

Supplementary Budget – Briefing Note**2016 Budget***One page brief per request***Briefing Note required for:****-items >\$50,000****-changes in FTE**

Dept	Division	Business Unit	Item	Base Supp	Amount	FTE Impact
Non Departmental	General Revenues	Investment Income	Implement new investment policy	B	(\$100,000)	N/A

BACKGROUND:

-BRIEFLY provide why this is a request
(eg. Based on 3 year history)

The increase in revenue is a result of increased interest earned from investing temporary surplus funds in highly rated bonds or securities. The Investment Policy guiding this initiative was approved by Council at the October 26, 2015 meeting.

Attached: Council minutes of October 26, 2015 and Appendix B of RTC Long-term Strategic Financial Plan.

COMMENT:

- provide any further details if required, impact to user fees, etc
(eg. Gross expenses, any revenues, subsidies, etc.)

Chatham-Kent comparatively earns excellent returns on surplus short term cash by its participation in the CKLAG pooled banking arrangement (with school boards, hospitals and municipalities in Lambton County and CK). In the Investment Policy report, administration recommended investing a conservative amount of medium to long term surplus funds outside of the CKLAG pooled bank to gain further returns. Results of this initiative will be reported annually to Council.

17. FINANCE, BUDGET & INFORMATION TECHNOLOGY SERVICES

a) Long-Term Strategic Financial Plan

Municipality of Chatham-Kent

Finance, Budget and Information Technology Services

To: Mayor and Members of Council

From: Mike Turner CPA, CMA
Chief Financial Officer, Treasurer

Date: October 5, 2015

Subject: Long-Term Strategic Financial Plan

Recommendations

It is recommended that:

1. The Long-Term Strategic Financial Plan attached as Appendix A be approved; and
2. The Investment Policy attached as Appendix B be approved; and
3. The Debt Policy attached as Appendix C be approved; and
4. The Budget Policy attached as Appendix D be approved.

Background

Like any other organization, a municipality's financial condition is a critical factor that must be understood in order for a municipality to operate in an effective and efficient manner. The financial condition of a municipality can be judged on the basis of the following criteria:

- The predictability and stability of the municipality's revenue sources to its operational needs and long-term obligations.
- The municipality's capacity to respond to financial uncertainty over the short, medium and longer terms.
- The effectiveness of the municipality's financial policies and procedures.

A review of the financial condition of a municipality involves the following:

- Assessing the municipality's ability to provide for the range and quality of services expected by the community.
- Assessing the appropriate mix of revenues from a variety of sources.

- Assessing the state of repair and replacement cycles for the municipality's infrastructure and assets and ensuring adequate funding sources for the Asset Management Plan.
- Determining the appropriate level of reserves to deal with future opportunities and liabilities and assessing whether current levels are adequate.
- Being prepared for liabilities and other future risks, which might not be determinable at this point in time.
- Determining a tax policy that provides stability, promotes growth and is equitable to all in the community.

Long-term financial planning is a strategic process that provides municipal governments with the insights and information they need to make the choices necessary to establish financial sustainability into the future. A municipality's financial sustainability is its ability to maintain services and infrastructure, while at the same time maintaining a healthy "balance sheet".

What is a Strategic Financial Plan?

The initial step in the long-term financial planning process is the development of a "Strategic Financial Plan". Such a plan contains a statement of principles and policies approved by Municipal Council to guide the financial decision-making of the municipality. The goal of the plan is to ensure that the municipality is in a sound financial position so that it can provide services together with the associated infrastructure and assets, to the community in an affordable way by making decisions consistent with the Plan. A Strategic Financial Plan also facilitates the municipality's ability to enter into beneficial partnerships with other municipalities and levels of government, as well as both the private and not-for-profit sectors to achieve the desired outcomes of Council's Strategic Plan.

Chatham-Kent currently has many effective processes in place to manage the finances of the Municipality. The Strategic Financial Plan takes those processes, guidelines and by-laws and formalizes them into one plan. Many of the policies that are being brought forward or will be brought forward are consistent with the practices that have taken place for many years. This Plan will provide Council and administration with specific policies, guidelines or by-laws to follow in their decision making. There are a few new ideas that will be brought forward and will be for Council to decide on the policies to determine if those are concepts they wish to explore. The Strategic Financial Plan forms part of the CK Plan 2035 and also serves as a support mechanism for the strategic objectives laid out in the CK Plan.

The timing of the various policies or by-laws may also be contingent upon the timing that they occur in their regular cycle, for example the Development Charges (DC) By-Law which will be brought back for consideration in 2019, however reports will be brought forward just prior to the DC study for Council to consider, so that they can provide direction to administration in their recommendations.

Attached Policies

Attached to this report are three draft policies that are being brought forward for Council's consideration. These policies will direct our investments, our debt management and our budget processes. We have also provided links to the existing Grant Guidelines and the Purchasing Policy/By-Law, which was approved earlier this year.

The new **Investment Policy** will provide the Municipality with a clear guideline on how it shall invest public funds in a manner that maximizes investment return and minimizes investment risk while meeting the daily cash requirements of the Municipality and conforming to legislation governing the investment of public funds.

The purpose of this Investment Policy is to ensure integrity of the investment management process. The objective of this investment policy is to maximize investment income at minimal risk to capital. Accordingly, emphasis on investments is placed on security first, liquidity second and overall yields third.

An RFP will be issued after the approval of the Policy to provide professional advice and services in investing the additional medium and long-term investment funds.

The Investment Policy excludes trust fund investments, which are predominantly cemetery care and maintenance funds and are subject to the Cemetery Act investment requirements. A Trust Investment Policy will be completed in 2016.

The new **Debt Policy** will allow the Municipality to determine when assets would have funding available to either build new or to refurbish or replace. The intention would be to only fund new initiatives through debt financing and pay for existing lifecycle work or replacements through funds accumulated in reserves through the lifecycle budget.

This would allow the taxation of these expenses to match the timeframe for the usage of the assets. As paying for new asset projects would have a long lifecycle and it can be funded from the taxpayers that benefit for the usage, over the length of that asset, through debt repayment.

In short, funding an annual asset management plan for a twenty year period on a pay-as-you-go basis will result in either completing 30% more lifecycle maintenance projects or by saving 30% on your overall capital expenses, than if the same capital plan was funded by debt, simply due to the savings in interest costs.

The new **Budget Policy** provides the framework for overall fiscal planning and management. The policy sets forth guidelines for both current and long-range planning activities. It is consistent with many of our current practices. The policy is reviewed annually for adherence to legislation and relevance and provide standards against which current budgetary performance can be measured and proposals for future programs or service reductions can be evaluated.

The Municipal Act requires Council to review and adopt a balanced budget on an annual basis. Debt cannot be issued to balance the operating budget and ongoing operations shall be funded from ongoing revenues. One-time revenues should fund one-time expenses.

Budget identifies the resources required to deliver services at approved levels. Tax policy identifies how the budget requirement is raised.

Operating Budget covers the costs associated with the operation of the Municipality, e.g. garbage collection and disposal, social benefits, maintenance, vehicles, salaries, equipment, etc. Council approves the operating budget through a series of budget committee meetings at the beginning of each fiscal year.

Capital Budget covers the capital projects undertaken by the Municipality each year, e.g. major asset reconstruction – road, sewers or new asset development. The five year plan is reviewed and presented to Council in a separate report with approval recommended for the current year projects only.

Lifecycle Budget covers the annual rehabilitation/renewal of assets and currently does not provide funding requirements for replacement. Further detail is available within the Asset Management Plan. Each category of asset covered under the Infrastructure Plan presents a prioritized and recommended annual plan for the utilization of the budget in a separate report to Council after the budget process.

The recently approved **Purchasing Policy/By-law** regulates staff on how to purchase goods and services on behalf of the Municipality and how the purchase is approved. This is a key document that relates to the integrity and reputation of a municipality. The policy is clearly defined and must be followed by all staff. The rules and processes that are followed are both legal and defensible in the courts.

The **Grant Guidelines** assist in prescribing the rules of our grant programs. The Community Partnership Fund (CPF) was established by Council in 2000. It is a grant program which uses matching funding to promote community development projects within Chatham-Kent. The annual CPF program consists of two components: Community Projects and Festivals & Events. Since its inception in 2000, the CPF program has leveraged \$2,911,615.46 in municipal investment into \$11,861,719.54 worth of community development projects and has encouraged widespread civic engagement and community improvement.

The grant limit is \$10,000.00 for Community Projects and \$5,000.00 for Festivals & Events.

To confirm that CPF investments are making a difference and to ensure projects have an impact, proposed projects are required to show how they help to achieve Council Directions.

Community Projects applicants are required to complete the "Sustainable Maintenance Plan" section of the CPF application. We ask this to ensure that community groups are able to maintain their projects after they have been completed year after year without needing assistance from an already stretched municipal budget.

