



TOWNSHIP OF SOUTHWOLD

Report to Council

MEETING DATE: January 20, 2022

PREPARED BY: Jeff Carswell, Treasurer

REPORT NO: FIN 2022-04

SUBJECT MATTER: 2022 Budget – Report #2

Recommendations:

1. That the budget changes contained in this report be approved.
2. That the 2022 Budget Levy of \$3,879,098 be approved.
3. That staff be instructed to proceed with preparing the Budget Summary presentation and necessary by-laws and reports to implement the budget.

Purpose:

To present an update of the Draft 2022 Operating Budget and Capital Forecast based on Council direction.

Background:

Staff and Council have reviewed the draft budget documents over two meetings to date. Based on this review and direction from Council, this report examines several areas that Council requested additional information. This report consolidates the review and comments from all staff.

Comments/Analysis:

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The following comments and analysis are based on Council deliberation and direction to staff from the previous budget meetings.

1. Roads Infrastructure Reserve Contribution – lowered by \$25,000

The contribution to the Roads Infrastructure Reserve was lowered by \$25,000. With the increase from the OCIF funding and application of that to the Roads Infrastructure Reserve, this decrease will not have an immediate or significant impact. Staff will continue to evaluate the long-term needs for road infrastructure funding to determine an appropriate level of funding. The OCIF program changes are in effect for at least 5 years and while the Township's funding is up significantly for 2022, the funding is subject to change based on funding formula and asset management information the Township will need to supply in the future.

2. Public Works Equipment – Loader

Staff further reviewed the possibility of alternate equipment to replace the loader. Based on further review, a loader is the preferred and necessary equipment for the public works department. Uses include:

- a. loading salt and sand
- b. culvert replacements
- c. berm removal
- d. washout repairs

A pay loader is typically required at one end of the operation with the backhoe required at the other end. A pay loader allows soil to be placed in trucks more efficiently, whereas a backhoe's front bucket height is limited for loading trucks efficiently. Loading sand/salt requires this type of equipment for efficiency and operator safety.

Many repairs will be required on the existing 2008 pay loader to have the machine in good operating condition. Several of the existing problems with the pay loader can be seen below:

- Cab is rotted and roof is becoming unattached
- Front axle differential re-build
- Centre pivot point rebuild (requiring machine to be split apart)
- Front main control valve and many lines and steel tubes rusting away.

These repairs could cost nearly as much as the existing loader is worth, with little guarantee they will substantially extend the service life of the 2008 pay loader. The estimated useful life of the loader was 10 years. Staff originally recommended replacement in 2018, but it was not approved at that time.

Based on further review, staff recommend maintaining the loader in the 2022 Capital Budget with 50% funding from Green Lane Community Trust.

3. Side-by-Side Utility Vehicle – Staff further considered the use and application of a side-by-side type equipment. While there could be some use of such a vehicle in parks and drainage, staff do not believe the usage will be high enough or generate enough cost savings to support a purchase at this time. Several comments include:
 - a. It would be beneficial for staff, under the revised organizational structure, to operate the parks and facilities prior to adding equipment that may not be required. Staff would suggest further consideration in the 2023 Budget
 - b. Staff would like to determine if the existing equipment compliment is sufficient or if other changes could result in operating efficiencies.
 - c. Staff could gather information from other municipalities that have side-by-side equipment prior to committing to a purchase. This could include information on the equipment options and policies around use by associated organizations and events.
 - d. In addition to the side-by-side, there will need to be a trailer for towing, along with storage space for both.
 - e. For activities such as drainage, depending on the project there may be limited time savings by the time the equipment is loaded, un-loaded and ready for use. There are also concerns about the ability to take passengers and the safety requirements to do so. Ie. Personal protective equipment, helmets, etc.
 - f. With respect to associated groups and events, staff would need additional information before knowing if a side-by-side could be used by event and festival staff. Ie. Insurance requirements, operating licence, age, PPE, training, etc.

While a side-by-side may have benefits for Township parks, facilities and drainage, staff believe much more information is needed prior to including one in the budget and proceeding with a purchase. More time is needed to evaluate the needs and operation of parks and facilities with the revised organizational structure and staffing. Staff will be considering this over 2022 and will be a in better position to make a recommendation for

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the 2023 budget.

