



## 2006 BUDGET HIGHLIGHTS

Loyalist Township Council has approved the 2006 Budget in the amount of \$17,947,000 (2005 - \$16,779,300), which includes \$11,796,300 (2005 - \$11,348,800) of General Rate expenditures and \$6,150,700 (2005 - \$5,430,500) of Area-Rated expenditures.

The General Rate portion of this budget (Township share only) will result in an increase of 6.36% in the average residential taxes to be levied in 2006 over 2005 (or an increase of \$51.84). The Minister of Finance has announced a draft residential Education tax rate of .00264 for 2006 taxation. While the County budget will not be approved until the end of April, a preliminary County tax rate of .005265 has been provided by the County Treasurer. The combined impact of the Township General Rate, the County rate (preliminary) and the Education Rate (draft) is an increase of \$161.41 over 2005 taxes, or 8.6%. This increase is based on the average 2006 residential assessed value of \$157,100. The average 2006 residential tax bill, for Township purposes only, will be \$866.41 or \$72.20 per month. For this monthly cost, the taxpayer receives the following services:

- Construction, maintenance, snowplowing and lighting of Township roads, bridges and sidewalks
- Fire protection and emergency services
- Police services provided through contract with the Ontario Provincial Police, enhanced 9-1-1 service
- Crossing guards, animal control, property standards, by-law enforcement and building inspection
- Garbage collection, disposal and recycling
- Conservation authority services
- Land use planning and development
- Parks and recreation services, including the arena, swimming pool, libraries, and community halls and a wide variety of parks and playgrounds, as well as museums and maintenance of heritage buildings.

The 2006 Budget also includes charges for area-rated services that are provided for and charged to certain areas of the Township. These area-rated services, in the amount of \$6,150,700, include Water, Sewer, Amherstview Transit and Amherst Island Ferry.

### **General notes**

This budget reflects Council's continuing determination to balance the need to maintain and enhance the level of municipal services and infrastructure while constantly monitoring the effect on taxpayers. The budget also demonstrates Council's commitment to effectively handle the current business of the Township as well as plan for future needs.

Overall, the budget reflects a continuation of existing levels of service as compared to 2005 operations. Areas of change include salary and wage settlements, provincial grant funding that has been frozen at 2004 levels, increases in policing services costs, increased



## 2006 BUDGET HIGHLIGHTS

insurance costs, and capital expenditures which have been included on the basis of priorities and the Township's ability to fund capital requirements.

### Detailed notes

The CUPE 2150 collective agreement, which covers about 46 members, was renegotiated early in 2006 as a three year agreement with an effective date of January 1, 2006. For 2006, the first year of the agreement, CUPE employees are entitled to a 3.0% wage increase. The OPSEU Local 428 collective agreement, which covers 16 of the Township's full-time Ferry Service employees, was renegotiated early in 2004 as a three year agreement with an effective date of January 1, 2004. It provides in part for wage increases of 3% for 2006. Late in 2004, Council approved an annual CPI based rate adjustment for non-union and part-time staff for 2004 and future years, based on annual CPI changes based on the September index. The increase for 2006 over 2005 rates was 3.4% (2005 - increase of 1.8% over 2004). The Ontario Municipal Employee's Retirement System (OMERS) contribution rates increased by 8-9% in 2006 over 2005.

Insurance costs have increased dramatically for 2006 with the result that Council approved a call for tender for insurance services. The results of the tender call are not yet known, but the 2006 budget as it currently stands reflects the costs of 2006 insurance as initially billed. The increase was described as due to general climate for municipal liability insurance rather than reflective of the Township's experience, which has been relatively good.

The budget for hydro and gas utilities reflected throughout the budget in the respective departments is relatively unchanged for 2006. As a municipality, the Township qualifies as a Designated Customer, and may continue to participate in the Regulated Price Plan (RPP). Under the RPP, the Hydro rates that came into effect April 1, 2005 will continue until April 1, 2008. These rates are 5.0¢ per kWh for the first 750 kWh used and 5.8¢ thereafter. The 2006 budget for hydro and gas costs for both the General Rate and Service Area rates is essentially unchanged compared to the 2005 revised budget base of \$757,900.