Next Steps

There are 6 additional policies and by-laws to be completed to finalize the current plan.

Two of the items are the User Fee By-Law and the Tax Policy. Both of these are done on an annual basis. The 2015 User Fees and the 2015 Tax Policy have been approved by Council.

With regard to **user fees**, as a municipality we should try to follow the principle that "the users of municipal services that do not benefit the community as a whole (basically where an individual chooses to use the service or not) those users should have some specific responsibility for the costs of those services; which would reduce the property tax requirement or water and wastewater rate requirements". During the 2016 budget, we will be attempting to determine fair cost recoveries for these types of services.

In the 2015 **Tax Policy** report, Council approved recommendations to bring down the tax ratio on the industrial class from 2.435 to 2.2159, a 9% reduction in the ratio, while still maintaining no increase to taxes in the residential class.

Council has adopted four key Strategic Directions that guide staff in making these recommendations to Council. Three in particular were key to guiding staff to make the recommendation to lower Industrial tax rates. To attract jobs, Chatham-Kent needs to be competitive with our Industrial tax rates. It is Industrial manufacturing that provides the greatest wealth building opportunities to Chatham-Kent. Economic Development

staff quote that for every industrial job created there are 5.5 spin off jobs created in Chatham-Kent. This brings us to the second strategic priority of people and resident retention and attraction. Creating industrial jobs and the spin off jobs creates opportunities for current residents and others to move here for employment. New industry, new jobs and new people bring in additional revenues through taxes and user fees to help us continue building the goal of Financial Sustainability, a third strategic goal. Lowering the industrial ratio will assist Economic Development staff to promote Chatham-Kent as a competitive tax region.

Continuing this reduction to the ratio in the industrial class either keeps us competitive with regional counterparts or gives us a competitive advantage. Moving the industrial ratio to align with the commercial ratio should be considered, with a phase in period in future tax policy reports and will form part of our recommendations moving forward.

During the 2017 budget deliberations consideration could be given to the Farm Tax Ratio, currently set at 0.22 to potentially look at a phased increase back to 0.25. A major factor would depend upon MPAC's 2016 reassessment of the farm values. An increase in this ratio without an offsetting tax shift to other classes would provide additional revenues for the Municipality and provide the ability to maintain existing services and consider additional items that meet Council's Strategic Priorities. These items could be either short or long-term views that would benefit the community and promote the achievement of the critical metrics in Council's priorities. This could provide in excess of \$400,000 for each 1% increase in that ratio.

Chatham-Kent has some of the lowest residential **Development Charges (DC's)** in both the region and the Province. In the 19 largest municipalities in the Province, DC's provide for 44% of the gross capital expenses related to growth.

Currently DC's in Chatham-Kent are only for water and wastewater components related to the new growth infrastructure required. The current DC by-law was approved in 2014.

In consultation with the development community, Planning Services and Council, consideration should be given during the next DC study for the 2019 by-law to consider expanding the recovery of growth costs to assist in the equitable taxation of the community for expenses related to those growth costs, so the additional new expenses are borne by the taxpayers benefitting from that growth. The usage of DC's in the water and wastewater services has had an impact in being able to control the potential of significant increases in water and wastewater rates. Implementation of some form of DC's for tax based expenses would help stave off additional pressures on the tax rate.

Just prior to the next DC study, a report will be brought forward to Council in association with the Planning Department, to seek direction on inclusions for the study.

A policy on **Reserve Management** will be brought forward in 2016. A comprehensive reserve report with projections to December 31, 2015 will be brought forward to Council later this fall.

Reserves provide stability for user rates and taxes and they provide financial liquidity for our fiscal requirements.

They allow us to save for costly assets or infrastructure investments and replacements, which prevents us from needing to debt finance these items. It also ensures adequate cash flow for ongoing operations and protects our financial position and strengthens our credit rating.

A couple of concepts that will be brought forward as recommendations for Council to consider in the policy are related to areas where we currently do not have base funding being allocated. The first recommendation is related to facility replacement.

Chatham-Kent has over 110 facilities, including 19 fire stations, 10 arenas, 12 community halls, 2 indoor pools, 7 outdoor pools, 2 campgrounds, 2 boat dock facilities. Many of these facilities are over 50 years old. Our lifecycle budget has been developed around refurbishing, repairing and maintaining these facilities; however there is not a specific budget for replacement of these assets. This reserve would provide Council with the means to ensure long-term vision is deployed and executed with critical decisions regarding the community.

Certainly consideration should always be given to whether we need to replace the asset, or whether we can divest of it.

However, in those instances when Council believes a replacement is required, a phased in approach of creating a sustainable reserve for facility replacement would ease the burden of one time large expenses and provide the Municipality with the financial flexibility and decision making ability to determine when is the right time to replace a facility, rather than try to band-aid the solution.

The recommendation would be to place a 0.1% tax increase (\$2.70 per year for the average tax payer) on the tax rate each year for 10 years, accumulating to a 1% contribution to this reserve each year, providing the Municipality with the flexibility to react to the needs of the community and facilities, the ability to react to any senior government grant opportunities and reduce the overall cost, by eliminating a portion of debt financing related to the replacement.

The second concept would be for creating a reserve for new initiatives in the community. I have heard numerous times from various Councillors and members of the community of great ideas for the community and this will provide a source of funding on an ongoing and sustainable basis to be able to fund new projects to create a vibrancy and excitement in the community, while also enhancing many of our strategic goals. These new initiatives would contribute to promote new jobs, attraction of both tourism and new residents, it would promote health and by funding this through pay-as-you go funding, it eliminates the increase in debt costs, which reduces the overall cost of the project and provides Council with the financial flexibility it needs to match with any senior level of government programs or contribute to any community, not-for-profit or business initiatives and allows Council to plan and forecast when these projects would be ready to be funded and help build these into long-term master plans for the various departments.

This reserve would provide Council with the means to ensure long-term vision is deployed and executed with critical decisions regarding community enhancements and making Chatham-Kent a more desirable community to live in.

The recommendation would be a 0.1% tax increase to the New Initiative Reserve each year for 20 years. This would max out at a 2% ongoing contribution to this reserve and provide Council with the resources to help the community flourish with exciting opportunities and supporting your strategic goals for the next 20-30 years.

These concepts will be brought forward with the policy and if Council agrees with the concept, this could be incorporated into the 2017 budget deliberations. Each term of Council would be asked to renew the commitment to these reserves as part of their strategic planning for their terms and annual analysis would be done to see at what level this should be maintained to maximize the contributions in the community.

In early 2014, the 2013 Asset Management Plan (AMP) was approved by Council. It fully meets the Province's requirements for an asset management plan and covers the 5 asset categories outlined by the Province.

1. Roads (excluding gravel)
2. Bridges & large culverts (span of 3 metres or more)
3. Social housing
4. Water network
5. Wastewater network

Municipalities throughout Ontario, large and small, own a diverse portfolio of infrastructure assets that in turn provide a varied number of services to their citizens. The infrastructure, in essence, is a conduit for the various public services Chatham-Kent provides, e.g., the roads supply a transportation network service; the water infrastructure supplies a clean drinking water service. A community's prosperity, economic development, competitiveness, image, and overall quality of life are inherently and explicitly tied to the performance of its infrastructure.

The Province and AMO are requesting updates to the AMP to include all asset categories by the end of 2016. The funding for the original assets and the balance of the asset categories must be considered by Council and an **Asset Management Policy** that is specific to funding our asset management plan will be brought forward in 2016. A strategy will be developed that fully integrates with the other sections of the asset management plan, to ensure delivery and optimization of the long term infrastructure budget.

The final policy is the **Financial Reporting Policy**. Chatham-Kent, along with all other municipalities in Ontario, must account for their transactions and complete their financial statements according to the Public Sector Accounting Board Handbook. Our Financial Statements are audited annually by Deloitte for compliance, accuracy and completeness.

Community Improvement Plans (CIP)

There are also Community Improvement Plans (CIP) that have a connection to financial planning. The Municipality currently has three CIP's; the Downtown, Commercial and Brownfield CIP are examples that have an impact on financial planning, but are not included this plan.

Additionally, administration is working on a new Industrial/Employment Community Improvement Plan (CIP) and are in the early stages of discussions with internal and external stakeholders. The CIP discussions are led by Economic Development in conjunction with Planning, Building, Engineering, GIS and Finance. As discussions unveil a draft Industrial/Employment CIP, it will be presented for Council's consideration in the coming months.

Council Directions

The recommendations in this report support the following Council Directions:

- Jobs:
Everyone in Chatham-Kent who wants to work is able to work in meaningful employment
- People:
Chatham-Kent is a welcoming community where people choose to live, learn, work, and play
- Health:

Chatham-Kent is a healthy, active, safe, accessible community within a healthy natural and built environment

Financial Sustainability:

The Corporation of the Municipality of Chatham-Kent is financially sustainable

Has the potential to support all Council Directions

Neutral issues (does not support negatively or positively)

Consultation

The FBIS Management Team, Executive Management Team, was consulted on the development of this report.

