

2018 Operating Budget

Presented by:

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Nov. 21, 2017

2018 Budget Planning Recap

- May 17 – Budget Planning
 - Introduction to budget planning themes, federal/provincial landscape, Lincoln demographics, budget schedule, budget engagement strategy
- Sept. 20 – 10-yr. Capital Plan and Introduction to Capital Budget
 - 10 yr. plan leading into 2018 Capital budget considerations
- Oct. 30 – Capital Budget Overview
 - Key capital business drivers, local landscape, 2018 Capital Budget overview
- Nov. 8 – Capital Budget and Introduction to Operating Budget
 - Council inquiry follow up from Oct. 30, 2018 Capital projects review/discussion, budget engagement results, introduction to 2018 Operating budget (dept business drivers, trends, & metrics)
 1. Water and Wastewater Information
 2. Outstanding Capital projects
 3. Carryforward project funding process
 4. Heritage Village LED program
 5. Parks & Facilities Master Plan
 6. Fire Department Apparatus Replacement
 7. Parking Strategy Update

2018 Budget Planning Recap

- Nov. 15 – Operating Budget Overview
 - Operating budget pressures, budget considerations, introduction to dept budgets
- Nov. 21 (tonight)
 - Council inquiry follow up from Nov. 15, 2018 Operating budget tax levy scenarios, introduction to 2018 water & wastewater budget and rates

Tonight's Agenda

- Introduction
- Nov. 15 Follow up
- 2018 Operating Budget scenarios
- Water & Wastewater Budget
- Next steps

Introduction

Michael Kirkopoulos, CAO

Town of Lincoln - historical

- Continued, important message - since 2006 - 4.01% average tax increase, what does that say?
 - Growth and development has continued to grow and the budget increases have maintained the current operating needs
 - Limited accommodation for growth & economic development
 - Change comes at a cost
- Council, through last year's increase, has demonstrated an investment in the community
 - long-term community needs vs. by term
- 2018 budget needs to be a continued investment in services, including the special infrastructure levy

Recap – Strategic Budgeting

- We are taking deliberate steps to ensure necessary investment now and longer term outlook
 - Maintain cost-conscious approach and regard for taxpayers
 - Align with Council priorities areas of:
 - Roads, transportation, & traffic
 - Communication
 - Economic development
 - Cultural planning
 - Customer service
 - Alignment with vision - *A Place to Grow, A Place to Prosper, A Place to Belong*
 - Regulatory & legislative requirements
 - Focusing on the “CLIENT” i.e. residents – customer service – service excellence
 - A desire to invest in “the basics” – services
 - Continued investment – long-term sustainability
 - Culture of continuous improvement
 - outcome based
 - informed and evidence based decision-making

Doing Business Differently

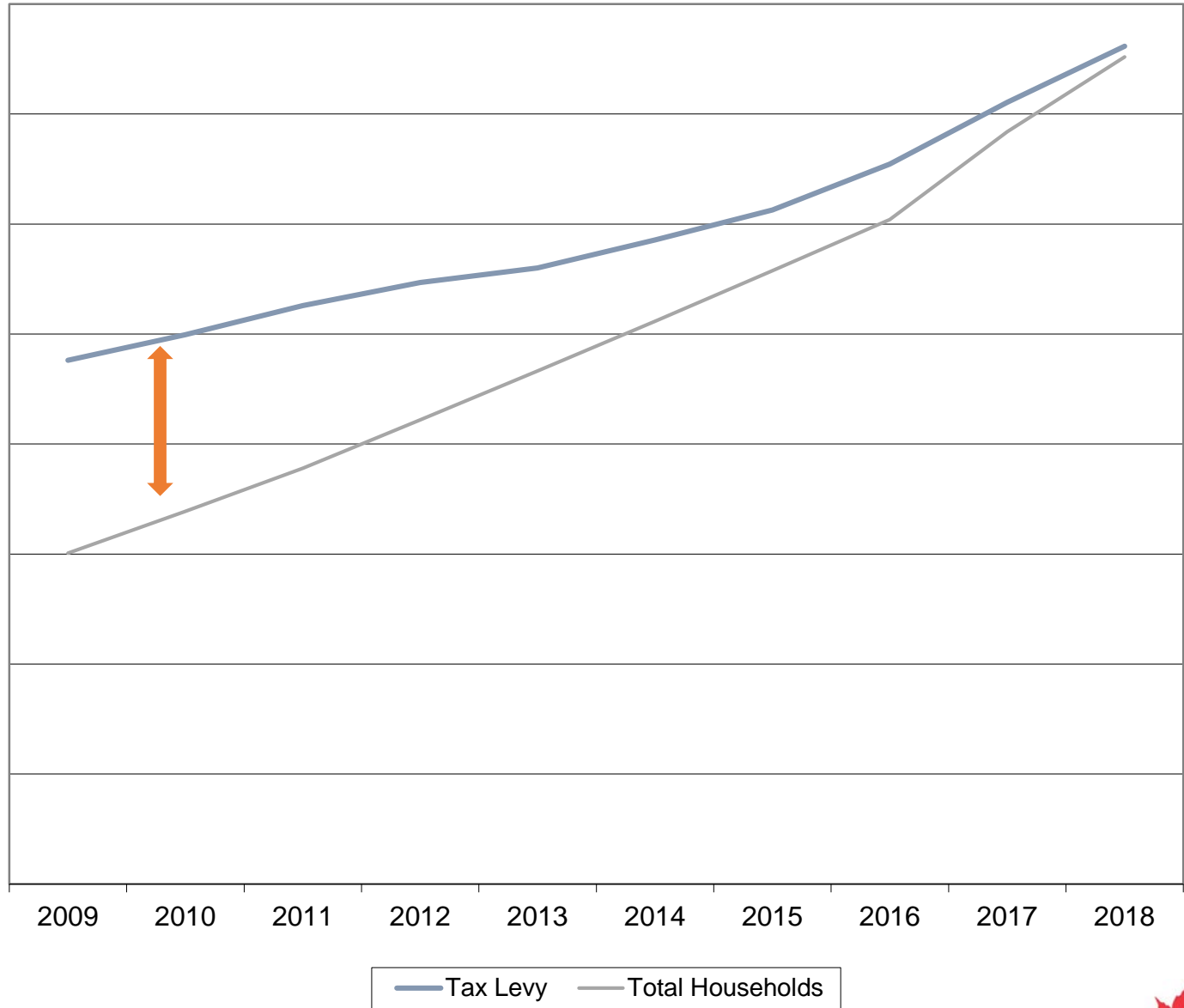
- As highlighted on Nov. 15, staff are demonstrating many efficiencies, in a number of core areas:
 - Continuous Quality Improvement strategies – identifying efficiencies – workflow, expenditures, etc.
 - Value for money
 - Improved customer service – consistent customer satisfaction/constantly looking for efficiencies
 - Ongoing identification of additional funding opportunities & partnerships – CWWF, etc.
 - Accountability – when we set budgets and targets (expenditures and revenues)
 - Innovation – exploring new approaches to operations or service delivery
 - Continuing to ensure a clear connection between budget and the strategic plan – there are things that must happen in the short term to facilitate success in the longer term strategic plan

