

CITY OF WOODSTOCK

OFFICE OF THE CHIEF ADMINISTRATIVE OFFICER

February 15, 2018

His Worship Mayor Trevor Birtch and Members of Council

The following represents the Revenue Fund Budget proposal for 2018. In September of last year, City Council provided direction to prepare a 2018 Base Budget that provides for a continuation of current programs and services. These estimates represent the “Base Budget” prepared by your staff using existing staffing complements and service levels.

The City of Woodstock adopts an annual Budget in accordance with the Municipal Act. The City’s Fiscal Year runs from January 1st to December 31st. The City’s Budget serves as a roadmap for the fiscal year’s expenditures and reflects the goals and priorities of the City Council. The City’s Budget is balanced which means that expenditures are generally funded from current revenues (taxation, user fees). There are some instances where expenditures are funded from reserves.

The Budget includes the financial impacts of Bill 148, *“Fair Workplaces, Better Jobs Act, 2017”*. The financial impact primarily relates to the minimum wage increase and the cost of personal emergency leaves.

The revenue outlook is positive. Property values are on the rise which has resulted in an assessment increase, through re-assessment, of approximately 2.4%. The City is growing and the local economy is strong resulting in an increase in new assessment of 3.8%. This new assessment is created through construction spending. History tells us that these increases are cyclical and future budgets will likely be less robust when these revenue generators moderate.

Total expenditures in the Base Budget are \$72,863,444 which is a 1.5% increase over 2017. The net to be raised by taxation is \$52,548,314 which is a 4.35% increase over 2017. The tax rate for the Base Budget will decrease by 1.31%.

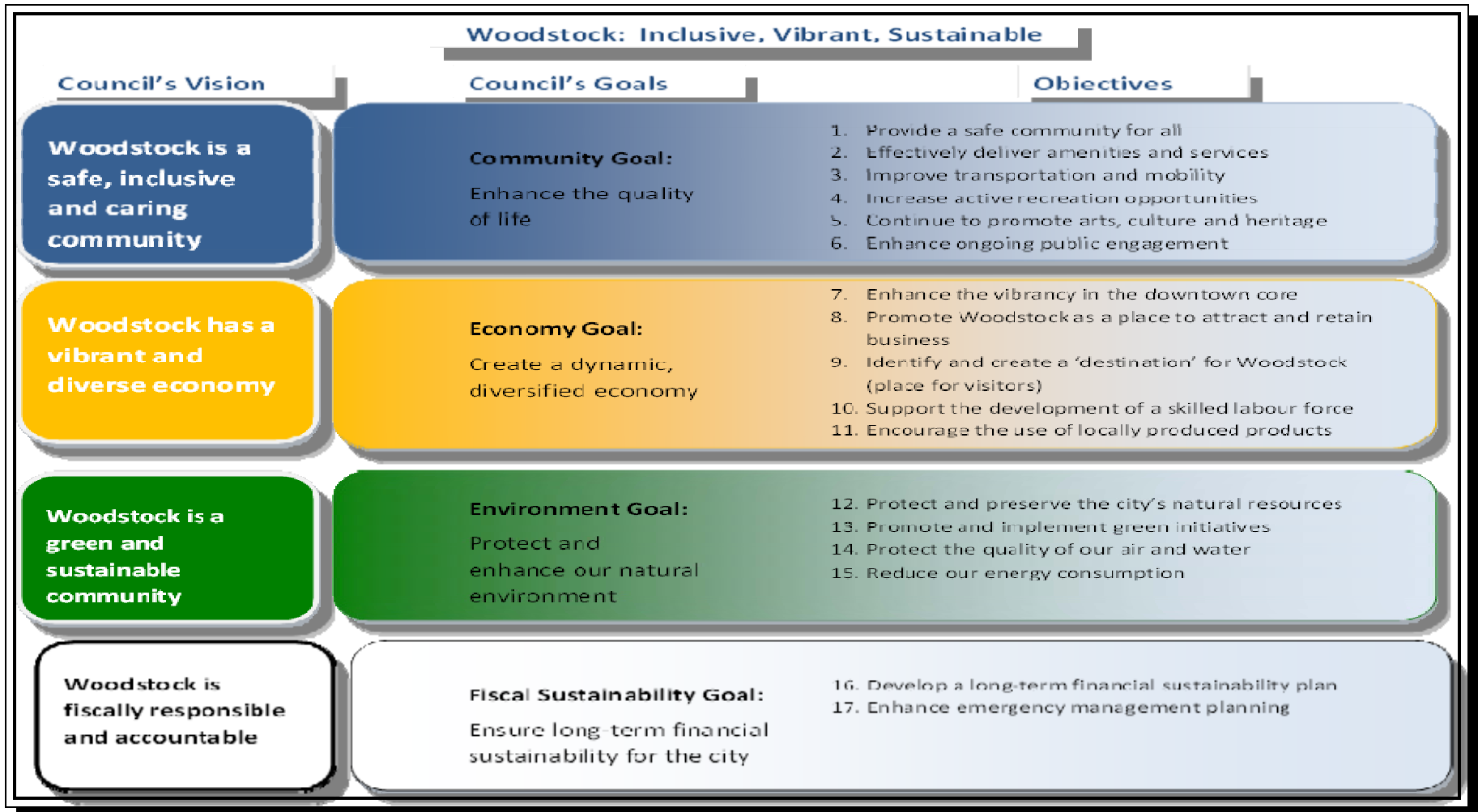
The 2018 Departmental Budget estimates are presented alongside the 2017 Budget as approved by Council and 2017 Budget actuals (year to date) for ease of reference. Please note that the 2017 Budget actuals are unaudited and subject to further adjustments. Caution should be exercised in comparing Budget versus actual figures as the figures are not final year end. Also, expense variations (higher and lower) from Budget occur due to uncontrollable circumstances; an example of which is winter control (snow ploughing, sanding, salting and snow removal). It is also important to note that over expenditures in one area are often offset by under expenditures in other areas.

There are a few items to note in regards to the 2018 Base Budget including:

- City Council approved the hiring of an additional building inspector along with building permit fee increases in 2017.
- City Council approved four additional staff to support the operation of the Bulk Item and Hazardous Waste Depot. The residual cost of the additional staff for beyond the needs of operating the depot are included in the Public Works Budget supported by the general levy.
- The Base Budget includes the annualization of costs for the additional staff included in the 2017 Budget.
- All Collective Agreements expired on December 31st, 2017. The Base Budget includes salaries and wages based on 2017 rates. Anticipated increments based on municipal sector contract settlements are budgeted in a lump sum as an allocation to the Reserve for Salaries and Wages. The 2018 Budget for salaries and wages will be corrected at the completion of contract negotiations.

A number of additions to Base Budget for City Council's consideration are included.

City of Woodstock Strategic Plan - City Priorities



2018 BASE BUDGET OVERVIEW

Municipal Levy Supported Programs and Services

The following is a summary of the **net cost** approved for 2017 and proposed for 2018 for programs and services supported by the tax levy. The information is presented for each specific service area. Costs presented here are net of any revenue other than taxation (i.e. user fees, grants).

	2017 Approved Net Cost- Levy	2018 Proposed Net Cost- Levy	\$ Change – Increase/Decrease in Levy	% Change
Woodstock Public Library	\$2,289,226	\$2,357,085	\$67,859	2.96%
Woodstock Police Service	\$13,571,180	\$14,108,600	\$537,420	3.96%
Debt	\$1,051,810	\$1,173,080	\$121,270	11.5%
City Property	(4,710)	(\$3,580)	\$1,130	24%
Administrative Services (Treasury/IT)	\$1,568,600	\$1,573,950	\$5,350	0.3%
Public Works	\$4,306,218	\$4,418,670	\$112,452	2.6%
Engineering	\$2,032,350	\$1,975,300	(\$57,050)	(2.8%)
Bylaw Enforcement	\$162,450	\$165,800	\$3,350	2.1%
Public Transit				
• Transit	\$1,823,150	\$1,913,280	\$90,130	4.9%
• Para transit	\$745,890	\$824,180	\$78,290	10.5%
Fire Services	\$8,564,331	\$8,616,490	\$52,159	0.6%
Planning	\$1,500	(\$2,500)	(\$4,000)	(266%)
Parks & Recreation Administration	\$257,226	\$268,160	\$10,934	4.3%
Parks Operations	\$2,309,770	\$2,419,540	\$109,770	4.8%
Recreation Programs	\$62,300	\$77,090	\$14,790	23.7%
	2017	2018	\$ Change –	

	Approved Net Cost- Levy	Proposed Net Cost- Levy	Increase/Decrease in Levy	% Change
Arena Operations				
• Civic Centre	\$149,630	\$166,130	\$16,500	11%
• Southwood Arena	\$912,710	\$941,850	\$29,140	3.2%
Summer Activities	\$28,176	\$43,110	\$14,934	53%
Aquatics				
• Southside Pool & Water Park	\$766,638	\$853,918	\$87,280	11.4%
• Lion's Pool	\$119,376	\$124,960	\$5,584	4.7%
Culture				
• Museum	\$406,700	\$413,380	\$6,680	1.6%
• Art Gallery	\$557,590	\$647,526	\$89,936	16%
• Market Centre	\$79,400	\$76,430	-\$2,970	-3.7%
Marketing & Special Events				
• Administration	\$323,500	\$316,240	(\$7,260)	-2.2%
• Special Events	\$220,100	\$240,850	\$20,750	9.4%
Economic Development				
• Development Office	\$481,270	\$543,495	\$62,225	13%
• Small Business Enterprise Centre	\$54,525	\$60,840	\$6,315	11.6%
Human Resources	\$603,154	\$602,210	(\$944)	-0.2%
Clerk's Department	\$1,794,420	\$1,802,880	\$8,460	0.5%
CAO	\$303,430	\$300,780	(\$2,650)	-0.9%
Council	\$377,910	\$378,000	\$90	0%
Council Committees	\$47,450	\$50,400	\$2,950	6.2%

User Fee, Reserve and Non-Levy Sourced Funding Programs and Services

The tables below provide the summary of the total **gross expenditures** approved for 2017 and proposed for 2018 for programs and services supported wholly by user fees/non levy sourced funding.

