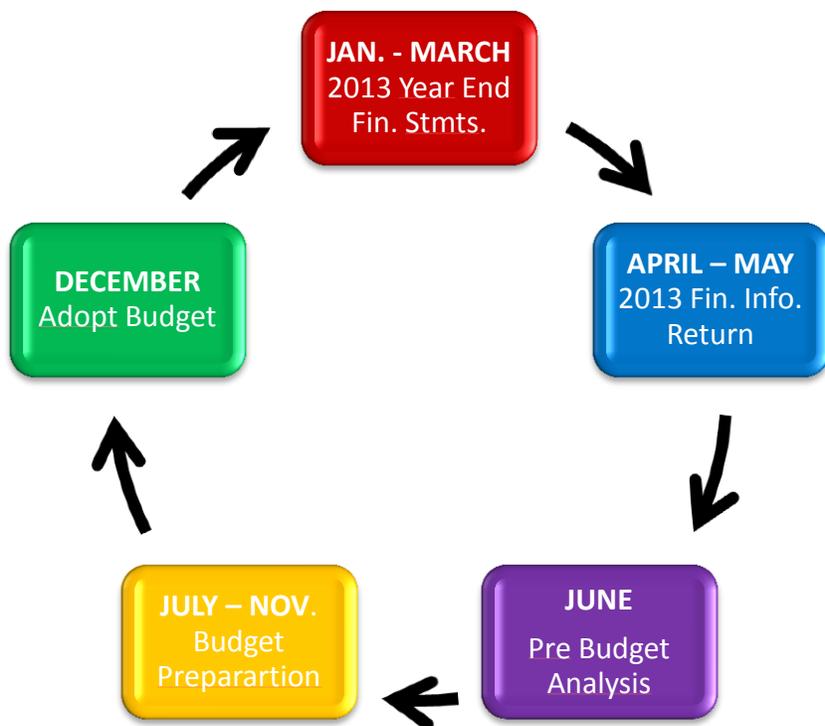


City of Clarence – Rockland 2014 Budget Overview

The 2014 budget overview presents to you the 2014 operating and capital budgets. The operating budget represents a 1.9% tax increase. This represents an annual increase of \$32.19 on an average Clarence-Rockland household with an assessed value of \$244,000. The capital spending plan includes \$13.7 million for Caron road and \$8.5million for regular annual spending for a total \$23.2 million. The budget process this year began in September 2013 with staff identifying the operating and capital requirements for 2014. During October and November there were 7 public meetings with Council to review the details of the department’s requests. December 3rd, the draft budget was tabled with Council. Final review is scheduled for December 17th with approval on the 19th of December 2013. Achieving the approval of the budget prior to the start of the fiscal year puts the municipality on the recommended financial cycle illustrated below.



Operating Budget Highlights

For 2014 there were budget pressures which totalled **\$2.7** million. This increase has been caused by pressures from reduced revenues and increased expenditures. On the revenue side reductions of **\$510,000** were caused by reduced; provincial Community Re-investment Fund, supplementary taxes and building permit revenues.