The Township's Ten Year capital budget reflects a total General Rate spending program of \$25.3 million over the next 10 years. The capital expenditures for the year 2006 have been reflected in the 2006 budget. Costs for future years are not committed and will be subjected to review during the annual budget process. The significant capital requirements and the constraints in maximizing "paying as you go" have resulted in a projected net increase of unfinanced capital expenditures at the end of 2006 in the amount of \$1.4 million which will be raised from tax revenues in future years. This includes nearly \$1 million of capital costs for the development of the Loyalist East Business Park, which will be funded in large part from future land sales. The projected unfinanced capital will be reduced by approximately \$284,000 by the application of Federal Gas Tax Funding receipts in 2005 and 2006 to Roads and Bridges projects.



## 2006 BUDGET HIGHLIGHTS

The assessment roll returned by the Municipal Property Assessment Corporation with assessed values to be used for 2006 taxation reflects the results of a Province wide reassessment with a valuation date of January 1, 2005 (compared to a June 30, 2003 valuation date for 2005 taxation). In addition, the assessment roll reflects additions to assessment for growth, and reductions in assessment as a result of appeals or requests for reconsideration. In particular, taxable residential assessed values have increased by \$144,703,369 or 20%. Of this increase, \$29.6 million (4.1%) is an increase due to growth and \$115.1 million represents the increase due to revaluation of existing properties.

To allow for the expected impact of assessment appeals on revalued properties offset by a reduction for assessment appeals on large industrial properties anticipated and experienced in 2005, the provision for the Township share of tax write-offs in the 2006 budget has been reduced by \$25,000 compared to that provided in 2005. The cost of the County and Education shares of any tax write-offs is recovered from those organizations.

The Township receives payments in lieu of taxes for properties owned by federal or provincial governments, based on the assessed value of the properties. For 2006, the assessed value returned for commercial payment in lieu (PIL) properties has increased when compared to the value used for 2005 PIL calculation. In addition, the Township retains the Education Tax rate share of PIL. However, the Province has not yet announced the commercial Education Tax Rate for 2006 and so the total PIL for 2006 is not yet determinable. An increase to PIL would be limited to 5% of the 2005 PIL, but any reduction in PIL is limited through a claw-back mechanism available for commercial, industrial and multi-residential properties. The percentage of the claw-back is not known at this time and will be set across the County for commercial, industrial and multi-residential classes once all area municipalities within the County have established their tax rates. The claw-back rate is set by class depending on the loss of tax revenue as a result of the tax capping regime that exists for these property classes, limiting tax increases to 5%. The 2006 budget reflects PIL capping and retained education share of PIL equal to that provided in the 2005 budget.

The Township receives the Ontario Municipal Partnership Fund (OMPF) grant from the Province. This has replaced the former Community Reinvestment Fund grant. The OMPF grant has three components, of which the Township is eligible for two. The components are assessment Equalization grant, Rural Communities grant and Police Services grant. The Township is not eligible for the assessment Equalization grant since the average assessment per household, as calculated by the Province, exceeds the threshold for entitlement. The Township does receive both Rural and Policing grants which are paid on a sliding scale on a per household basis. The sliding scale is dependent on the Rural and Small Community measure, and, as determined by the Province, is 54.5% for the Township. As a result, the per unit grant entitlement is not the maximum available. For 2006, the Township is entitled to the same level of grant as was received in each of 2004 and 2005, but the total amount of grant will be reduced over the next



## 2006 BUDGET HIGHLIGHTS

several years. The amount of the reduction to be phased in is \$514,360 based on the 2006 allocation notice received from the Province. The phase-in of the grant reduction will be reflected in future year's budgets, to be funded from expenditure reductions or additional sources of revenue, including possible tax levy increases, as authorized by Council.

