



REPORT FIN-2021-036

TO: Mayor and Members of Council

FROM: Mary Hasan, Director of Finance/Treasurer

MEETING DATE: October 27, 2021

SUBJECT: 2022 Proposed Operating Budget
File No. F05 BUD

RECOMMENDATIONS

THAT Report FIN-2021-036 regarding the 2022 Proposed Operating Budget be received; and

That should Council wish to phase in further costs associated with the Cambridge Fire Services Contract, that _____ be incorporated in the 2022 Operating Budget and funded by Taxation Levy; and

That Council authorize pre-budget approval of \$74,424 for the proposed new Equipment Operator position in order to commence recruitment; and

That Council authorize a cost of living adjustment of 4.00% to be implemented effective January 1, 2022 as outlined in Report FIN-2021-036; and

That Council approves the 2022 one-time base budget increases amounting to \$6,019 as outlined below:

Description	2022 Approved One-Time Base Budget Increase
Microsoft Office 365 Email Licenses – One-Time Implementation Costs	\$2,519
Fire Safety Boots Allowance every 2 years	\$3,500

That Council approves the 2022 permanent base budget increases amounting to \$9,575 as outlined below:

Description	2022 Permanent Budget Increase	Approved Base
Microsoft Office 365 Email Licenses – Annual Recurring Costs	\$1,275	
Fire Safety Boots Allowance every 2 years	\$3,500	
Parks and Facility Advertising	\$4,800	

DISCUSSION

Purpose

The purpose of this report is to:

- 1.) Provide Council with information regarding the 2022 Proposed Operating Budget. The 2022 Proposed Operating Budget is included as Schedule A to this report. The 2022 Proposed Expense, Reserve Transfers, and Revenue Summary is included as Schedule B to this report.

Background

Council received Report FIN-2021-034 – 2022 Proposed Capital Budget at the October 27, 2021 Capital Budget Meeting.

The senior leadership team was provided with the budget model to complete their base operating budgets in October 2021 in collaboration with the Director of Finance/Treasurer. The base operating budget includes adjustments for previous and current year actuals, unavoidable documented base budget costs, and Council approved new projects, initiatives and service levels.

All proposed operating base budget increase requests due to new projects, initiatives, and service levels which have not been previously approved by Council include a base budget increase request which has been reviewed by the Chief Administrative Officer and the Director of Finance/Treasurer prior to being presented to Council.

Report ADM-2021-043 – June 29, 2021 Special Council Meeting – Budget Review and Looking Forward to 2022

Council at its Special Council Meeting held on June 29, 2021 passed the following Council Resolution No. 2021-197:

THAT Report ADM-2021-043 entitled 2021 Budget Review and Looking Forward to 2022 be received; and

That staff be directed to prepare the 2022 budget considering the comments provided in the report; and

That staff bring forward a Budget Development and Control policy at the September 22, 2021 Council Capital Budget Meeting.

All operating items associated with Report ADM-2021-043 have been summarized in the table below:

Report ADM-2021-043	Staff Comments
Any increase or decrease to service levels or addition of new Township capital infrastructure requires an analysis of resource and operating cost impacts	<p>This policy requirement is incorporated in the Budget Development and Control Policy approved by Council at its October 27, 2021 Council Meeting.</p> <p>The Puslinch Community Centre (PCC) Park Renovation and Upgrade itemized capital costing will include an estimate of operating budget implications associated with each new infrastructure.</p>
Increasing snow plowing frequency and increased tree maintenance	The www.EngagePuslinch.ca 2022 proposed budget survey includes a survey question regarding ranking the highest overall priorities for Council to consider for the Township including increased service levels in Public Works.
Recreational programming	<p>The www.EngagePuslinch.ca 2022 proposed budget survey includes a survey question regarding ranking the highest overall priorities for Council to consider for the Township including access to recreation programming.</p> <p>The Township obtained information from Guelph Eramosa Township who offers the following municipally led recreation programming and participant numbers:</p> <p>Pickleball (10 to 15), Nordic Pole Walking (5), Chess, Cooking Classes (10), Gentle Walk and Movement (3), Shuffleboard (8), Enabling Garden Club (5), Darts (4), Games for the Brain (6), Euchre, Bocce Ball (5), Educational Workshops (average of 10), Crafting Workshops (5), Silver Screening (8), Bingo (6), Hand Stitching (6), Art Workshops (10), Music in the Garden (40), Yoga (10 to 15), Cardio Core (7), Cardio Sculpt Intervals (6), Strength and Stretch (12), Bands and Bells (12), Yoga 55 (7), DDPY (15 to 32), Benefits of Bone fitness (12), Sitfit (7), Use it Lose it Tone it up (29), Music 'N' Motion (12), Stroller Fit, Family Yoga, Walking Soccer (10 to 12), Remote Control Airplanes (5 to 7), Tot 'N' Play, 55+ Soccer, Indoor Golf Range, Women's Recreation Soccer, Coed Slo Pitch League, Pole Walking Workshops.</p>