Financial Implications

Budget impacts will generally be long-term in nature and will be discussed in conjunction with the policies being brought forward and the ramifications of the decisions will be incorporated into the annual budget process.

The Investment and Debt Policies will have positive long-term effects which will occur over time. Budget recommendations will be determined after the results can be achieved over a period of time.

Prepared by:

Mike Turner, CPA, CMA
Chief Financial Officer, Treasurer

Reviewed by:

Don Shropshire
Chief Administrative Officer

Councillor Robertson moved, Councillor Canniff seconded:

“That

- 1. The Long-Term Strategic Financial Plan attached as Appendix A be approved; and**
- 2. The Investment Policy attached as Appendix B be approved; and**
- 3. The Debt Policy attached as Appendix C be approved; and**
- 4. The Budget Policy attached as Appendix D be approved.”**

The Mayor put the Motion

Councillor	Vote	Councillor	Vote
Authier	Yes	Myers	Yes
Bondy	Yes	Pinsonneault	Yes
Canniff	Yes	Robertson	Yes
Faas	Yes	Sulman	No
Fluker	Yes	Thompson	Yes
Herman	Yes	VanDamme	Yes
Leclair	Absent	Vercouteren	Yes
B. McGregor	Yes	Wesley	Yes
C. McGregor	Yes	Mayor Hope	Yes

Yes Votes: 16
 No Votes: 1

Motion Carried

b) First 2015 Budget Variance Forecast

Municipality Of Chatham-Kent
Finance, Budget and Information Technology Services
Budget & Performance Services

To: Mayor and Members of Council
From: Mary Lou McLeod
 Director, Budget & Performance Services
Date: September 19, 2015
Subject: First 2015 Budget Variance Forecast

Recommendations

It is recommended that:

1. Administration continues to monitor operations through future variance reports for the periods ending September 30 and November 30.
2. Dependent on actual variance results at the end of 2015, the following reserve allocations may be required to offset projected deficits:

Closed session for staff related issues	\$261,000
Winter control reserve	\$2,230,000
Police services reserve	<u>\$150,000</u>
	<u>\$2,641,000</u>

Background

The purpose of budget variance reports is to project the year-end financial position of Chatham-Kent on a department by department basis. Each department reviews and forecasts its budget on a line by line basis.



Chatham-Kent Investment Policy

Chatham-Kent Investment Policy

Investment Policy

1.0 POLICY STATEMENT AND PURPOSE

The Municipality of Chatham-Kent (the Municipality) shall invest public funds in a manner that maximizes investment return and minimizes investment risk while meeting the daily cash requirements of the Municipality and conforming to legislation governing the investment of public funds.

The purpose of this investment policy is to ensure integrity of the investment management process. The objective of this investment policy is to maximize investment income at minimal risk to capital. Accordingly, emphasis on investments is placed on compliance first, security second, liquidity third and overall yields fourth.

2.0 SCOPE

This investment policy shall govern the investment activities of the Municipality's General account and its Reserves. This policy applies to all investments made by the Municipality on its own behalf and on behalf of its agencies, boards and commissions (if applicable) and any new funds created by the Municipality. (Excludes Trust Funds held for Cemetery Funds)

3.0 STANDARD OF CARE

Prudence

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

Delegation of Authority and Authorization

The Treasurer or Deputy Treasurer shall have overall responsibility for the prudent investment of the Municipality's investment portfolio. The Treasurer or Deputy Treasurer shall have the authority to implement the investment program and establish procedures consistent with this policy. Such procedures shall include the explicit delegation of the authority needed to complete investment transactions however the Treasurer or Deputy Treasurer shall remain responsible for ensuring that the investments are compliant with regulations and this policy. No person may engage in an investment transaction except as provided under the terms of this policy.

The Treasurer or Deputy Treasurer shall be authorized to enter into arrangements with banks, investment dealers and brokers, and other financial institutions for the purchase,

Chatham-Kent Investment Policy

sale, redemption, issuance, transfer and safekeeping of securities in a manner that conforms to the *Municipal Act, 2001* and the Municipality's policy manual.

Transfer of funds for investment transactions shall be authorized by two of the individuals listed below, one of whom must be Treasurer or Deputy Treasurer.

1. Treasurer
2. Deputy Treasurer
3. Supervisor, Accounting Operations

4.0 OBJECTIVES

The primary objectives of this investment policy, in priority order, are as follows:

1. Adherence to statutory requirements;
2. Preservation of capital;
3. Maintenance of liquidity; and
4. Competitive rate of return.

The investment portfolio is comprised of:

- Operating (General) cash flow balances; and
- Reserves;

1. Adherence to Statutory Requirements

All investment activities shall be governed by the Ontario Municipal Act, 2001 as amended. Investments, unless further limited by Council, shall be those eligible under Ontario Regulation 438/97 or as authorized by subsequent provincial regulations.

2. Preservation of Capital (Minimization of Credit Risk)

Meeting this objective requires the adoption of a defensive policy to minimize the risk of incurring a capital loss and of preserving the value of the invested principal. As such, this risk shall be mitigated by investing in properly rated financial instruments in accordance with applicable legislation, by limiting the types of investments to a maximum percentage of the total portfolio and being mindful of the amount invested within individual institutions.

3. Maintenance of Liquidity

The investment portfolio shall remain sufficiently liquid to meet daily operating cash flow requirements and limit temporary borrowing. The portfolio shall be structured to maintain a proportionate ratio of short, medium and long-term maturities to meet the funding

Chatham-Kent Investment Policy

requirements of the Municipality. The term liquidity implies a high degree of marketability and a high level of price stability. Important liquidity considerations are a reliable forecast of the timing of the requirement of funds, a contingency to cover the possibility of unplanned requirement of funds and an expectation of reliable secondary marketability prior to maturity.

4. Competitive Rate of Return (Overall Yield)

Investment yields shall be sought within the boundaries set by the three foregoing objectives and then consideration shall be given to the following guidance;

- Higher yields are best obtained by taking advantage of the interest rate curve of the capital market, which normally yields higher rates of return for longer term investments;
- Yields will also fluctuate by institution as per individual credit ratings (greater risk confirmed by a lower credit rating) and by the type of capital instrument. For example, an instrument of a small trust company would in many cases have a slightly higher yield than a major bank;
- A lower credit rating generally makes an investment more difficult to sell on the secondary market and therefore less liquid; and
- Capital instruments that are non-callable will have a lower yield than instruments which are callable, but the call feature does not necessarily compromise marketability.

5.0 INVESTMENT STRATEGY

Diversification

To minimize credit risk and to maintain liquidity of the investment portfolio, investment diversification shall be guided by the following:

1. Limiting investments to avoid over-concentration in securities from a specific issuer or sector (excluding Government of Canada securities);
2. Limiting investment in securities to those that have higher credit ratings;
3. Investing in securities with varying maturities; and
4. Investing in securities which have an active secondary market.

Investment Type Limitations

Cash held in the bank, i.e. one day maturity, shall be no less than what is deemed necessary to meet daily operating and capital requirements of the Municipality. The current guideline is approximately \$25 million in general funds and \$25 million in

Chatham-Kent Investment Policy

reserves. The general funds cover the fact that taxes are due 4 times a year but many expenses are constant and there are large draws when school board payments are due and in the summer construction period. This guideline shall be evaluated on an annual basis and this policy shall be updated as necessary to reflect any changes.

The total investment in securities issued by governments (federal, provincial or municipal) and Schedule I banks shall be no less than 65% of the total investment portfolio (excluding cash held in the bank).

The remaining portfolio may be invested in any other securities which are deemed eligible under O.Reg 438/97 however no more than 15% of the total investment portfolio (excluding cash held in the bank) shall be invested in eligible asset-backed securities and eligible commercial paper. Also, no more than 20% of the total investment portfolio (excluding cash held in the bank) shall be invested in eligible pooled equity funds (i.e. One Investment Program Equity Portfolio).

These portfolio percentage limitations apply at the time an investment is made and exclude trust fund investments, which are predominantly cemetery care and maintenance funds and are subject to the Cemetery Act investment requirements.

For the purpose of this policy, a short-term investment is defined as maturing in less than one year, medium-term as maturing between one and five years and long-term as maturing in greater than five years. In general, professionally managed portfolios are deemed to be long-term investments, as it is likely that the intention of administration is to invest funds that are not required for the next five years. For the purposes of this section, professionally managed portfolios shall be considered long-term investments, unless it is specifically known otherwise. The total investment portfolio in calculating term limitations shall exclude trust funds. The term limitations for the portfolio are as follows:

- Short-term – minimum 50% of total investment portfolio;
- Medium-term – maximum 25% of total investment portfolio; and
- Long-term - maximum 25% of total investment portfolio.