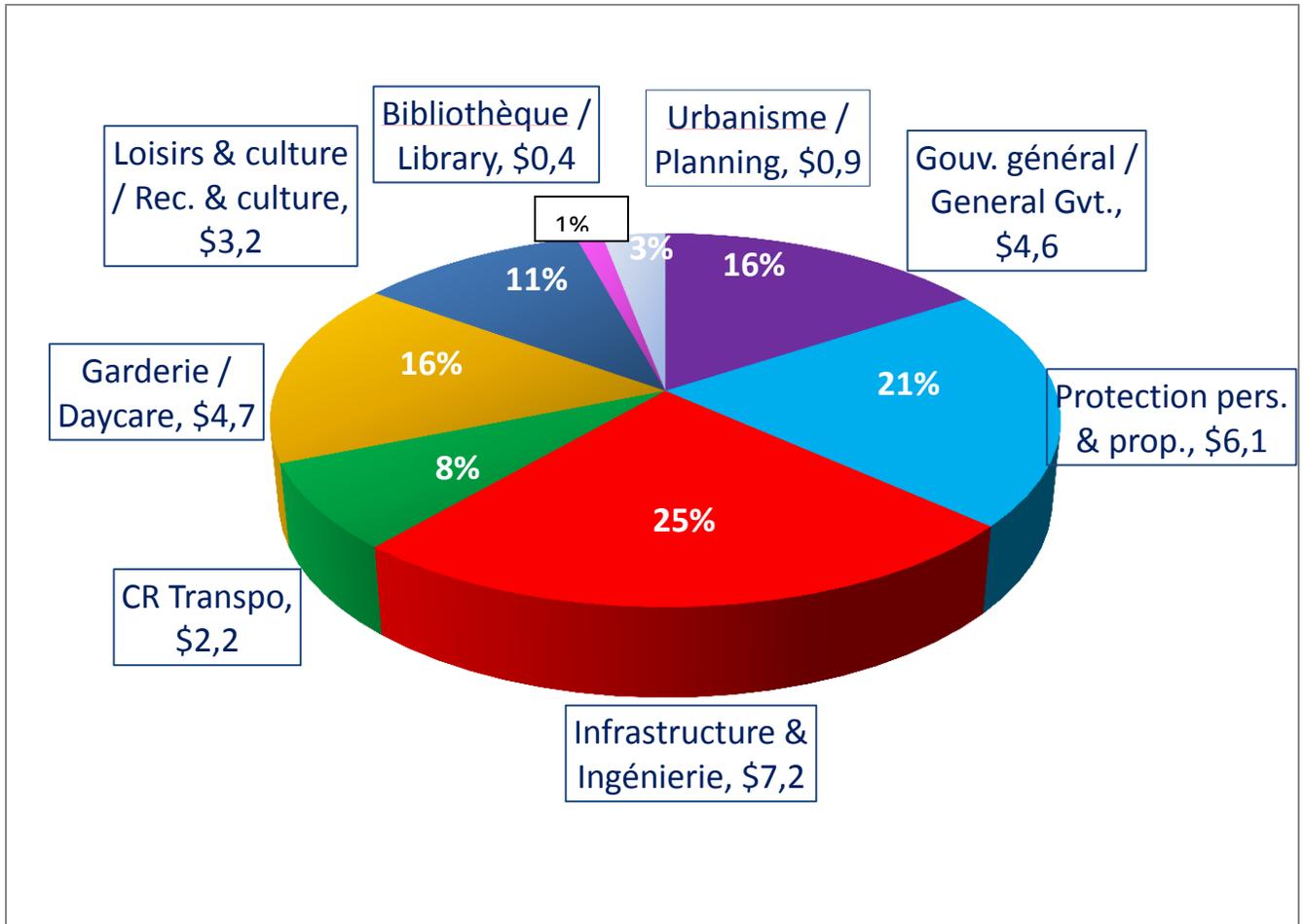
On the expenditure side there is an increase in administrative costs related to annual salary increments , funding for positions approved in 2013 budget that were only budgeted for part of the year, insurance costs, recent postage increase and policing totalling **\$632,000**. Seven (7) new staff is being proposed in this budget to address the administrative needs as a result of significant growth over the last 5 years which represents a budget impact of **\$237,000**. The positions are only partially funded in the 2014 budget with the balance of the funds to be picked up in the 2015 budget. The staff includes: 1 Human Resources Analyst, 1 Budget and Year End Analyst, 1 Purchasing Officer, 1 By-law Officer, 1 Planning Engineer and a Full time Deputy Clerk.

The increase in expenditures also includes new investments in the budget. These include **\$500,000** for the start-up funding for the Capital Asset Renewal program, which is now required by the province. These funds will be used to create 3 new reserve funds for fleet, buildings and equipment repair and replacement. Future increases will be required to support this program. In addition to the \$500,000 a further **\$150,000** is being added to the annual contribution for road repair and reconstruction. With this addition the annual contribution to the road reserve fund reaches \$979,000. The other significant investment in the budget this year is

City of Clarence – Rockland 2014 Budget Overview

for Infrastructure operating maintenance which amounts to **\$520,000**. Finally, increase in funding to the Library grant, Community Services and Protective Services amount to **\$140,000** for a total of \$2.7 million in Budget Pressures.

