

AGENDA
SPECIAL MEETING OF COUNCIL RE: BUDGET
THURSDAY, MARCH 30, 2017
7:00 P.M.
COUNCIL CHAMBERS

1. **Call to Order**
2. **Declarations of Pecuniary Interest**
3. **Reports**

CAO-2017-8 Midland Operating and Capital Budget Review
Report dated March 28, 2017 from J. Skorobohacz, CAO, with respect to Council's request for a policy based approach when considering certain community related proposed operating budget items.
4. **Public Input on the 2017 Budget**
Maximum time per presentation is 10 minutes. Written submissions will then be considered.
5. **Recap of Budget 2017 and Next Steps**
J. Skorobohacz, CAO, and S. Turnbull, Director of Finance/Treasurer will provide recap and receive confirmation of final budget meeting on April 10, 2017, at 6:00 p.m.
6. **Adjournment**



STAFF REPORT

DEPARTMENT/FUNCTION: Administration

CHAIR: Councillor S. Strathearn

DATE: March 28, 2017

REPORT NO.: CAO-2017-8 Midland Operating and Capital Budget Review

RECOMMENDATION:

THAT the Report from the Chief Administrative Officer and the Director of Finance respecting Council's request for a policy based approach when considering certain community related proposed operating budget items be received; and

THAT Council adopts option _____ with direction to the Acting Clerk to communicate the recommended changes to the respective organizations; and

Further that the Director of Finance in concert with the Chief Administrative Officer be requested to bring forward a municipal grant policy consistent with the terms outlined in Report CAO-2017-8, reflecting Council's desire to build a balanced, collaborative and sustainable approach which encourages and promotes community capacity building.

BACKGROUND:

At Council's March 22, 2017, Budget Review Meeting the following resolution was adopted requesting:

That the Chief Administrative Officer along with the Director of Finance be requested to undertake a further examination of the proposed 2017 operating budgets with a view to identifying for Council further reductions to the Town's proposed commitments to external organizations and agencies, based to the extent possible on the following considerations:

- a) Regional policy approach that addresses regional equity where applicable***
- b) Balancing funding for new one time capital/program initiatives vs funding ongoing existing operating costs***
- c) Consideration to provide limitation to the funding of any one organization to a maximum of 2 years within the council term***
- d) Demonstrated community benefit including the production of financial statements supporting the efforts of the respective organizations***
- e) For organizations that have historically been provided ongoing operating cost supports that the grant funding be reduced by 25% over the next two years.***

And further that the CAO and Director of Finance present to Council at a later date a policy document that would capture the considerations and options for the directions outlined herein.

ANALYSIS:

For the purpose of addressing the direction from Council the primary focus should be upon the attached schedule that provides Council with four separate but complimentary options. Council will recall that following the last Special Council Budget meeting the 2017 Tax increase stood at 3.10%. The options listed in the ensuing paragraphs will provide Council with alternatives to lower the tax increase to as low as 2.30% if all of the options are selected.

The first option "A" provides the opportunity to eliminate the Council Initiatives Reserve of \$22, 818 which accomplishes a net tax increase of 2.97%

Option "B" would result in a further reduction of \$91,521 resulting in a cumulative reduction that would accomplish a net tax increase of 2.48%

Option "C" accomplishes further reductions of \$15,570 resulting in a cumulative reduction to the tax increase resulting in a tax increase of 2.39%

Finally Option "D" identifies further reductions of \$17,500 which put the cumulative reduction at \$147,409 which equates to a tax increase of 2.30%.

Clearly another option would be for Council to reject the approach suggested by the Administration and simply use the list as a menu to determine those potential reductions that it believes best meet Council's overall objectives. Should Council proceed in that fashion our Director of Finance would then undertake the appropriate calculations to determine the tax increase based upon those individual items selected.

As for the overall approach to future budget deliberations your administration recognizes that the proposed strategy will require further work which would be undertaken over the course of the next several months. We acknowledge that Council for the Town of Midland recognizes the valuable contributions made by community organizations and volunteer groups that seek to enhance the well-being of the community and the quality of life of our residents. In recognition of these contributions, Council remains committed to ensuring a sustainable approach to supporting these efforts by delivering a modest level of assistance through a municipal grant program. Each year an effort is made by Council to provide a level of financial and/or in-kind support through the municipality's operating budget. A goal in future budgets is to appropriately identify all the in-kind contributions to ensure transparency and to demonstrate the benefit and return on said contributions on behalf of the broader Midland community.

Ideally such a policy would entail a process that ensures fairness, consistency and access to qualifying organizations. The balance of this report provides some, albeit limited insight into what such a program may accomplish.