	2017 Approved Gross Expenditures	2018 Proposed Gross Expenditures	Change (\$)	%
Grants	\$649,690	\$655,570	\$5,880	0.9%
Building	\$609,060	\$852,540	\$243,480	40%
Public Parking System	\$178,290	\$166,190	(\$12,100)	-6.8%
Land Sales	\$1,165,000	\$1,156,000	(\$9,000)	-1%

County User Fee Supported and County Levy Supported Programs and Services

The following is a summary of the **net cost** for County programs and services, delivered by City forces, supported by County user fees or the County levy.

	2017 Net Cost	2018 Net Cost	Change (\$)	%
Waste and Recycling	\$1,831,425	\$2,045,960	\$214,535	11.7%
Sanitary Sewer Collection System	\$553,435	\$529,570	(\$23,865)	(4.3%)
Water Distribution System	\$1,613,870	\$1,638,300	\$24,430	1.5%

BUDGET NOTES

Additional Taxes – page 1, Account 0200-61005 (revenue increase \$200,000)

Between 2008 and 2011, additional taxes averaged \$1,470,000 per year. This was mainly due to large industrial and commercial developments such as Toyota and the Norwich corridor that was constructed as well as robust residential development.

In recent years the quantum of additional taxes varies considerably ranging from a low of \$599,000 in 2013 to a high of \$1,612,000 in 2016. Having reviewed the assessment roll as returned, and taking into account the new residential, commercial and industrial projects expected in 2018, the estimate is \$1,200,000.

Hydro Legacy Fund Investment Income – page 1, Account 0200-61010 (revenue decrease \$400,000)

The draft Budget does not include an allocation of investment income from the Hydro Legacy Fund. Staff suggest that drawing investment income be deferred. A deferral provides a buffer for the preservation of capital and also provides the opportunity to establish a Legacy Fund Retention Reserve for stabilizing investment income.

Ontario Lottery Corporation – page 1, Account 0200-61012 (revenue increase \$18,220)

Proceeds received from OLG in accordance with the Municipal Contribution Agreement which directs 5.25% of net electronic games revenue. An increase is projected based on an extrapolation of current quarterly payments.

Solar Electricity Revenue - page 1, Account 0200-69497 (revenue decrease \$10,000)

Revenue from the 8 MicroFIT solar installations installed in 2014 plus five additional MicroFIT contracts acquired from Woodstock Hydro in 2015. The IESO contracts for the Woodstock Hydro solar sites were transferred in 2016. The cost of the original 8 installations was funded from the Hydro Reserve. Council directed the net revenue from the sale of electricity from these original installations be directed back to the Hydro Reserve to repay the capital contribution (see account 0200-71399-0716). Revenue from all 13 of the solar installations is now being contributed to the Hydro Reserve which will accelerate the repayment for the original 8 installations.

Norwich Township Boundary Adjustment – page 2, Account 0200-71231 (expenditure increase \$111,320)

This account includes the additional cost associated with the recent boundary adjustment with Norwich Township. The increase relates to the requirement to reimburse Norwich Township for their share of taxes from properties in the boundary adjustment area. The cost of the tax phase in is also included for the residential and farm tax classes. This cost is offset by additional tax revenue as the City tax rate is higher than the Norwich Township tax rate.

Tax Rebates – Charities and Other Similar – page 2, Account 0200-71303 (expenditure increase \$4,000)

The account represents financing for the difference in taxes between a commercial tax rate and a residential tax for charities and other non-profit agencies in leased premises identified by municipal bylaw. A charity would be taxed at the residential rate if it owned the property rather than leased.

Community Improvement Program – page 2, Account 0200-71305 (expenditure increase \$9,400)

This account provides the funds for grants and loans under the Downtown Community Improvement Programs. Program costs are financed from the Downtown Redevelopment Reserve Fund (see account 0200- 69318). The tax grant back portion is increasingly a larger portion of this cost. There are a number of approved redevelopments (Simcoe/Brock, former Central United Church, and former Capital Theatre site) which will increase the draw on the Downtown Redevelopment Reserve Fund. Administrative Services has completed a continuity review of this reserve and there is sufficient financial capacity for approved projects and to continue with the CIP program.

Expenses- Electronic Time Card Project – page 3, Account 0200-71308 (expenditure increase \$1,480)

Costs relate to software licencing, training and support for the electronic time/equipment card system.

Provision For Reserve For Capital Projects – page 3, Account 02200-71319

This item is commonly referred to as “Capital out of Revenue”. The 2017 contribution is higher than the 2018 base amount due to a surplus allocation from the 2016 Budget. The 2018 approved capital budget used an estimated \$3,581,000 contribution from Capital out of Revenue which was the estimate in December. The actual amount raised based on the final calculation is \$6,540 higher totaling \$3,587,540.

Special Capital Levy Reduce Arena Debt Financing – page 3, Account 0200-71320 (decrease \$300,000)

City Council approved a one-time capital levy to reduce debt financing related to the ice floor refrigeration system replacement at the Community Complex. There is a recommended addition to Base Budget for an additional capital levy for the Community Complex roof replacement.

Tax Adjustments – page 3, Account 0200-71323 (increase \$200,000)

The City’s Auditor has requested a change in the accounting treatment for tax write-offs. Instead of utilizing an annual contribution to a reserve to fund tax write-offs, the Auditor has requested that the actual amount written off each year be recorded in the Budget. This presents a more transparent approach as the actual amount written off will be accessible from the Budget documents. This also poses some difficulty for Treasury staff as it isn’t possible to predict tax write-offs due to variables that are not within the control of staff (i.e. Assessment Review Board appeals). However, the figure presented in the Budget estimates represents a reasonably conservative approach.

An assessment appeal for a commercially assessed property dating back to 2008 was recently brought to our attention. This appeal has been left unresolved by MPAC for the past 10 years and MPAC did not inform the City of it. We recently received information that MPAC is working towards a settlement of this appeal and the City’s share of this settlement is approximately \$600,000. The size of this settlement is the reason for the tax adjustments increase in 2018.

The allowance for tax adjustments remains high as there are other known large assessment appeals that cover a number of years.

Provision for Reserve and Reserve Funds - page 3 & 4, Accounts 0200-71399

Sub-accounts 0700-0783 provide contributions to various reserves and reserve funds. Select explanations follows:

Provision for Hydro Reserve Fund (\$92,300) – Electricity sale net revenues generated from 13 MicroFIT solar installations transferred to Hydro Reserve Fund to repay initial cost.

Provision for Radio Reserve – Fire and Police (\$100,000) – Council approved a reserve allocation from the Levy in the 2017 Budget to continue in future years to support known costs to maintain the emergency communications system. There is a request for an increase in the annual allocation in the “recommendations for additions to base budget”.

Provision for Legal Fees Reserve (\$0) – Council approved the establishment of this Reserve in the 2017 Budget with funding sourced from the 2016 surplus. There isn't a 2018 proposed contribution as Council did not approve an annual allocation from the levy.

Provision for Salaries and Wages Reserve – (\$400,000) – Collective Agreements for all Bargaining Units and Associations expired in December of 2017. The Base Budget includes costs based on 2017 wages and salaries. This Reserve provides additional funds for wages and salaries that anticipates the prevailing contract settlement environment.

Police – Page 4, Account 0200-71402

The Police Services Board Chair and Chief will attend the March 1st Council meeting to speak to the Police Budget.