All of the above adjustments are spread through-out the City's departments. Illustrated below are the total expenditures \$29.3 million of the 2014 draft budget by department in \$millions.

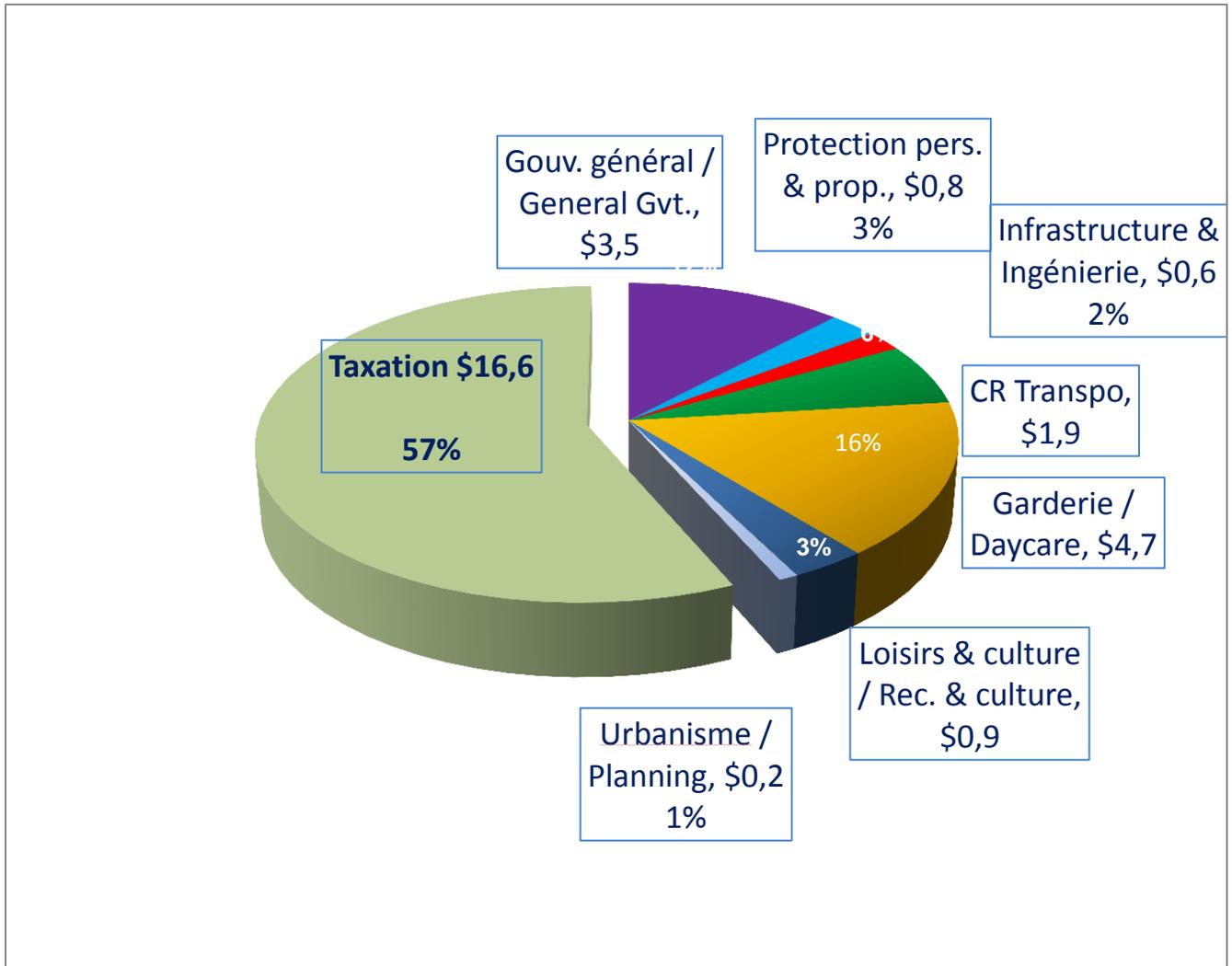


City of Clarence – Rockland 2014 Budget Overview

These budget pressures have been offset by Increased revenues from assessment base growth **\$1,139,00** and a 1.9 % tax increase **\$288,000**. Savings of **\$615,000** were achieved from reduced debt payments. Provincial Offences Act Revenues have been increased by **\$170,000** to better reflect the actual revenue stream. Further savings were achieved **\$180,000** in Community Services which are not program delivery related. Fees and Fines revenue are recommended to receive an increase of 1.5% which will increase the revenues by **\$94,000**. Service delivery adjustments coupled with a 3% fare increased netted savings of **\$172,000**. A savings of **\$10,000** was achieved by ending the supervision costs of the boat ramps. An increase in revenues is reflected in the budget above the 1.5% in the areas of sports fields and the performance hall representing increased revenues of **\$23,000**. Savings of **\$32,000** was also achieved by reducing the grant funding for ice time. The savings and increased revenues achieve the \$2.7 million required to offset the budget pressures.

All of the above adjustments are spread through-out the City's departments. Illustrated below are the total Revenues \$29.3 million of the 2014 draft budget by department in \$millions.

City of Clarence – Rockland 2014 Budget Overview



2014 CAPITAL OVERVIEW

The 2014 capital budget expenditures total \$23.2 million. These projects will be financed by \$10.7 million from the reserve funds (55% from the development charge Reserve Funds) and 12.5 debt (46% of this debt is financed by development charges). The projects have been divided into 3 categories Growth, Repair and Replacement and Strategic Initiatives. The growth projects total 18.1

City of Clarence – Rockland 2014 Budget Overview

million with 64% funded by development charges revenue and the balance coming from another source and debt. Both repair and replacement and strategic initiatives will be funded in a combination of reserve funds and debt. Grouping the projects this way show the preparation for more growth while sustaining the current infrastructure and planning strategically for the future.

