



## 2010 BUDGET HIGHLIGHTS

Loyalist Township Council has approved the 2010 Operating Budget in the amount of \$22,285,000 (2009 - \$22,444,700), which includes \$14,125,800 (2009 - \$13,722,500) of General Rate expenditures and \$8,159,200 (2009 - \$8,722,200 of Area-Rated expenditures). Council has also approved the 2010 Capital Budget in the amount of \$8,601,400 (2009 - \$4,300,500), which includes \$2,796,600 (2009 - \$2,973,500) of General Rate expenditures and \$5,804,800 (2009 - \$1,327,000) of Area-Rated expenditures.

After allowing for additional tax room of \$91,000 provided by assessment growth, the General Rate portion of the Operating Budget will result in an increase of 3.9% (Township share only) in property tax to be levied in 2010 over 2009 with a tax rate of .006216 for 2010 compared to .006283 for 2009. Using the average assessed value for residential properties of \$181,169 (2010 phase in basis), this represents a Township tax of \$1,126 for 2010 (compared to \$170,825 and taxes of \$1,073 for 2009) which is an increase of \$53 (4.9%) per average residential property. The average residential property values have changed significantly for the two tax years due to the second year of the phase in of assessment increases in 2010. The Ontario Minister of Finance has set the residential Education tax rate for 2010 taxation at .00241 (2009 - .00252). The 2010 County residential tax rate of .00535538 (2009 - .00556430) has been approved by County Council. The combined impact of the Township General Rate, the County rate and the Education Rate on the average residential property is an increase of \$79 over 2009 taxes paid or 3.2%.

The 2010 average residential tax bill per for Township purposes only will be \$ 1,126 or \$93.83 per month. For this monthly cost, the taxpayer receives the following services:

<b>Municipal Service</b>	<b>Tax cost</b>
• Construction, maintenance, snowplowing and lighting of Township roads, bridges, sidewalks and drainage works	\$435
• Fire protection and emergency services	114
• Police services provided through contract with the Ontario Provincial Police including enhanced 9-1-1 service	309
• Crossing guards, animal control, property standards, by-law enforcement and building inspection	18
• Garbage collection, disposal and recycling	70
• Septage facility	15
• Debt service costs on septage facility and business park development	22
• Conservation authority services	19
• Land use planning and development	71
• 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	228
• Corporate governance (including Township Council), administrative and financial services.	140
• Provincial grants, interest revenue and other non departmental revenues	(315)
<b>Annual tax cost per average residential property</b>	<b>\$1,126</b>

The 2010 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 \$8,159,200, include Water and Sewer Operations, 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 2009 operations. Areas of change include provincial grant funding that has been reduced from previous years levels despite increasing underlying costs, increases in debt service costs, reduction in interest revenue, and capital expenditures which have been included on the basis of priorities and the Township's ability to fund capital requirements. With the continued growth and development within the Township, impending regulatory and financial reporting requirements with respect to asset management, several changes introduced in the 2008 budget are continued for 2010

including reporting major repair expenditures as an operating budget cost rather than capital.

The 2010 capital budget reflects an increase to capital investment as compared to 2009 particularly in the Loyalist East Sewer Area with starting the design process for the plant expansion, resumption of lagoon cleaning and costs of demolition of Odessa Sewer Plant, and in the Bath Sewer Area with a significant project for the Bath Headworks upgrades projects, which will be funded in part by Correctional Services Canada. Other major initiatives approved in previous years' budgets that will continue as capital works in progress during 2010 include:

- Completion of the infrastructure at the Loyalist East Business Park Phase 1 including installation of the natural gas pipeline to the Park
- Continuation of construction on Amherst Island for Road improvements
- Completion of the Amherstview Sewer Optimization project.

With the significant capital investment undertaken in 2007 and continuing through 2008, 2009 and 2010, and limited sources of external financing, the Township incurred long-term debt with the debt service costs to be recovered from taxation or user rates as applicable. The 2010 operating budget includes a provision for financing costs to repay long term debt issued in April, 2010 over 15 and 20 years, depending on the projects. The debt issue provides financing for the work done at the Loyalist East Business Park and the Amherstview Sewage system and the construction of the Fairfield Water Area Storage Facility.

