

Council finishes operating budget

By Sarah Sobanski

Municipal staff has drafted a more than \$8.7 million operating budget for Hastings Highlands. It includes a small tax increase. Council held public consultations for the operating budget March 8. The operating budget stands apart from the municipality's capital budget, which will be released later this month.

The operating budget has slightly increased from 2016 when it was just over \$8.4 million. Municipal staff recommended a 1.65 per cent tax increase or \$22 for the average ratepayer with an assessment of around \$188,000. This increase doesn't include county or provincial budgets which could also raise taxes.

Municipal treasurer and tax collector David Stewart told those who attended the meeting that AMO had recommended council increase their taxes by seven per cent.

‘That's basically what their correspondence is telling the sector based on they've done some research on the municipal infrastructure gap that is in the province,’ explained Stewart. ‘That's basically them saying municipalities need to recognize that there's a lot of infrastructure that you need to replace and I think it's pretty unrealistic to have a municipality with a eight per cent or seven per cent increase for taxation. The needs are there and knowing in the future if municipalities stick with that historic zero per cent mentality then they could be in trouble.’

He added, ‘As staff we know what the issues are and we know the liabilities. We have \$6 million of priority needs on an annual basis that we only fund \$700,000 to a million of that \$6 million of those needs. That's basically what they're saying. Their argument is that councils need to recognize that they need to be increasing, unfortunately, the taxation tool as revenue to accommodate for some of that infrastructure gap.’

According to the presentation, the definition of municipal tax levy is the amount of revenue the municipality needs to balance its budget ? revenues must equal expenses. Municipal taxation made up 78 per cent of municipal operating revenues in 2016. They will make up 77 per cent in 2017.

The increase will balance expense increases from municipal benefit premiums at more than \$50,000, OPP billing increases at more than \$45,000, municipal salary adjustments at around \$35,000 and the asset management capital funding program ? a self-funding capital program (funded through taxation) that provides the municipality's annual capital budget with predictable dollars to complete projects, according to the public presentation.

The province is also downloading more and more costs onto municipalities, Stewart said. According to the Hastings Highlands Asset Management Plan: ‘It is clear that every municipality is expected to move towards the sustainable management of its own capital assets.’

Hastings Highlands responsibilities include 486 kilometres of roads and 13 bridges ? more than \$2.5 million was budgeted for roads by the municipality for 2017. That's 29 per cent of the proposed budget.

Other large expenses were police services around \$1 million and corporate management and administration at nearly \$1.2 million ? which was reduced almost \$380,000 from 2016.

‘It was \$250,000 was reallocated into roads, and then \$100,000 was reallocated to asset management self-funding tool. So \$350,000 of that \$380,000 was reallocation and then the rest was actual cost reductions,’ said Stewart. ‘We're trying our best to really do a forensic analysis of everything, what our services are, what the levels of services are and how we can investigate programs that streamline the operations and reduce the overhead, as much as we can.’

Hastings Highlands plans to put \$450, 000 towards its debt this year as part of a strategic plan to be debt free by 2026.