

THE CORPORATION OF THE TOWNSHIP OF HORTON

Finance Committee Meeting

April 16, 2015

There was a Meeting of the Finance Committee held in the Municipal Council Chambers on Thursday April 16, 2015. Present was Chair Jamey Larone, Mayor Robert Kingsbury, Deputy Mayor Robert A. Johnston, Councillor Dave Bennett and Councillor Glen Campbell. 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 5:05 pm.

2. DECLARATION OF PECUNIARY INTEREST

Councillor Bennett declared pecuniary interest in discussions of Golden Age Activity Centre request for donation as he is Chair of the Board of Directors.

Mayor Kingsbury declared pecuniary interest in discussions of Golden Age Activity Centre request for donation as his wife works for the Centre.

3. MacKILLICAN & ASSOCIATES – 2014 MANAGEMENT LETTER

The Treasurer presented a copy of the 2014 Management Letter from the Township Auditors. After discussion the Committee Members agreed:

- The CAO/Clerk will continue to initial the monthly bank recs
- The Recreation Program Manager will increase the bar inventory checks from twice annually. The Recreation Committee will be asked for input. It was suggested that there was not enough staff time to take the inventory after each event.
- Mayor Kingsbury will sign all Council Members expense claim forms. Councillor Bennett called for the return of Township VISA cards for the Council Members for expenses.

4. STATUS OF PROPOSED 2015 BUDGET (Department Summary)

The Treasurer presented a copy of the draft budget as it stands at this time. The goal of the Committee for a 2% budget increase has been met and there is actually a \$2,718 surplus to that goal. The Treasurer advised that she will discuss this further in the meeting.

5. DONATION REQUESTS

Mayor Kingsbury and Councillor Bennett declared pecuniary interest on this agenda item earlier in the meeting and both left the Council Chambers.

The Treasurer informed the Members that each year Council receives a number of requests for donations. The Township does not have a donation policy. Currently the Township donates \$1200 to Home Support, \$1000 to Sunshine Coach and \$27,602 to Health Services Village for physician recruitment. This donation increases 2% per year for a number of years while the Home Support and Sunshine Coach donations have been at this level for years.

Chair Larone advised that the Township of Greater Madawaska have a policy and their limit is \$3,000 annually. The Treasurer reported that Council currently has requests for donations from the Golden Age Activity Centre, Renfrew Police Services Board - \$500 for Drug Awareness Programs (DARE) and Hike for Hospice sponsorship request. The CAO/Clerk presented the Members with another request received today from the students of Queen Elizabeth elementary school in Renfrew to

assist 5 Horton students who have beat out other schools to attend a global event entitled "Destination ImagiNation" in Tennessee.

The Treasurer suggested part of the \$2,718 surplus identified above be used to fund a donation policy. She suggested \$1,000 for Golden Age Activity Centre, \$500 for the OPP program and \$250 – \$500 for Hospice. Staff was asked to check with Greater Madawaska for a copy of their policy and who receives the donations.

Following further discussion, the following recommendation was brought forward.

Moved by Robert A. Johnston, Seconded by Glen Campbell that \$2718 be set aside in the 2015 budget to fund a Donations Account. Further the finance Committee will develop a Donations Policy. After the policy has been developed, the Members will make recommendations to Council on what amounts and to which agencies the donations will be given to.

Carried

6. OPP – 2014 FINANCIAL RECONCILIATION CREDIT - \$13,905

The Treasurer reported that the Township has received a 2014 OPP reconciliation credit. She noted that this is the last credit that we will receive as the billing model has changed. She restated her previous recommendation that we put the credit into a reserve to be used towards future OPP cost increases.

Moved by Glen Campbell, Seconded by Dave Bennett that Finance Committee agree to create an OPP reserve in the 2015 Municipal Reserve Budget and fund the account with the \$13,905 reconciliation credit from 2014.

Carried

7. TAXES PAID DUE TO CLERICAL ERROR

The CAO/Clerk read a letter received from the two owners of rolls 020 00300 and 020 00405 which requested a refund in taxes paid from 1982 on one parcel and 1987 on the second parcel as it was determined in 2014 that a building was assessed on wrong property and the correction resulted in a 6,000 assessment reduction in 2015.

The CAO/Clerk said that the applicants have applied for a Section 357 reduction under the Municipal Act for the years 2014 and 2013. He said that this is the maximum number of years that can be applied for. An application for 2012 was rejected by MPAC as they didn't have authority to complete it.

The CAO/Clerk advised that the Township did not have any legislative authority to provide a reduction of more than the current year and 2 previous years. The Members acknowledged their limited authority and that there was some onus on the property owner to be responsible for their own assessment values.

After discussion there was no recommendation from the Finance Committee Members to refund the assessment beyond the year 2013.

8. DRAFT COMPOSITE COUNCIL REMUNERATION BY-LAW

The CAO/Clerk reviewed the suggested changes to the composite by-law that would combine by-laws 2014-45 and 2014-50 along with several changes to further define sections in the by-law.

Councillor Bennett said he did not support the changes at this time until the issue of the Council Remuneration that he has raised had been determined. He also suggested that Council Members should have a Township VISA card for expenses. Council Members had VISA cards in the past. The Treasurer advised the Members that they would have to ensure they drop off receipts for VISA purchases to ensure she claims the HST portion of the expenses as the turnaround time for payment of the VISA bill is very short.

Chair Larone asked if there was an annual fee for the cards. The Treasurer said there is a \$50 annual fee for each of the two cards we have now – Fire Chief and CAO/Clerk.

Moved by Dave Bennett, Seconded by Robert A. Johnston that the Finance Committee recommend to Council that Council Members be supplied a Township credit card.

Carried.