## **Detailed notes**

### Salary and wages

The CUPE Local 2150 collective agreement, which covers about 46 members, was renegotiated early in 2009 as a three-year agreement with an effective date of January 1, 2009. For 2010, the second year of the agreement, CUPE employees are entitled to a flat \$0.65 per hour rate increase, which resulted in a percentage wage increase in the range of 2% to 3% depending on the hourly rate.

The OPSEU Local 428 collective agreement, which covers 16 of the Township's full-time Ferry Service employees, was renegotiated in 2010 as a three-year agreement with an effective date of January 1, 2010. It provides in part for across the board wage increases of 2% for 2010.

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 in the September index. The change for 2010 over 2009 rates was a reduction (2009 - increase of 3.4% over 2008). Council approved freezing the wages for this group rather than rolling back the rates to reflect the reduction. A market survey was undertaken in 2009 as well with a resulting adjustment to the salary grid for non-union employees together with offsetting adjustments to the terms and conditions of employment. The net impact has been reflected in the 2010 budget.

Employee group benefit premium rates have increased by 10% and 25% depending on the plan. The premiums came into effect October 1, 2009 and reflect continuing increases in health care and disability benefit premiums. There was a slight increase to the Ontario Municipal Employees Retirement System (OMERS) contribution rates for 2010 over 2009.

### Liability insurance

The insurance contract was tendered in 2006 with the contract awarded based on a May 15 anniversary date. Insurance premiums are expected to remain flat for 2010, aside from any adjustments reflecting acquisition or disposition of assets. The 2010 budget provision for liability insurance is \$419,600 compared to premiums paid on the May 15, 2009 renewal date of \$412,900.

### Harmonized Sales Tax

Harmonized Sales Tax (HST) will come into effect as of July 1, 2010 and will be paid by the Township on the same basis, generally, as GST is currently paid. It must also be billed on the same services provided by the Township to which GST applies. As a municipality, the Township is entitled to recover 78% of HST paid on inputs to non-commercial activities (GST paid is rebated 100%) and 100% input tax credit on commercial activities (GST also 100%). Because the amount of Provincial Sales Tax currently being paid is not readily determinable, and the entitlement to significant

recovery of HST paid, there has been no impact incorporated in the 2010 budget. Provincial sales tax will continue to apply on liability and group benefit insurance premiums (approximately \$81,000 of PST being paid on 2010 premium rates) and is not subject to rebate.

### Hydro

As of the beginning of 2010, the Township entered into an agreement with the Association of Municipalities of Ontario to participate in the Local Authority Services Electricity Program on a co-operative procurement basis, as is the case for the procurement of natural gas. As a municipality, the Township qualifies as a Designated Customer, and was able to continue to participate in the Regulated Price Plan (RPP) with reduced energy commodity rates for electricity that continued to November, 2009. The impact of this change in commodity pricing is not readily determinable. The 2010 budget for hydro costs reflects an increase of less than 1% over the 2009 budget of \$743,900 which was greater than the 2009 actual by about \$5,000.

### Information Technology

The project established in 2007 to meet Public Sector Accounting Standards Board (PSAB) reporting requirements that will be in effect January 1, 2009 with respect to reporting of Tangible Capital (i.e., non financial) Assets (TCA), continued during 2009 and will be completed for the December 31, 2009 fiscal year end reporting. With the need of operating departments to establish an integrated asset data base to facilitate operational management and control of Township assets, in conjunction with the TCA reporting requirements, staff has identified the requirement for an integrated Asset Management System. This aligns with the objectives of the Geographical Information System (GIS) Strategic Plan, which was completed early in 2009 and provides linkages between the Township's mapping and physical infrastructure. The 2010 Budget includes a further \$61,500 towards these initiatives, which include both hardware and software costs as well as costs of implementation expected to take place in 2010.

