

THE CORPORATION OF THE TOWNSHIP OF HORTON

Finance Committee Meeting of the Whole

January 27, 2015

There was a Meeting of the Finance Committee of the Whole held in the Municipal Council Chamber on Tuesday January 27, 2015. Present was Chair Jamey Larone, Mayor Bob Kingsbury, Deputy Mayor Robert A. Johnston, Councillor Dave Bennett and Councillor Glen Campbell (from 5:30). Staff present was Jennifer Barr, Treasurer/Tax Collector and Mackie McLaren, CAO/Clerk.

1. CALL TO ORDER

Chair Larone called the Meeting to Order at 5:06 p.m.

2. DECLARATION OF PECUNIARY INTEREST

There was no declaration of pecuniary interest by Members of the Committee or Staff.

3. PAPERLESS COUNCIL MEETINGS

The CAO/Clerk informed the Members that Mayor Kingsbury had requested this item be added to the agenda for consideration by the Members during the budget discussions.

Mayor Kingsbury reported on the County of Renfrew paperless meeting packages. They supplied him with a choice of a laptop computer or an iPad. He chose the laptop. He advised that in very short time he had managed the change from paper information. He asked if the Council Members are interested in pursuing this opportunity. Deputy Mayor Johnston, former Mayor agreed with Mayor Kingsbury's comments. He found it very easy to adapt to the paperless format when he was at County Meetings.

Chair Larone asked what it would cost to purchase the necessary laptops or iPads, software and training. Councillor Bennett said he uses a laptop every day and asked for the costs. The Treasurer/Tax Collector suggested possible savings of \$2500 in paper and copying costs over the course of a year.

Moved by Dave Bennett, Seconded by Robert A. Johnston that Finance Committee request staff explore the costs and advantages of going to a paperless Council meeting package.

Carried.

4. GRADER

The Committee Members reviewed Janet Collins, Public Works Manager's report on the opportunity to purchase used 2012 940B Volvo grader. Mayor Kingsbury asked what dollars was in the Reserve Budget for this purchase. The Treasurer said \$225,000.

Chair Larone asked what amount is added to equipment reserve each year. The Treasurer said it was \$77,000 plus 2% COLA. The amount for 2015 is \$81,200.

There was discussion on the recommendation to purchase a snow wing, harness and hookup at a cost of \$19,436.

Mayor Kingsbury noted the report points out that the 6 tires are have only 1/3 rubber left. New tires will have to be purchased next year at a cost of \$9,000.

Councillor Bennett, Chair of the Public Works Committee asked why you would put your largest piece of equipment into the salt to carry out winter maintenance. He noted that the wing for the current grader has not been mounted for winter maintenance in the last 3 years. He added that we have budgeted for a new snow plough truck with wing and blade to be purchased next year. If we continue to keep a 3rd plough truck as standby, we never would need the grader for winter maintenance. He suggested there was no need to purchase the wing and assembly. He said that if we were so sure we will need the grader in winter snow removal we should keep the current grader for that purpose. The value of the grader is \$20,000 and it will be this value this year, next year and the year thereafter. Plus if we decide we need a wing in the future we could always purchase a used wing for \$5,000.

Councillor Bennett said the report recommends we have a mechanic go over the grader and report back. He noted that we have been supplied the Matris (operation report) on the grader provided by a Volvo dealer in Montreal. The mechanic would only be able to do an eyeball inspection. It may be good insurance, but it would only be by luck that he may find an issue that no one else has discovered.

Councillor Bennett noted that the grader is for sale at \$169,000 plus net HST. He suggested that the grader can be purchased for \$165,000 plus net HST including 2 new tires and delivery to the Public Works Garage.

The Treasurer asked if we would be changing our level of service by not purchasing the wing. Councillor Bennett said no.

Councillor Campbell, former Chair of the Public Works Committee recalled an incident when the grader could have been used during the last term, but the wing and harness had not been installed, even though he had suggested this be done before the start of the winter season. In this situation both plough trucks were down with mechanical problems during a winter storm event.

Mayor Kingsbury noted that the County of Renfrew has 2 spare snow plough trucks available for use by the local municipalities if we have equipment problems. All we have to do is supply the operator, insurance and fuel.

Councillor Campbell suggested that Public Works Committee should review the report and make a recommendation to Council. Chair Larone said there would be an opportunity for the Public Works Committee to review the report at their special budget meeting on January 29 and they could make a recommendation to Council at their February 3rd Council Meeting.

Councillor Bennett added that this grader is 2 years old (2012 model) and has only 1065 hours on the machine. It was a leased unit and the contractor did not pick up the purchase option. The grader came from Saskatchewan.