9. 2015 BUDGET

The Treasurer presented the following draft budget material for the 2015 budget.

- Departmental Summary
- 2015 Capital
- 10 yr. Reserve Schedule
- 10 yr. Lot Development Schedule
- Thomson Road

The Treasurer reviewed the report that listed the funds she anticipates will be on hand in 3 years for the project which is \$388,000. This is using reserves, lot development funds, gas tax funds and the recent infrastructure grant of \$25K for 3 years. She asked where can we get room in the tax base to debenture Thomson Road to complete the project.

Chair Larone said the previous council raised the tax rates in the first and second year of their term to build in the debenture payment over time for the money that had been borrowed for infrastructure work but had not yet been debentured. He suggested raising the tax rate, starting this year, to slowly build up the tax base to cover the debenture payments.

The Treasurer agreed suggesting that if we built room up slowly in the tax base over the next 2 or 3 years to cover the increase to the taxes for the debenture payments it would save hitting the taxpayer with a double digit increase in the first year of the payments.

The Treasurer presented scenarios of a 2% plus 1% (3%) for infrastructure, 2% plus 2% (4%), 2% plus 3% (5%) and 2% plus 4% (6%) overall increase. This would represent an overall residential tax increase with County and School tax rates included of 2.02%, 2.49%, 2.97% and 3.44%. A levy increase of 5% would permit a debenture of \$600,000 for 15 years while an increase of 6% would permit a debenture of \$800,000 for 15 years. She noted that this year we have some education tax rate room to add to our budget without affecting the overall tax rate and we should use this opportunity to increase reserves for Roads Infrastructure. She added that even without a levy increase there will be properties that will have a tax increase and properties that will have a tax decrease.

Deputy Mayor Johnston left the meeting at this point (6:25 pm) to attend another meeting. The Treasurer invited the Deputy Mayor to visit her to review what was presented after he left.

The Treasurer recommended a minimum Township budget increase of 5% which represents a 2.97% overall tax increase to the average residential taxpayer.

Chair Larone said he had asked the Treasurer to prepare a 6% scenario which shows us the overall increase of 3.44%. He noted that the average tax increase over the life of the last Council was 3.56%. We do not know what the 2016 OPP costs will bring to the budget. This maybe the only year going forward that we could have to tap into this opportunity. He said that the Provincial calculated Fiscal Index indicates our ratepayers can afford to pay more taxes or debentures. While we disagree with this assumption it is one of the main reasons why we have not been approved for infrastructure grants.

Mayor Kingsbury said he cannot support a 5 or 6% budget increase. During his campaigning last fall he was told by many people that they can't afford any more taxes. He said he can see what is being explained but cannot support. Chair Larone said he is not trying to spend other people's money but if we don't take this opportunity to capture dollars it will cost the tax payers more in the end.

Councillor Bennett said it is tough to swallow such a large increase. He said that the costs for Thomson Road have never been put before us. He believes that Thomson Road can be completed for \$750,000. We can't put this huge tax burden onto our ratepayers. He needs to sit down with the Treasurer and work on the Capital budget as he believes we saved money purchasing a used grader and the money saved in the capital budget (\$225K vs \$164K) should be available to spend on Thomson Road so it wouldn't result in increased to the tax base.

The Treasurer said that this suggestion is correct if we have the funds in the Equipment Reserve in the first place, but the Equipment Reserve is showing a deficit in the future. Council would have to approve a reallocation of the Equipment Reserve. She also suggested that to label the needs for the increased tax base as Thomson Road should more accurately be called "infrastructure improvements".

Councillor Bennett said the Capital Budget is showing a deficit 8 – 10 years down the road. We need to move the \$50,000 saved in the Capital Budget this year and put into Thomson Road. He does not support touching the tax base set aside for future purchases.

The Treasurer noted that the Province is advising us that we need to put more money into asset reserves as we have somewhere in the range of a \$9 million long term deficit. Councillor Bennett said he disagrees. We had budgeted for a \$225,000 grader to last us 15 years and we actually spent \$164,000 for a used grader that will still last us 15 years. Therefore why can't we transfer funds into a project that needs the funds?

Councillor Campbell said he understands we need to capture as much as we can. The Asset Management Plan identified Thomson Road as the number one project. Not the whole road is a safety issue. If we set money aside we are going to fix the whole road over time, or should we look at doing phases again. He said he hopes the work can come in under \$800,000 but has heard from engineers and past history that we are hearing higher prices. We have an idea what culvert replacement costs are. The Asset Management Plan taught us we are so far behind.

Chair Larone asked if we would be right by not adding to the tax rate or right by not providing for the future. What is harder to do – nothing now and face a double digit increase at the end of the term or take the opportunity now to raise funds for the future?

The Treasurer suggested that if we don't take this opportunity future Councils will look at a double digit increase and major borrowing/debenture will be required. She added that our reserves are looking great only because of one off savings to budgets in the past that resulted in surpluses. We have done an excellent job of trimming the fat in the operating budget.

Councillor Bennett said we have heard that there are no plans for maintenance to buildings but we do have a long range plan when the debt payments are completed on the buildings as there will be funds available. He accepts there is no more fat in the budget but the residents have no more fat either. They cannot afford it. The Treasurer agreed that this municipality has to make tough decisions.

Chair Larone thanked the Treasurer for her work on the budget and the explanations on the issues to the Members. He said he anticipates one more Finance Committee Meeting is required before the draft budget can be presented to a Public Meeting.

After discussion the Members agreed to meet on Friday April 24, 2015 at 2 pm to continue the discussion on the scenarios.

10. ADJOURNMENT

Chair Larone declared the Meeting to be Adjourned at 7:22 pm.

CHAIR

CAO/Clerk