The Capital Spending in the last section of this book provides 3 listings. The first listing shows the capital projects grouped by category; Growth, Repair and replacement and Strategic Initiatives. On this list there is a high level funding summary that shows the share of funding to come from Development charges and the share coming from other sources. The next listing provides the projects with the detailed funding. The final list shows the projects by department and financing sources.

GROWTH PROJECTS

The growth projects presented in this budget represent 18.1 million. Some of these projects will be on hold until the new development charges study will be approved in 2015. They are on hold because they are not identified in the previous study approved in 2009. They include;

- 1) The Bourget Train Station
- 2) The Public Works Garage Expansion
- 3) The sanitary sewer work proposed for Bourget & Clarence Creek
- 4) Waste Water Plant Screen
- 5) Studies will only proceed as funds are available

The 2014 spending includes \$13.7 for Caron Road. In 2013, a portion of Caron road had been approved however no funds had been spent. This budget looks at the Caron project in total. Funds will be primarily be expended in 2014 and 2015 and some in 2016. This budget looks at the complete funding of the Caron Road

City of Clarence – Rockland 2014 Budget Overview

project. The project is funded 61% by development charges and 39% by other non-growth sources. Debt will be issued on an as needed basis. This means that before debt is issued, the balances in the reserve funds will be reviewed to ensure that the lowest amount of debt will be issued. Currently the 2014 budget shows that there is capacity to fund up to \$4.1 million before issuing debt.

REPAIR AND REPLACEMENT PROJECTS

The projects presented in this listing have been identified as high priorities for each of the respective departments. The projects include critical work to be done at City facilities, vehicle and equipment replacement, necessary road and bridge repair as well as continued storm water management program and continued improvement in the City's water system.

