



STAFF REPORT

S.R. No. 170-2021

PREPARED BY: Lachlan McDonald, GM of Finance

PREPARED FOR: Council of the Township of South Glengarry

COUNCIL DATE: December 20, 2021

SUBJECT: 2022 Budget - Approval

BACKGROUND:

1. Council met on November 5th and November 19th to deliberate on the 2022 budget.
2. Administration recommended targeting a 3% tax levy increase and Council agreed in principle, with some discussion to 2.75% for existing properties.
3. The 2022 budget and, in a large part, the 2023 budget focus on roads maintenance and roads capital.
4. The new, non-roads related projects were:

With Offsets from Reserves:

- Industrial Park Plan (\$30,000)
- Fire Support Vehicle (\$60,000)
- Fleet Items (\$44,000)

With Potential Grant Offsets:

- Bocce Courts – Martintown (\$25,000)
- Play Structure – Lancaster (\$60,000)

With No Offsets or Potential Offsets:

- Glen Gordon Tree Project (\$50,000)
- New Garbage and Recycling Contract (\$216,000)
- Traffic Calming (\$50,000)
- Snowflakes (\$20,000)
- Legion Deck (\$45,000)

5. Roads Maintenance – Levels of Service Increases

- Culvert Replacement (\$292,000)
- Granular Shoulders (\$353,000)
- Granular Roads (\$250,000)
- Consultant Fees (\$255,000)
- Bridge Reserves (\$310,000)

6. In addition to the above-mentioned maintenance items, the Township will be repairing and rehabilitating our roads (capital) and will be borrowing money on a 10-year debenture to complete the work over the next two years.

Note: This plan is subject to change based on condition ratings and asset-integrated planning.

7. The project list is currently projected at:

2022 (\$1,954,725)

- Cemetery Road
- Celtic Lane
- Concession 4 Road
- Beaverbrook Road
- Warren Street
- Middle Street
- Bethune Street
- Sabourin Drive
- Anderson Drive
- Clifford Street
- Laura Street
- Marlene Street
- Lancaster (NE)
- Lancaster (NW)
- Green Valley (E)
- Green Valley (W)
- Purcell Road

2023 (\$2,897,081)

- North Branch Road
- Oak Drive
- Rene Street
- Willow Street
- Poirier Avenue
- Huron Street
- Vine Street
- Park Street
- Hickory Street
- Lancaster (SE)
- Lancaster (SW)
- South Lancaster
- Heron Road
- MacGillivray Road

8. One-time offsets of \$651,000 (unspent Gas Tax Funding) and \$600,000 (2020 surplus) will be applied to offset Roads Capital Projects.

9. At the end of our second day of deliberations we stood with capital roads offsets of approximately \$950,000. The intention of this offset reserve was:

- To ensure steady cash flow during the first few years of our debenture
- To eventually build a sustainable amount of funding for our roads program

10. Changes to the budget that occurred post deliberation as additional information was provided:

- \$12,000 – Increase Hazardous Waste to reflect recent trend
- \$25,000 – Return to 5-person Council (budgeted as 4 person)
- + \$10,000 – Increase Miscellaneous Roads Revenue

11. The Township was also successful in receiving an Asset Management Plan grant through the Federation of Canadian Municipalities (FCM) to update our water infrastructure information.
12. The Township received notice in December that our Ontario Community Infrastructure Funding (OCIF) annual grant had been increased from \$333,052 to \$709,071. An increase of \$376,019.
13. With the additional changes to the budget and the increase in OCIF, we will be able to increase our capital roads offset reserve to \$1,266,137.

ANALYSIS:

14. The Municipal Property Assessment Corporation (MPAC) prepared their Year End Tax File (YETF) following our second meeting and based on the assessment values provided:

- Taxation on existing properties (assessment growth) would represent 1.59% of the net levy requirement increase
- Taxation on new properties (new assessment) would account for the other 1.41% of net levy requirement increase.

'22 Levy (Post Deliberation)		Taxation Requirement	
\$ 9,574,193		↑ 3.00%	\$278,568

Assessment		Res. Tax Rate	Tax Rate Change
Existing	New *		
\$147,933	\$130,635	0.486654%	+ 1.59%
1.59%	1.41%		

15. This outcome is much better than the 2.75% increase on existing properties that was discussed during the budget meetings.
16. With \$1,266,137 in the capital roads offset reserve, it provides the Township with some financial breathing room, may be applied to ease the borrowing burden, and improves cash flow for the budget years 2023-2025.
17. The budget is highly dependent on the road's capital and maintenance plans. Depending on site conditions and availability of labour/materials, the plan may need to be amended. Council will be made aware of material changes to the plan.

18. The approval of the budget in this staff report will be followed by an Interim Taxation By-law (January) and a Final Tax By-law once the Upper Tier and Education Tax Rates are finalized (typically late February to mid-April).

IMPACT ON 2021 BUDGET:

N/A – this is the budget for 2022.

ALIGNMENT WITH STRATEGIC PLAN:

Goal 2: Invest in infrastructure and its sustainability

RECOMMENDATION:

BE IT RESOLVED THAT Staff Report 170-2021 be received and that the Council of the Township of South Glengarry approve the budget as presented and direct Administration to create a Capital Roads Offset Reserve named 'Roads Reserve'.

**Recommended to Council for
Consideration by:
CAO – TIM MILLS**