Debt – Page 7-8 (expenditure Increase \$264,040)

- Transfer Development Charges – Public Works DC offsets the debt payment for the James Street yard expansion land acquisition,
- Transfer Industrial Land Reserve Fund; Offset the debt payment for the construction of Woodall Way through the Bysham Industrial Park (Dundas to Devonshire),
- Recovered from Minor Soccer; Annual repayment by Soccer Club of \$95,000 per agreement with the Soccer Club,
- BOW Land Acquisition Debt; relates to purchase of land to expand the James Street Public Works yard,
- Recreation Facilities Debt; relates to Cowan Park Soccer, the Skate Park, the Southside Pool rehabilitation and Complex refrigeration system replacement,
- Industrial Land Debt; relates to water main extension and construction of Woodall Way through Bysham Park Phase III,
- Art Gallery Debt; relates to third floor renovation,
- Shared Emergency Services Radio System.

Debt financing of \$4,366,000 for the police building expansion, \$576,000 for the James Street recycling, HHW and bulk item depot and \$850,000 for the Parkinson Road Fire Hall expansion is approved by Council but not placed as the projects are not complete. The Police and Fire Hall building expansion debt repayments can partially be offset through development charges.

Grants– Page 9-10

- Grant - Southgate Centre-Includes additional ongoing funding of \$95,000 approved in the 2015 Budget,
- Woodstock General Hospital – The 2018 payment of \$350,000 represents year 16 of a 20 year commitment.

City Buildings, Various – Page 11-12

- Market Rent West End – OCCC tenancy.
- Rent 16 Graham Street – Rental of Woodstock Hydro building by Hydro One at \$260,000 per year for three years subject to month to month continuation. Net funds (estimated \$250,000) from lease are directed to the Municipal Building Reserve in anticipation of future renovation costs.
- 447 Hunter Street Rent – Rent from the lease of 447 Hunter Street to the United Way. Half of the rent is redirected to the Municipal Building Reserve to recover the cost of capital renovations completed on behalf of the new tenancy. This cost will be completely recovered in the 2019 Budget.

Revenue From Equipment – Board of Works – page 13, Account 0300-69403

An hourly charge for the use of City owned equipment that includes the cost of fuel, insurance, maintenance and an annualized cost of equipment replacement. The revenue from equipment in this account represents the annualized cost of replacing the fleet based on estimated life expectancies; netting out the cost of operating and maintenance. This same figure is contributed to the Reserve for Equipment Replacement in account 0300-74220-0701(page 17) which is used to fund equipment replacements in the capital budget.

Road Maintenance Costs Recovered from County – page 13, Account 0300-69407

The City completes road maintenance work on the majority of County Roads within City Limits. An agreement between the City and County establishes a cost allocation methodology to reimburse the City for this work.

Overhead Charges Recovered – page 13, Account 0300-69505

Overhead charges are applied to County programs that are delivered by City forces. The overhead charge applies to programs in waste and recycling management, the sanitary sewer collection system and the water distribution system.

Benefit Cost Recovered – page 13, Account 0300-69506

This represents a recovery of staff benefit costs for staff working in the waste, recycling and sanitary sewer programs.

Pavement Repairs – Full Time Wages – page 14, Account 0300-73310 (increase \$70,000)

Increase represents the majority of residual costs for the additional staff time when not assigned to depot operations. Smaller increases are found in other Public Works accounts.

Sidewalk Repairs – Contracts - page 15, Account 0300-74030-0404

Sidewalk contracts of \$100,000 relates to a multi-year downtown paving stone replacement program.

Storm Clean & Maintenance – Contracts – page 19, Account 0300-80220-0404

Funds relate to ongoing need for supplemental catch basin and/or storm connections to address high ground water/persistent sump pump operations in newly developed subdivisions. There is insufficient manpower in public works to complete this work without impacting core maintenance responsibilities. Work is completed by contracted forces.

City User Fees Reimbursement County – page 20, Account 0300-80417 (NEW \$23,000)

Budgeted funds to reimburse the County for the cost of user fees by Woodstock residents using the new Depot. Balancing figure is included as a revenue item in the County waste budget.

Building Department – page 22-23,

Provincial legislation requires that building permit fees equal the cost of delivering the service. Any surplus revenue from operations must be directed to a Reserve to fund years with insufficient revenue. Council approved increases in building permit fees along with an additional Building Inspector in 2017. Sufficient revenue is expected in 2018 to offset the cost of the department resulting in an estimated reserve contribution (\$126,350).

Sale of Recycled Material – page 24, Account 0302-69507-000 (increase \$55,000)

Recycled material value fluctuates with global demand for raw materials. The shift from print media to digital media is also impacting the amount of material collected and revenue from the sale of material.

Recovered From County – Waste Collection – page 24, Account 0302 69409 (increase \$214,535)

This figure represents the net cost of delivering all waste and recycling programs on behalf of the County.

HHW & Bulk Item Depot - page 26 – Account 0302-80419 (New \$229,280)

This new account represents the estimated cost to operate the new depot.

Transfer from Aerial Mapping Reserve – page 28, Account 0303-69535 & Engineering Aerial Mapping – Account 0303 -74210 0342

This \$10,000 transfer from the Reserve along with an additional \$25,500 included in Engineering Aerial Mapping will support a planned flight this spring. Aerial photography and photogrammetric mapping is essential for engineering design and evaluations and has historically been completed roughly every five years depending on the pace of new construction. This is not included as an addition to base budget as it has been a regular program, although not one that occurs every year. Technological advancements in photogrammetric mapping allows for very accurate digital elevation models that defines the terrain of a mapping area. Aerial photography and mapping is needed to explore further beyond current municipal boundaries to assist in identifying appropriate growth lands and supports the development of base plans for land development projects.

The increase in funds in aerial mapping is partially offset by not contributing the aerial mapping reserve in 2018 (Account 0303 74210 0708 \$10,000 reduction).

Overhead Recovered County Capital – page 28, Account 0303-69544

The City charges the County an engineering fee for design and contract administration of County infrastructure such as water mains and sanitary sewers. This work is undertaken in most cases with a road reconstruction project. Historically this revenue was used to offset the cost of the City portion of the capital project. The engineering cost for this work is included in the Revenue Fund Budget and therefore it is more appropriate for the revenue to be recovered in this budget rather than an offset to the cost of the capital project.

Street Lighting – Hydro Locates – page 29, Account 0303-79101-0458 (increase \$20,000)

This budget is an estimate for the cost of locating electrical systems associated with the street light network by G-Tel who also provides sewer and water locate services. Staff propose an “addition to base budget” that would reduce this cost.

Street Lighting – Pole Rentals – page 29, Account 0303-79101-0459

This \$5,000 budget results from the agreement for licensed occupancy of power distribution poles. The rental rate of \$2.04 per pole per annum applies to any street light affixed to a power distribution pole.

Methane Gas Testing – page 30, Account 0303-80510

This represents the cost to ventilate closed landfills in the City and to monitor various test points in and around closed landfills.

Sanitary Sewer User Fees – page 32, Account 0305-69509 (decrease \$23,865)

This amount represents the net cost of maintaining the sanitary collection system under an agreement with the County. The County recovers this cost through sewer user fees.

Sanitary Sewer Assessment Program – page 33, Account 0305 80136-041 (decrease \$50,000)

This program includes video inspection of the main line sanitary sewer system. The work is planned to continue but the cost is billed directly to the County which is the reason for the decrease in this budget.

Water Rates - page 34, Account 0306-69560 (increase \$24,430)

This amount represents the net cost of maintaining the water distribution system under an agreement with the County. The County recovers this cost through water rates.

Water Locates Purchased Services - page 37, Account 0306 80395 393 (increase \$20,000)

This budget is an estimate for the cost of locating water distribution infrastructure by G-Tel who also provides sewer and street light electrical locate services. Staff propose an “addition to base budget” that would reduce this cost.

Parking - page 39

The 2018 Budget includes a surplus of \$24,490 which is contributed to the Parking Reserve Fund.

Transit Grant Dedicated Gas Tax - page 41, Account 0709 68105 (increase \$54,200)

Provincial Dedicated Gas Tax funding supports municipal transit operations annually. The funding is allocated based on 70% ridership and 30% population. The Province announced an increase in the annual allocation for the period April 1, 2017 to March 31, 2018.

Transit System Other Wages - page 41, Account 0709-77101-121 (NEW \$15,000)

The estimated cost for new paid leaves of absence as per Bill 148.

Transit Non Recoverable Wages & Equipment - page 43, Account 0709-77146

Cost for operating Tour of Lights and parade transportation.

Fire - page 46 & 47, various accounts

The costs for Fire Prevention, Education and Training staff are included in a new separate budget from Fire Suppression services and can be found on page 47.

Planning Services – Consultant Services - page 48, Account 0600-84120-0383 (decrease \$5,000)

This account is primarily used to hire professional planning and legal services to represent planning decisions of City Council at an Ontario Municipal Board Hearing.

Parks – Transfer from Development Charges - page 51, Account 0701 69319

This transfer, from a development charge reserve, funds the development of new trails expensed under account 0701-83178-0404 and contract tree planting in new Parks under account 0701-83160-0603.