Regional considerations:

A further examination of the 2017 Operating Budget was undertaken with consideration of the above noted direction. However, given the rather short turnaround time to produce some conclusions a limited outreach was made to our neighbouring North Simcoe municipalities to determine the extent of financial support currently provided to those groups/organizations that may be viewed as having a broader "regional" mandate and membership base that extends beyond the Town of Midland's boundaries.

Please note that Severn Sound Environmental Association and Sustainable Severn Sound along with the Huronia Airport Commission are such operations, we have purposely excluded the allocation of funding for these organizations. Some other typical programs are identified solely for purposes of providing some context that the degree and level of participation is obviously not tied to specific funding criteria.

Tiny Township (2016 pop. 11,787) is noted as supporting the following “regional operations/organizations”

- i. EDCNS - \$48,000
- ii. Hospital Capital Equipment - \$20,000
- iii. Physician Recruitment - \$10,000

Tay Township (2016 pop. 10,033) is noted as supporting the following “regional operations/organizations”

- i. EDCNS - \$48,000
- ii. Hospital Capital Equipment - \$20,000

Penetanguishene (2016 pop. 8962) supported the following “regional operations/organizations”:

- i. EDCNS - \$47,750
- ii. Hospital Capital Equipment - \$10,000 in 2016 (from 2015 surplus) 2017 yet to be determined
- iii. Physician Recruitment – No contribution in 2016

Town of Midland (2016 pop. 16,864) by comparison supports these same organizations as follows:

- i. EDCNS - \$91,920
- ii. Hospital Capital Equipment - \$41,600 – proposed change to pay \$20,800 over two years
- iii. Physician Recruitment - \$22,000 – proposed change to \$17,000

Although this is just a cursory look there may be some opportunity to examine the costs associated with programs and services and the benefits derived that go beyond the traditional local municipal boundary. That type of examination could be an interesting exercise but would require significantly more time and staff resources.

Balancing ongoing vs. One-time capital investment:

Many of the organizations deriving support via the Midland Municipal Grant process rely upon this funding to support ongoing operational requirements. The challenge that the Town has been facing over the course of the past several years is the continued pressure to find operational efficiencies. The ability to continue to find further operational savings without certain wholesale service level changes presents a significant difficulty. The difficulty with the current approach is that unless additional funding is provided – new groups/organizations are unable to advance worthy initiatives. However, having new organizations and initiatives come forward for consideration under a new municipal grant policy should enable Council to address the opportunity for broader community capacity building. Based upon what appears to be Council’s desire to broaden the opportunity to support worthy initiatives, it would be prudent when the future policy is brought back for Council’s consideration that we include a range of options within the framework that allow of the greatest amount of flexibility.

Limited 2 year funding support and proposed 25% annual reductions:

Some of the ongoing funding has been based upon long standing council resolutions/agreements that will need to be revisited so that the organizations will have some lead time to permit them to make adjustments in future budget years. Those with existing funding resolutions and/or agreements will be separately identified and discussions and appropriate strategies will be identified in the policy framework document.

Future Policy Framework Considerations:

Moving forward, administration will develop a policy framework that attempts to address the following principles:

- a) Develop a formal program which includes key elements such as a formal application process, vetting and ensuring that the applicant meet certain criteria (to be flushed out within the future policy framework)
- b) Demonstration that proposed projects/programs will provide direct benefit to Midland residents
- c) Demonstration that the purpose for the funding meets Council's strategic objectives
- d) Where programs are of a broader regional nature which demonstrate a clear benefit beyond Midland residents the applicant should demonstrate their efforts in seeking a similar grant from other jurisdictions.
- e) Limitations respecting either the number/frequency, size and purpose for the grants over the term of Council
- f) Setting clear grant amount maximums in any one year
- g) Ensuring that applicant organizations are in good standing with the municipality
- h) Demonstrating that the program deliverables per the grant application have been achieved as criteria to future funding eligibility.

CONCLUSIONS:

There are numerous opportunities to develop a municipal grant program that provides opportunities to existing organizations as well as incentive for new organizations to participate in the fabric of the community. Developing the criteria that would encompass a fair and equitable approach is the first step in building a sustainable program.

COUNCIL'S STRATEGIC PLAN:

This report supports Council's strategic priority respecting fiscal responsibility and cost containment through greater transparency and accountability.

FINANCIAL IMPACT:

This report is intended to have an impact on the 2017 Budget. The purpose for the report was to identify potential reductions for Council's consideration.

