

## Report CCR-PCD-01-15

**To:** Chair Wright and Members of the Planning and Community Development Committee

**From:** Sharon Vokes, Director of Council Services and Randy Scherzer, Director of Planning and Development

**Meeting Date:** January 15, 2015

**Subject:** **Year End Budget Report and Treatment of Year End Budget Surplus/(Deficit)**

**Status:** Recommendation adopted by Committee as presented per Resolution PCD11-15; Endorsed by County Council February 3, 2015 per Resolution CC34-15;

### Recommendation(s)

**THAT Report CCR-PCD-01-15 regarding the year-end budget report and treatment of year-end budget surplus/deficit be received;**

**AND THAT the following projects included in the 2014 budget be transferred to reserves to be carried forward to 2015 and funded from the respective reserves:**

- Remaining 2014 budget for Agricultural Exhibit Building at Grey Roots
- \$35,000 for augmented reality application for Grey Roots
- Remaining funds allocated to Logo Sculpture via Report CCR-PCD-17-14 plus \$5,500 additional funding from the Grey Roots General Reserve
- Remaining 2014 budget for Economic Development Strategy
- \$5,000 for Tourism Marketing Plan
- \$10,000 for Tourism Website
- \$49,500 from One Time Reserve for Way Finding Signage consulting (Report CCR-TAPS-32-14)
- Remaining 2014 budget for Natural Heritage Systems Study, Planning Application Tracking Software, Transportation Master Plan and Growth Management Study Update

**AND FURTHER THAT donations made to Grey Roots for specific purposes be allocated to the appropriate reserve;**

**AND THAT the deficit of the operating budget of Grey Roots be funded from the One Time Reserve;**

**AND THAT the deficit of the Planning operating budget be funded from the surplus funds from the Agriculture budget;**

**AND FURTHER THAT any remaining surplus from the Agriculture budget be allocated to the Forestry Reserve and any surplus/deficits of the remaining budgets under the care and control of the Planning and Community Development Committee be allocated/funded from their respective reserves.**

## Background

The following is a breakdown of the functions within the portfolio of the Planning and Community Development Committee as of November 30, 2014:

<b>2014 Budget as of November 30, 2014</b>				
<b>Function</b>	<b>2014 Net Budget</b>	<b>2014 YTD Net Actual</b>	<b>Surplus/(Deficit) Prior to Year End Project Transfers</b>	<b>Final Projected Surplus (Deficit)</b>
Planning - Operating	623,375	624,445	(10,000)	(10,000)
Planning - Capital	28,000	10,418	0	0
Agriculture	137,500	105,052	20,000	20,000
Forestry - Operating	(45,800)	(18,293)	0	0
Trails - Operating	61,275	53,444	0	0
Trails - Capital	75,000	32,658	0	0
Tourism	483,810	440,269	20,000	5,000
Economic Development	300,345	298,680	24,000	2,000
Intelligent Community	0	27,460	0	0
Grey Roots - Operating	2,012,200	1,867,659	(64,800)	(64,800)
Grey Roots - Capital	129,600	16,820	69,600	0
<b>TOTAL</b>	<b>3,805,305</b>	<b>3,458,612</b>	<b>58,800</b>	<b>(47,800)</b>

### *Planning*

The Planning Operating budget is currently projected to have a deficit of \$10,000. This is partially due to an increase in non-union wages that came into effect July 1, 2014 based on the Non Union External Salary Review. The projected deficit is also a result of slightly less than anticipated application revenue. It is recommended that the projected surplus from the Agriculture budget be used to fund the projected deficit in the Planning Operating budget.

The Planning Capital budget is currently on track from a budget perspective. There is a proposed carryover of funds to complete some of the projects in 2015, including the Natural Heritage Systems Study, the Planning Application Tracking Software, the Transportation Master Plan, and the Growth Management Study Update.

### *Agriculture*

The Agriculture budget is currently projected to have a surplus of approximately \$20,000. This is primarily due to the beaver and coyote claims being lower than the budgeted amount.

### *Forestry*

The Forestry budget is currently showing a deficit compared to the year-to-date budgeted amount as a result of the purchase of the Krug Estate property adjacent to the Dornoch Tract. The cost to purchase the property was \$156,295 of which \$100,000 will be funded from the Forestry Reserve with the remaining amount to be funded from any surplus realized in the 2014 General Forestry Operating budget or from One Time Funding Reserve if sufficient funds don't exist. If the \$100,000 from the Forestry Reserve were shown as being transferred in the current budget, the Forestry budget would currently be projected to have a surplus of approximately \$100,000. This is primarily due to higher than anticipated revenue from the County Forest harvests. It is recommended that the Transfer from the Forestry Reserve for the purchase of the Krug Property be reduced to the original budgeted surplus amount of \$45,800 which will result in the Forestry budget netting out at zero.

### *Trails*

The Trails Operating budget is projected to be on track when compared to the year-to-date budgeted amount and the anticipated expenses for this budget. With respect to the Trails Capital budget, the cost for the CP Rail Trail projects (Culvert#15 replacement and project south of Highway 26) came in less than the budgeted amounts. However, these projects are to be funded from reserves and therefore will not result in any surplus.