Parks Admin Other Wages - page 51, Account 0701 83110 121 (NEW \$6,360)

The estimated cost for new paid leaves of absence as per Bill 148.

Parks Maintenance Supplies Sportsfield - page 52, Account 0701 83120 0401 (NEW \$25,000)

This is a transfer from the Capital Budget to the Revenue Fund Budget. Materials purchased relate to maintenance and are not capital in nature.

Cowan Fields - page 54, Account 0701 83182

Costs associated with operations at Cowan Fields. Water costs are higher than budgeted primarily due to the operation of the new water park. Additional labour costs result from the annualization of the full time Parks Labourer approved in the 2017 Budget. The 2017 Budget included a partial year for this new position.

Rec Program & Grants -Transfer from Slot Machine Reserve Fund - page 57, Account 0702 67423 (no change - \$15,000)

Funds from slot machine revenue are used to support the Fee Assistance in Recreation Program (FAIR). The annual amount was increased by \$5,000 in 2017 recognizing increasing use and the extension of the program to cultural services.

Southside Pool and Lions Pool Other Wages - page 63, 64 and 66 (NEW)

The estimated cost for new paid leaves of absence as per Bill 148.

Southwood Arena – Recovered from Gym Club – page 71, Account 0708 67810 (increase \$10,000)

The first twenty year agreement between the City and the Woodstock Gymnastics expired in 2017. A new agreement was signed with a term of 5 years that results in the Gym Club paying more each year but the City assumes more maintenance responsibility for the Gym Club space. The offsetting expense is included on page 73.

Woodstock Art Gallery – page 74-77

The WAG Advisory Board and Director/Curator will attend the March 1st meeting of Council to speak to the Gallery budget.

Market Centre - page 78

This budget covers revenue and expenses for the east end (Theatre) portion of the building only. Rent from the west end of the Market Centre is included in account 0205-69302. Revenue from rentals includes events that are booked with the City during certain periods of the year when Theatre Woodstock is not using the facility.

Development Department – Full Time Wages - page 79, Account 0800 84230 (increase \$58,040)

Wage increase relates to conversion of staff from part time to full time approved in the 2017 Budget and a Job Evaluation increment.

Small Business Enterprise Centre – Contribution County of Oxford – page 82, Account 0802 69617

The County of Oxford has provided financial support for the SBEC in recognition of the Centre mandate to support small business County wide. The Province provides annual financial support in the amount of \$85,820 while the City provides financial support for the residual cost which amounts to \$60,840 in 2018. Other funding relates to program delivery.

Library - page 87

The library Board Chair and Chief Librarian will attend the March 1st Council meeting to speak to the library budget.

CAO Legal Fees - page 90, Account 1100 71211 0302 (no \$ change)

In 2017 Council lowered the budget for legal fees by \$40,000 responding to 2016 legal costs that were lower than budget. A Legal Reserve was established with \$40,000 funded by the 2016 surplus. The 2017 actual costs are higher than budget, but we have retained the budget at the amount established by Council.

Marketing Admin salaries and Wages - page 91, Account 1101 71501 (decrease \$78,440)

Decrease results from separating wages related to website in new account on page 92. This new section in the marketing budget will include costs related to the maintenance of the website.

Marketing – WOW Magazine - page 91 (no change)

Although there is no change in the budgeted cost for the WOW magazine there is a change needed to maintain this budget. Distribution is being changed from the weekly shopping news to direct mail delivery. This will improve circulation of the magazine. The increased cost of this change is being absorbed through the elimination of one edition of the magazine and the WOW magazine change from 11 editions per year to 10 editions per year. There will be a June/July combined summer fun issue.

ADDITIONS TO BASE BUDGET SUMMARY

The following summarizes the staff recommendations for additions to Base Budget for Council's consideration.

	Base Annual Funding	Additional 2018 Levy Impact	Estimated Capital Budget Impact	Suggested Financing	Revenue Fund Budget Annual Cost	2019 Levy Impact
Financial Sustainability: Reserves Contributions						
Asphalt Resurfacing Reserve	\$200,000	\$200,000	N/A	Levy	\$400,000	\$600,000 (if 2019 increment approved)
Radio System Reserve (Police & Inter-Departmental Radio Communication System)	\$100,000	\$90,000	N/A	Levy	\$190,000	\$190,000
Fire Equipment Replacement Reserve	\$150,000	\$175,000	N/A	Levy	\$325,000	\$325,000
Southside Pond Clean Out/Sediment Fore-bay Reserve (NEW)	\$0	\$500,000	N/A	Levy	\$500,000	\$500,000
Post-Secondary Capital Grant Reserve Fund (NEW)	\$0	\$250,000	N/A	Levy	\$250,000	\$250,000

	Base Annual Funding	Additional 2018 Levy Impact	Estimated Capital Budget Impact	Suggested Financing	Revenue Fund Budget Annual Cost	2019 Levy Impact
Financial Sustainability: Reserves Contributions Continued						
Reserve for Computer Replacement	\$100,000	\$50,000	N/A	Levy	\$150,000	\$150,000
Capital Levy (suggested contribution to Municipal Building Reserve, Community Complex roof replacement \$1.2 million)	\$0	Per \$100,000 Increment	N/A	Levy	\$100,000 increments	TBD
Downtown Redevelopment Reserve Fund – Increase annual allocation	\$120,000	\$80,000	N/A	Levy	\$200,000	\$200,000
Staffing Related Additions to Base Budget						
Development Department SBEC: Senior Business Advisor (title change - not a new position)		\$16,500 (nine months)	\$0	Levy	\$22,000	\$22,000

	Base Annual Funding	Additional 2018 Levy Impact	Estimated Capital Budget Impact	Suggested Financing	Revenue Fund Budget Annual Cost	2019 Levy Impact
Staffing Related Additions to Base Budget Continued						
Engineering Department: Change Intermediate Civil Design Technologist to Engineering Technologist		\$4,000 (nine months)	\$0	Levy	\$5,000	\$5,000
Engineering Department Utility Locate Technician (NEW)	\$242,500	-\$35,000 (half year)	\$51,000 (Vehicle, Locator)	Annual Savings Split between County Water Rate and City Levy	-\$70,000 (Levy Budget Only)	-\$70,000 (similar saving for water rates)
Additional Bylaw Enforcement Officer	N/A	\$44,000 (half year)	Capital Costs \$30,000 (vehicle)	Levy	\$88,000	\$88,000 Note: Anticipate Partial Recovery from Fines
Woodstock Museum & Woodstock Art Gallery Custodian (replace contract)	\$46,000 (contract)	\$3,500 (half year)	\$0	Levy	\$53,000	\$53,000

	Base Annual Funding	Additional 2018 Levy Impact	Estimated Capital Budget Impact	Suggested Financing	Revenue Fund Budget Annual Cost	2019 Levy Impact
Staffing Related Additions to Base Budget Continued						
Woodstock Art Gallery: Education Assistant Position Part Time to Full Time	\$19,700	\$5,000 (Nine Months with Half Recovered from Additional User Fees)	\$0	Levy & Program User Fees	\$33,700 Less Recovery From Additional User Fees	\$0 (anticipate cost recovery from programming)
Marketing and Special Events: Communications and Special Events Assistant (NEW)	\$11,500	\$38,500 (Eight Months)	\$4,000 (Computer)	Levy	\$75,000	\$75,000
Summer Camps – Additional Summer Student	\$0	\$15,000	\$0	Levy + Camp User Fees	\$15,000	\$15,000 (Dependent on Summer Camp Program Activity)
Miscellaneous						
Downtown Christmas Decorations –	\$5,000	\$5,000	\$0	Levy	\$5,000	\$5,000

	Base Annual Funding	Additional 2018 Levy Impact	Estimated Capital Budget Impact	Suggested Financing	Revenue Fund Budget Annual Cost	2019 Levy Impact
Miscellaneous Continued						
Heritage Registry	\$0	\$0	\$0	Tax Stabilization Reserve	\$10,000 (one time)	\$0
Art in the Park (Formerly Pavlo in the Park)	N/A Canada 150 Event in 2017	\$20,000	\$0	Levy and Sponsorship	\$30,000	\$20,000
Downtown Development Master Plan	\$0	\$0	\$0	Tax Stabilization Reserve and/or Main Street Fund and/or RED grant	\$100,000 (one time)	\$0

Information for “Recommended Additions to Base Budget”

Financial Sustainability (Reserve Contributions)

Reserve for Asphalt Resurfacing

2018 Additional Levy Impact: \$200,000

2019 Levy Impact: \$400,000 including base funding (\$600,000 if the 2019 increment is approved)

To slow a decline in road condition, Staff recommended, in 2015, an increase in the asphalt resurfacing budget from its existing level of approximately \$1 million to \$2 million over a 5 year period; an increase of \$200,000 per year. Council approved Year 1 of a multi-year program in 2015 to increase road spending by an additional \$200,000. Year 2 was not approved in the 2016 and 2017 Budget; however a Revenue Fund surplus allocation provided the equivalent funds for the 2017 Capital Budget. This same level of spending is maintained in the 2018 Capital Budget but the incremental financing is sourced from Capital out of Revenue. This has reduced the number of projects that the City can fund in the Capital program which is one factor resulting in the need to develop a list of projects awaiting financing capacity.