### Capital Budget

The Township's Ten Year capital budget reflects a total General Rate spending program of \$24.8 million over the next 10 years and the Water and Sewer Capital budgets reflect a gross spending program of \$23.5 million over the next 10 years. The capital expenditures for the year 2010 have been reflected in the 2010 budget. Costs for future years are not committed and will be subjected to review during each annual budget process. The Township has, as much as possible, been relying on a "pay-as-you-go" policy with respect to financing capital projects. When there are significant capital requirements, the impact on the tax rate and user rates constrains the Township's ability to maximize pay-as-you-go with the result that Unfinanced Capital Outlay has in recent years been projected to grow. This Unfinanced Capital Outlay is to be funded from future years' tax and user rates. Current revenue projections are conservative but the projected unfinanced outlay arising from Water and Sewer capital projects in particular will be subject to more a detailed review to ensure financial sustainability.

The Township utilizes such external sources of financing as they become available to alleviate the burden on the Township's ratepayers. All but \$900 of Federal Gas Tax funding received to date (\$1,185,300) has been applied toward the Manitou East and West and the Factory Street reconstruction projects. The announcement in 2008 of the extension of the Federal Gas Tax funding program for a further 5 years, entitling the Township to \$462,000 annually starting April 1, 2010, has been included as a source of capital financing for the Denyes Bridge and Salt Storage Shed Projects.

#### Current value assessment

The assessment roll returned by the Municipal Property Assessment Corporation with assessed values to be used for 2010 taxation reflects the second year of a phase-in of assessment increases resulting from the Province wide reassessment with a valuation date of January 1, 2008 used for both 2009 and 2010 taxation (compared to a valuation date of January 1, 2005 for 2008 taxation). The increase in total assessment for 2010 taxation as compared to 2009 represents a combination of the growth in assessment, adjusted for any write-downs of assessment as a result of Requests for Reconsideration, appeals and s.357 of the Municipal Act together with the phase-in of assessment increases arising in 2009. Assessment decreases were implemented immediately for the 2009 tax year. In particular, residential assessment has increased by \$71,204,845 (or 7.3%) over 2009 assessment values. Of this increase, 1.38% was due to growth in assessment and the balance due to change in valuation basis.

#### Payments in lieu of taxation

The Township receives payments in lieu of taxation (PILT) for properties owned by federal or provincial governments, based on the assessed value of the properties. For 2010, the assessed value returned for commercial PILT properties has increased significantly compared to the value used for the 2009 PILT calculation, as a result of both phase-in and the revaluation of the property values at Bath and Millhaven Institutions. The revaluation is the result of an appeal by the Township on assessment values for the years 2006-2008.

Public Works Canada (PWC), which administers the PILT program, paid on an assessment basis which differed markedly from the valuation returned by MPAC for 2009 taxation with a resulting shortfall in 2009 PILT in the amount of \$207,000 (Township, County and Education shares combined). This difference has been referred to an appeal tribunal for 2009.

A similar appeal was filed for each of 2006 through 2008 on a difference of approximately \$5,000,000 of assessment values. Officials of PWC and MPAC met throughout 2008 and continued discussions in 2009 to review the basis of the discrepancies. This resulted in a settlement in fall of 2009 with an increase in the assessed value accepted by PWC and a total payment of \$452,000 over the amount originally paid of which \$220,000 was paid over and above the original roll values. The

Township share of the recovery totalling \$351,700 was deposited to a Tax Rate Stabilization Reserve in 2009. The Township is entitled to retain the share of PILT calculated on the Education Tax rate.

As in other years, PWC has respected the tax capping regime in place in Ontario. The percentage of the claw-back for 2010 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 amounts included in the 2010 budget for PILT and PILT capping are preliminary and subject to change once the 2010 capping rates are known.

#### Ontario Municipal Partnership Fund

The Township receives the Ontario Municipal Partnership Fund (OMPF) grant from the Province. This has replaced the former Community Reinvestment Fund (CRF) grant. The OMPF grant has four components, of which the Township is eligible for two. The components are Social Programs, Assessment Equalization grant, Rural Communities grant and Police Services grant. The Township is not eligible for the Social Programs grant (services delivered by the County) nor 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, which, as determined by the Province, is 53.4% for the Township. As a result, the grant entitlement is not the maximum available.