### **Selected highlights of the 2006 Budget by Department:**

#### **Administration Department**

The Records Management project was initiated through the acquisition of a Corporate Records Management structure that is supported by the vendor with documentation on the legislative requirements for records retention. In 2005, departments began the work of realigning paper and electronic departmental files to conform to the new Corporate Records structure. The physical realignment work will continue during 2006. The review and acquisition of a software application to manage documents electronically will be deferred until the physical realignment has been completed.

#### **Development**

##### **Loyalist East Business Park**

The 2006 Capital Budget includes a project to develop the infrastructure for the Loyalist East Business Park. In all, about 40 acres will be available to purchasers. Development of this site will enhance the Township's assessment base and provide employment opportunities.

#### **Building**

Building permit revenues continued to be very strong through 2005 and the 2006 budget reflects a continuation of that trend with an increased revenue budget for Licences and Permits of \$31,900 (12%) over the 2005 approved budget.

During 2005, the Building Department evaluated its service level and building permit fee structure in order to take into account the direct and indirect costs to operate the department and to provide effective and thorough building inspection services. Any net operating surpluses, after taking into account full costs of operating, are to be contributed to a reserve fund for building purposes.

#### **Emergency Services**

The 2006 capital budget includes capital maintenance and repair costs in the amount of \$164,000 including the acquisition of a replacement pumper truck. Ongoing training facility improvements in the amount of \$20,000 are also included in the budget, but this project is dependent on the availability of funding from external sources.

Due to the constraints on the operating budget, the continuing payments in the Emergency Services budget to finance the Bath Fire Station, completed in 2002, and the



## 2006 BUDGET HIGHLIGHTS

Odessa Fire Station Two Bay Expansion, completed 2005, were reduced from \$125,000 in 2005 to \$15,200 in 2006. As a result, fully financing these projects, originally planned for 2006 for the Bath Fire Station and 2008 for the Odessa expansion, has been delayed.

### **Police Services**

An amount of \$2,072,100 is budgeted for O.P.P. policing contract and related costs. This is a 14.6% increase (\$111,600) over the 2005 revised budget. The 5 year Policing Services contract, which expired on January 31, 2005, was renegotiated with an effective date for the new service level of July 1, 2005. As result, the 2005 budget was revised to reflect 6 months at the old contract rate and 6 months at the rate reflective of the new contract. The incremental cost of policing in excess of \$150/household is funded 29% by the Provincial Ontario Municipal Partnership Fund (OMPF) (or 50% of 2002 costs in excess of \$150 per household, whichever is the greater). The funding level for Policing Services included in the 2006 OMPF allocation is \$355,600.

### **Parks and Recreation**

The completion of the Recreation Master Plan together with the approval of the Recreation Department Strategic Plan will provide direction for the department to effectively meet the recreational needs of the residents of Loyalist Township over the next five to ten years and possibly, twenty years. The 2006 budget reflects the addition of two new positions, Arena attendant position and a programme co-ordinator, as recommended by these plans and approved by Council.

Included in the 2006 Capital program are several major capital maintenance/ replacement items such as a new air conditioning unit at the pool (\$250,000), addition of handicapped washroom and sound baffles at Amherstview Community Hall (\$23,600) and installation of a soccer pitch in Amherstview (\$150,000). Nearly 70% of the cost of the soccer pitch can be funded from available funds in the Development Charges Reserve Fund.

### **Planning**

The Township, in partnership with the Cataraqui Region Conservation Authority and the City of Kingston, is participating in the completion of a regional Natural Heritage Study. The Study will identify a system of natural features and areas, such as woodlands, wetlands and significant wildlife areas, potential areas of concern, and ways to protect and enhance these natural resources. The findings will assist in updating official plan policies for the two municipalities. The Township's 2006 contribution is about \$5,000. The project is to be completed in early 2006.

