

## Preliminary budget shows 2.95% increase

**By Mark Pavilons**

By airing their wish lists and getting some insights from staff, King councillors are well on their way to fine-tuning the Township's 2016 budget that takes both financial realities and residents' needs into consideration.

Council received the 2016 draft budgets and business plan Dec. 14. With an anticipated increase in growth assessment revenue, and a review of its infrastructure reserve contributions, the Township may just be able to meet the bulk of the needs in the coming year. Infrastructure – the cost of roads, water and sewer mains – is a major issue in King. The need is evident in every ward in the township.

Mayor Steve Pellegrini admitted that a lot of infrastructure work hasn't been done and perhaps now is the time to take advantage of low interest rates and consider debenture financing.

According to Allan Evelyn, King's director of finance, staff have been working for months, trying to meet the needs of the Township today, tomorrow and for decades to come. Not an easy task, when they have to take into consideration maintaining service levels, meeting infrastructure needs and being very cognizant of reasonable tax increases.

Mayor Pellegrini has made it clear he won't accept a property tax hike of over 3%.

To that end, the 2016 budgets and business plan will, if approved, result in a 2.95% tax hike in King's share of the residential tax rate. Blended with York Region's anticipated 2.85% increase, and a zero hike in the education levy, the blended increase will be around 2.27% or an extra \$142 per household (based on an average assessment of \$664,000).

Hydro costs (with the removal of subsidies), staff salaries and servicing the debt on water and sewer works have all driven up King's budget needs.

These, and other factors, have led to a roughly \$700,000 shortfall, or hit to this year's budget.

On the bright side, revenue from assessment growth is higher than anticipated, beyond the projected 6.3% range. That will have a positive impact on the budget as staff fine-tune it over the coming weeks.

Staff anticipates gross spending for 2016 to come in at \$33.4 million, with revenue of \$32.7 million. The 2.95% hike on the Township's part will see homeowners paying an extra \$67.

The capital budget, on the other hand, is seeing a massive increase in costs. The 2016 capital budget is pegged at \$12.3 million, compared to the \$7.2 million in 2015.

King is making an investment in its infrastructure, Evelyn noted, with roads taking the biggest chunk – almost \$7 million alone. Addressing the growth issue, he said that more than half of the growth-related costs are being covered by development.

Development charges do help pay for growth and developers are paying their share, he said.

As a growing municipality it is critical to take advantage of increased sources of revenue that are directly linked to assessment growth (new homes, retail and commercial activities) by ensuring a significant percentage of every incremental dollar of revenue is aligned with investment in infrastructure having a useful life greater than 20 years, Evelyn wrote in his report. This approach can ensure that the municipality will be able to maintain service level standards as population growth occurs, while also managing associated impacts on tax rates in a predictable and responsible manner.

To cover the capital costs, some \$6.89 million is coming from the development charges reserve fund, while another \$1.61 million is coming from other reserves. Another \$2.7 million is being taken from the operating budget.

This does leave the Township in pretty good shape and opens up some funding options.

Evelyn noted that going forward, staff will be looking at a reserve strategy to meet its long-term needs. Going into debt is a viable option that should be considered, he told the councillors.

With property taxes and water rates the only two local sources of revenue, borrowing at today's rates is not a bad idea.

Staff presented councillors with their lists of recommended and non-recommended projects for the coming year.

Councillors are aware that King can't offer a lot of frills given the current financial demands. Evelyn admitted there are a lot of competing interests and priorities among various departments.

Mayor Pellegrini didn't want to do any massive cutting or adding, until the financial picture was more clearly defined and presented by staff. Once that is known, there may be some leeway in getting some projects moved up the ladder.

Upgrading software, a culvert replacement on the Caledon-King Town Line, various road projects and a boost to King's tourism budget were all discussed.

Evelyn pointed out that transferring funds destined for the reserve, for these needed capital projects, is an appropriate approach.

Councillor Avia Eek stressed there are a lot of roads that need attention and she hopes some will be done sooner than later.

Development charges, a very significant source of revenue, dictates what the Township can afford in the long-term, according to CAO Susan Plamondon. She pointed out the recently passed development charges bylaw is being appealed.

It was also noted that the Caledon-King Town Line has been identified to be "uploaded" to regional government (either York or Peel). It was suggested that these negotiations start soon, so King can potentially avoid some costly repairs.

A King City resident urged council to consider upgrading Station Road, Findlay Avenue and Burns Blvd. for the dangers they present to motorists and pedestrians. He said several cars have ended up on his front lawn for various reasons and he wanted to draw this to council's attention. He also urged staff to address traffic and parking woes on Station Road, suggested they be less lenient in dishing out tickets.

Staff will return with a budget document for approval at the Jan. 25, 2016 council meeting.