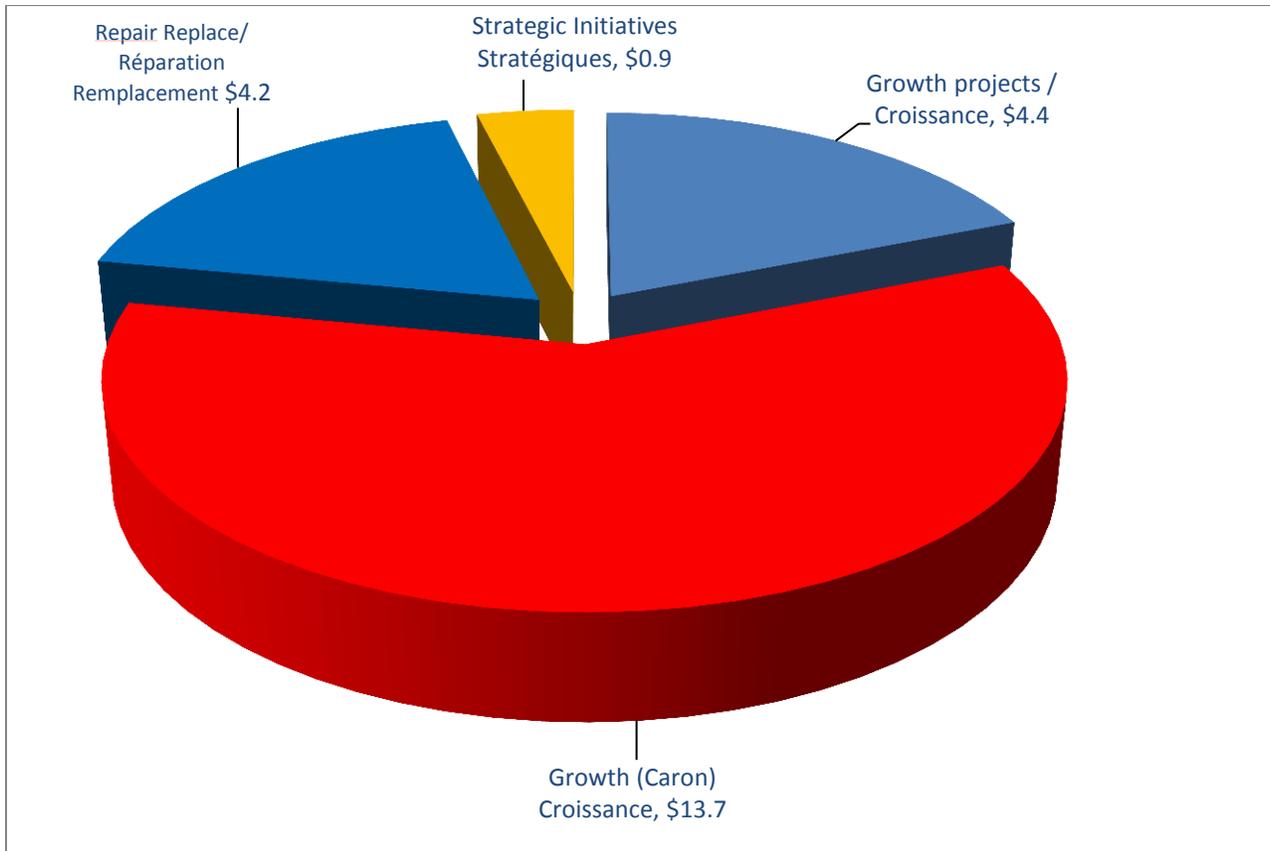
STRATEGIC INITIATIVES

This category of projects identifies items that will improve service delivery. There are a number of studies that have been identified in this category that are past due for completing such as the strategic and economic development plans. The City has never had a strategic plan and the previous economic development study was done in 2005.

Illustrated below are the expenditures by category and followed by the financing summary.