When the OMPF was first announced for 2005, grant levels were to remain unchanged from the CRF but with an eventual phased reduction by the year 2010. For 2010, the Township's OMPF entitlement was calculated as \$922,500 (2009 - \$894,900). For 2009, Province mitigated a similar reduction by providing a special one-time assistance grant of \$487,100 with the result that the total grant for 2009 was \$1,382,000 as it had been for every year since 2004. The Province is again providing transitional assistance in 2010 in the amount of \$183,100. This will result in total OMPF funding of \$1,105,600 for 2010 or a reduction of \$276,400. The Transit budget has historically received \$41,300 of this grant and Council approved a proportionate reduction of the grant to Transit when the OMPF is reduced. The General Rate share of the reduction is \$268,100 and the 2010 budget includes a compensating contribution from the Tax Rate Stabilization Reserve. The Transit budget share of the reduction is \$8,300, which will be funded from the Transit Area tax levy.

## **Selected highlights of the 2010 Budget by Department:**

### Corporate Services Department

#### *Chief Administrative Officer*

In 2010, the Chief Administrative Officer will coordinate the development of a corporate Strategic Plan and the incorporation of sustainability initiatives, review the organizational structure to maximize available resources, and undertake a number of initiatives in human resources administration to ensure consistency of internal practice and development of performance based standards.

### *Administrative Services Department*

#### **Accessibility**

Ontario's first accessibility standard, the Customer Service Standard, came into effect on January 1, 2008, (Ontario Regulation 429/07). This regulation outlines activities that must be completed in order to comply by January 1, 2010.

The Customer Service Standard includes a requirement that all persons who interact with the public or who are involved in developing policies, practices and procedures must be trained. All full-time, part-time staff, Council and committee members were trained in-house by December 31, 2009. All contractors (current contracts) who interact with the public on behalf of the Township have also been trained. Further training will be required for the following Accessibility standards: Information and Communication, Employment, Built Environment although we are not aware of the training requirements yet.

#### **Municipal Election**

2010 is a municipal election year. The province has made several amendments to the Municipal Elections Act, 1996 which will be in effect for the 2010 election. One change is the date of the election which has been moved forward from November to October 25, 2010. Further information will be updated from time to time on the municipal website.

During this and all future municipal elections, the Director of Administrative Services/Clerk must have regard for accessibility. Policies and procedures which identify barriers and improvements must be prepared and the Director must also prepare a report for Council's information within ninety days of the election, outlining what has been done to improve accessibility.

### *Finance Department*

The implementation of Harmonized Sales Tax effective July 1, 2010, the preparation of the Financial Statements in a new format to reflect Tangible Capital Asset reporting which came into effect as of January 1, 2009, internal reporting changes to meet changes in the Provincial Financial Information Return, participation in the Asset

Management application implementation project and an upgrade of the Township's financial accounting software are the major initiatives underway for 2010.

### Development

#### *Taylor Kidd Industrial Park*

The agreement with Upper Canada Ethanol for the purchase of Township owned land and construction by the buyer of an ethanol plant was delayed in 2009, but is expected to be finalized in 2010.

#### *Bath Community Revitalization*

The Bath Community Revitalization Committee project will be extremely busy during 2010. Major efforts that commenced in 2009 towards beautification of Centennial Park and improvements along Main Street will be finished in the spring of 2010. Meanwhile the design and construction of two other streetscaping projects in downtown Bath will be completed during the summer of 2010, as will the installation of street furniture, heritage lighting and banners. The highly successful Farmer's Market established in 2008 at Centennial Park will continue in 2010 on Sundays.

### Building

Building permit activity in 2009 was higher than anticipated resulting in a small surplus, which was applied to a previous deficit that accrued in the 2006-7 period. Overall Township construction value in 2009 exceeded \$26.4 million or representing 44.1% of the total construction value that occurred in Lennox and Addington County. Construction activity in 2010 is expected to be at least 10% higher than 2009 given the strong local new house construction market, and the first three months of 2010 have represented a record pace for the first quarter period in Loyalist Township's history for house starts, number of building permits and construction value.

During 2010, the Building Department will be developing and implementing building permit tracking software that will connect to the Township's Geographic Information System and will also allow for the quick retrieval of relevant documents.