Moved by Dave Bennett, Seconded by Robert A. Johnston that the Finance Committee authorize the heavy equipment mechanic for the grader we use to travel to Long Sault Ontario to review the grader considered by staff and report on his findings, AND

That a recommendation go to the Public Works Committee January 29, 2015 Committee Meeting for review, and if they support the report, and the mechanical report supports the purchase of the grader, The Finance Committee recommends Council make an offer for the 2012 G940B Volvo grader from Ray's Equipment Sales Ltd, of Long Sault Ontario.

Carried.

5. OCIF PROJECT – DEADLINE TO REPORT – MARCH 31, 2015

The Treasurer reported that a project must be selected for the \$25,000 OCIF grant the Township will receive in 2015. As the report must be submitted by

March 31, 2015 Council should adopt the project at their February 3rd Council Meeting.

The Treasurer suggested two projects that the funds could be used on – gravel program or on Thomson Road as both projects will be carried out this year. Councillor Bennett said it was a good suggestion to use the funds on gravel.

Moved by Robert A. Johnston, Seconded by Bob Kingsbury that the Finance Committee request the Public Works Committee consider the use of the 2105 OCIF funding and to report the project to the February 3, 2015 Council Meeting.

Carried.

6. POWER POINT PRESENTATION OF THE DRAFT 2015 BUDGET

The Treasurer presented a written report to the Members and showed the report using a power point presentation. She pointed out that the financial information in the reports has not been subject to audit yet, that she still has several year-end entries to make and that it hasn't been proofed as she was completing the reports just prior to the start of the meeting.

The items discussed were:

- Strategies
- Process to date
- Growth
- Departmental summary
- Capital
- Thomson Road
- Reserve Schedule and
- Where do we go from here?

She informed the members that the 2% tax increase goal for the operating budget has been included in the numbers. The report shows that this first draft of the budget is 2.8% (\$50,713) over this goal, or a total of 4.8% increase for the Township's share of the tax bills. She also reported on several items in the budget where the Committee Members could consider cutting to reduce the amount over the goal by \$32,319 to 1.02% over the goal. She noted that 1% = \$18,000.

Chair Larone reviewed the tax rate increases over the last 4 years and how they averaged 3.5% over the 4 years, although individual years were higher and the final year was at 0.02%. He added that we now need to review the Capital Asset funding.

The Treasurer said that once we get the 10 year Capital Forecast completed she can provide shortfall costs and options. She suggested that we need to put away 1 or 2% each year (18,000 - \$35,900) into a capital reserve for future infrastructure needs. This would be over and above the operating increase. She advised that as we now know our funding shortfall, the only option to Council is to work towards funding this shortfall or reducing service levels.

Councillor Bennett asked if we had to put in a new wheel chair lift for the stage at the Community Center as he has a contact for a 2 year old reconditioned lift at 50% of the cost. Staff will check with the funding contact.

The Treasurer asked where we go from here. She has produced a draft budget with an operating level increase of 3.02% to 4.8%. We don't know the funding gap for Capital Levy. She provided levy costs for various borrowing costs of \$500,000 (3.3% tax increase over and above the Operating Increase), \$1,000,000 (4.3%), \$1,500,000 (6.4%) and \$2,000,000 (8.6%). She also suggested that an alternative could be to look at service level changes.

Chair Larone said we may never get another opportunity to borrow with the debenture rates so low. Should we consider the route of debenturing say \$1 million at a 4.3% tax increase this year plus operating at 2% (total 6.3%) tax rate? This will provide us with the funds to carry out some of our capital works shortfall identified by in the Asset Management Plan. Once we add the annual debenture payment to the tax rate it will be built in for the future so the tax rate could remain at 2% operating over the final 3 years of this term.

Mayor Kingsbury noted that the Recreation and Public Works Committees are going back over their budgets. He suggested that any Committee/Department over zero percent operating budget increase should go back to review any further budget cut opportunities.

Chair Larone asked if there could be one or two Finance Committee Meetings held between February 12 and 19. After discussion the Members agreed to meet again on February 17, 2015 at 7 pm.

The Members agreed that it was time to end the meeting. The following agenda items were deferred to the next meeting:

- 10 YR Capital Forecast, including Reserves, Lot Development and Capital/Debt Schedules.
- Council Remuneration Review
- Fees and Charges
- Procurement By-law, and
- Reserve/Debt/Tangible Capital Asset Policies

7. ADJOURNMENT

Moved by Glen Campbell, Seconded by Robert A. Johnston that this Finance Committee Meeting be adjourned at 7:32 p.m.

Carried.

CHAIR

CAO/Clerk