	<p>The number of staff required for each program include 14 part-time staff, 1 full-time staff, and 2 seasonal staff. There are also many volunteers and special guest speakers that assist with this programming.</p> <p>The Township of Guelph Eramosa also has external organizations (similar to the Township of Puslinch) who offer recreation programming and book the Township’s facilities:</p> <p>Summer Camps, Soccer, Baseball, and Adult Recreational Leagues.</p>
Sign by-law updated to reflect Wellington County by-law for consistency	Proposed Corporate work plan Item for 2023)
Digitally archiving current paper records	Currently in the Corporate work plan for 2021 and 2022
www.EngagePuslinch.ca Website	Implemented and created www.EngagePuslinch.ca in 2021. 2021 projects on www.EngagePuslinch.ca include Grant Application Policy, User Fees and Charges, Budget, Photo Competition, Good News Stories, Puslinch Safe Communities Program, and Puslinch Heritage Register initiative.
Minister Zoning Orders	Currently worked on with the County of Wellington and to be incorporated in the Corporate work plan for 2022.
Greenbelt	Submitted Township and County comments in 2021 and to be incorporated in the Corporate work plan for 2022.
Broadband Connectivity	Township staff will continue to seek funding opportunities for the Broadband Coordinator position as recommended in the 2020 Broadband Strategy and this item will continue to be incorporated in the Corporate work plan for 2022.
KPMG Review next steps	The Chief Administrative Officer (CAO) continues to work on this item with local CAO’s and this item will continue to be incorporated in the Corporate work plan for 2022. The Township continues to implement shared service delivery opportunities as they arise with the other County-wide municipalities.
Natural gas services across Township	The CAO is working with the Province and the providers to determine what opportunities exist and this item will continue to be incorporated in the Corporate work plan for 2022.

The 2022 proposed operating budget includes the following:

- 1.) Increases in salaries, benefits, and shared service agreement costs based on the following previously approved Council service levels:

- Addition of a part-time Crossing Guard
 - Addition of a full-time Equipment Operator
 - Implementation of a Shared Service Agreement for a Human Resources Coordinator with the Township of Centre Wellington (ie. change from a contract service budgeted at 7.5 hours per week to a shared full-time position)
 - Addition of a Full-Time By-law Enforcement Officer (ie. change from a contract service budgeted at 16 hours per week to a full-time position).
- 2.) 4% cost of living adjustment (COLA) as recommended in Report FIN-2021-036.
- 3.) Base budget costs related to:
- Salary grid movements
 - Increase in Ontario Minimum Wage rate of \$15.00 per hour effective January 1, 2022
 - 2022 Municipal Election
 - Training for all Committees of Council
 - Mandatory employer benefits
 - Cell phone replacements
 - Fuel
 - Implementation of fibre internet in the Township's Municipal Office
 - Additional signs installed due to changes in Parking By-law require annual reflectivity testing
 - Other base budget contract cost increases.
- 4.) Increase in Membership and Subscription Fees of \$5,000 related to the Top Aggregate Producing Municipalities of Ontario corporate Township membership. Township staff are seeking Council's direction as to whether this membership should be budgeted on an annual recurring basis or whether this membership cost is a one-time cost.
- 5.) Reductions in insurance premium costs budgeted for 2022 based on 2021 actuals including a 5% estimated increase for 2022.
- 6.) \$22,029 for the Grant Application Program in accordance with the dollar threshold noted in the Grant Application Policy of 0.50% of the previous year's taxation levy per calendar year.
- Council at its meeting held on November 25, 2020 through Council Resolution No. 2020-346 directed staff to incorporate the Puslinch Lake Conservation Association grant application in the Township Grant Policy for future years.
 - Staff are seeking Council's direction in Report FIN-2021-039 as to the approved grant funding allocations for 2022.