The portfolio percentage limitations shall apply at the time the investment is made. At specific times the portfolio limitations may not be compliant to the policy for a short time for various reasons, for example the timing of maturities. Prior to any changes to the portfolio based on term limitations, The Treasurer or Deputy Treasurer may, at his or her discretion, retain the investment(s), that contravenes the portfolio limitations provided that such action is not contrary to the Municipal Act, 2001.

Type and term limitations shall be reviewed annually by the Treasurer or Deputy Treasurer and this policy shall be amended as necessary to minimize the Municipality's exposure to changes in the financial marketplace after giving consideration to the available financial information.

Chatham-Kent Investment Policy

Trust fund portfolio limitations are subject to the terms and conditions of the agreement to which the fund applies. Absent specific wording, compliance with the stated portfolio limitations is required, and should be considered separately from the Municipality of Chatham-Kent funds.

Buy and Hold

To achieve the objectives noted in section four, internally managed funds shall, for the most part, follow the buy and hold strategy. As noted above, higher yields are best obtained by taking advantage of the interest rate curve of the capital market which normally yields higher rates of return for longer term investments. By purchasing securities at varying maturity dates and holding the investments to term the interest rate risk is minimized, liquidity is maintained and capital is preserved. To be successful with the buy and hold strategy, matching cash requirements to investment terms is a key element and requires a solid cash flow forecast.

Some municipalities actively trade investments rather than holding to term. This 'active' investment strategy can produce a modest improvement in yield, but to be successful a large amount of excess cash, sophisticated investment expertise and resources are required. Professionally managed funds charge a fee (usually basis points deducted from the yield) but it is anticipated the performance of the funds provided will exceed the cost of administration. Nevertheless, performance of professionally managed funds shall be regularly compared to industry benchmarks and to the result that might be achieved using the internally managed approach.

Performance Standards

The investment portfolio shall be managed in accordance with parameters specified within this policy. The portfolio should obtain a market average rate of return throughout budgetary and economic cycles proportionate with investment risk constraints and the cash flow needs of the Municipality.

The performances of investments shall be measured using multiple benchmarks and performance indicators. The baseline yield for investments is the interest rate earned by the Municipality on cash held in its bank account. Then, investment yields can be compared to Government of Canada Treasury Bills and Benchmark Bond Yields. Furthermore, prime interest rates and other applicable market rates, such as Banker's Acceptance can be used to provide useful benchmarks with consideration to limitations attributable to the Municipal Act, 2001.

Internal Borrowing

In developing the cash requirements for the year, sufficient cash shall be available to fund capital expenses. The main cash elements of the operating budget are stable and

Chatham-Kent Investment Policy

predictable, e.g. tax revenue and operating expenses which is established in the budget process. The primary variable in forecasting cash demands is capital spending. Capital spending is supported (temporarily financed) by the General fund prior to securing long-term financing, which could be reserves or if required long-term debentures.

If the General or Board or Commission fund does not have sufficient cash to support capital expenses and operating expenses during the year, the best option is to borrow from the Reserves on a short-term basis, rather than obtaining external financing. In order for this to occur, the Reserves must have sufficient cash available (i.e. not locked into long-term investments) to support the General or Board or Commission Fund through this period. A fair rate of interest shall be applied based on the interest rate paid on funds in the Municipality's consolidated bank account. For the most part the interest charged is going 'from one Municipal pocket to another', but given that some reserves are non-rate funded, there is a requirement to pay a fair rate to the reserves for 'investing' in the General fund.

Trust Funds

Trust funds by nature must be maintained in a separate account and invested separately. The investment strategy will be dictated by the terms of the trust agreement and the restrictions in the Cemetery Act. A separate Trust Fund Investment Policy will be brought forward in 2016.

Given the variability of capital spending, interest rates, and non-tax revenues, the investment strategy shall be reviewed, at a minimum, on an annual basis. Any changes in the investment strategy shall be reported to Council in the annual investment report and the investment policy shall be amended for the change in strategy.

6.0 REPORTING

The Treasurer or Deputy Treasurer shall provide an annual investment report to Council which includes, at a minimum, the requirements set forth in O. Reg. 438/97. Under the current regulations the investment report shall contain the following:

1. a statement about the performance or the portfolio of investments of the municipality during the period covered by the report;
2. a description of the estimated proportion of the total investments of a municipality that are invested in its own long-term and short-term securities to the total investment of the municipality and a description of the change, if any, in that estimated proportion since the previous year's report;

Chatham-Kent Investment Policy

3. a statement by the Treasurer as to whether or not, in his or her opinion, all investments are consistent with the investment policies and goals adopted by the municipality;
4. a record of the date of each transaction in or disposal of its own securities, including a statement of the purchase and sale price of each security;
5. such other information that the Council may require or that in the opinion of the Treasurer, should be included;
6. a statement by the Treasurer as to whether any of the investments fall below the standard required for that investment during the period covered by the report; and
7. the details of the proposed use of funds realized in the disposition of an investment for which the Municipality sold as a result of a decline in rating below the standard required by O.Reg. 438/97.

In addition to the annual report, the Treasurer or Deputy Treasurer shall report to Council any investment that is made that is not, in his opinion, consistent with investment policy adopted by the Municipality within thirty days after becoming aware of it.

Chatham-Kent Investment Policy

GLOSSARY OF TERMS

Asset Backed Securities: fixed income securities (other than a government security) issued by a Special Purpose Entity, substantially all of the assets of which consist of Qualifying Assets.

Basis Point (BPS): a unit that is equal to 1/100th of 1%, and is used to denote the change in a financial instrument. The basis point is commonly used for calculating changes in interest rates, equity indexes and the yield of a fixed-income security.

Credit Risk: is the risk to an investor that an issuer will default in the payment of interest and/or principal on a security.

Diversification: a process of investing assets among a range of security types by sector, maturity, and quality rating.

Interest Rate Risk: the risk associated with declines or rises in interest rates that cause an investment in a fixed income security to increase or decrease in value

Liquidity: a measure of an asset's convertibility to cash.

Market Risk: the risk that the value of a security will rise or decline as a result of changes in market conditions.

Market Value: current market price of a security.

Maturity: the date on which payment of a financial obligation is due. The final stated maturity is the date on which the issuer must retire a bond and pay the face value to the bondholder.

One Investment Program: a professionally managed group of investment funds composed of pooled investments that meet the eligibility criteria defined by O.Reg 438/97. The program consists of Money Market Funds, Bond Funds and Equity Funds. The ONE Investment Program is operated by LAS (Local Authority Services Ltd., a subsidiary of the Association of Municipalities of Ontario) and the CHUMS Financing Corporation (a subsidiary of the Municipal Finance Officers' Association of Ontario).

Qualifying Assets: financial assets, either fixed or revolving, that, by their terms converts into cash, within a finite time period, plus any rights or other assets designed to assure the servicing or timely distribution of proceeds to security holders.

Schedule I Banks: domestic banks that are authorized under the *Bank Act* to accept deposits, which may be eligible for deposit insurance provided by the Canadian Deposit Insurance Corporation.

Chatham-Kent Investment Policy

Schedule II Banks: are foreign bank subsidiaries authorized under the *Bank Act* to accept deposits, which may be eligible for deposit insurance provided by the Canada Deposit and Insurance Corporation. Foreign bank subsidiaries are controlled by eligible foreign institutions.

Special Purpose Entity: a trust, corporation, partnership or other entity organized for the sole purpose of issuing securities that entitle the holders to receive payments that depend primarily on the cash flow from Qualifying Assets, but does not include a registered investment company.

Supplementary Budget – Briefing Note**2016 Budget***One page brief per request***Briefing Note required for:**

-items >\$50,000

-changes in FTE

Dept	Division	Business Unit	Item	Base Supp	Amount	FTE Impact
Non Departmental	General Revenues	Taxation	Estimated assessment growth due to new construction	B	(\$1,000,000)	N/A

BACKGROUND:

-BRIEFLY provide why this is a request
(eg. Based on 3 year history)

This represents new assessment growth due to new construction (net of grant exemption of St. Clair College residence) confirmed by MPAC.

COMMENT:

- provide any further details if required, impact to user fees, etc
(eg. Gross expenses, any revenues, subsidies, etc.)

This growth in assessment is from new construction only. It does not include phase in of re-assessments as those are revenue neutral to the Municipality.