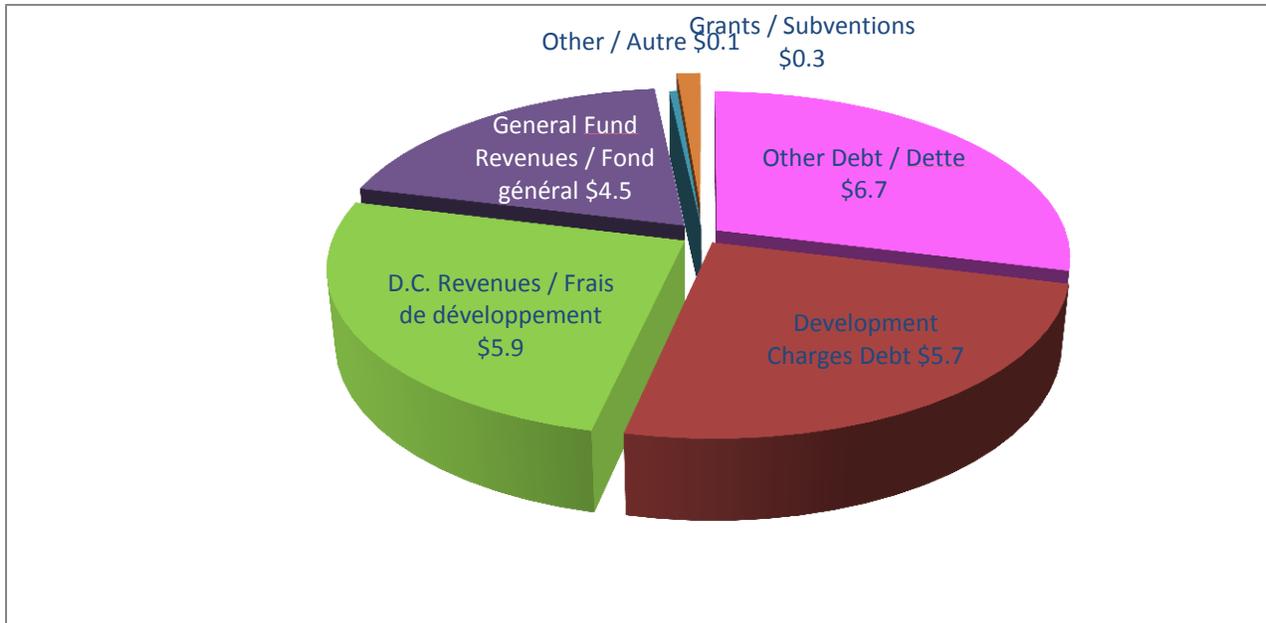
City of Clarence – Rockland 2014 Budget Overview

Total 2014 Capital



Total Financing \$23.2 million:

City of Clarence – Rockland 2014 Budget Overview



WATER, SEWER AND WASTE 2014 BUDGETS

Each of these budgets are self-financed from revenues contributed by the consumers of the service and not the General Fund which is supported by the Tax rate. The total expenditures for each of these services is as follows:

- 1) Water = \$2.9 million
- 2) Sewer = \$2.2 million
- 3) Waste = \$1.9 million

WATER SERVICES

The funds expended here include: water treatment, distribution, repairs and cleaning of water lines. The flat rate for water usage is designed to cover the capital and debt costs associated with the water system. Currently the fee does not cover the complete cost of the debt. An increase in the flat rate of \$5 per user per year for water consumption is necessary to close the gap on the debt financing of necessary Capital improvements in the system. Also an increase of 1.9% in the consumption rate of water is recommended. This increase is necessary to accommodate operating costs of the water system. The capital

City of Clarence – Rockland 2014 Budget Overview

projects are identified in the capital section of the book. Planned for 2014 is the Edward loop, work at Limmer and Catherine and LED Lights at the Water Plant.

SEWER SERVICES

The funds expended here include: sewer waste water collection, sewage treatment and repairs to lines and the system. The flat rate for sewer usage is designed to cover the capital and debt costs associated with the sewer system. Currently the fee does not cover the complete cost of the debt. An increase in the flat rate of \$5 per user per year for water consumption is necessary to close the gap on the debt financing of necessary Capital improvements in the system. The capital projects are identified in the capital section of the book. Planned for 2014 is a Waste Water Study.

WASTE SERVICES

The funds expended here include: garbage collection and disposal, recycling, the transfer station and the handling of hazardous waste. The funding of the Waste Services budget is under review. The billing does not occur until June of 2014 and a full report to Council will be tabled with recommendation of the revised fee structure before then

The capital projects are identified in the capital section of the book. In 2014, a **\$100,000** will be spent on the concept plan for the expansion of the waste management facility.