



# The Corporation of the Municipality of Arran-Elderslie

## Staff Report

Council Meeting Date: November 25, 2024

Subject: SRFIN.24.20 2025 Budget Draft 2

Report from: David Munro, Interim Treasurer

Appendices: Appendix B – 2025 Capital Budget Draft 2

Appendix C – 2025 Operating Budget Draft 2

Appendix D – 2025 Grants and Donations Staff Report

Appendix E – 2025 Grants and Donations Request Chart

Appendix F – Schedule 'D' to By-Law- 45-2021 Financial Commitments

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### **Recommendation**

Be It Resolved that Council hereby,

1. Receive 2025 Capital Budget Draft 2 and direct staff to incorporate today's input and come back with Draft 3;
2. Receive 2025 Operating Budget Draft 2 and direct staff to take today's input and come back with Draft 3;
3. Approves a 3.5% increase to the Grants and Donations budget for 2025
4. Approves the Grants and Donations requests included in Schedule 'D' of By-Law 45-201 in the amount of \$26,346.02
5. Approves the Grants and Donations be included in the 2025 Municipality of Arran-Elderslie Budget as outlined in Appendix 'D'
6. Council supports a \$200,000 fund raising goal in connection with the new Fire Hall; project to allow the fundraising campaign to begin;
7. Approves that the new Paisley Fire Hall & Public Works building may be partially funded by Development Charges. should they be approved at a later date.

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## **Report Summary**

Appendix C – 2025 Operating Budget Draft 2 shows the details of the 2025 Operating Budget and demonstrates a comparison to the 2024 budget. In this report, I have highlighted the major changes from the 2024 budget to the 2025 budget. At this time, with a 5.6% tax rate increase, there is a balanced budget. Note, some things may change by Draft 3 and the tax rate increase may change.

Appendix B – 2025 Capital Budget Draft 2 shows the 2025 capital projects under consideration. In this report, staff have listed the changes since the Draft 1 Capital Budget. Staff are proposing that Draft 2, excluding priority B, C, and “Want”, is our final version of the 2025 Capital Plan.

Fire Hall & Public Works building – staff have proposed three options for funding along with a recommendation to fund \$1 million from a 5-year loan from Infrastructure Ontario and the rest from the Working Capital reserve.

Potential use of Chesley and Tara Fire Bell Mobility reserves for new Paisley Fire Hall – Staff presented some history and a recommendation not to use these reserves to fund the new Paisley Fire Hall.

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## **Background**

Draft 1 was presented to Council on November 4, 2024 and a Public Meeting was held on November 12, 2024. Input from both meetings are incorporated into Draft 2.

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## **Analysis**

### **Operating**

Please refer to Appendix C – 2025 Operating Budget Draft 2. This report highlights the main variances vs 2024 Operating Budget. Most, but not all, departments are highlighted below.

### **Benefits**

Staff completed a comprehensive review to ensure that the budget software accurately reflected the 2025 benefit costs. Therefore, there will be some high variance percentage lines when compared to the 2024 budget for most departments.

### **LT (Lower Tier) Taxation (department #01-0100)**

Draft 2 contains a 5.6% increase in the Arran-Elderslie tax rate. At this time the budget is balanced. Draft 3 may change the planned tax rate increase.

It should be noted that a 2017 agreement that states the Epcor pipeline have zero municipal taxes for 10 years. This was not in the 2024 budget but has been accurately reflected in the 2025 budget.

### **UT (Upper Tier) Taxation (department #01-0200)**

This will be included once the Bruce County increase is final – net is zero since the Municipality collects and remits to the County.

### **EP (English Public) Taxation (department #01-0300)**

### **ES (English Separate) Taxation (department #01-0400)**

### **FS (French Separate) Taxation (department #01-0500)**

### **FP (French Public) Taxation (department #01-0600)**

No increase for 2025 - net is zero since the Municipality collects and remits to the County.

### **General-Council (department # 01-1010)**

- 3% increase in honorariums which is consistent with prior years of matching union and non-union increases.
- The training budget has been changed from \$10,000 to \$7,000 as little has been spent in the past.
- \$400 MMWTWG Wind Turbine membership and \$500 Federation of Canadian Municipalities membership has been added.