Item #: BR010 &
BR011

Supplementary Budget – Briefing Note

2016 Budget

One page brief per request

Briefing Note required for:

-items >\$50,000

-changes in FTE

Dept	Division	Business Unit	Item	Base Supp	Amount	FTE Impact
FBIS	Financial Services	Billing & Payment Processing	New fee for mortgage companies to administer billings (12 months)	B	(\$140,000)	N/A
FBIS	Financial Services	Billing & Payment Processing	New fee for mortgage companies to administer billings (back out 6 months)	S	\$70,000	N/A

BACKGROUND:

-BRIEFLY provide why this is a request
(eg. Based on 3 year history)

New fee charged to mortgage companies to administer property tax billings. Twice annually (interim and final bill). \$10 per account. Based on 7,000 accounts this will result in \$140,000 of new revenue annually.

Due to the timing of the approval of the 2016 budget and the user fee bylaw, administration will not be able to implement this new fee until after the interim billing has been mailed, therefore a \$70,000 one time adjustment is required.

COMMENT:

- provide any further details if required, impact to user fees, etc
(eg. Gross expenses, any revenues, subsidies, etc.)

This user fee has been implemented in many municipalities across Ontario to recover the cost of compiling the list for mortgage companies that pay the taxes on behalf of property owners. The charge is billed directly to the financial institution and not the property tax account. A survey of other municipalities implementing this fee demonstrated a range of fees charged. \$10 per billing was the average and most common fee charged for this service.

Supplementary Budget – Briefing Note**2016 Budget***One page brief per request***Briefing Note required for:****-items >\$50,000****-changes in FTE**

Dept	Division	Business Unit	Item	Base Supp	Amount	FTE Impact
HFS	Seniors Services	Revenue	Annualized 2015 Funding Increases	B	(\$327,040)	

BACKGROUND:

-BRIEFLY provide why this is a request
(eg. Based on 3 year history)

2015 Revenue Increases Not Targeted for Specific Programs

Nursing & Personal Care (211,408)

Programs & Support Services (21,024)

Other Accommodations 86,432

Basic Accommodations (181,040)

TOTAL = (327,040)

COMMENT:

- provide any further details if required, impact to user fees, etc
(eg. Gross expenses, any revenues, subsidies, etc.)

In 2015, the Ministry of Health and Long-Term Care provided for increases in per diem funding in all envelopes. The above funding now forms part of the base MOH/LTC funding beginning in 2015, this entry will annualize the increase in the base budget.

Supplementary Budget – Briefing Note**2016 Budget***One page brief per request***Briefing Note required for:****-items >\$50,000****-changes in FTE**

Dept	Division	Business Unit	Item	Base Supp	Amount	FTE Impact
HFS	Seniors Services	Revenue	Projected 1% per diem increase effective April 1/16	B	(\$89,760)	

BACKGROUND:

-BRIEFLY provide why this is a request
(eg. Based on 3 year history)

Nursing & Personal Care (81,840)
Programs & Support Services (7,920)

This is a projected 1% increase in per diem funding in these two envelopes beginning on April 1, 2016.

COMMENT:

- provide any further details if required, impact to user fees, etc
(eg. Gross expenses, any revenues, subsidies, etc.)

Riverview Gardens was instructed to project this revenue increase to help offset the Service Reductions necessary to meet our target.

Supplementary Budget – Briefing Note**2016 Budget***One page brief per request***Briefing Note required for:****-items >\$50,000****-changes in FTE**

Dept	Division	Business Unit	Item	Base Supp	Amount	FTE Impact
IES	Drainage, Asset and Waste Mgt.	Drainage	Increased revenue for administrative fees from 2015 projects to be assessed in 2016	S	(\$114,700)	

BACKGROUND:

-BRIEFLY provide why this is a request
(eg. Based on 3 year history)

Administration charges are applied to municipal drainage projects when they are assessed. They are intended to offset staff time spent in calculating and applying for OMAFRA grants and preparation for the tax roll. Charges are divided into three categories; pumps, maintenance and capital.

There is \$80,000 in the base budget. Accordingly, the total revenue estimated to be collected for 2016 is \$194,700.

COMMENT:

- provide any further details if required, impact to user fees, etc
(eg. Gross expenses, any revenues, subsidies, etc.)

The rates are currently \$12 for pumps, \$18 for maintenance projects and \$30 for capital projects. These rates have remained unchanged since 2013. It is recommended that the rates increase to \$14, \$20 and \$32 respectively for 2016.

These fees represent the approximate average fully burdened administrative cost to carry out the work. The corresponding revenue offsets the cost of running a dedicated municipal drainage department.

Supplementary Budget – Briefing Note**2016 Budget***One page brief per request***Briefing Note required for:****-items >\$50,000****-changes in FTE**

Dept	Division	Business Unit	Item	Base Supp	Amount	FTE Impact
IES	Drainage, Asset and Waste Management	Waste and Recycling Services	Increase in Ridge Landfill Waste Disposal Fee Credit	B	(\$138,000)	N/A

BACKGROUND:

-BRIEFLY provide why this is a request
(eg. Based on 3 year history)

A budget request is being made based on the average annual Waste Disposal Fee revenues received from the Ridge Landfill during the past three years (\$891,289.01). The current base budget is \$762,041 and we are recommending that this revenue amount be increased in 2016 by the amount noted above.

COMMENT:

- provide any further details if required, impact to user fees, etc
(eg. Gross expenses, any revenues, subsidies, etc.)

According to the Host Community Agreement (HCA), we receive a credit or payment annually on a per metric tonne basis for refuse we deliver to the Ridge Landfill. The increase in recent years is based on the landfill's performance and reduced refuse generated directly by Chatham-Kent.

The waste disposal fee/revenue from the HCA flows directly into the Divisional budget to help offset the operating costs associated with the disposal of all refuse delivered to the landfill by Chatham-Kent.

Supplementary Budget – Briefing Note**2016 Budget***One page brief per request***Briefing Note required for:****-items >\$50,000****-changes in FTE**

Dept	Division	Business Unit	Item	Base Supp	Amount	FTE Impact
IES	Drainage, Asset and Waste Management	Waste and Recycling Services	Increase in Ridge Landfill Host Community Fee	B	(\$200,000)	
			Transfer to Community Investment Fund	B	\$200,000	

BACKGROUND:

-BRIEFLY provide why this is a request
(eg. Based on 3 year history)

A budget request is being made based on the projected increase to the 2015 Host Community Fee from the Ridge Landfill estimated at \$2.1 Million. The current base budget is \$1,366,311 and we are recommending that this revenue amount be increased in 2016 by the amount noted above.

COMMENT:

- provide any further details if required, impact to user fees, etc
(eg. Gross expenses, any revenues, subsidies, etc.)

According to the Host Community Agreement (HCA), we receive an annual royalty payment (host community fee) on a per metric tonne basis for all non-municipal refuse delivered to the Ridge Landfill. The increase in 2015 is based on the landfill's performance and volume of private sector waste received.

The royalty payment from the HCA flows directly into the Corporate Community Investment Fund (CIF).

Supplementary Budget – Briefing Note**2016 Budget***One page brief per request***Briefing Note required for:****-items >\$50,000****-changes in FTE**

Dept	Division	Business Unit	Item	Base Supp	Amount	FTE Impact
LEG	Legal Services	Provincial Offences Ct.	Provincial Offences arrears (net victim surcharge) reviewed annually	S	(\$104,000)	nil

BACKGROUND:

-BRIEFLY provide why this is a request
(eg. Based on 3 year history)

Net collections revenue has exceeded net base budget revenue. This amount varies depending upon number and amount of fines paid after the specified due date.

COMMENT:

- provide any further details if required, impact to user fees, etc
(eg. Gross expenses, any revenues, subsidies, etc.)

Since this amount varies it should not be added to base budget. As well, this excess net collections revenue off-sets the reduced net revenue from fines paid on or before the specified due date.

Supplementary Budget – Briefing Note**2016 Budget***One page brief per request***Briefing Note required for:****-items >\$50,000****-changes in FTE**

Dept	Division	Business Unit	Item	Base Supp	Amount	FTE Impact
Non Departmental	Grants & Requisitions	Grants - Tax Relief	Charity Rebate Program	B	\$65,000	N/A

BACKGROUND:

-BRIEFLY provide why this is a request
(eg. Based on 3 year history)

Mandated 40% property tax rebate for charities in commercial and industrial properties per Municipal Act Section 361.

COMMENT:

- provide any further details if required, impact to user fees, etc
(eg. Gross expenses, any revenues, subsidies, etc.)

Many health teams operating in commercial buildings across Chatham-Kent have registered with CRA as non-profit charities and are now eligible for the Municipal Act mandated charity rebate program. This has resulted in a \$65,000 budget impact to fund this rebate. Since the properties were either converted stores or built and assessed in previous years, there are no assessment increases available to offset this expense.