Staff recommends the continuation of this with an increase of \$200,000 on an annual basis. This item is supported by the Strategic Plan fiscal sustainability action 16.1: Maintain appropriate financial capacity for present and future needs.

New Reserve: Radio System Reserve

2018 Additional Levy Impact \$90,000

2019 Levy Impact: \$190,000 including base funding

The current radio system was commissioned in 2008 and an improvement to the system was approved in 2015 to add a third tower and repeaters at the Hospital and Court House for improved reception. The recent improvement was commissioned late last year and included some equipment replacement to extend the life of the radio beyond its original estimated life of 2021. There is further equipment replacement forecast for 2020 with an estimated cost of \$660,000.

The original Municipal and Public Safety Radio System and the current project to improve reception have been financed through the issuance of debt. Council approved the establishment a radio system reserve in the 2017 Revenue Fund Budget recognizing the need for fund repairs, replacement and technology enhancements. An increase in this annual reserve allocation is proposed to generate the funds needed for the planned replacement in 2020 to avoid the need for debt financing.

This item is supported by the Strategic Plan fiscal sustainability action 16.1: Maintain appropriate financial capacity for present and future needs.

Fire Equipment Reserve

2018 Additional Levy Impact: \$175,000

2019 Levy Impact: \$325,000 including base funding

The Base Budget annually raises \$150,000 to fund the replacement of the Fire Department apparatus. The five year Capital Budget forecast includes an engine replacement (\$650,000), an aerial replacement (\$1,200,000) and a platform replacement (\$1,300,000). These three projects create a financing problem if the current annual allocation of \$150,000 continues. Financing can be accomplished through an increase in the annual allocation for the next eight years and extending the life of the existing platform truck to 2024.

This item is supported by the Strategic Plan fiscal sustainability action 16.1: Maintain appropriate financial capacity for present and future needs.

Southside Pond Cleanout/Sediment Forebay Reserve (NEW)

2018 Additional Levy Impact: \$500,000

2019 Levy Impact: \$500,000

This project, with an estimated cost of \$2,475,000, is scheduled for the year 2022 in the Capital Budget forecast. This project has been in the capital forecast for a number of years in the hopes of finding a funding program to help defray the cost. Unfortunately the City has not been successful in this regard. This project cannot be deferred much longer as ongoing siltation will eventually result in the pond becoming more channelized. Continued siltation will also increase the project cost. The establishment of a reserve will provide a financing alternative to debt for a project that is essentially maintenance and does not produce a capital asset.

This item is supported by the Strategic Plan fiscal sustainability action 16.1: Maintain appropriate financial capacity for present and future needs.

Post-Secondary Capital Grant Reserve (NEW)

2018 Additional Levy Impact: \$250,000

2019 Levy Impact: \$250,000

The Strategic Plan includes a recommended action to explore opportunities to partner with educational institutions to support the development of a skilled labour force. Considerations include increased education/technology training opportunities, post-secondary education options downtown and the potential for Colleges to initiate a degree program.

Fanshawe College at the Community Complex has more than doubled full time post-secondary programs and enrolment, both full time and part time, has grown significantly. The Finkle Street Campus is by far the most undersized facility for Fanshawe relative to the full time student population. Fanshawe College recognizes the need for a facility expansion to meet community needs.

Fanshawe proposed an expansion in 2010, however this did not proceed as Federal funding was not approved. In support of this project, City Council approved a grant of land and a grant of \$1,000,000 subject to approval of other funding. Land and funds were not transferred as the project did not proceed.

Municipal contributions towards capital campaigns in support of post-secondary expansions are common; in many cases the dollar values are significant. There is a need for increased physical space for post-secondary education. An educational institution, be it Fanshawe or others, will seek financial support from many sources to establish or expand in the City. Funding sources will likely include the upper levels of Government, the City, the County, the community and alumni. Establishing and funding this reserve anticipates the eventual request for support for post-secondary facility development whether it is Fanshawe College meeting these needs or other education institutions.

This item is supported by the Strategic Plan “Create a Diversified Economy” action 10.1: Explore opportunities to partner with educational institutions and Strategic Plan” fiscal sustainability” action 16.1: Maintain appropriate financial capacity for present and future needs.

Reserve for Computer Replacement

2018 Additional Levy Impact: \$50,000

2019 Levy Impact: \$150,000

The Base Budget raises \$100,000 annually for computer replacements. The Capital Budget for computer replacement has exceeded this base funding for the past five years with an average budget of \$282,000. The 2018 Capital Budget includes \$317,000 for computer replacements. An increase in the amount raised by the Revenue Fund Budget is recommended.

This item is supported by the Strategic Plan fiscal sustainability action 16.1: Maintain appropriate financial capacity for present and future needs.

Capital Levy: Contribution to Municipal Building Reserve

2018 Levy Impact: Variable

2019 Levy Impact: TBD

There continue to be significant capital spending requirements for “state of good repair” projects in our buildings asset class. The two largest projects in the five year capital forecast include the Community Complex roof replacement (\$1.2 million) and the Civic Centre arena floor/boards replacement (\$800,000).

These projects will be difficult to finance from typical sources and will require either debt financing or increased contributions to the municipal building reserve. Debt financing is essential for large capital projects and is not unusual but care and attention is needed as the City’s debt position continues to increase.

This item is supported by the Strategic Plan fiscal sustainability action 16.1: Maintain appropriate financial capacity for present and future needs.

Downtown Redevelopment Reserve – Increase Annual Allocation

2018 Levy Impact: \$80,000

2019 Levy Impact: \$200,000 including base funding

The Downtown Redevelopment Reserve has been the funding source for the ongoing Community Improvement Programs (CIP). Last year there was concern for the financial sustainability of continuing the CIP primarily resulting from uncertainty in the impact of the tax grant back program. The cost of the tax grant back program is different than other CIP programs in that it runs for 5 years. The cost is also difficult to estimate as it is based on the increased assessment which comes from MPAC. We do not know the cost of the tax grant back until this assessment is received from MPAC; and this is always received well after the project is completed.

The estimated Downtown Redevelopment Reserve position is sufficient to fund existing commitments and there are sufficient funds to continue the programs. A recent decision by MPAC to exempt Indwell is one factor in resolving concern for this reserve position. However, a large scale downtown development with a tax grant back approval can certainly bring back funding concerns. We are not aware of any such projects at the moment.

The recommendation to increase the annual allocation is not based on the CIP programs but rather recognizes that downtown revitalization remains far from finished. There is a recommendation to undertake a downtown revitalization master plan to explore all opportunities to produce a more vibrant downtown and recommendations from any study will require funding. An example is a proposed revitalization of Museum Square which is included in the Capital Budget forecast for 2022 with an estimated cost of \$1.5 million.

This item is supported by the following Strategic Plan recommended actions:

- Economy Goal action 7.2: Examine potential initiatives for revitalizing the downtown area
- Fiscal sustainability action 16.1: Maintain appropriate financial capacity for present and future needs.

Staffing

Development Department – Small Business Enterprise Centre change in position responsibility: Senior Business Advisor

2018 Levy Impact \$16,500 (nine months)

2019 Levy Impact \$22,000

This item proposes a change in responsibility for one position at the SBEC. This position was primarily office reception and administrative in nature with limited program delivery involvement.

Today, the role is much more involved and no longer junior in nature. The role involves in depth start-up client consultation providing business planning, network building and regulatory guidance. The role also involves significant involvement in the delivery of two Provincial programs including Summer Company and Starter Company + as well as planning and executing workshops, training and business events.

Engineering Department: Convert Intermediate Civil Design Technologist to Engineering Technologist

2018 Levy Impact (9 months): \$4,000

2019 Levy Impact: \$5,000

This recommendation includes the conversion of an Intermediate Civil Design Technologist to an Engineering Technologist. This is a change in responsibility and not an additional employee. The level of expertise for this position provides a higher level of support and offers more design and project management capacity. The former position will be left vacant.

Engineering Department: Utility Locate Technician (NEW position)

Annual Operating Costs: \$85,000

Capital Cost: \$50,500

2017 Levy Impact: ~~-\$35,000~~ (six months)

2018 Levy Impact: ~~-\$70,000~~

The City is required to provide locate services for our underground infrastructure. This includes sanitary and storm sewers, water mains and buried electrical for street lighting and traffic signals. A private contractor provides locate services to the City at a budgeted annual cost of \$242,500. The cost is split with approximately half from water rates and the remaining from the levy.