### **General-Program Support (department # 01-1020)**

- Ontario Municipal Transfer Fund (OMTF) grant increased by \$196,100 (12.1%)
- Salaries & Wages down slightly as a result of not planning to fill the Admin Coordinator position in 2025 (was funded in 2024 budget) combined with a 3% increase for everyone else
- Conferences – removed AMCTO \$1,500 as neither the Clerk or Deputy Clerk will be attending in 2025.
- Training – removed AMCTO HR \$1,567 and Municipal Coach Series \$561
- Memberships – removed Municipal Innovation Council (MIC) \$19,575
- Contracted Services increase of \$24,948 is primarily due to increased fees from BDO (Municipal auditor).
- Advertising increase of \$9,046 is primarily due to a one-time (potential) Treasurer job search fee.
- Transfer to Reserve down \$140,707 – this line is used to balance the budget.

### **General-Human Resources (department # 01-1060)**

- A new agreement for Citation software (formerly HR downloads) \$6,343

### **Protection-Common Fire (department # 01-2010)**

- Moved a portion of the Chief's salary and benefits to 01-2012 (Chesley Fire)
- Moved drone insurance from Building to Common Fire

### **Protection-Chesley Fire (department # 01-2012)**

- Moved a portion of the Chief's salary and benefits from 01-2010 (Common-Fire)
- Large training requirement for 2025. This budget will be less in 2026.
- Moved \$15,800 small "capital" purchases budget from 9020 Transfer to Capital to 4340 Material & Supplies.

### **Protection-Paisley Fire (department # 01-2014)**

- Large training requirement for 2025. This budget will be less in 2026.
- Moved \$15,800 small "capital" purchases budget from 9020 Transfer to Capital to 4340 Material & Supplies.

### **Protection-Tara Fire (department # 01-2016)**

- Moved \$15,800 small "capital" purchases budget from 9020 Transfer to Capital to 4340 Material & Supplies.

### **Protection-Police (department # 01-2020)**

Ontario Provincial Police (OPP) has increased their fee to Arran-Elderslie as follows:

	<u>2025</u>	<u>2024</u>	<u>\$ increase</u>	<u>% increase</u>
<b>Annual bill</b>	\$1,327,734	\$1,163,788	\$163,946	14%
<b>Previous year adjustment</b>	\$62,225	\$8,524	\$53,701	630%
<b>Total</b>	\$1,389,958	\$1,172,312	<b>\$217,647</b>	19%

Our 2024 Tax revenue was \$7 million. Therefore, a \$217,647 increase equates to a 3.1% tax increase for the OPP costs.

### **Protection-Conservation (department # 01-2030)**

- Paisley Dyke Maintenance from Saugeen Conservation – 2024 budget had this cost inputted twice and therefore this line has been reduced for 2025
- added 3% inflation for 2025 – awaiting their budget to us.

### **Protection-Conservation SVCA (department # 01-2031)**

- 2025 budget same as 2024 (for now)

### **Protection-Conservation GSCA (department # 01-2032)**

- 4.8% increase in 2025 and a \$5,000 capital levy to fund new building/office

### **Protection-Animal Control (department # 01-2041)**

- Inflation added to the costs

### **Protection-Building Inspection (department # 01-2042)**

- Correctly planned for part-time occasional CBO backup Salaries & Wages
- Moved drone insurance to 01-2010 Common Fire

### **Protection-Property Standards (department # 01-2044)**

- By-law enforcement – supplier increased rate by 6.1%

### **Protection-Crossing Guards (department # 01-2045)**

- 3% increase in wages

### **Protection-Emergency Measures (department # 01-2050)**

- Line item placeholder to consider (November 25, 2025) assistance from Bruce County for emergency management training and ensuring our Emergency Management Program meets current regulations and compliance \$8,000.

### **Protection-By-Law/POA Parking (department # 01-2060)**

- Zero budget in 2024 and 2025 - expenses should be going to department #01-2044

### **Transportation**

- Appendix C – 2025 Operating Budget Draft 2 lists all the Transportation departments – I have reported below the major changes from the 2024 budget.