Supplementary Budget – Briefing Note**2016 Budget***One page brief per request***Briefing Note required for:****-items >\$50,000****-changes in FTE**

Dept	Division	Business Unit	Item	Base Supp	Amount	FTE Impact
Non Departmental	Provincial Downloading	Provincial Downloading	Year 4 of reduction in funding - Ontario Municipal Partnership Fund (OMPF)	B	\$369,500	N/A

BACKGROUND:

-BRIEFLY provide why this is a request
(eg. Based on 3 year history)

The Province has been reducing funding to the OMPF program since 2014. The original intent was to reduce the program by \$25 million per year over 3 years, however in 2015 the reduction was \$35 million. This left \$15 million to be reduced in 2016.

The overall 2016 funding envelope for OMPF grants is now \$505 million reduced from \$575 million in 2014 as an additional \$5M was added for northern Ontario in the 2015 Provincial Budget. Chatham-Kent administration contributed on a OMPF Municipal Reference Group that successfully lobbied the Ministry of Finance to look at additional factors that affect a municipality's ability to fund operations. This resulted in less of a decrease in the funding envelope for Chatham-Kent than previously projected.

COMMENT:

- provide any further details if required, impact to user fees, etc
(eg. Gross expenses, any revenues, subsidies, etc.)

Overall, the Province has reduced the OMPF Grant to Chatham-Kent by \$369,500. The OMPF Grant is composed of 5 components, of which only 4 are applicable to Chatham-Kent:

1. Assessment Equalization: Although low assessment growth is not desirable, Chatham-Kent's low growth has resulted in an increase for this component to Chatham-Kent of \$390,700.
2. Rural Communities Grant: As a result of the Municipal Reference Group consultations, beginning in 2016, the Rural Communities Grant, which continues to support rural farming communities, was enhanced to \$143 million. This

funding increase is targeted to municipalities with the highest levels of farmland in recognition of their unique challenges. A new Farm Area Measure was introduced and Chatham-Kent has benefited from this funding as we were deemed to have 87.9% of our area farmland. This resulted in additional funding for this component to Chatham-Kent of \$738,600.

3. Northern and Rural Fiscal Circumstances Grant: Funding provided through this grant was enhanced in 2016 to provide additional targeted support to municipalities with the most challenging fiscal circumstances. This resulted in additional funding for this component to Chatham-Kent of \$674,800.

4. Transitional Assistance: As the funding to Chatham-Kent increased in the above categories, the need for Transitional Assistance was reduced to \$0. So this was a reduction in funding of \$2,173,600 from 2015. The positive outcome of this is that there is no further Transitional Assistance reduction required in 2017 and onward for Chatham-Kent.

Supplementary Budget – Briefing Note**2016 Budget***One page brief per request***Briefing Note required for:****-items >\$50,000****-changes in FTE**

Dept	Division	Business Unit	Item	Base Supp	Amount	FTE Impact
CAO/Mayor/Coun	HROD	Occupational Safety	WSIB Schedule 2 - Municipal - on-going chronic care claims management	S	\$239,415	0
CAO/Mayor/Coun	HROD	Occupational Safety	Recommended funding from WSIB reserve	S		0

BACKGROUND:

-BRIEFLY provide why this is a request
(eg. Based on 3 year history)

Funding request is required to cover expenses associated with WSIB claims processed under Schedule 2 - Municipal. Expenses are associated with claims management and on-going chronic care expenses.

COMMENT:

- provide any further details if required, impact to user fees, etc
(eg. Gross expenses, any revenues, subsidies, etc.)

The projected costs are reflective of twelve (12) active chronic care claims, potential re-occurrences for any prior Schedule 2 claims, loss of earnings, health care, travel and pension costs. Labour market re-entry (LMR) expenses are also processed through this budget.

Supplementary Budget – Briefing Note**2016 Budget***One page brief per request***Briefing Note required for:****-items >\$50,000****-changes in FTE**

Dept	Division	Business Unit	Item	Base Supp	Amount	FTE Impact
CD	CS	Community Services	Capitol Theatre – Future Business Plan Issue	S	\$200,000	
			Recommended funding from Strategic Development Reserve			

BACKGROUND:

-BRIEFLY provide why this is a request

On November 16, 2015, St. Clair College announced that effective March 2016, it was opting out of the current agreement with the Municipality to own/operate the Capitol Theatre. Council has directed staff to examine all effective options for future community use of the Capitol Theatre.

COMMENT:

Please provide any further details if required, impact to user fees, etc. (e.g. Gross expenses, any revenues, subsidies, etc.)

The budget allotment of \$200,000 is a “placeholder” amount until the Capitol Theatre analysis and report is ready to be tabled for Council’s deliberation.

Supplementary Budget – Briefing Note**2016 Budget***One page brief per request***Briefing Note required for:****-items >\$50,000****-changes in FTE**

Dept	Division	Business Unit	Item	Base Supp	Amount	FTE Impact
CD	CS Rec Fac	12598	Memorial Arena – Facility Operator Position	S	\$24,006	.49
			Labour & Burden	S	\$7,610	
			Recommended funding from Closed Session reserve		Net: \$31,616	

BACKGROUND:

In January 2015, Council approved the Arena & Canteen Business Plan. It was determined that a reduction from three man to two man Facility Operator system would be applied to the Memorial Arena through attrition. Each year, through the Budget process, wages for arena hours must be requested until the vacancy occurs. Summer facility operator wages are included in the Chatham Parks operating budget.

COMMENT:**PREVIOUSLY APPROVED****Group #1**

- The Memorial Arena does not currently have a vacancy and the reduction of 1 FTE will not be accomplished in 2015 as per Arena and Canteen Service Review.
- The savings of \$31,616 will not be realized until the vacancy occurs, therefore a supplementary request must be submitted each year for the arena hours of the Facility Operator position.

Supplementary Budget – Briefing Note**2016 Budget***One page brief per request***Briefing Note required for:****-items >\$50,000****-changes in FTE**

Dept	Division	Business Unit	Item	Base Supp	Amount	FTE Impact
CD	FES	Emergency Management	New contracted rate with Fire/Police for dispatch and 911	B	(\$255,977)	0
Police	Police		New contracted rate with Fire/Police for dispatch and 911	B	\$255,977	

BACKGROUND:

-BRIEFLY provide why this is a request
(eg. Based on 3 year history)

Prior to Amalgamation, Fire Dispatch was moved from Fire and Emergency Services (FES) to Chatham-Kent Police Service to maximize efficiencies and reduce duplication of dispatch services. In addition to the staff being physically relocated to the new work location, the budget was also moved from Fire to Police. However, no service level agreement was created and over time, the move of operations and finances from Fire to Police made it difficult to clearly understand who is responsible for what and the costs associated with it. In 2013, Finance and Police approached FES about re-instating the cost for Fire Dispatch back to FES to better align the cost of the Police Services and Fire Services in the budget. As a result of this, money was moved from the Police budget to the Fire budget with assurances provided to FES that any budget adjustments would be automatically provided that resulted from Police negotiations. As a result of this move, many conversations were had about the services provided and the cost being allocated to FES for Fire Dispatch. This led to the creation of a service level agreement to clearly identify the dispatch service Police was to provide to FES in exchange for the cost. The negotiations for a service level agreement took place between 2014 - 2015. FES' intent in the negotiations of the service level agreement, was to clearly outline service expectations based on industry standards that we could expect to receive in exchange for the cost. In addition, FES worked with Police to have that service provided at close to market value to reduce the impact to the taxpayer. As a result of these negotiations, best practices for fire dispatching were outlined and costs for the service were much closer to the market, which yielded a reduction in the tax burden by FES of \$255,977.

COMMENT:

- provide any further details if required, impact to user fees, etc
(eg. Gross expenses, any revenues, subsidies, etc.)

As a result of this new service level agreement, CKFES is convinced that this will significantly improve service, firefighter and public safety. As stated previously, the intent of negotiating the service at a price more comparable to the market was to reduce the tax burden for fire dispatch services. This new service level agreement will reduce the transfer of money from CKFES to Police for the 2016 budget from \$558,006 to \$302,029 (based on the 2015 numbers) which will decrease the tax burden of FES operating budget by \$255,977 with a corresponding increase to Police Services in 2016.

Supplementary Budget – Briefing Note**2016 Budget***One page brief per request***Briefing Note required for:****-items >\$50,000****-changes in FTE**

Dept	Division	Business Unit	Item	Base Supp	Amount	FTE Impact
CD	FES	Ambulance	4 Power Stretchers	S	\$76,000	

BACKGROUND:

-BRIEFLY provide why this is a request
(eg. Based on 3 year history)

The MOCK owns all EMS equipment, bases and vehicles in the provision of Land Ambulance Services. The Stryker stretchers that are provided to Medavie EMS are owned by the municipality. It is the responsibility of Medavie to inspect and service all provided equipment and vehicles. The manual ambulance stretchers have long reached the end of their current life cycle and pose a significant health and safety risk. This request replaces 4 of the stretchers with models that are electrically powered which has been proven to help prevent back injuries to the paramedics and provide a more stable comfortable transport for patients. In 2015 approval was given for 8 power stretchers which have been put in place. These additional 4 stretchers will complete the entire fleet of vehicles.