### *Tourism*

The Tourism budget comprises several partnership budgets for which Grey County is the "banker" as well as Grey County's own Tourism Operating budget. In 2014 Tourism's big project was updating its website, and more recently initiating a new marketing plan with an external marketing company. Both projects will be completed

early in 2015, and unspent funds from the 2014 budget are requested to be moved forward to 2015. Marketing expenses will be under-budget as staff have been holding off recent discretionary marketing for the new direction from the marketing plan in early 2015.

Signage is another significantly under budget area that is waiting for both the new marketing direction and completion of Grey County's wayfinding criteria. Largely as a result of these two areas, Tourism expects to end the year approximately \$20,000 under budget, with a request to allocate \$5,000 of this surplus to completion of the marketing plan in early 2015 and a further \$10,000 for finishing off the tourism website which staff will launch early in 2015.

Grey County's partner budgets, including Regional Tourism Marketing Partners (RTMP), Fall Conference budget and Georgian Bay Destination Development Partnership will all end 2014 with balanced bottom lines.

While not in the 2014 budget, staff is also recommending that the Committee consider providing approval to continue with the consulting project on way finding signage with funding from One Time Reserve. This project was approved through Report CCR-TAPS-32-14. The approved cost estimate is \$49,500 and it is expected that the County's cost will be reduced through partnership funding from RTO7.

### *Economic Development*

This budget will end with an expected surplus of \$24,000, including \$22,000 for Grey County's Economic Development Strategy, which will not be completed until the first quarter of 2015. This unspent amount is requested to be moved to the 2015 budget, with 50% from the Rural Economic Development Grant and 50% from the One Time Reserve. This will allow completion of the Economic Development Strategy (approximately \$12,000), and an economic development orientation for County Council and staff and an investment readiness assessment (approximately \$10,000.) This falls within the approved budget for this project and funding would continue as in 2015.

It is important to note that the 2014 budget anticipated that the cost of the Economic Development Strategy would be \$75,000 with the funding being \$15,000 levy and \$60,000 from the One Time Reserve. The County was successful in obtaining RED funding at a rate of 50% or \$37,500. This will greatly reduce the amount of funding required from the One Time Reserve.

## *Economic Development – Intelligent Community*

The 2014 budgeted expenditures for this initiative will be under budget as a result of the timing of the implementation of this project in 2014. As these expenditures are to be funded from reserve, it will have no impact on the year-end position.

### *Grey Roots*

It is anticipated that the Grey Roots operating budget will end the year with a deficit of approximately \$64,800. Wherever possible, staff has deferred or reduced expenditures to mitigate the deficit. The primary drivers of the deficit are staff reorganization expenses, errors in budgeting hours and statutory holiday pay, the non-union grid adjustment in July and the increased costs of the logo sculpture.

At the July 22, 2014 meeting of the Committee additional expenditures were approved for the logo sculpture with the overage to be funded by delaying construction of the church (CCR-PCD-17-14). The project has not been completed and work will continue in 2015. Currently, approximately \$4,200 approved funding is still remaining and it is recommended that this be allocated to reserve and brought forward in 2015. It is estimated that there will still be a shortfall for the sculpture of \$5,500. Work yet to be done includes a final pour of concrete, gravel, some welding, touch-up painting, clear coating and a contingency of \$1,300 which will only be expended on items approved by Council.

The reserve for Grey Roots is not as robust as it should be because of several unexpected expenditures over the last few years. As a result it is recommended that the operating deficit be funded from the County's One Time Reserve.

The capital budget anticipates a surplus of \$69,600. The surplus relates to two projects being the development of an augmented reality application to enhance the visitors' experiences and work on the agricultural equipment building. The RFP for the augmented reality application has been awarded but work will not be undertaken until January 2015. Work on the agricultural exhibit building was delayed in order to have the sawmill and agricultural exhibit building work coordinated as the same contractor won both tenders. It is recommended that the funds for these two projects be brought forward to complete the projects in 2015.

### *Recommendations for Distribution of Surplus/Funding of Deficits*

There are a number of projects that were budgeted in 2014 but were not completed within the current budget year. It is recommended that funding for the following projects be transferred to reserve to complete them in 2015:

- Grey Roots – Agricultural Exhibit Building, augmented reality application and logo structure (RFP awarded in late December)
- Economic Development strategy
- Tourism marketing plan and Tourism website
- Way finding signage consulting (CCR-TAPS-32-14)
- Planning – Natural Heritage Systems Study, Planning application tracking software, Transportation Master Plan and Growth Management Study Update

## Financial / Staffing / Legal / Information Technology

### Considerations

There are no staffing, legal or information technology considerations related to this report. Based on year-to-date amounts, it is anticipated that the budgets under the control of the Planning and Community Development Committee will end the year with a deficit of approximately \$47,800 after recommended transfers to reserve for projects not completed within 2014.

### Link to Strategic Goals / Priorities

It is important to achieve a balanced budget from year to year where possible in order to allow Council to respond to corporate goals and objectives.

Respectfully submitted by,

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Director of Planning and Development