### **Transportation-Roads-Admin (department # 01-2510)**

- Added Development Services Coordinator role and Project Manager role
- Added Engineering Standards report \$7,500

### **Transportation-Roads-Admin-Union (department # 01-2511)**

- Added Foreman Training \$7,000

### **Transportation-Roads-Bridges (department # 01-2514)**

- Bi-annual bridge inspection \$20,000 in 2024, but not in 2025

### **Transportation-Roads-Vehicles (department # 01-2518)**

- \$89,000 reduction in 2025 Fuel budget to reflect recent actuals

### **Transportation-Saugeen Mobility & Regional Trans (SMART) (department # 01-2530)**

- 2025 budget as per Deputy Mayor Shaw

### **Environmental-Sewer&Water-Common (department # 01-3005)**

- Contracted Services – adjusted 2025 budget to recent actuals - \$10,000 increase

### **Environmental-Sewage-Chesley (department # 01-3012)**

### **Environmental-Sewage-Paisley (department # 01-3015)**

### **Environmental-Sewage-Tara (department # 01-3017)**

- 3% increase in fees

### **Environmental-Storm Water-Catch Basins (department # 01-3018)**

- Storm water study 2024 budget \$56,404 – this part of spending completed in 2024 – rest is in 2025 Capital budget (zero for 2025 Operating budget)
- 3% inflation - no more reserve to transfer from

### **Environmental-Storm Water-Ditches (department # 01-3019)**

- 3% inflation - no more reserve to transfer from

### **Environmental-Water-Chesley/Paisley (department # 01-3032)**

- 2% increase in fees
- Added \$25,000 to service leak issues

### **Environmental-Water-Tara (department # 01-3036)**

- 2% increase in fees
- Added \$10,000 for well work – Well #3 raw samples are elevated

### **Environmental-Recycling (department # 01-3060)**

- Added 3% inflation – awaiting BASWR 2025 budget

### **Health-Physician Recruitment (department # 01-4000)**

- Pay final year of Physician agreement \$20,000
- Start to build reserve \$30,000

### **Health- Clinic-Chesley (department # 01-4002)**

- \$5,000 additional cleaning costs added

## **Recreation and Culture**

- Appendix C – 2025 Operating Budget Draft 2 lists all the Recreation and Culture departments – major changes from the 2024 budget are indicated below.

### **Rec/Cult-Admin (department # 01-5015)**

- Added new role – Facility Attendant – Floater

### **Plan/Dev-Planning-Zoning (department # 01-7010)**

- Contracted Services includes a one-time \$35,000 Development Charges (DC) study

### **Plan-Plan/Dev-Comm/Ind-Downtown Décor (department # 01-7220)**

- Returned Paisley Downtown (DT) Revitalization to \$6,500 after the 2024 one-time purchase of flower boxes

### **Plan/Dev-Economic Development (department # 01-7410)**

- Removing Tourist Town software license (\$8,000) and adding Constant Contact (\$660)
- Removing Saugeen Connects membership (\$5,000)
- Adding a strategic initiative to upgrade the website (\$60,000) with just over half to be funded (by a different account #9230) by the Economic Development reserve (\$32,912)

### **Plan/Dev-Tile Drainage (department # 01-7610)**

- 2025 budget reduced by \$82,919 as no municipal drains in works

## **Capital**

Changes and notes since Draft 1 and November 4, 2024 Council meeting:

- 1) In Draft 1 there was \$7,500 for capital project 25-GENG-4119 Engineering Standards. This project has been moved to the Operating Budget for 2025.
- 2) \$10,000 has been added for the Municipal Office renovation (including furniture) to accommodate two new roles (Development Services Coordinator and Project Manager)
- 3) The miscellaneous Fire Capital projects have been prioritized as follows:

### **25-FIRE-4122 AE Fire Modernization of Frontline Thermal Imaging Cameras \$24,000**

#### **Required A**

Current inventory:

Tara Required due to being out of service

Paisley 1

Chesley 1

We are in the process of upgrading our Thermal Imaging Cameras (TIC) from Situational TIC's to Operational TIC's. At this time Tara's TIC has ceased to operate with the OEM battery due to the life of the unit.

The fire chief will be applying for a Fire House Subs grant to hopefully off set the purchase of the cameras.