### Emergency Services

The acquisition of the land for the eventual relocation of the Amherstview Fire Station, scheduled for construction in 2010-2011, was completed in 2010. All fire stations will be equipped with computer equipment to facilitate incident reporting. The Fire Training Facility continues to be an excellent resource, both for Township volunteers and as a resource for third parties who use the facility on a fee for service basis.

### Conservation Authorities

The implementation of the Parrott's Bay Master Plan begun in 2009 will continue in 2010.

### Police Services

An amount of \$2,334,300 is budgeted for O.P.P. policing contract and related costs. This is a 1.2% increase (\$26,500) over the 2009 budget. The incremental cost of policing based on 2008 actual costs in excess of \$150/household is funded 28.4% by the Provincial Ontario Municipal Partnership Fund (OMPF). The funding level for Policing Services included in the 2010 OMPF allocation is \$387,400. The Policing Services agreement which has been in effect for the previous 5 years expires on June 30, 2010. In 2010, the Township will negotiate a new agreement with the O.P.P.

### Parks and Recreation

The 2010 Capital program is less than in previous years but there are several significant projects approved in 2009, which will continue into 2010 including the Bath Park Development and the development of the facilities around the W. J. Henderson Recreation Centre and new Soccer Pitch.

Due to the uncertainty of the development of an expanded Recreation Facility given the current environment, the Second Ice pad surcharge on Ice Rental charges was discontinued in late 2009. As a result, the 2010 budget for Arena rents has been reduced compared to 2009. Charges collected to date will be refunded out of the Reserve Fund to which they were deposited.

The 2009 Operating budget provides for temporary positions to run a summer Day Camp program, subject to the availability of grant funding. The net cost of \$700 for the program is after projected user fees and grants.

### Planning

In 2008, the Township commenced the Odessa West Neighbourhood Plan study to ensure that development in Odessa, west of Millhaven Creek, would occur in a properly planned and coordinated fashion and that parkland, stormwater management and transportation systems were designed to meet the needs of existing and future residents, and to ensure cost appropriate deployment of municipal piped infrastructure. This study is expected to be finalized in the first half of 2010.

Late in 2009, the Township commenced a development charges study to review the growth-related capital costs that are to occur over the next ten years and to determine the appropriate charges that will be collected for new homes and new non-residential development. This study will conclude in 2010. The purpose of the study is to ensure that existing residents do not have to pay for capital projects that are attributable to growth.

The Geographic Information Systems Strategic Plan was finalized in 2009. The second phase of implementation will begin in the second quarter of 2010, and will take several years to be fully deployed.

Subdivision activity is expected to be strong with several new developments to be registered in Bath and Amherstview throughout 2010.

### Transportation Department

#### *Roads, Bridges, Transportation equipment and Stormwater*

Work is continuing on the Shore Road projects on Amherst Island. Reconstruction of Front Road, west of Stella, is also scheduled. Two aging culverts, one on the Stella 40' Road and one on Front Road near Emerald, will be replaced in 2010. As announced in 2009, the two culvert projects totaling \$334,000 were awarded 2/3 Infrastructure Stimulus Funding provided jointly by the Province and Federal Governments. Staff is also planning to replace large culverts on Parrott's Bay Lane.

The Township intends to commence design work for the replacement of Denyes Bridge in 2010, with replacement planned for the near future.

As part of an effort to maintain a modern fleet, the Township intends to purchase a single axle dump truck and a trackless tractor to replace aging units.

The Township plans to evaluate the replacement of the Babcock Mill Dam in Odessa.

### Community Grants

The gross budget for Community Grants (formerly known as General Assistance Grants) of \$53,300 has been moved for 2010 to several departmental budgets including Taxation for the Seniors Grant (\$10,000), Recreation for Community Programs (\$5,000, fully committed), Arena, Pool and Amherstview Hall (\$29,000 for free use of recreation facilities by community organizations), Bath Canada Day and Amherst Island Recreation Association (\$4,000), Waste Management bag tags for medical purposes (\$500), Economic Development (\$3,800 for Parkway, Regeneration Trust and SWITCH grants) and Council Ad Hoc grants (\$1,000).

