchester Community Hall, if replacement is deemed necessary.

**No. B20-12**

**Moved by: Scott Lewis**

**Seconded by: Max Moore**

**THAT Report No. FIN 20-23 entitled "Year 3 of 2019-2022 Multi Year Budget – Operating & Capital" be received;**

**AND THAT the Municipal Council be requested to approve the amended 2021 and 2022 Operating and Capital Budgets as presented;**

**AND THAT the Municipal Council be requested to approve the User Fee Schedules for 2021 and 2022 as previously presented.**

**Carried.**

**CORRESPONDENCE:**

**No. B20-13**

**Moved by: Rick Cerna**

**Seconded by: Mark Widner**

**THAT the following correspondence be noted and filed:**

- (i) East Elgin Homelessness Initiative – Request for funding;**
- (ii) Town of Aylmer CAO Report 88-20 – EECC Draft 2021 Budget and 2020 Budget Comparison.**
- (iii) Long Point Region Conservation Authority – 2021 Draft LPRCA Budget.**
- (iv) Catfish Creek Conservation Authority – 2021 Preliminary Draft Budget.**
- (v) Kettle Creek Conservation Authority – 2021 Draft Budget.**

**Carried.**

**NEXT BUDGET COMMITTEE MEETING:**

The next Budget Committee Meeting will be at the call of the Chair.

**OPEN QUESTION PERIOD:**

No Open Question Period was held as there were no public in attendance.

**ADJOURNMENT:**

**No. B20-14**

**Moved by: Chester Glinski**

**Seconded by: Mark Widner**

**THAT the Budget Committee adjourn its meeting at 8:15 p.m.**

**Carried.**

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Chair – D. Mennill

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Clerk – A. Adams

"for and on behalf of" Clerk – M. Casavecchia-Somers



## Report to Budget Committee

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**REPORT NO.:** FIN-22-05  
**DATE:** March 15, 2022  
**ATTACHMENTS:** None  
**SUBJECT:** 2022 Draft Capital Budget

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### **Recommendation:**

**THAT Report No. FIN 22-05 titled “2022 Draft Capital Budget” be received;**

**AND THAT, Municipal Council approve those Capital Projects identified for 2022, in the total amount of \$2,227,500.00;**

### **2022 Budget Committee Schedule:**

Tuesday, March 15, 2022 @ 7:00 pm	Capital Budget
Tuesday, March 29, 2022 @ 7:00 pm	Operating Budget (including community grants)
Tuesday, April 5, 2022 @ 7:00 pm	Deliberation of Any Outstanding Items & Presentation of Draft Budget Amendments

### **Background:**

The 2022 Draft Capital Budget is presented on page 48 of the Township’s 2022 Draft Budget which was provided for review and commentary on February 14, 2022. A copy of the Draft Budget is available on the Township’s website.

### **Continuity with the Multi-Year Budget**

The Budget Committee and Council has previously approved the 2019-2022 Multi Year Capital Budget in principle. The \$1,522,500 set of projects for 2022, presented below,



was a good starting point for budget development, but much like the Operating Budget, it underwent significant alterations after closer review.

### **2022 Forecasted Projects From 2021 Budget**

Servers, Computers, Network & Other IT Equipment	\$25,000
Fire Equipment & Bunker Gear	77,500
East Elgin Community Complex	25,000
Copenhagen Park Landscaping	10,000
Truck #87 Replacement	80,000
Pressey Line West Project	1,215,000
Vienna Line Culvert MCEA	40,000
Community Safety Guard Rails	50,000
	<b>\$1,522,500</b>

2022's Draft Capital Budget recommended a much higher capital investment than previously contemplated at \$3,252,500. One of the more significant differences included a \$1,000,000 culvert rehabilitation whose design was contemplated as part of the Township's multi-year plan. Another consideration are carryforward projects from 2021 which accounts for \$485,750 of the total capital budget.

### **Pre-Committed Projects**

A number of projects were pre-approved in report PW-22-12 2022 Priority Capital Projects at Council's February 3, 2022 meeting. They include

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Pressey Line Reconstruction	\$550,000
Pier Parking Lot & Drainage Works	125,000
OSIM Bridge Review	40,000
Carter Road Bridge Rehab Design	25,000
Phase 3 Road Safety Audit	30,000
	<b>\$770,000</b>

### **Post Period Events**

Events have occurred since the publish date of 2022 Draft Budget (February 14, 2022) which should be considered as part of budget deliberations. They include:

- East Elgin Community Complex budget cut: Skate Tile Project: \$75,000
- Port Bruce flood mitigation measures were not being considered at the time of budget development.
- Updated construction estimate received from consultant undertaking Vienna Line Culvert rehab/replacement review

Original 2022 Draft Capital Budget	\$3,252,500
Less: EECC Skate Tile	(75,000)
Less: Vienna Line Culvert Construction	(1,000,000)
Plus: Vienna Line Culvert Design	50,000
<b>Amended 2022 Draft Capital Budget</b>	<b>\$2,227,500</b>

### **Financial Implications:**

#### Capital Financing Strategy (and Impact on Taxpayers)

Roughly 20% (\$1,596,155) of the Township's proposed 2022 tax levy is transferred to reserves to fund capital projects. The Township's budget is structured so capital projects are financed from reserves and not through raising property taxes directly. This means regardless of the magnitude of the capital budget, taxpayers are only charged the amount being contributed to reserves (\$1,596,155 for 2022 – see page 47 of the Draft Budget). This strategy is employed for a variety of reasons including:

- To promote stable rate increases as opposed to irregular rate spikes
- Save for significant projects which would otherwise be too expensive to fund without debt
- Provide a set level of funding which can be used to determine if future capital plans are financially viable

An important task for the Township is determining what an average capital budget looks like to them in order to set these levels of capital funding. This is where Asset Management Plans integrate nicely with Reserve Management Policies once both are sufficiently developed.