This service can be delivered internally at less cost. Annual costs for staff and equipment is estimated to be \$96,000, however startup capital costs of \$50,500 are needed. Capital costs include the purchase of a vehicle, a locater, computer and tablet, cell phone and Utilocate software.

The estimated annually savings of \$70,000 will also be realized in the Water Department Budget.

Bylaw Enforcement Officer

1 Full Time: \$80,000

Annual Operating Costs: \$8,000

Capital Cost: \$30,000

2018 Levy Impact \$44,000 (half year)

2019 Levy Impact \$88,000

Bylaw enforcement work load continues to increase. City growth is one factor in the increasing number of calls for service. Staff resources for bylaw enforcement has only increased by 11 hours per week in more than twenty five years, yet the City population has grown by more than a third. A number of factors over this time period has increased their work load such as the introduction of user pay garbage, overnight parking restrictions in winter months and public space smoking prohibitions.

The Province has proposed an amendment to the Minimum Maintenance Standard Regulation that will require a municipality to address snow and ice accumulation on sidewalks within 48 hours after end of accumulation or notice of snow/ice. The most efficient method of compliance is the passage of a bylaw requiring adjacent property owners to clear the sidewalk which will seasonally increase the workload of bylaw officers.

The capital cost relates to purchase of a vehicle and the technology to support a new officer. This represents full cost and is unreduced by the potential for increased fines.

Woodstock Museum and Woodstock Art Gallery Shared Custodian (replacing contracted service)

2018 Levy Impact \$3,500 (half year)

2019 Levy Impact \$7,000

The draft Budget includes contracted cleaning service costs of \$16,000 for the Museum and \$30,000 for the Art Gallery. In 2016 and 2017 the Museum and the Art Gallery have seen an increase in attendance for education programming and in general visitation. This has led to an increase need for cleaning at both facilities and more hours for contracted services and higher costs. Sharing one staff member will allow for more consistency and cleaning capabilities throughout the day. Similar to City Hall, a Custodian is also capable of minor repairs and moving materials.

Woodstock Art Gallery: Part Time Education Assistant to Full Time Education Assistant

2018 Levy Impact \$5,000

2019 Levy Impact \$0 (offset by additional program fees)

Since hiring the Part-time Education Assistant in April of 2016, the demands for education programming has continued to increase. With a record breaking Summer Camp and with additional educational programs in demand we are now starting to incur waiting lists that are becoming half as long as the registration lists. There has also been several requests to offer Adult programming during the day (normally it is offered on the weekends and evenings to accommodate school tours). Given these increased demands, the opportunities provided by Legend to increase registration and the continued growth of the City it is recommended that this position be converted to full time. The additional cost is expected to be recovered from additional revenue resulting from the expansion of the education program offering.

Marketing and Special Events: Communications and Special Events Assistant (new position)

1 Staff: \$75,000

Capital Cost: \$4,000

2018 Levy Impact: \$38,500 (eight months)

2019 Levy Impact: \$75,000

The number of special events managed by the City has increased in recent years and these events are also spread throughout the year. Historically special events were mostly concentrated in the summer months. Examples include the Sports Wall of Fame, the CP Holiday Train, the City Beautiful Awards and Sister City events. A summer student has provided support for many years but it is increasingly difficult to manage the roster of events, especially events that fall outside of the summer months.

This position will also include responsibilities for communications and promotions development including graphic design. Accordingly the capital cost relates to a computer for this individual. Physical space for additional staff is a concern at City Hall. There may be a further capital request to undertake minor renovations on the third floor to create a workspace.

Summer Camps: Additional Summer Student

2018 Levy Impact: \$15,000 (less camp user fees)

2019 Levy Impact: \$15,000

Additional summer student to support a growing summer camp program.

Miscellaneous

Downtown Christmas Decorations on Light Standards – set-up/take down/storage

2018 Levy impact \$5,000

2019 Levy Impact \$5,000

The BIA requests financial support to cover the costs of the annual installation and removal of the light standard mounted Christmas decorations in the downtown. For the last two years, this service has been provided by Tabors Tree Services at a cost of \$4,960 plus HST. The BIA made a special funding request to City Council for each of the last two years and the City has covered this cost. This request will permanently transfer financial responsibility to the City. The BIA will continue to take care of coordinating dates for set up and take down and cover the cost of storage.

If approved we recommend that the cost be added to the Winter Lights Budget.

Heritage Committee: Heritage Registry

Total Cost: \$10,000

2018 Levy Impact \$0

2019 Levy Impact: \$0

In 2005 the Provincial Government provided new Heritage Act legislation designed to preserve and protect our cultural heritage. This legislation provides Ontario communities with two specific tools to protect the buildings, structures, monuments and other icons of their cultural heritage. The first of these is designation of a property or place. The second tool is that communities may now create a registry of properties that have yet to be designated but may be of cultural value above the norm. This is a much simpler process as less information is initially required. Should the owner wish to demolish a registry property the demolition permit would be delayed to allow the heritage committee time to review the property and make a recommendation to Council.

Funds will be used to hire a person to undertake this work.

Art in the Park (Formerly Pavlo in the Park Canada 150 Labour Day Event)

Total Cost: \$30,000

2018 Levy Impact \$20,000

2019 Levy Impact: Depends on whether event will repeat

The Canada 150 celebration was a success with many comments wanting it to become an annual event. If approved, the event will move to July 21st to improve chances for better weather but will continue to be held in Victoria Park. Sponsorships are expected to defray a portion of the cost of this new event.

Downtown Development Master Plan

Total Cost: \$100,000

2018 Levy Impact \$0

2019 Levy Impact: \$0

City Council received a report on the February 15th Council meeting providing background on this initiative. The Province announced the Main Street Revitalization Fund in January which results in a grant to the City of \$62,974. We are awaiting details on how the funds can be used and this may be a source of funding for the Master Plan. Another potential funding source is the Rural Economic Development Fund. This is an application based program. We recommend that the cost be financed from these Funds (if eligible and/or approved) with the balance from the Tax Stabilization Reserve.

OPTIONS TO MITIGATE THE LEVY INCREASE

Hydro Legacy Fund

The draft Base Budget does not include an allocation of investment income from the Hydro Legacy Fund. The Legacy Fund annual return is estimated to be approximately \$550,000 as at December 31st. Total return since inception is \$1,349,780 (2 years). Typically the Revenue Fund Budget includes \$400,000 in revenue from the Legacy Fund.

The primary goals of the Legacy Fund Investment Policy are:

- Adhere to statutory requirements,
- Preservation of capital,
- Maintain liquidity,
- Earn a competitive rate of return.

The Legacy Fund Investment Policy specifies that a Legacy Fund Retention Reserve should be established. This Reserve will provide funds to mitigate fluctuations in the level of investment earnings. The Policy sets an ongoing balance in this reserve at the equivalent of 2 years of projected transfers.

Staff have not included an allocation of investment income in the 2018 Budget so that the Legacy Fund Retention Reserve can be established. However, Council can apply investment income as per the policy to reduce the 2018 levy.

Transit – Provincial Dedicated Gas Tax Funding

The Province has provided annual gas tax funding (PGT) dedicated to the support of public transit programs since 2004. With the exception of one year, the City has used dedicated gas tax transit funding for fleet replacement and other capital assets such as transit shelters. PGT funding is based on a gas tax share of 2 cents per litre (out of 14.7 cents per litre). The annual funding was increased for the current Provincial fiscal year by approximately \$50,000 to \$454,200. The Province has committed to increase gas tax funding from 2 cents per litre to 2.5 cents per litre in 2019/2020, to 3 cents per litre in 2020/2021 and to 4 cents per litre in 2021/2022. A second round of Federal PTIF funding is also expected.

PGT funding was made permanent through the passage of the “*Dedicated Funding for Public Transportation Act, 2013*”. However it is important to note that this legislation affirms annual funding on the basis of 2 cents per litre only.

Capital Budget forecasts for transit includes one bus replacement in 2021 and two bus refurbishments. Over the next five years we are projecting a surplus of PGT funding in the amount of \$633,000 given the declining capital needs over this period of time. This forecast is based on a contribution level of \$401,000 per year as the increase was not known at the time.

The estimated surplus of PGT funds in 2018 is approximately \$250,000 which includes the increase announced recently. PGT can be used for operational funding and accordingly this can be an offset to a levy increase up to the quantum of available PGT funds.

The Base Budget increase for conventional transit is \$90,000 and the increase for paratransit is \$78,000. Council can determine that PGT funds be applied to offset the transit Budget. Staff suggest a figure of \$150,000 for 2018.

Suggested motion:

That the Transit Budget be amended to include revenue of \$105,000 and the Paratransit Budget be amended to include revenue of \$45,000 to be financed from Provincial Dedicated Gas Tax Funding.

