



## Staff Report to Municipal Council The Corporation of the Township of McGarry

Meeting Date: April 16, 2025	Report Date: April 10, 2025
<input checked="" type="checkbox"/> Decision Requested <input type="checkbox"/> Input required <input type="checkbox"/> Information Only	Type of Meeting: Special Council Meeting

### Report Title: BUDGET REPORT

#### **Background:**

On March 24, 2025, the Finance Committee convened to deliberate on the initial draft budget. At that time, we were confronted with a deficit exceeding \$180,000.00, and we had not yet received the revenue and expenditures from all Departments. The deficit increased to more than \$379,000.00 after all the Departments submitted their revenue and expenditures.

The Finance Committee conducted a brainstorming session and submitted the following recommendations to Council in an effort to achieve budgetary balance:

- Library: evaluate the necessity of this service.
- Reduce the number of recreational activities throughout the year.
- Evaluate the necessity of summer programs and students.
- Examine the Tourist Centre and the cost of construction.
- Reduce hydro consumption in all buildings, especially the Community Centre.
- Charge fees for pickleball and other free activities to cover costs.
- Reduce funding for certain departments if feasible.
- Implement tipping fees at the landfill.
- Charge businesses for snow removal.

The Finance Committee also expressed its interest in investigating the feasibility of relocating the Township Office to the Tourist Centre Building if funding is secured from Fed Nor to renovate the building. Furthermore, the Public Works and Fire Department could possibly relocate to the Arena's ice pad. The goal is to employ our facilities for a variety of purposes and maximize the usage of each facility. If relocating was feasible, the option of selling Township building to reduce the cost of operating multiple facilities and generate some revenue was also discussed.

On April 2, 2025, the Council convened an Open Public Meeting to deliberate on the draft budget and the Finance Committee's recommendations. The Fire Department and Library representatives, as well as the Department Heads and Committee Chairs, were present at the meeting to provide their input.

### **Challenges We Are Facing in 2025**

- Develop a new website to replace the current one that will become obsolete.
- Continue to proceed with Tax Registration to decrease tax arrears and increase tax revenue.
- Annual expenses continue to rise, including costs for Insurance, OPP, Ontario Works, Land Ambulance, Childcare and Health Unit, MPAC, Health Benefits, Gas, Propane, OCWA, Pinchin, Garbage Collection, Hydro, Supplies and more.
- Assessment freeze remains in effect.
- Public Works garage requires renovation, as it is presently a safety hazard for our employees.

There is one ongoing Capital Project: Wastewater – Virginiatown Collection and Distribution Upgrades. This project involves replacing around 400 meters of watermain and related components, as well as 400 meters of sewer pipe and associated parts identified in previous investigations. The replacement work is scheduled for this year. The project includes funding of \$942,413.26 from the Federal government, \$785,265.85 from the Provincial government, and \$628,354.04 from the municipal government.

In 2024 the total cost incurred was \$1,828,447.00. We are anticipating a cost of \$569,052.00 in 2025.

The Township has secured a loan with RBC for this project. Until completion, only interest on the actual balance is being paid. The project is expected to be completed by the end of May 2025, with interest and loan payments for the year estimated at \$60,000.00. After completion (at the end of May), the Township will enter into a loan agreement with RBC.

Following the conclusion of all discussions, the Council requested that all departments reevaluate their budget, implement cost-cutting measures, and resubmit their expenditures to the Clerk by April 10, 2025. Additionally, the Council scheduled a meeting for April 16, 2025, at 5:30 p.m.

On April 16, 2025, the budget will be addressed in a second open session, during which the public will have another opportunity to provide comments and ask questions.

The Clerk will complete the necessary by-laws and present them to Council for final approval of the 2025 Capital and Operating Budget at the final budget meeting, following the direction provided by Council.

### **Discussion:**

At the April 2, 2025 Budget meeting, the Council asked all Departments to review their budgets, make cost-cutting changes, and resubmit their spending by April 10, 2025.

The Clerk has received and entered all updated departmental expenditures. The current deficit is \$106,948.00.