Beyond property taxes, the Township's other major capital funding sources include the Canada Community Building Fund (formerly Federal Gas Tax) and the Ontario Community Infrastructure Fund. These are formula-based grants the Township receives each year which are generally required to be used for capital projects and are limited to certain types of infrastructure though the Township has almost exclusively used them to supplement road network capital funding. They amount to \$294,697 and \$463,384 respectively for 2022.

Lastly, development charges are another traditional funding source the Township can use to fund capital though their uses are greatly restricted to growth related projects. Most of the Township's major growth-related projects involve expansion of core infrastructure meaning a significant capital investment would be required up-front prior to any home-building and therefore prior to any development charge revenue collection that would take place. The Township collected \$125,000 in development charges in 2022 from scattered development though it cannot be utilized by the Township's current set of projects.

In summary, the Township's finances are currently structured to fund on average \$2,354,236 in non-growth-related capital projects annually. The Amended 2022 Draft

Budget proposes a figure close to this point of equilibrium at \$2,227,500. This would result in the Township’s aggregate capital reserves increasing by \$126,736.

Reserve Planning

Aggregate reserve balances have increased from the end of last year due to unspent funds being carried into 2022’s budget as well as an unplanned doubling of the Township’s 2021 Canada Community Building Fund grant. Staff had originally planned to fit the Vienna Culvert Rehabilitation into the 2022 Capital Budget but received new cost estimates that increased the project total to \$1,384,200, a \$384,200 increase from our original quote. With an already aggressive workplan drafted for 2022, this additional cost pushed the Township over the edge of what is recommended from a financial perspective. It is recommended instead to complete the design during 2022, earmark \$1,000,000 from the Roads Reserve as recommended in the original 2022 Capital Budget and then fit the rehabilitation costs into the 2023 Capital Budget instead.

Impact on Cash Flow and Investment Strategy

Not all reserves are simply cash sitting in the Township’s bank account. A portion of reserves that are not needed for current year financial operations is instead invested to earn investment income which is used to reduce the financial burden of residents. 2022’s Amended Capital Budget requests an amount less than expected capital funding and therefore poses no cash flow risks. As previously mentioned with regards to Vienna Line Culvert, future capital budgets are expected to be at a higher than normal which creates a greater cash demand. The Township can prepare for such capital workplans ahead of time by ensuring investments vary in liquidity and that they could be called upon to cover cash deficits if they were to occur.

**Conclusion:**

At this meeting, Municipal Staff have brought forward the 2022 Capital Budget for approval of the Budget Committee in order to commence project planning and procurement as soon as possible.

It should be noted that, given the Capital Budget is largely focused on Public Works projects, the Township’s Director of Public Works was consulted and has reviewed this report.

Submitted by:	Approved for Council:
Adam Boylan Director of Finance / Treasurer	Adam Betteridge Chief Administrative Officer

## **OPEN QUESTION PERIOD**

The Open Question Period provides the public access to the Budget Committee in order to obtain information regarding the Township budget, the budgetary process, or other financial business of the Township.

The following guidelines apply for the Open Question Period which is held at the end of regular Budget Committee meetings:

1. The Open Question Period will commence immediately prior to the adjournment of the regular Budget Committee meeting.
2. A maximum time of 10 minutes for questions from the public will be permitted; subject to curtailment at the discretion of the Chair if other business necessitates.
3. Questioners must respect the need for the Open Question Period to proceed in a timely fashion and must proceed according to these guidelines:
  - a. address the Chair when speaking;
  - b. state their name and residential address, prior to presenting their question to the Committee;
  - c. speak clearly and concisely and only ask questions about items on the agenda at that meeting; and
  - d. agree to speak for not more than two minutes (unless invited by the Committee to extend the discussion).
4. Questions must be truly questions and not statements or opinions by the questioner. Questioners are not permitted to make a speech, although a brief statement of no longer than one minute is permitted before the question is put.
5. Not more than 2 separate questions per questioner will be allowed.
6. A questioner will be ruled out of order if speaking to matters of current litigation or legal action against the Township. A questioner making political statements, using rude and/or obscene language, or making defamatory comments will also be ruled out of order.
7. The Chair will recognize the questioner and will direct questions to the Committee Member or Staff Member whom they feel is best able to reply. More than one Committee Member or Staff Member may reply if they feel that they have something to contribute.
8. The Committee reserves the right to defer responding to a question in order to obtain the information required to provide a complete and accurate response.