Planning Services – Consultant Services

The Base Budget includes \$5,000 for consultant services. This Budget provides for professional legal and planning services to defend a decision of City Council at any Ontario Municipal Board Hearing. City Council established a Legal Services Reserve in 2017 with a \$40,000 surplus contribution. This Reserve can be a source of financing the costs of any appeal rather than providing for an annual budget.

Suggested motion:

That the Planning Services – Consultant Services Budget be reduced from \$5,000 to \$0.

What is Not Included.

Weekly Recycling Collection

The 2018 Budget does not include operational expense associated with delivering weekly recycling collection services. In August, Council provided direction to issue a request for proposals for contracted delivery of waste and recycling curbside collection services including the increase to weekly collection. The RFP will be released shortly.

Staff estimate that weekly collection of recyclables will require one additional truck per day (from the current three) and increase our annual costs by \$190,000 plus a capital cost of \$275,000 for the purchase of another collection vehicle. It is important to note that the capital cost for the vehicle is recovered in the annual operating cost so this should not be considered as additional cost. Also, a six day rolling schedule is an option to reduce the incremental cost but a six day rolling schedule will result in a collection frequency of up to 9 business days or 13 calendar days during the December holiday season.

The Waste Management Agreement with the County of Oxford does not provide for this level of service so this cost additional cost must be borne by the City levy.

Physician Recruitment

It is no secret that there is a shortage of family physicians across many parts of Ontario. Not surprisingly Woodstock faces the same struggle as many similar-sized communities in its efforts to attract and retain new primary care providers.

The City's Strategic Plan identifies the need to attract additional family doctors to the community (Objective 2.7). For the past 4 years the City has been a member of the Oxford Physician Recruitment Group, a cooperative effort funded by Oxford County, whose focus is the attraction of new family doctors. The committee, whose membership includes representation from Woodstock, Ingersoll, Tillsonburg and Norwich, has had some success in attracting new doctors to the area. Nevertheless, the expectation is that as many as 25 new family doctors will be needed in the coming years to fill the void left by the expected retirement of existing physicians.

In September, City Council approved Woodstock's participation in a pilot project that assists in orienting new physicians to the programs and supports available in the City. One of the issues raised is how a physician is compensated for their time in getting to know a community as they consider setting up a new family practice. Council approved funding for a stipend of a half or full day orientation. The City is also a participant in the orientation day.

There are more options to consider such as the hiring of a physician recruiter. A physician recruiter is being used in St Thomas/Elgin County and Orillia. This is envisioned as a part time contract position and is an option worthy of further consideration.

Staff has not recommended additional funding at this time as Council may wish to direct staff to explore the potential for other funding partners which in turn may result in the formation of a governance committee. Council may also wish to consider embarking on this initiative independently.

Municipal Energy Plan

The Municipal Energy Plan was approved by City Council in July of 2016. The Plan recommends eight strategies that, if implemented, would help to lower energy use and GHG emissions by 38% and 37% by 2031 from the 2013 baseline. These strategies include:

- Existing residential retrofit program
- New residential building efficiency
- Existing commercial and institutional retrofits
- New commercial and institutional efficiency
- Industrial efficiency
- Alternative fuel vehicle adoption
- Active transportation and transportation demand management
- Renewable energy generation

The estimated initial costs for Plan implementation are \$80,000 to develop an existing residential retrofit program and \$75,000 for a new staff position (Energy Manager). The draft Budget does not include these costs or any other costs for Plan implementation.

The Federal and Provincial Governments have both established GHG Emission targets as follows:

- Federal: 30% below 2005 levels by 2030
- Province: 15% below 1990 levels by 2020
37% below 1990 levels by 2030
80% below 1990 levels by 2050

Cap and Trade programs are implemented in response to these targets and the additional costs (i.e. fuel tax) of such are included in the draft Base Budget. The Province has since launched energy efficiency programs funded through the Green Ontario Fund using revenues from cap and trade. The County of Oxford is actively working on many projects as envisaged by the 8 strategies and has staff resources to support this work. We will continue to monitor opportunities for funding through the Ministry of Energy.

Cultural Master Plan

The development of an integrated cultural strategic plan is identified in the Strategic Plan. An integrated cultural strategic plan connects all of the community's cultural assets and resources to develop a coordinated and comprehensive plan. The completion of the Woodstock Art Gallery Strategic Plan is a prerequisite to moving forward with the integrated cultural plan. The WAG Strategic Plan has since been completed and an integrated strategic plan could proceed but is not included for the current year.

A Downtown Development Master Plan, which is an addition to base budget, is recommended as the priority for this year. A Downtown Development Master Plan will also touch on some cultural elements.

Revenue Fund Budget Forecast Considerations

The following are additional issues and items that may impact the Revenue Fund Budget in the next five years:

- Pittock Conservation Area North Shore and South Shore – New agreement with UTRCA under development for public access to north shore and water; Increase in annual payment for public access and the assumption of responsibility for certain capital rehabilitation and improvements.
- Cowan Park – Woodstock Soccer Club financial sustainability; responsibility for annual debt payments and operating costs to be determined.
- Minimum Maintenance Standards – Regulation change requiring municipal sidewalks to be free of ice and snow accumulation 48hours following the end of a winter event.
- Transient Accommodation Tax; new taxation authority under Ontario Regulation 435/17.
- Organizational Review – City growth, regulatory requirements and other factors are driving a need to undertake a review of organizational structures in the short term.

WHAT DOES ALL THIS MEAN?

The tax calculation has become more complicated and is very difficult to explain. There was province wide reassessment in 2016 and the new values took effect on January 1, 2017. Increases in property value are phased in over 4 years while decreases are recognized immediately. As a result, each individual property will see a different percentage change in taxes paid year over year. There is no “typical increase”.

It is also difficult to determine the value of the “average” house. We continue to fine tune this calculation. This year we are relying on the information found in OPTA - the Online Property Tax Analysis provided by the Ministry of Finance. This website provides municipalities with all of their current assessment information and various tax tools for analysis.

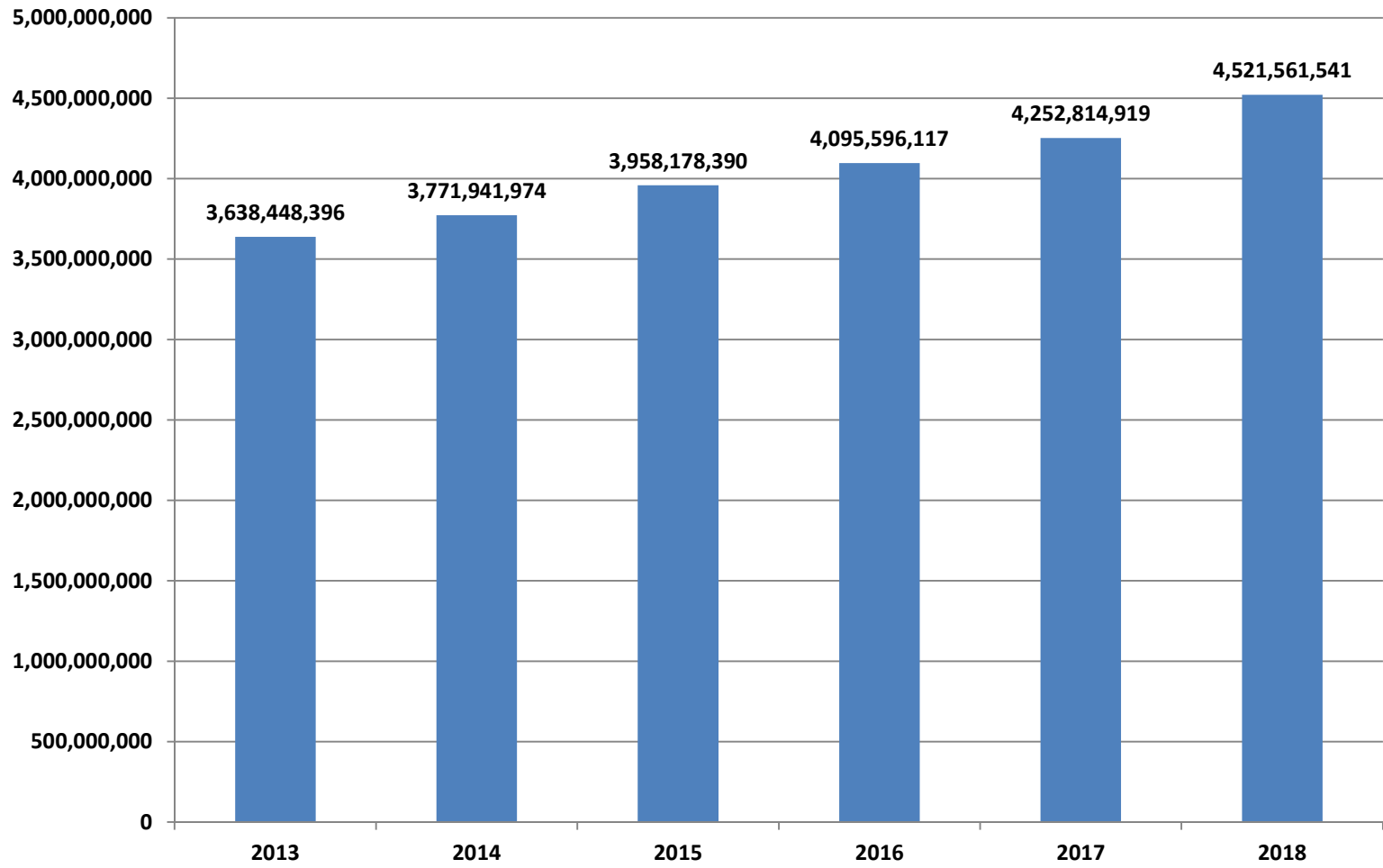
According to OPTA, the average home in **2017** was assessed at **\$227,500** and the average home in 2018 will be assessed at **\$231,400** based on the phase in of the new property values. The Base Budget results in an **increase** in taxation for City purposes of **\$8.16 or 0.38% for the average home**. It is once again emphasized that this is a mathematical calculation of the average and each property will have their own change in taxes based on their phased in assessment.