### **Transportation Department**

Federal Gas Tax funding in the amount of \$284,000 representing the receipts for 2005 and 2006 will be applied to fund Roads and Bridges projects which have been approved by Council, but were to be carried as Unfinanced Outlay as there is insufficient capital funding from operations available to pay for these works in 2006.



## 2006 BUDGET HIGHLIGHTS

### **Roads**

There are several road projects in the works that will likely proceed/continue with construction in 2006. These include:

- Amherst Drive – Morden Crescent to Coronation Blvd (\$82,000)
- Academy Street reconstruction – Mott to Church Street (\$264,000) and
- Academy Street – Church to Second Street (\$350,000)

In addition to the above projects, staff is also working on the designs for Front Road west of Emerald, South Shore Road near Lots 7-20 and Manitou Crescent West.

### **Replacement of Bridges**

The project cost for Union Factory South Bridge on Townline Road has increased by a further \$210,000.

### **Culverts**

The Township intends to replace a large concrete culvert on Violet Road (\$40,000).

### **Roads Equipment**

The purchase of two tandem snow plows (\$430,000) is included.

### **Sidewalks**

The Township is planning to construct new sidewalks on Sherwood Avenue, pave three Amherstview walkways and construct a crossing at Speers Boulevard.

### **General Assistance Grants**

The 2006 budget of \$58,000 includes \$10,000 for the Township's Seniors Assistance Program, \$32,400 for free use of recreation facilities by community organizations plus an allocation of \$1,600 for bag tags issued for medical purposes. All but \$350 of the remainder of \$14,000, representing approved grants to be paid out, has been committed during the budget process.

### **Waste Management**

While the removal of polyester from the Township's landfill has continued through 2005, the market for the product has declined. As such, the revenue realized in 2005 was much less than that projected in the 2005 budget (\$15,000 realized compared to a budget of \$54,500), and the 2006 budget has been set at \$33,400. Funding from the Waste Diversion Organization of Ontario, although slightly reduced in 2006 compared to 2005, continues to assist in reducing the net cost of the waste management program. However, due to the reduced revenues, the net cost of the Waste Management Program has increased by \$53,000 (15.6%) over the 2005 approved budget. The cost of individual bag tags was increased in 2005 to balance revenues between user fees and revenues raised through the tax rate. Experience has demonstrated the effectiveness of user fees to significantly reduce the volume of waste. The 2006 budget for bag tags has been set at the same level as for 2005.



## 2006 BUDGET HIGHLIGHTS

### SERVICE AREAS

#### User rates

Bill 175, the Sustainable Water and Sewage Systems Act, was passed by the Provincial legislature but is not yet in force. The regulations are still forthcoming, but are expected to impose a full Cost-Recovery funding model, including source protection costs, operating costs, financing costs, renewal and replacement costs and improvement costs. The Township, like many other municipal water providers, has seen its administrative and testing costs increase due to new requirements from Reg. 459/00 and Reg. 170/03.

In order to anticipate the requirements of a full cost recovery funding model, a detailed long term financial model was developed during 2004 and used as a basis for establishing flat user rates for each service area. As part of the review of the utilities rates, a Utilities Rate Calculation Policy was adopted by Council during 2004 which authorizes annual inflation based rate adjustments for both flat and consumption base rates and periodic adjustments to flat rates based on a long term financial model. The rate changes in 2005, as determined by an update to the financial rate model early in 2005, were limited to an inflationary increase. The corresponding re-determination of rates for 2006 has not yet been completed. The 2006 revenue budgets reflect a mid year inflationary rate adjustment. If the model predicts a requirement to change rates over and above inflationary increases, that information will be presented to Council for consideration.

#### Utilities Operations – All Service Areas

The Utilities Department has an ongoing equipment maintenance program to replace older equipment. The users of the water and sewer systems are funding these replacements and upgrades.