All recommendations are welcome, and at the next budget meeting on April 16, 2025, if anyone has any further ideas for cutting expenses or raising revenue, please share them. Some ideas that can be discussed are as follows:

- Increasing the tax rates for 2025.
- Increases to the water, sewer, and debenture charge.
- Assessing whether the Library will receive funding from the Council.
- Deciding if Council will employ summer students for summer programs.
- Adding tipping fees at the landfill.
- Discontinuing the free snow removal for businesses.
- Investigating the feasibility of relocating the Township Office, Public Works Garage, and Fire Department.

### **Financial Consideration:**

All municipalities are facing challenges; however, the lack of commercial and industrial revenue, resulting in solely residential income, poses a significant concern. To address essential expenses and implement cost-saving measures, it is crucial that we explore strategies to increase revenue and reduce costs.

Council must make challenging decisions to be able to cover our expenditure. Here are some options that can be considered to balance the expenditure to the revenue for the 2025 budget.

### **TAX RATE INCREASE**

Increasing the Tax rate would bring additional revenue. Here are some options:

Increasing by 2.5%	\$24,153.00 for the year
Increasing by 5%	\$48,308.00 for the year
Increasing by 10%	\$96,614.00 for the year

### **WATER, SEWER AND DEBENTURE RATES INCREASE**

The table below shows the annual and bi-annual amounts.

If Council chooses to increase the water, wastewater, and debenture charge, this will only become effective as of July 1, 2025. As a result, the revenue generated in 2025 will only be for half of the year.

<b><u>For entire year</u></b>	<b><u>Water</u></b>	<b><u>Sewer</u></b>	<b><u>Debenture</u></b>	<b><u>TOTAL</u></b>
Increasing by 2.5%	\$4,675.00	\$4,875.00	\$3,100.00	\$12,650.00
Increasing by 5%	\$9,350.00	\$9,750.00	\$6,200.00	\$25,300.00
Increasing by 10%	\$18,700.00	\$19,500.00	\$12,400.00	\$50,600.00
<b><u>For half of year</u></b>	<b><u>Water</u></b>	<b><u>Sewer</u></b>	<b><u>Debenture</u></b>	<b><u>TOTAL</u></b>
Increasing by 2.5%	\$2,337.50	\$2,437.50	\$1,550.00	\$6,325.00
Increasing by 5%	\$4,675.00	\$4,875.00	\$3,100.00	\$12,650.00
Increasing by 10%	\$9,350.00	\$9,750.00	\$6,200.00	\$25,300.00

## **SUMMER STUDENTS**

We received approval from the Canada Summer Jobs program on April 10, 2025, for the positions of 3 Tourist Information Counsellor, 3 Day Camp Counsellor, and 2 Municipal Labourer. This program provides funding for up to 50% of the provincial minimum hourly wage. With the CSJ program, the cost to the Township is estimated to be approximately \$21,000.00 for all three positions.

Additionally, we submitted an application with the Summer Employment Opportunities Program for 3 Tourist Centre Attendant and 3 Day Camp Counsellor. This program is 100% funded. Confirmation of this program is still pending.

The current budget includes the cost of a 3 Day Camp Counsellor, 3 Tourist Information Counsellor, and 2 Municipal Labourer, as well as the revenue we anticipate from the Canada Summer Jobs Program.

## **SUMMER STUDENTS 2025**

	<b>Revenue - Grants</b>	<b>Revenue - Other</b>	<b>Expense - Wages</b>	<b>Expenses - Other</b>	<b>Total</b>
<b>Public Works - 2 Students</b>	\$4,128.00	\$ 0	\$9,670.00	\$100.00	<b>\$ 5,642.00 - Deficit</b>
<b>Tourist Centre - 3 Students</b>	\$6,192.00	\$800.00	\$14,350.00	\$700.00	<b>\$ 8,058.00 - Deficit</b>
<b>Day Camp - 3 Students</b>	\$6,192.00	\$1,000.00	\$14,350.00	\$900.00	<b>\$ 8,058.00 Deficit</b>
<b>TOTAL COST</b>					<b>\$ 21,758.00 Total</b>

## **TOURIST CENTRE**

We would continue to incur expenses for utilities and insurance if the Council chose not to operate the Tourist Centre during the 2025 season. Nevertheless, it is possible to reduce the cost of telephone charges and certain Public Works wage costs.