The impact of each additional \$100,000 on the levy is **\$4.07 or 0.19 %** on the average home.

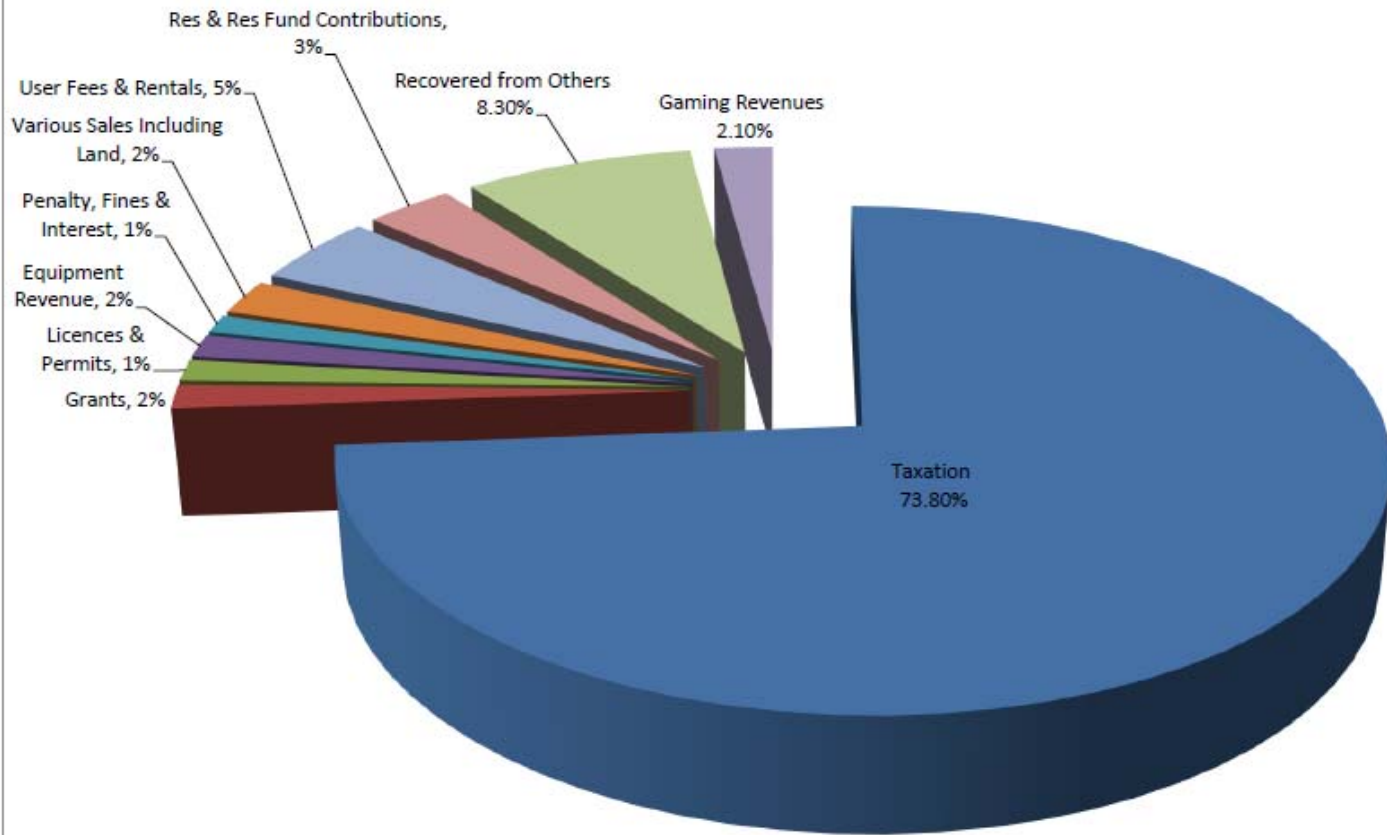
The impact of approving all of the additions to Base Budget (assumes a \$100,000 one-time capital levy) is a **\$71.80** increase on the average home and a **1.62%** increase in the tax rate.

The Province has introduced a new complication in 2017 by mandating the reduction of the tax ratio for the Multi-Residential class to 2. This means that for every dollar the residential class pays, the Multi-Residential class pays \$2.00. Our ratio was reduced to 2.55 in 2017 and 2.37 in 2018. Because the ratio is still higher than 2, we cannot make the class pay any more than it did in 2017. Accordingly any levy increase will be shared by all of the other classes. This impact can be mitigated by reducing the ratio closer to 2 but careful analysis is required. At this point, a staged reduction over a number of years has been approved by the County who is responsible for tax policy. The full impact of the 2018 reduction is not known yet and accordingly all tax calculations presented for Council’s consideration are subject to change.

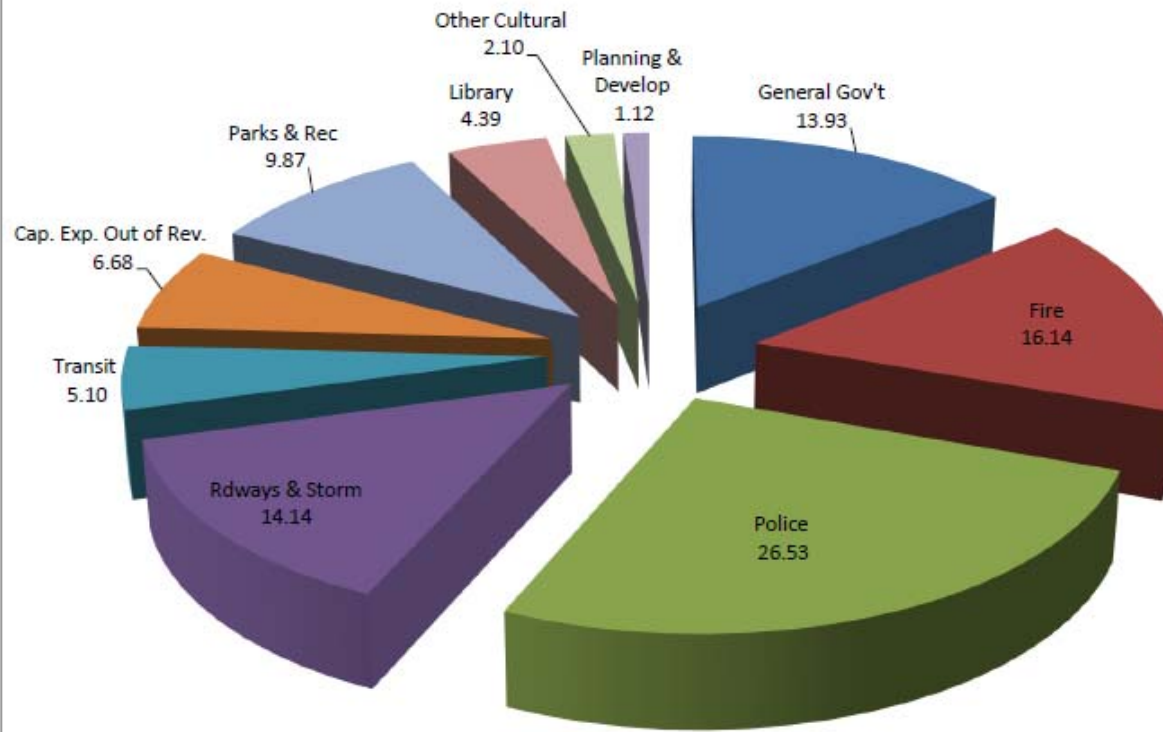
ASSESSMENT COMPARISON



2018 REVENUE SOURCES



HOW THE PROPOSED 2018 LEVY WILL BE SPENT



Respectfully Submitted,

“David Creery”

David Creery

Chief Administrative Officer