COMMENT:

- provide any further details if required, impact to user fees, etc
(eg. Gross expenses, any revenues, subsidies, etc.)

The EMS reserve will be used to purchase the stretchers, comprised of equal contributions from the municipal and ministry reserves.

These stretchers are a direct replacement for current stretchers used by Medavie EMS.

These stretchers are being used by all surrounding services as this has become a best practice.

Funded by the Ambulance Reserve.

Supplementary Budget – Briefing Note**2016 Budget***One page brief per request***Briefing Note required for:****-items >\$50,000****-changes in FTE**

Dept	Division	Business Unit	Item	Base Supp	Amount	FTE Impact
CD	FES	Ambulance	17 Monitor/Defibrillators	S	\$442,000	

BACKGROUND:

-BRIEFLY provide why this is a request
(eg. Based on 3 year history)

The MOCK owns all EMS equipment, bases and vehicles in the provision of Land Ambulance Services. The LifePak 15 monitor/defibrillators that are provided to Medavie EMS are owned by the municipality. It is the responsibility of Medavie to inspect and service all provided equipment and vehicles. The current monitor/defibrillators have reached the end of their current life cycle and pose a failure risk. This request replaces 15 of the monitor/defibrillators along with 2 spare units, with models that are a updated version of the current equipment.

COMMENT:

- provide any further details if required, impact to user fees, etc
(eg. Gross expenses, any revenues, subsidies, etc.)

The EMS reserve will be used to purchase the monitor/defibrillator, comprised of equal contributions from the municipal and ministry reserves.

These monitor/defibrillators are a direct replacement for current stretchers used by Medavie EMS.

Funded by the Ambulance Reserve and Ambulance Equipment Lifecycle.

Supplementary Budget – Briefing Note**2016 Budget***One page brief per request***Briefing Note required for: Loss of Tech Trainer Funding****-items >\$50,000****-changes in FTE**

Dept	Division	Business Unit	Item	Base Supp	Amount	FTE Impact
CD	Library	12711.22001. GEN	PT Non Union Wages	B	(\$34,562)	(1.15)
CD	Library	12711.26016. GEN	Labour Burden on PT Non Union Wages	B	(\$4,424)	
CD	Library	12711.27001. GEN	Car Allowance / Mileage (for Tech Trainers)	B	(\$2,000)	
CD	Library	12711.92401. GEN	Other Provincial Subsidies (loss of Provincial funding)	B	\$25,498	
Total Savings:					(\$15,488)	

BACKGROUND:

-BRIEFLY provide why this is a request

CKPL has been fortunate over the last two years to receive significant funding from Industry Canada to hire staff which could provide one-to-one training as well as group workshops for the residents of Chatham-Kent. CKPL had waiting lists of people requesting the one-to-one training. The program supported recommendations in the Library Master Plan.

In the fall of 2015, CKPL was informed that funding would only be provided for one trainer for 14 weeks. In the past the Municipality of Chatham-Kent has provided additional funding for these positions to ensure that the individuals met the minimum pay grade required by Human Resources.

COMMENT:

Please provide any further details if required, impact to user fees, etc.
(e.g. Gross expenses, any revenues, subsidies, etc.)

Funded through Industry Canada (Federal funding)

CAP – Training:

Funding covers the cost of Trainers who work with the public to improve technological literacy. Program was often a first step for workers retraining, before entering formal education programs.

With the total restructuring of the Job Requirements by the Federal Government and the resulting loss of the funding, CKPL no longer requires all of the additional “top up” funds.

The loss in funding will put greater stress on current staffing resources to provide technological assistance and training to our community.

Supplementary Budget – Briefing Note

2016 Budget

One page brief per request

Briefing Note required for:
 -items >\$50,000
 -changes in FTE

Dept	Division	Business Unit	Item	Base Supp	Amount	FTE Impact
CD	RAR	12026	Local Immigration Partnership Project – Phase 5 – subject to ministry approval	S	\$180,702	2.00
			Federal Subsidies	S	(\$180,702)	
					Net: \$0	

<p>BACKGROUND:</p> <p>-BRIEFLY provide why this is a request</p> <ul style="list-style-type: none"> RAR has applied to Citizenship and Immigration Canada for 3 years, <u>100% funding</u> to continue the LIP project. Phase 5, Yr 1 of the Local Immigration Partnership Project (to run from April 1, 2016–March 31, 2017) is in the sum of \$180,702 Funding request, if approved, will result in hiring a LIP Coordinator (1 FTE) and a LIP Assistant (1.0 FTE)
<p>COMMENT:</p> <p>Please provide any further details if required, impact to user fees, etc. (e.g. Gross expenses, any revenues, subsidies, etc.)</p> <p>E-funded through federal grant if approved.</p>

Supplementary Budget – Briefing Note

2016 Budget

One page brief per request

Briefing Note required for:
 -items >\$50,000
 -changes in FTE

Dept	Division	Business Unit	Item	Base Supp	Amount	FTE Impact
CD	RAR	12035	MIIO/Newcomers Project – Phase 7 – subject to ministry approval	S	\$85,968	1.00
			Provincial subsidies		(\$85,968)	
					Net: \$0	

BACKGROUND:
 -BRIEFLY provide why this is a request

- RAR has applied to the Ministry of Citizenship and Immigration for 1 year, 100% funding to continue the MIIO project.
- Phase 7 of the MIIO Project (to run from January 1, 2016—December 31, 2016) is in the sum of \$85,968
- Funding request, if approved, will result in hiring a MIIO/Newcomers Coordinator (1 FTE)

COMMENT:
 Please provide any further details if required, impact to user fees, etc.
 (e.g. Gross expenses, any revenues, subsidies, etc.)

E-funded by provincial grant if approved.

Supplementary Budget – Briefing Note**2016 Budget***One page brief per request***Briefing Note required for:****-items >\$50,000****-changes in FTE**

Dept	Division	Business Unit	Item	Base Supp	Amount	FTE Impact
FBIS	Financial Services	Property Disposition	Environmental remediation on 189 Elm Street, Bothwell	S	\$100,000	N/A

BACKGROUND:

-BRIEFLY provide why this is a request
(eg. Based on 3 year history)

This cost is to fund the further environmental investigations required under direction of the Ministry of Environment and Climate Care.

Attached: RTC and Council Brief from December 14, 2015 meeting (*Council minutes not yet available)

COMMENT:

- provide any further details if required, impact to user fees, etc
(eg. Gross expenses, any revenues, subsidies, etc.)

Council was advised of the circumstances as the environmental investigations have progressed. This expense is recommended to be E funded from the reserve for surplus properties as done in past budgets. It is possible that there will be further need for funding in the 2017 budget.

Municipality of Chatham-Kent

Finance, Budget & Information Technology Services

Financial Services

To: Mayor and Members of Council
From: Gord Quinton, MBA, CPA, CGA
Director, Financial Services
Date: November 25, 2015
Subject: Environmental Property - Bothwell

Recommendation

It is recommended that:

1. Administration be directed to proceed with the environmental investigation as recommended by Golder & Associates regarding 189 Elm St., Bothwell at an estimated cost of up to \$81,000 including HST rebate funded from the Reserve for Surplus Properties.

Background

189 Elm Street, Bothwell is owned by the Municipality.

Comments

Golder & Associates have previously performed environmental investigations and reporting to the Ministry of Environment and Climate Change (MOECC). The MOECC has subsequently requested additional testing be incurred. Administration is recommending performing additional testing related to the environmental issues on this property and that the proposed action be reported to the MOECC.

Council Directions

The recommendation in this report supports the following Council Directions:

- Jobs:**
Everyone in Chatham-Kent who wants to work is able to work in meaningful employment
- People:**
Chatham-Kent is a welcoming community where people choose to live, learn, work, and play
- Health:**

Chatham-Kent is a healthy, active, safe, accessible community within a healthy natural and built environment

Financial Sustainability:

The Corporation of the Municipality of Chatham-Kent is financially sustainable

Has the potential to support all Council Directions

Neutral issues (does not support negatively or positively)

Consultation

None.

Financial Implications

The recommendation includes a further investment of \$81,000 into this site, which is in addition to the \$52,000 already spent. Council approved a budget of \$100,000 during the 2013 budget process for environmental investigations on this property funded from the Reserve for Surplus Properties. An additional budget request will be included in the 2016 budget deliberations.