Please refer to the chart below for the 2024 operational cost of the Tourist Centre.

## **TOURIST CENTRE 2024**

	<b>Expenses</b>	<b>Revenue</b>
Wages for P/W	\$2,050.00	Included with Summer Students
Hydro	\$5,759.22	
Insurance	\$5,395.20	
Telephone	\$2,340.62	
Misc	\$564.67	
<b>TOTAL COST</b>	<b>\$16,109.71</b>	

## **LIBRARY**

For the 2024 cost of operating the Library, please refer to the chart below. If the Council did not allocate a yearly grant, we would continue to incur insurance and utility expenses. The cost of insurance and utilities would be reduced if the library were not operational.

The Library is requesting a yearly grant from the Township in the amount of \$20,000.00 for 2025.

### **LIBRARY 2024**

	<u><b>Expenses</b></u>	<u><b>Revenue</b></u>
Public Works Wages	\$375.00	\$0
Library Grant	\$15,000.00	
Insurance Cost	\$12,956.88	
Hot Spot	\$950.00	
Hydro at 5%	\$1,200.00	
<b>TOTAL COST</b>	<b>\$30,481.88</b>	

Please see information below received from the Library Board Chair:

#### **McGarry Public Library**

##### **Pertinent Information to Accompany Budget**

1. Librarian works 15 hours per week.
2. Library is open to the public 12 hours per week: Tuesday, Wednesday, Thursday and Saturday.
3. The library is more than books and ~~dvd~~ rentals. Patrons come in continually to have copies made, printing, emailing, laminating.
4. Several patrons rely on the librarian for help with their cellphones and laptops.
5. Patrons come in to use the computers. Most need help in doing so.
6. Children and teens come in to play games on consoles or on our gaming computer.

Visits for January 2025: 45

Visits for February 2025: 64

Visits for March 2025: 81

More than 100 copies were made, 60 used books sold, 20 ~~dvd~~s sold

Circulation statistics for January 2025: 82 pieces (books, ~~dvd~~s, magazines)

Circulation statistics for February 2025: 134

Circulation statistics for March 2025: 166

Volunteer Hours

For a normal week, volunteer hours: 8 hours

During this tax season, volunteer hours are averaging 25 hours per week.

## **TIPPING FEES AT THE LANDFILL**

If the Council imposes tipping fees at the landfill starting July 1, 2025, it will generate revenue and extend the landfill's lifespan. *However, the revenue in 2025 would have to be pro-rated accordingly.*

It is difficult to estimate the revenue for the year since we do not have many statistics on the number of people who use the landfill in a day. The Acting Public Works Superintendent estimates a yearly revenue of approximately \$13,000.00.

### **Estimate below from Acting Superintendent and proposed of tipping fees**

#### **ESTIMATED REVENUE FROM TIPPING FEES**

For the past two full weeks we have been keeping track of the visitors to the landfill, we averaged 11 visitors per day. This will change when the landfill hours change at start of May. A short bed pick up truck box (6.5'x4'x2') is 1.9 cubic yards which would be \$38.00 (if sorted) and three bags of garbage would be \$10.00. So, the average between these would be \$24.00.

\$24.00 average fee x 11 visitors = #264.00

\$264.00 x 52 weeks/year = \$13728.00

This estimate is based on only being sorted residential garbage, where as unsorted is a larger fee resulting in higher revenue, as does non resident.

#### **Landfill Site Tipping Fees Example Only**

Tipping fees, or gate fees, are important because they help offset the costs of operating and maintaining landfills, encouraging waste reduction and efficient disposal practices by reflecting the full cost of waste management.