The 2022 proposed operating budget excludes the following:

- 1.) Any tax levy increases associated with the proposed 2022 operating base budget increases as summarised below and attached as Schedule C to this Report:

Outlined below are the 2022 one-time base budget increases proposed amounting to \$6,019:

Description	2022 One-Time Budget Increase	Proposed Base Budget Increase
Microsoft Office 365 Email Licenses – One-Time Implementation Costs	\$2,519	
Fire Safety Boots Allowance every 2 years	\$3,500	Note A

Outlined below are the 2022 permanent base budget increases proposed amounting to \$9,575:

Description	2022 Permanent Budget Increase	Proposed Base Budget Increase
Microsoft Office 365 Email Licenses – Annual Recurring Costs	\$1,275	
Fire Safety Boots Allowance every 2 years	\$3,500	Note A
Parks and Facility Advertising	\$4,800	

Note A: Please note, this was a base budget increase requested as part of the 2021 budget. Staff have obtained further information as to the priority of this request for 2022 as summarized in the Base Budget Increase form attached as Schedule C to this Report.

- 2.) Any tax levy increases associated with further phasing of the Cambridge Fire Services contract.
 - At its meeting held on January 16, 2019 Council authorized for staff to proceed with the phased in costs associated with the Cambridge Fire Services Contract with one quarter of the cost to be phased into the 2019 operating budget at an amount of \$34,450.
 - At its meeting held on January 2, 2020 Council authorized for staff to proceed with phasing in an additional amount of \$13,780 in the 2020 budget.
 - Council at this meeting also supported phasing 50% of the Cambridge Fire Services Contract Cost to the General Taxation Levy over 4 years.
 - The 2021 proposed budget has incorporated a total amount of \$48,230 in Account No. 01-0040-4320 associated with the Cambridge Fire Services contract which is equal to the 2019 and 2020 approved amounts. Township staff are seeking Council’s direction as to whether an additional amount of tax levy funding should be phased into the general taxation levy related to the Cambridge Fire Services Contract.

Discretionary Reserve Contributions - Budget

The table below provides a comparison of the discretionary reserve contributions in the 2022 proposed budget compared to the 2021 approved budget:

Discretionary Reserve	2021 Approved Budget	2022 Proposed Budget	Notes
Insurance Contingency	\$25,000	\$10,000	Proposed 2022 contribution decrease relates to reasonable balance in the reserve as of April 30, 2021 of \$84K
Legal Contingency	\$50,000	\$0	Township staff are recommending a \$0 contribution as the current balance in the reserve as of April 30, 2021 of \$232K is sufficient.
Elections	\$13,750	\$13,750	
Asset Management	\$1,197,266	\$1,262,300	
Information Technology	\$10,000	\$10,000	
Gravel Roads Improvement	\$157,800	\$157,800	
Aggregate Levy	\$240,000	\$262,900	Proposed 2022 contribution increase relates to phasing of the operating aggregate levy to the capital budget.
Total	\$1,693,816	\$1,726,750	

Cost of Living Adjustment

Summarized below are the COLA's being considered or approved by the comparator municipalities used in the Township's most recent compensation review completed in 2020. The County is not a comparator municipality in the Township's compensation review. The County's 2022 COLA is proposed to be 1.90%.

The average approved COLA in these municipalities in comparison to the Township's approved COLA from 2016 to 2021 is summarized below:

	County	Average Approved COLA – Compensation Review Comparators	Township Approved COLA
2016	2.00%	1.55%	1.20%

2017	2.00%	1.54%	1.50%
2018	2.00%	1.70%	1.69%
2019	2.00%	2.14%	2.33%
2020	2.00%	1.69%	1.90%
2021	1.90%	0.88%	0% due to COVID-19 and its associated financial pressures.