#### Water Service Areas

##### Fairfield Water Area

The expansion of water filters project (\$1,774,600) was approved by Council in 2005 and this project will be completed in 2006. It is anticipated that this project will be funded by issuing debt, with the debt service costs to be paid by the users. The remaining projects in the 2006 capital budget of \$217,000 represent capital maintenance and repair for the Fairfield system.

##### Bath Water Area

During 2005, Council approved a watermain rehabilitation project in the amount of \$663,000 to address on-going water discolouration issues. Included in the 2006 capital budget are the Bath Water Tower rehabilitation project (\$225,000), watermain rehabilitation at Main, Academy and Queen Street (\$70,000) and Academy – Mott to Church Street (\$60,000).



## 2006 BUDGET HIGHLIGHTS

### Sewer Service Areas

#### Amherstview Sewer Area

A major program has been established in Amherstview to address the amount of infiltration into the sanitary sewer system. A significant project in 2006 is the cleaning of the Amherstview Sewage lagoon (\$320,000).

#### Odessa Sewer Area

The municipality was not successful with its application for Canada-Ontario Municipal Rural Infrastructure Funding (COMRIF) for Intake One. Loyalist has applied again for COMRIF funding and is awaiting a decision on Intake Two applications. If the municipality is successful with this funding application, the Township will move forward on a project that involves the decommissioning of the Odessa Sewage Treatment Plant and construction of a sewage forcemain from Odessa to the Amherstview WPCP. Significant funding has been established and a program aimed at further reduction of infiltration into the Odessa sewage system has already commenced.

#### Bath Sewer Area

Approximately \$140,000 has been budgeted for a variety of maintenance related and equipment repair tasks at the Bath Water Pollution Control Plant. Pump Station #4 will receive a replacement pump (\$95,000) major retrofit replacing the existing equipment that has served the community for many years.

### Transit and Ferry

#### Amherstview Transit Area

The Province has made available gas tax funds for the provision of additional transit services. Township Council approved expanded service, which commenced in September, 2005, and continues through 2006. The expanded service is fully funded through the Gas Tax Funding, and includes the addition of new bus shelters as part of a Ten Year Capital program for the Transit Area.

#### Amherst Island Ferry

The increase in fuel prices has resulted in a 15.8% increase to the Ferry operating expenditure budget. The Provincial Subsidy covers 73% of fuel costs with the balance to be covered by user rates. Together with other increases, funded 90% by Provincial subsidy, the Ferry budget projected a shortfall of \$102,000. As a result, Council approved an increase to the ferry fares effective March 17, 2006 to cover \$25,000 of the incremental requirement. The balance of the budgetary shortfall of \$77,200 has been funded from the Ferry Reserve Fund.

The work on the timber crib replacement project at the Stella Wharf will continue through the spring of 2006. Minor improvements will be completed at both the Stella and Millhaven wharves during 2006.



## 2006 BUDGET HIGHLIGHTS

### **Reserve funds**

In 2005 there was a net increase of \$509,925 in the balance of the Township's reserve funds from \$4,000,202 to \$4,510,127. This reflects the increases in Reserve Funds set aside for Water and Sewer purposes, for the Ferry Service, Development Charges and proceeds from land sales set aside in Reserve funds. The 2006 operating and capital budgets anticipate contributions from the reserve funds totaling \$2,461,500, reducing the balance at December 31, 2005.

### **Other**

- The Township now provides both a monthly payment plan and an installment payment plan, each of which provide for automatic withdrawal of tax payments from the taxpayer's bank account. In the monthly payment plan, taxes are paid over ten equal installments, while the withdrawals on the installment plan continue to be made on the tax due dates.
- The Township provides a Senior Citizens Property Tax Credit to home owners who are a minimum of 65 years of age and receive the Guaranteed Income Supplement.
- The Township provides a rebate of 40% of taxes payable to registered charities using Commercial properties.
- The Township receives applications for Vacant Unit Rebates from Commercial and Industrial Property owners. The application is due by February 28, 2007, for rebates of property taxes levied in 2006.