### **25-FIRE-4121 Tara Vehicle Rescue Air Bag System Replacement \$13,500**

#### **Required A**

Current inventory:

Tara Required due to being out of service

Paisley 1

Chesley 1

Tara Station 70 has had their old Vehicle Rescue Air Bag system taken out of service due to being 25+ years old and not being able to be pressure tested. The new system will be the same as the system used in Paisley as we move to standardize equipment.

### **25-FIRE-4120 Tara Vehicle Rescue Hydraulic Cutter and Spreader Replacement \$19,800**

#### **Required A**

Current inventory:

Tara 1, 1 Required due to being out of service

Paisley 2

Chesley 2

Two sets per station are required for the occasions when there are two calls at once I.E pumper and rescue are not together, or multiple people trapped on scene. The need for their use is immediate and we can't wait for one to be delivered from another station.



Utilizing a Combi Cutter/Spreader for the second set reduces the cost significantly.

### **24-FIRE-0016 Building-2<sup>nd</sup> Story Live Training Centre \$7,500**

#### **Required B**

The Live Fire Training Ground was utilized heavily this year, for live fire training as well as search and rescue training.

This year staff are looking to move forward with the second story to simulate basement and second story fires.

All work is being completed by the fire chief and firefighters. The fire chief has also donated \$9,000 of steel floor grating for building the interior stairwell, outside stairs and upper platform

### **25-FIRE-4103 Bunker Gear (8 sets) \$32,000**

#### **Required A**

When a volunteer fire fighter resigns/moves/retires a new volunteer fire fighter is recruited. If the previous bunker gear is still safe (e.g. *hasn't reached its "best before" date*), then we reuse the bunker gear. *hasn't reached its "best before" date*), then the bunker gear is reused. With the changes so far, it is anticipated that there will be a need to purchase 8 sets of new bunker gear at approximately \$4,000 each; two for Chesley and six for Paisley.

- 4) Increased the amount for capital project 23-TRAN-0029 BRIDGE/CULVERT-(E) - Con 6 Elderslie, east of Lockerby Bridge to \$515,000 to be partially funded by OCIF and partially by Working Capital.
- 5) Added \$8,000 to complete 24-TRAN-0052 TRANS – Road & Address signs as an A priority for Transportation Services
- 6) Capital Project 24-TRAN-0054 TRANS- Roads (A) Sdrd 15 Con 10 to Con 13 SW Swamp (RB53/CW2108) has been added for 2025 at \$175,000. This project was previously approved in 2024, but the money was moved in 2024 to capital project 25-TRAN-0060 (E1 Priebe Bridge emergency repair project). 24-TRAN-0054 will be funded from the 2025 OCIF grant.
- 7) Moved the following two Transportation Services projects to priority A:
  - 25-TRAN-4123 VEH&EQUIP(A)-Bin Landfill trailer
  - 25-TRAN-4134 Roads-Pave(T) Arena - To Ball Diamond
- 8) Changed project 24-RECC-0028 Paisley Arena Chiller replacement to be funded 33% (\$15,000) from the Paisley Curling Club
- 9) Changed project 25-RECC-4136 Chesley – replace chiller to be funded 34.3% (\$19,894) from the Chesley Curling Club

10) Moved the following two Recreation & Culture projects from want to need:

- 24-RECC-0043 Tara Basketball Court Refurbishment
- 25-RECC-4137 Allenford Ball Diamond Lights

11) Changed the amount for project 24-RECC-0046 Chesley Park Island Rehabilitation from \$100,000 to \$20,000 for an initial design and changed it to a Need.

12) Removed the following projects from the 2025 Capital budget since they were already approved in 2024 and any unspent amount will carry forward for 2025 when the projects will be completed:

- 23-WSSE-0017 BLDG-SEWER-(P)-Pump station roofs (Albertt/Ross) and Mill Drive
- 23-WSSE-0018 MANHOLES-SEWER-(C)-Manholes Martha Ave
- 23-WSSE-0019 BLDG-SEWER-(C)-Blower room roof @ Lagoons
- 24-WSSE-0024 Sewer (P) - Ditch Rotor Rebuild WPCP
- 24-WSSE-0028 Sewer (P) – Ross St Pp Stn, Level Transducer
- 21-WSWA-0001 EQUIP-WATER - Antenna/Cable
- 21-WSWA-0003 WELL-Chesley Community Park Well #1
- 22-WSWA-0004 BLDG-WATER (C) - Building, Riverside, Old Shop Rehabilitation

13) In 2024 there was a budget for capital project 24-WSST-0007 urban stormwater study (02-4029) of \$40,000. To date, \$28,741 has been spent. The difference (\$11,259) will flow through to 2025. Therefore, the 2025 Capital budget amount has been changed to \$38,000 (\$49,259 -\$11,259).