Outlined below is the wording from the Budget Development and Control Policy approved by Council at the October 27, 2021 Council Meeting and based on previous Township practice:

The Director of Finance/Treasurer or designate will determine and incorporate in the base operating budget a cost of living adjustments (COLA) based on:

- i. The Consumer Price Index (CPI) for Ontario from August to August and*
- ii. the COLA determined by comparator municipalities surveyed in the Township's Compensation Review.*

CPI increased by 4% from August 2020 to August 2021¹.

The following table shows that many municipalities have not approved the COLA for 2022 but also shows that many use CPI as a benchmark.

¹ Statistics Canada. [Table 18-10-0004-13 Consumer Price Index by product group, monthly, percentage change, not seasonally adjusted, Canada, provinces, Whitehorse, Yellowknife and Iqaluit](#)

Municipality	2016	2017	2018	2019	2020	2021	2022	Comments
Blandford Blenheim	1.20%	1.50%	1.50%	3.10%	1.90%	0.10%	4.00%	Proposed - Ontario CPI increase - August to August.
Centre Wellington	1.90%	1.55%	1.64%	1.77%	1.89%	0.00%	2.20%	Based on Staff Association 3-year agreement.
Clearview	N/A	N/A	N/A	1.80%	1.75%	1.75%	1.75%	Approved – determined during collective agreement bargaining.
Erin	1.90%	0.75%	1.70%	1.90%	1.90%	0.00%	2.00%	Proposed
Grey Highlands	N/A	N/A	N/A	1.70%	1.70%	0.60%	4.40%	Proposed – based on CPI and surrounding municipalities.
Guelph Eramosa	1.70%	1.50%	1.70%	2.20%	1.70%	0.70%	4.40%	Proposed - Based on 3rd quarter CPI
Mapleton	N/A	2.00%	1.30%	2.90%	1.90%	0.00%	4.10%	Proposed – Based on August 2021 Ontario CPI
Minto	1.00%	1.50%	2.00%	2.00%	2.00%	0.50%	Not available	Based on CPI for the month of October.
Mono	1.70%	1.70%	1.70%	2.20%	2.00%	1.00%	2.40%	Proposed – Based on Ontario CPI average monthly increases over the past 12 months: Oct to Sept.
Wellesley	1.50%	1.75%	1.70%	2.50%	1.70%	0.70%	Not available	Based on October 2020 to October 2021 Ontario CPI
Wellington North	1.50%	1.60%	2.10%	1.90%	0.00%	3.20%	2.00%	Proposed - Based on CPI forecast.
Woolwich	N/A	N/A	N/A	1.75%	1.85%	1.95%	Not available	Currently in collective agreement negotiations.
Average	1.55%	1.54%	1.70%	2.14%	1.69%	0.88%	3.03%	
Puslinch	1.20%	1.50%	1.69%	2.33%	1.90%	0.00%	4.00%	Proposed - Ontario CPI increase - August to August.

Memberships and Associations Budget

Attached as Schedule D to this Report is the Memberships and Associations Budget which includes a listing of the positions and departments including the membership and/or association fees paid for by the Township. This itemized budget is in accordance with the Staff Expense Policy.

Please note, the following Memberships and Associations were added as part of the 2022 proposed operating budget:

- Administration - Top Aggregate Producing Municipalities of Ontario - \$5,000
- Building – Canadian Farm Builders’ Association - \$130
- Heritage Committee – Community Heritage Ontario and Ontario Historical Society - \$212

FINANCIAL IMPLICATIONS

Discussed throughout this report.

APPLICABLE LEGISLATION AND REQUIREMENTS

Municipal Act, 2001

ATTACHMENTS

Schedule A – 2022 Proposed Operating Budget

Schedule B – 2022 Proposed Expenditures, Reserve Transfers and Revenues Summary

Schedule C – 2022 Proposed Operating Base Budget Increases

Schedule D – Memberships and Associations Budget