4. Vehicle Shifting – Related to the possibility of adding a side-by-side to the equipment fleet, staff further considered vehicle needs related to parks and facilities. Currently the $\frac{3}{4}$ Ton 2021 Chev Silverado is used in the winter for road patrol and in the summer for parks. The heavier truck is needed to haul the trailer and grass cutting equipment. The Parks/Facilities Department will need a vehicle year-round and using the $\frac{3}{4}$ ton Chev would be more suitable since usage and travel distance will be more limited than road patrol in the winter. A standard $\frac{1}{2}$ ton pick-up for road patrol would be better suited based on the higher mileage and usage. Usage in the summer will be more limited. This will result in the need to purchase a $\frac{1}{2}$ ton pickup in 2022. This could be completed in conjunction with the Building Department vehicle tender. All vehicle funding will be completed through reserves, so there will not be an impact on the tax levy. With additional vehicles and equipment being used across multiple departments, staff will review appropriate funding levels based on vehicle usage. There may be some benefits to treating all vehicles and equipment as a consolidated fleet versus department specific. This may create opportunities to shift vehicles to the most appropriate location based on age, usage and condition, while still ensuring appropriate financial contributions from each department.
5. Council Chambers Audio/Visual Online Meeting Equipment – lowered estimate from \$50,000 to \$20,000 and lowered consulting assistance from \$10,000 to \$5,000 – funded from Efficiency Reserve – no tax levy impact
6. Shedden Open Space Park – Fencing/Netting Removed \$10,000 – requires additional review and determination of need, possible other funding sources if it is to prevent balls from leaving the soccer field – funded from Reserve – no tax levy impact
7. Fingal Park Backstop Netting – Removed – needs further review to determine need – funded from Reserve – no tax levy impact
8. Keystone Complex Floor – additional options were investigated for the Keystone Complex Floor
 - a. Budget included \$30,000 for Epoxy

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- b. Another option would be LVT (Luxury Vinyl Tile) \$32,000 – LVT was recommended over VCT (Vinyl Composition Tile) due to durability and lower maintenance costs
 - c. Staff are also attempting get an estimate for VCT, along with ongoing maintenance costs – a further update will be provided at the meeting, if available.
 - d. Staff recommend leaving the budget at \$30,000 and proceeding with Epoxy
9. Recycling Grant – Updated estimate from RPRA for 2022 – Revenue increased by \$20,000
10. Fire Department Sparky Suit Contribution – lowered by \$1,000
11. Extractor – the estimated useful life for the extractor (Bunker Gear Cleaning) is 20 years. Purchase of an extractor would coincide with the new Talbotville Fire Station. The estimated cost is \$20,000. The savings from sending equipment out for cleaning would be about \$3,250/yr. Annual cost of the extractor, plus consumables would be \$1,500 - \$2,000/year, creating a net savings of about \$1,250/yr. There are also non-monetary benefits including:
- a. The convenience is a huge factor and time saver vs having staff pack and send gear
 - b. When we send gear for cleaning it's typically gone for 7 days, so that firefighter must wear spare gear or possibly not be able to respond. In house cleaning could be completed in half a day.
 - c. Clean gear is vital in cancer prevention and in-house cleaning would make cleaning a much easier process.
- Staff recommend maintaining the extractor in the budget to be included in the new Talbotville Fire Station
12. Fire Department Vehicle – disposal of Taurus Car – lowered operating expenses by \$1,000
13. Family Day Event Removed – \$5,000 in funding from Green Lane redirected to assist with Keystone Playground Bollards/Parking Lot Barrier
14. Lowered insurance costs overall by \$2,000 to better reflect actual costs
15. Various minor adjustments to expenses throughout the budget – lowered costs by \$5,000

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The total decrease in the levy from these adjustments is \$54,000.

2022 Tax Levy and Tax Rates

2nd Draft Key Numbers		
2022 Levy	\$3,879,098	
2021 Levy	\$3,596,265	
Levy \$ Increase	\$282,833	
Levy % Increase	7.86%	
Growth Adjusted Levy \$ Increase	\$72,207	
Growth Adjusted Levy % Increase	2.01%	
Tax Rate Change	1.90%	

Median Residential Property		
Year	Assessment	Taxes
2022	\$238,000.00	\$1,247.23
2021	\$238,000.00	\$1,224.02
\$ Change Annual	\$0.00	\$23.22
\$ Change / Month	\$0.00	\$1.93
% Change	0.00%	1.90%

At this point the County and Education Tax Rates are not available to determine an overall increase. It is anticipated there will not be a change to the education rate, since there was not a re-assessment. If the County rate is also around 2%-2.5%, the overall rate change will be just under 2%.

Financial Implications:

None. The Budget and Capital Forecast will help establish and guide financial planning for 2022 and beyond.

Strategic Plan Goals:

The above recommendation helps the Township meet the Strategic Plan Goal of:

- Promoting residential, agricultural, commercial, and industrial development by ensuring policies and services are in place to support growth in The Township of Southwold.
- Promoting a healthy, naturally beautiful, and community-oriented municipality by encouraging and supporting involvement of volunteer organizations wishing to provide cultural and recreational activities in the Township of Southwold.
- Providing improved transportation and a strong commitment to asset management with a goal of maintaining the Township's infrastructure in the promotion of public safety
- Exercising good financial stewardship in the management of Township expenditures and revenues.
- Promoting public engagement, transparent government, and strong communications with all members of the community across various mediums for the strengthening of civic participation.

Respectfully Submitted by:
Jeff Carswell, Treasurer
"Submitted electronically"

Approved by:
Lisa Higgs, CAO/Clerk
"Approved electronically"