

TAY VALLEY TOWNSHIP

2011 OPERATING AND CAPITAL BUDGET

NARRATIVE

The 2011 Budget proposes essentially the same level of services and operations as were provided in 2010; and while there were no major issues, Council did had to contend with a few challenges.

The Ontario Provincial Police recently ratified a new multi-year wage agreement. It has resulted in a higher than normal cost increase for us in 2011, but should not be an issue for the next two years. The Administrative Assistant at the Fire Department has been made a full-time position to provide, among other things, better efficiencies in financial, statistical and other reporting requirements.

Our contractor for pound services has discontinued operations, so all municipalities in Lanark County are entering into a formal, multi-year agreement with a different service provider. The new service is more expensive than in previous years; so the fees to retrieve dogs and cats from the pound will increase. The increased revenues will not cover the increase in costs.

The Township's Official Plan must be reviewed, updated and submitted to the province for approval in 2013. The requirements and inclusions for such plans have greatly changed - the province requires much more information about pockets of aggregates, wetlands, forest resources, etc., and the plan must include a Natural Heritage Systems Review. To help cover the anticipated costs, Council has established a reserve into which \$10,000 will be placed this year and each of the next two years.

Our township office renovation and expansion project was completed last year, and the replacement fire station in Maberly will be completed in the spring of this year. While we were able to apply \$1.85 million in grants and reserves towards the total projects costs of \$2.8 million, we had to borrow money - \$950,000 in total for the two projects. The debt will cost us about \$64,000 a year for 25 years. When the debts are paid off, the \$64,000 should annually be put into reserves for the eventual replacement or major renovation of the facilities.

The \$950,000 represents the Township's total debt. In the five years 2007 through 2011 Council has approved nearly \$9 million in capital infrastructure projects. The projects have been funded 59% by reserves, 25% by grants, 11% by debt and 5% by development charges.

This year's budget includes a 10-year Capital Plan. This initiative was developed by Council in 2010 and will be a valuable aid for long-term financial planning purposes. It is important to identify as far out as is reasonably possible the requirement for infrastructure replacement or renewal and, of equal or greater importance, to determine how it will be paid for.

The total 2011 tax requirement of \$4,006,000 is \$216,000 more than last year, of which \$38,000 is covered by growth in our tax base. The impact of this year's budget upon taxpayers is 4.7%, or about \$29 per \$150,000 of residential assessment.