### Waste Management

The 2010 capital budget provides for the acquisition of a landfill compactor (\$450,000). It is expected there will be some progress with the polyester recovery program at the Violet Landfill so an amount of \$15,000 has been included in the 2010 budget. The contract for residential waste collection has been reduced by the scheduled amount of \$25,000 (9.9%). The recycling contract has increased by \$29,000 or 8%, due in part to reduced recycling revenues which otherwise mitigate the contract cost for the Township.

## **SERVICE AREAS**

### **User rates**

Ontario Regulation (O. Reg.) 453/07 under the Safe Drinking Water Act, 2002, requires drinking water systems in Ontario to be financially sustainable. O. Reg. 453/07 prescribes the licensing of Municipal Drinking Water Systems. All systems require a sustainable financial plan before they can be licensed by the MOE. Township officials have been advised that similar financial obligations will be expected for the Township's sewage treatment and stormwater facilities and piping.

In order to anticipate the requirements of a full cost recovery funding model, the detailed long term financial model developed by Township staff during 2004 to establish flat fee user rates for each service area was updated in 2008. An extensive review process including presentations to ratepayers was undertaken in 2008. As a result, the flat rates, consumption rates and connection fees were all updated to reflect anticipated long term revenue stream requirements. The full cost recovery funding model will be rerun within the next three years to reflect updated circumstances and to measure results to date against projections.

### **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. The operating budgets for these service areas are status quo compared to 2009 and do not reflect any significant change in direction or level of operational activity. There has been an increase in debt service costs in the 2010 budget for Loyalist East Sewer Area (combined Amherstview and Odessa Sewer Areas) to fund carrying costs on construction debt incurred and to the Fairfield Water Area to provide for the costs of financing the water storage project.

The Province has mandated new financial reporting requirements for Water and Sewer Operations effective for the fiscal year ended December 31, 2009, and optional reporting requirements for balance sheet information if available. The Township's current reporting structure reflecting revenue and expenditures for each service area meets the Provincial requirements for operations. The Service Area balance sheets are not available separately but are incorporated within the Township's corporate balance sheet.

## **Water Service Areas**

The Province of Ontario mandated Municipalities who provide potable water to test for the presence of lead within actual homes and buildings. This new testing is in addition to the regular lead testing performed on our water distribution system. The anticipated cost for this testing is approximately \$35,000-\$40,000 (staff time plus incremental out of pocket cost of \$15,000-\$20,000 for laboratory tests) and was included in the operations budget for the two water service areas for 2009. After testing approximately 60 locations, tested samples have not revealed elevated samples of lead in homes or businesses. Because of the good results, testing is not required for 2010.

### Fairfield Water Area

The section of watermain on Harvard Place is to be replaced this year. The new storage facility at County Road #6 is expected to begin operation in the near future. Tied to this project is the installation of new communications equipment between the Township's sewage and water distribution pumping stations, storage reservoirs and treatment plants.

### Bath Water Area

The Bath Water Area budget is essentially status quo for 2010.

## **Sewer Service Areas**

### Loyalist East Sewer Area

The former Amherstview and Odessa Sewer Service Areas have been combined to form one service area now known as the Loyalist East Service Area. The Township is commencing a project aimed at expanding the capacity of the Amherstview Water Pollution Control Plant. The recently completed biosolids project is now in full operation. The Township will be doing some maintenance work in the vicinity of the lagoons.

### Bath Sewer Area

The Township has identified a number of remedial projects for the Bath Sewage Plant, specifically the intake structures for the existing facility will be replaced with new screening equipment and the effluent chlorination facility will be replaced with a system that meets new environmental guidelines.

With a financial contribution from the developer, the Township is replacing Pump Station #4.

Loyalist Township is partnering with Union Gas to extend the natural gas distribution system to the Loyalist East Business Park. The park is now fully serviced and ready to receive businesses.

## **Transit and Ferry**

### Amherstview Transit Area

The Province has made gas tax funds available for the provision of additional transit services. Township Council approved expanded service, which commenced in September, 2005, and continues through 2010. The expanded service includes the provision of an auxiliary bus for a portion of the day running in an opposite direction to the original Route # 10 bus. The addition of new bus shelters are included as part of a Ten Year Capital program for the Transit Area.