Prepared by:

Reviewed by:

Gord Quinton, MBA, CPA, CGA
Director, Financial Services

Mike Turner, CPA, CMA
Chief Financial Officer, Treasurer

Attachments: None

P:\RTC\F&PS\Finance\2015 RTC071 – Environmental Property - Bothwell.docx



THE CORPORATION OF THE MUNICIPALITY
OF CHATHAM-KENT

COUNCIL BRIEF

At the Chatham-Kent Council meeting held on December 14, 2015 Council:

- Approved five Planning Applications
- Received a presentation by the Director of Financial Services on the 2014 Year end results and approved the audited financial statements for the year ended December 31, 2014.
- Approved the following recommendations regarding the 2014 Final Operations Variance:

"That

1. The final audited financial statements provide for the following existing reserve transfers and (utilization) in 2014 and require approval for audit purposes:

Mandated Reserves:

Building – Bill 124 requirements	\$ (66,886)
Provincial Mitigation Reserve (Children Services)	\$(481,482)

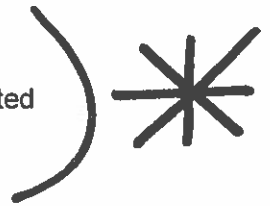
Assigned Reserves:

Insurance risk reserve	\$ 233,591
Ambulance Services reserve	\$ (3,284)
Health Services reserve	\$ (3,997)
Ontario Works Economic Downturn reserve	\$ 113,566
Senior Services reserve	\$(103,428)
Social Housing reserve	\$(237,327)
Recycling reserve	\$ 133,312
Transit reserve	\$ 62,051
Energy conservation programs	\$ 56,100

2. The final 2014 operating surplus of \$1.6M be allocated as follows:

Building Services reserve for 2015 grant	\$ 30,100
Reserve for Police Services issues	\$ 281,719
Yr 2 of 3 repayment to Reserve for Infrastructure	
Deficit (bridges)	\$ 200,000
Reserve for Winter Control	\$1,107,988
	<u>\$1,619,807</u>

- Received a presentation from the Director of Health and Family Services and accepted the Senior Centre Tour Report, Summer 2015 and that administration implement the eleven recommendations listed on pages 46-48 of the report.
- Received a presentation and information report from the Manager of Resident Attraction and Retention regarding Chatham-Kent Tourism Destination Management Plan Implementation Plan.
- Approved the items listed on the Consent Agenda and directed that action be taken as required.
- Approved the temporary Haul Route By-law to be used by waste management vehicles hauling waste to the Ridge Landfill during the closure and re-construction of Highway 40/401 exit. The temporary by-law will be in effect from April 1, 2017 until December 31, 2017. Directed administration to bring back a repealing by-law should the Ministry of Transportation not agree to cover all costs of wear and tear damages incurred on the temporary haul route roadways.
- Awarded the contract for Airport Winter Control Services in the amount of \$90 per hour (including HST) for snow removal operations, and \$100 per hour (including HST) for chemical spreading to the only bidder, Sykes Trucking Ltd., and funded from the Airport Runway/Field Snow Removal operations budget line.
- Amended the Taxi By-law 18-2013 to set the Tariff Rates for Zone 1 and Zone 2 in Chatham-Kent for 2016.
- Approved the following amended recommendations regarding Service Sustainability Review Process Phase III and Phase IV: Business Licensing:
 1. A by-law respecting business licences in the Municipality of Chatham-Kent be approved (with the amendment that consumer fireworks fee be kept at the current level of \$85)
 2. Effective January 1, 2016, the licensing user fees be set at a level recovering 80% of total costs to inspect and issue. (The User Fee By-law to be amended to reflect these amounts during the 2016 user fee by-law approval). These fees would rise to a 100% cost recovery effective January 1, 2017.
 3. The proposed Set Fines be approved by Council with final approval given to the Ministry of the Attorney General's office.
 4. User fees reflecting different costs for initial and renewal licences be implemented.
 5. The following business licence types be eliminated from the business licensing process:
 - i. Adult Videotape
 - ii. Circus and Carnival
 - iii. Drain sewer layer
 - iv. Hydroponic sales
 - v. Master plumbers
 - vi. Race track
 - vii. Show/antique or collectible show



- Directed administration to proceed with the environmental investigation as recommended by Golder & Associates regarding 189 Elm St. Bothwell at an estimated cost of up to \$81,000 including HST rebate funded from the Reserve for Surplus Properties.
- Approved the 2016 Interim Tax Levy, Due Dates, and Borrowing by-laws.
- Adopted a by-law governing the property tax rebate to be eligible charities and legions. (By-law 182-2004 was repealed).
- Postponed the motion by Councillor VanDamme regarding the dedicated Fire Pumper for the Mary Webb Centre.
- Approved the following motion by Councillor Vercooteren regarding Bridge Financing for the Blenheim and Community Senior Centre Group:

"Whereas the Blenheim and Community Senior Centre Group is building a new Seniors Activity Centre for the benefit of seniors in Chatham-Kent.

Whereas the community of Blenheim has supported the financing of the centre through donations and pledges with no building funds required from the Municipal budget.

Whereas there is a timing difference between the payments to contractors of funds to complete the building and the receipt of the donations and pledges;

Therefore be it resolved that administration report to Council on the feasibility of bridge financing the Blenheim and Community Senior Centre Group for an amount up to \$300,000 to allow the group to complete the work in early 2016 and that the funds be advanced interest free with the terms of the loan to include repayment in full by December 31, 2018."

- Approved the following recommendations regarding WDC Rail 2014 Report to Shareholder:
 1. The Financial Report of 2351839 Ontario Ltd. (WDC Rail) be received.
 2. \$150,000 be transferred from the Reserve for Strategic Development of the reserve for WDC rail to offset the net loss of 2013 and 2014.
 3. The Municipality of Chatham-Kent increase the operating loan to WDC Rail by \$150,000 to provide the company with cash flow to fund 2015 and 2016 operations.
- Adopted the revised Purchasing By-law to regulate the procurement of goods and services by the Municipality of Chatham-Kent (By-law 73-2015 was repealed).

For further information on any of the above items, please contact Judy Smith, Clerk, Corporation of the Municipality of Chatham-Kent, 360-1998 extension 3200.

Council Briefs have been prepared in this format for the purposes of convenience only and are not certified true copies

- viii. Salesperson – Christmas tree
- ix. Tanning salons

6. The following business licence by-laws be repealed:

By-Law No.	Name of By-law	Amending By-laws
211-2008	Adult Entertainment	
340-2002	Adult Videotapes	
341-2002	Barber Shops and Hair Salons <i>includes Personal Service (Nails and/or tanning)</i>	
342-2002	Bed and Breakfast establishments	
343-2002	Body Piercing Parlours and Tattoo Parlours	
345-2002	Caterers	
269-2008	Carnivals, Circuses and Other Like Shows	Amendment 317-2008
347-2002	Cigar, Cigarette & Tobacco Shops	
94-2013	Dealers of Old Gold or other Precious Metals	
348-2002	Drain and Sewer Layers	
350-2002	Food Carts and Mobile Lunch Wagons	
349-2002	Food Sales	
352-2002	Group Homes	
353-2002	Hotels and Motels	
354-2002	Hydroponic Sales	
95-2015	Ice Cream Cart and Ice Cream Vehicle Sales	
356-2002	Lodging Houses	
357-2002	Master Plumbers	
358-2002	Pawnbrokers	
359-2002	Public Halls	
360-2002	Public Pools	
361-2002	Racetracks	
362-2002	Rest Homes	Amendment 230-2007
363-2002	Restaurants	
121-2006	Salespersons	Amendment 17-2011
365-2002	Seasonal Housing Accommodations	
366-2002	Second-Hand Shops	
367-2002	Summer Camps, Tourist Camps and Trailer Camps	
302-2008	Amending By-law	removing the schedules where fees are listed
189-2011	Amending By-law (except where it applies to lottery and hunting licences)	removes schedules and adds late fee

- Approved the Municipal Response Strategy to assemble an effective firefighting force by dispatching the quickest station response to any fire call in the most efficient and effective manner possible.

Supplementary Budget – Briefing Note**2016 Budget***One page brief per request***Briefing Note required for:**

-items >\$50,000

-changes in FTE

Dept	Division	Business Unit	Item	Base Supp	Amount	FTE Impact
FBIS	ITS		Service Level Agreement with Entegrus Decrease of Co-ordinator, Utilities GIS 1/2 FTE 2015, 1/2 FTE 2016	B	(109,640)	(1.00)
			SLA with Entegrus	B	109,640	

BACKGROUND:

-BRIEFLY provide why this is a request
(eg. Based on 3 year history)

As part of the Service Level Agreement with Entegrus, there is a reduction in Geographic Information Services, 1 FTE removed from ITS budget (1/2 FTE from 2015, 1/2 FTE from 2016) and associated employee related budget (Co-ordinator, Utilities GIS). Removal of wages, training, tuition refunds, lifecycle budget for computer workstation. (Grouping FBIS010)

COMMENT:

- provide any further details if required, impact to user fees, etc
(eg. Gross expenses, any revenues, subsidies, etc.)