Prepared by: Susan Turnbull, Director of Finance

Prepared by: John Skorobohacz, Chief Administrative Officer

Attachment: Schedule of Proposed Options for 2017 Budget reductions

**TOWN OF MIDLAND
BUDGET 2017
STATUS OF COMMUNITY SUPPORT & ADDITIONS TO BUDGET after MARCH 22, 2017 with PROPOSED REDUCTIONS**

				Resolution	2017 Base	Proposed Reductions	2017 One Time	Proposed Reductions	2017 Service Level	Proposed Reductions	Net Budget 2017	Action Proposed
OPTION A												
Council			Council Initiatives Reserve			(22,818)					(22,818)	Close this discretionary reserve to reduce property taxes without impact on particular program
OPTION A REDUCTION											0.12%	2.97%
OPTION B												
Taxation	020	4950	Heritage Rebate (Mar 10)		2,000						2,000	
Council	111	1222	Active Transportation Committee	2017-15					1,500	(1,500)	0	Pending governance and Service Delivery Review
		1225	Youth Committee (Mar 22)		1,500					(1,500)	0	Pending governance and Service Delivery Review
		7100	MMS Scholarship		1,000						1,000	
		7100	St. Theresa Scholarship		1,000						1,000	
		7100	Education Grant to County of Simcoe		1,000						1,000	
		7100	Broadband Gap Analysis Study through NSCFDC	2016-484			12,000				12,000	
		8181	Contribution to EDCNS	2016-183					91,920		91,920	Contribution to 1/2 percent of levy. Propose that future year time horizon should be based on budget submission - program delivery
Com H&S	247	7100	Hospital Capital Campaign - CT Scan - final instalment		41,600					(20,800)	20,800	Honour commitment but split final payment over 2 years
		7100	Midland Legion Pipes and Drums		1,200						1,200	
		7100	Salvation Army Outreach Services		5,000						5,000	
		7100	Physician Recruitment		22,000	(5,000)					17,000	Recommend future years \$1 per capita - contribution nets \$5k reduction for 2018
		7100	Senior's Council Lunch (paid to Askennonia Seniors Centre)		1,600						1,600	Future years engage Senior's Council to determine Midland base membership
		7100	Sustainability Plan Contribution (2015 to 2018, 4 year commitment)		8,200		1,600				9,800	
		7100	Boys and Girls Club (direct support \$59,633, NSSRC rent \$32,130)		91,763						91,763	
		7121	Affordable Recreation		10,000	(2,500)					7,500	Reduction of 25% for 2017 based upon 2016 experience. Recommend future review of program
CAO	122	1120	30% of Senior Executive Assistant				16,752	(3,723)			13,029	Shared Executive Assistant - push start date from April 1 to June 1/17
Clerks	123	1120	30% of Senior Executive Assistant				16,702	(3,712)			12,990	Shared Executive Assistant - push start date from April 1 to June 1/17
Finance	124	1120	30% of Senior Executive Assistant				16,702	(3,712)			12,990	Shared Executive Assistant - push start date from April 1 to June 1/17
PW	315	3117	Contribution to BIA towards their Summer Student		5,000	(5,000)					0	Remove - trade off parking support
Culture	740	7100	Huronina Museum		83,933	(8,192)					75,741	Reduction of value of audit fee per new partnership agreement
		7100	Town Crier		600						600	
		7100	Sports Hall of Fame		500						500	
		7100	Askennonia Seniors Centre		6,000						6,000	
		7124	Support to Culture Midland Advisory Committee	2016-93					35,000	(10,000)	25,000	Reduction of 10K - balance approved subject to receipt of matching grant funding
Tourism	750	7100	Cycle Simcoe County Map		1,000	(1,000)					0	Should be included in tourism funding EDCNS
		7119	Contribution to Buttertart Festival		10,000	(2,064)					7,936	Reduction based on existing allocation of in-kind staff support
		7128	Santa Clause Parade		1,000						1,000	
		7128	Ontario Special Olympics		500						500	
SSEA	610	2210	New invasive species monitoring program						7,000		7,000	
					296,396		63,756		135,420	(33,800)	495,572	
						(46,574)		(11,147)			(114,339)	
OPTION B REDUCTION											0.62%	2.48%
OPTION C												
			Change start date of Senior Executive Assistant to July 1					(5,570)			(119,909)	Push hiring date to July 1
			Reduction to Butter Tart Festival cash contribution by \$2500			(2,500)					(122,409)	
			Reduce original request for support to Culture Midland by 50%						(7,500)		(129,909)	Reduction to Culture Midland by 50% of original request
OPTION C REDUCTION											0.71%	2.39%
OPTION D												
			Eliminate Support to Culture Midland save and except current staffing level						(17,500)		(147,409)	Complete elimination of Culture Midland request
OPTION D REDUCTION											0.80%	2.30%