It is proposed that Appendix B – 2025 Capital Budget Draft 2 will be the final version.

**Fire Hall & Public Works Building**

This has been updated since Draft 1.

Paisley Fire Reserve	\$355,117
Paisley Bell Mobility Reserve	\$103,040
Common Fire Reserve	\$90,133
Fundraising	\$200,000
Canada Community Building Fund (formerly Gas Tax) reserve	\$1,187,684

Surplus land proceeds reserve ("Planning & Development")	\$712,801
<b>sub-total</b>	<b>\$2,521,991</b>
<b>need to fund</b>	<b>\$2,464,634</b>

Options to fund \$2,464,634

Option	Plus	Minus	Interest
<b>A) Use the Working Capital Reserve</b>	We can partially build back reserve by selling surplus land (e.g. old Fire Hall and old Public Works yard)  Loss of Interest Rate may come down	\$0.6 million working capital reserve may be too low	We receive prime less 1.70% at the bank = 4.25% at the time of writing this report. Loss of interest on \$2,464,634 at 4.25% for five years is \$582,398
<b>B) Borrow from Infrastructure Ontario</b>	We can use future year CCBF grants (formerly gas tax) to partially pay the loan back	Locked into term and rate – no prepayment options  The loan will need to be paid back with tax rate increases	At the time of writing this report, interest rate is only 3.52%. Interest cost on \$2,464,634 at 3.52% for five years is \$227,572.
<b>C) Combination of say \$1 million loan over 5 years and the rest from Working Capital reserve</b>	We can use future year CCBF grants (formerly gas tax) to fully pay the loan back  Loss of interest is reduced if we sell surplus land		At the time of writing this report, interest rate is only 3.52%. Interest cost on \$1,000,000 at 3.52% is \$92,355 and the loss of interest on \$1,464,634 over 5 years at 4.25% is \$346,096 – Total \$438,431.

Staff recommend option C. Note, the new Fire Hall & Public Works building may be funded, in part, by Development Charges.

**Potential use of Chesley and Tara Fire Bell Mobility reserves for new Paisley Fire Hall**

Note, the entire municipality will benefit from the new Paisley Fire Hall.

Currently, each Fire Hall receives \$9,500 in rent for the Bell Mobility tower. The plan is to spend all of the Paisley Bell Mobility reserve.

The **Chesley Bell Mobility reserve** is estimated to end 2025 at \$65,064

In the last five years, the Chesley Bell Mobility reserve was used as follows:

2020 Station Door Replacements \$2,715  
2022 Fire Hall repairs \$5,259

In 2025, there is a plan to spend \$8,000 on Thermal Imaging Cameras and \$2,500 on Live Fire Training Center. The Municipality has a joint fire agreement with the Township of Chatsworth as Arran-Elderslie covers some of their township.

The **Tara Bell Mobility reserve** is estimated to end 2025 at \$49,163.

In 2025, there is a plan to spend:

- \$19,800 on Tara Vehicle Rescue Hydraulic Cutter and Spreader replacement
- \$13,500 on Tara Vehicle Rescue Air Bag System replacement
- \$8,000 on Thermal Imaging Cameras, and
- \$2,500 on Live Fire Training Center

Staff is recommending to not to use these reserves for the new Fire Hall.

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### **Link to Strategic/Master Plan**

6.4 Leading Financial Management

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### **Financial Impacts/Source of Funding/Link to Procurement Policy**

At this time, with a 5.6% tax rate increase, the Municipality has a balanced budget. Note, some things may change by Draft 3 and the tax rate increase may change.

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Approved by: Emily Dance, Chief Administrative Officer