### Amherst Island Ferry

In general, the Ferry is funded 90% by Provincial subsidy. The anticipated renegotiation of the terms of the Ferry Services agreement between the Ministry of Transportation (MTO) as promised by a previous Minister and the Township did not proceed in 2009 and there is no expectation that it will proceed in the short term. The subsidy revenue included in the 2010 budget is based on the terms of the current agreement.

With the acquisition by the Province of the Ferry Docks in February, 2010, the Township no longer is responsible for maintenance costs. However, the Township has agreed to continue with the ongoing maintenance (snow clearing etc) with the costs incurred to be recovered in full from MTO.

The Ferry Service Operating budget overall reflects a reduction of \$102,500 (4%) in operating expenditures compared to 2009. The 2010 Ferry operating expenditure budget for fuel has decreased by \$102,000 to \$450,000 reflecting the significant reduction in fuel costs experienced in 2009 (\$355,500). The Provincial Subsidy covers 73% of fuel costs with the balance to be covered by user rates. Other expenditure budget increases include an increase to internal administrative overhead allocation by \$4,500 (based on a Council approved formula tied to approved budgets) offset by a reduction of \$18,000 as a loan from the General Rate budget to the Ferry Service, increases to salaries, wages and benefits of \$88,800 (5.7%) offset by reductions due to the provision in 2009 for the installation of a storage shed on Stella Dock (\$40,000) and repairs to Ferry office (\$15,000) not required for 2010.

The repayment in 2009 to MTO of an overpayment of subsidy revenue dating back to 2000 was funded from the Ferry Operations Reserve fund leaving it with a balance of nil. The available balance was not sufficient to fully discharge the liability and in 2009, Council approved a non-interest bearing loan from the General Rate budget to fund the shortfall. The amount of the loan of \$27,900 was provided as a reduction to the internal administrative overhead allocation.

The 2010 Ferry Services budget as drafted is not balanced as required under the Municipal Act, 2001. With no sources of revenue other than Provincial Subsidy and fare revenue, the 2010 budget has been balanced by a further loan in the amount of \$18,000. Repayment of these loans will require an increase in ferry fares or some other

external source of financing. Reducing costs will provide a limited benefit to the users since any reduction in costs will reduce the Provincial subsidy by a corresponding 90% of the cost reduction.

### **Reserve funds**

In 2009 there was a net decrease of \$171,755 in the balance of the Township's reserve funds from \$4,374,573 to \$4,202,818. This reflects the increases in sources of funding set aside in Reserve Funds for Water and Sewer purposes, for the Ferry Service, and Development Charges offset by uses of Reserve Funds in 2009, largely to finance capital projects as well as funding the expanded level of the Transit Service from Provincial Gas Tax funding. The Ferry Operations Reserve Fund was fully utilized in 2009 to repay a liability owing to the Province of Ontario. The balance of \$578,300 in the Ferry Berthage Fees Reserve Fund is restricted under the terms of the agreement between the Ministry of Transportation and the Township when the ownership of the Ferry Docks was transferred to the Province in February, 2010. The balance in the Second Ice pad reserve fund is to be repaid to users who had paid the surcharge. The 2010 operating and capital budgets anticipate net contributions of \$1,525,100 from available reserve fund balances, reducing the balance at December 31, 2009.

### **Reserves**

The balance in reserves increased significantly in 2009 with the contribution of \$351,700 of Payment in Lieu of Taxation received for 2006-2008 over and above the originally assessed value. A portion of this (\$268,100) has been committed in the 2010 budget to offset the reduction in the Provincial grant.

### **Other**

- The Township provides both a monthly payment plan and an installment payment plan for payment of property taxes, 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 also offers pre-authorized payment of Utility bills that provides for automatic withdrawal of utility payments from the ratepayer's bank account on the due date.
- 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, 2011, for rebates of property taxes levied in 2010.
- The Township's web-site [www.loyalist.ca](http://www.loyalist.ca) provides a wealth of information about the Township.