<b>Description</b>	<b>Applicable Fee Per Cubic Yard</b>	
	<b>Resident</b>	<b>Non-Resident</b>
Per bag	\$5.00 or 3 bags for \$10.00	\$7.00 or 3 for \$15.00
Flat Rate	\$5.00	\$10.00
Sorted Residential/Commercial Waste, Sorted Construction/Demolition Waste Non-Hazardous Materials	\$20.00	\$30.00
Unsorted Residential/Commercial Waste, Unsorted Construction Demolition Waste and Inorganic Earth like Material	\$40.00	\$60.00
Yard Waste - Including clean wood, brush, yard and plant materials	\$10.00	\$20.00
Contaminated Waste	\$50.00	\$75.00
Ozone Depleting or Freon Containing	\$50.00	\$100.00
Tires with rim for commercial vehicles	\$50.00	\$75.00
Tires with rim for industrial vehicles	\$75.00	\$100.00
Tires with rim passenger vehicle	\$20.00/each	\$30.00/each
Tires no rim	Free	Free

#### **Contractors**

½ Ton Trailer	\$100.00 / per load
Tandem	\$200.00 / per load
Tri-Axle	\$300.00 / per load

Residential property owners will be permitted to obtain 2 vouchers per calendar year, per property. Proof of property ownership must be presented to municipal staff to obtain your voucher, i.e. a recent tax bill with your name and address will be accepted.

Multi-residential property owners can provide authorization to someone else, such as a tenant to pick up the voucher. Authorization letters must be submitted to the Department of Development Services; confirmation between staff and the owner will be completed prior to issuance of a voucher.

1

## **SNOW REMOVAL FOR BUSINESSES**

The Township's annual expense for providing free snow removal services to three businesses in the 2024/2025 winter season is estimated to be \$6,000.00, covering wages and sand.

### **Snow Plowing Revenue Estimate**

**STP** — would need to charge \$800.00/year for sanding only

**Cheminis Lodge** — would need to charge \$5000.00/year for sanding and plowing with stipulation that and removal (hauling away) is in addition.

**Legion** — would need to charge \$5000.00/year for sanding and plowing with stipulation that any removal (hauling away) is in addition.

These costs are estimated that additional plowing would be required that was done during 2024/2025 season. There is very little profit in this and would also increase the wear and tear on the equipment and fuel expense. There is also the liability aspect as the township is now classified as a snow plow contractor, so what would that do to the townships insurance since this takes place on private property. By the township not doing snow plowing for the businesses it could entice someone to open a small business in down doing snow removal.

A major concern would be the time line that these businesses want the plowing to be done for, example snow must be removed before 07:00, this is before regular work hours requiring overtime hence increasing labor costs but not revenue. Another major concern is what happens if the public works department is working on a water break at the same time that snow plowing is required.

My recommendation is that the township removes the snow plowing of business entirely.

Thanks

Mark

### **SNOW COSTS**

Based on 2024/2025 snow season:

**STP — sanding only** - \$15.09 sand/salt + \$30.00 fuel, wear & tear, labor = \$45.00/sanding

\$45.00 x approximately 10 times /year = \$450.00

**CHEMINIS LODGE** — \$30.18 sand/salt + \$50.00 fuel, wear& tear, labor = \$80.00/sanding

\$80.00 x approximately 20 times/year = \$1600.00

Plowing - \$20.00 labor + \$20.00 fuel (12L) + \$15.00 wear & tear = \$55.00

\$55.00 x approximately 20 times/year = \$1100.00

**LEGION** - \$30.18 sand/salt + \$30.00 fuel, wear & tear, labor = \$60.00/sanding

\$60.00 x approximately 20 times/year = \$1200.00

Plowing - \$20.00 labor + \$20.00 fuel + \$15.00 wear & tear = \$55.00

\$55.00 x approximately 30 times/year = \$1650.00

**TOTAL = \$6000.00**

The Acting Public Works Superintendent is proposing to discontinue the complimentary snow removal service. Many communities do not provide this service free of charge, if at all, due to the associated costs that are funded by taxpayers.

**Conclusion / Recommendation / Motion:**

The report indicates that we are presently experiencing a deficit of \$106,948.00. The expenses and revenue must be in balance prior to budget approval. Consequently, we must either reduce expenditure or increase revenue.

The staff is requesting direction from the council on the manner in which they which to proceed to have budget equilibrium and direct the staff to draft the required bylaws for final approval.

The Council must also determine whether they wish for the staff to assess the costs and to investigate the feasibility of relocating the Fire Department, the Township Office, and the Public Works Garage. It is important to bear in mind that this will be a lengthy process to ensure that we have all the necessary data for the Council to make a final decision.

**Respectfully submitted,**

**Karine Pelletier  
Clerk-Treasurer**