Budget Considerations and Trending

- Average the last 2 years in the % increase in Households/year has been **2.2%**
- Ontario CPI Inflation 2 year average – **2.1%**
- Infrastructure Levy
 - 2017 - 1%
 - 2018 proposed - **1.5%**
- Remaining sustainable despite reductions in senior level government funding (OMPF has decreased historically)

2018 Budget Introduction

Closing the Gap 2009 - 2018



Nov. 15 Follow Up

Budget Factors/Overview

Uncontrollable

- 1.5% negotiated collective agreement salary adjustment
- Wage progression through grid
- Inflationary increases
 - 2017 Inflation was 2.6% (CPI)
 - Projected 2.43% for 2018 (Bank of Canada)
 - Cost of construction is going up (bids/tenders)
- Utility increases ~ \$41,000

Within Control

- Increase for materials in operations (parks, cemeteries, beautification)
- Service levels
- Professional services (consulting for master plans, Transit Pilot Project)

Nov. 15 Council Direction

- Regard for taxpayer affordability
- Are we addressing “efficiencies”
- Revenue strategies/projections
- High-level details regarding expenditures, commitments and revenue, in relation to portion of tax levy

New/continued Budget expenditures

- This year we increased learning and development – have made small increases in this in all departments for 2018
 - Approx. \$20,000 increase for staff and Council
 - \$20,000 for mission/delegations for staff and Council
- TVTA funding is currently at \$30,000
 - Requesting an additional \$10,000 not included in projections
- Beamsville BIA was a multi-year commitment of \$35,000
 - Staff to work with BIA for long-term sustainability and to change model – collaboration on Executive Director workplan, etc. support for all BIA's and tourism functions
- Procurement FTE is in this budget under Finance for 2018 – new function in organization

Further Review Undertaken

- Further review of budget
 - Missions/delegation was \$30,000 now lowered to \$20,000 for staff/Council
 - Phased procurement FTE – now down to ¼ of a year – will begin with policy review first
 - Finalized growth projections – 1.23%
 - Reviewed reserves
 - Staffing compliment and service delivery needs review
 - Board governance – transition plan

Expenditures & Funding Sources

Category	What is impacting budget increase?	\$	%
Supplies and Services	Supplies & Materials	205,098	1.4%
	Legal, Consulting, Contractual Services	297,197	2.1%
	Utilities (Gas, Water, Hydro)	41,315	0.3%
	Professional Development/Missions (Council & staff)	40,220	0.3%
Human Resources & New/Enhanced Initiatives	Human Capital Elements - Salary & Grid Progression, ESA Obligations, Service Delivery	846,958	6.0%
	Operational Increases	337,948	2.4%
	Procurement FTE (stretched out to 1/4 year)	19,689	0.1%
	Transit Pilot Project	120,000	0.8%
	Infrastructure Levy (1.5%)	213,204	1.5%
Long-term Financing and Funding Sources	Long-term financing (projects fully repaid)	(294,665)	(2.1%)
	Capital Project Offsets	(186,256)	(1.3%)
	Net Transfers from Reserves	(361,392)	(2.5%)
	Other Misc. and New revenue (i.e., facility rentals/fees, projections/targets)	(460,225)	(3.2%)
	Assessment Growth	(174,828)	(1.2%)
Agencies, Boards and Commissions (ABCs)	Lincoln Public Library	84,823	0.6%
	Twenty Valley Tourism Association	30,000	0.2%
	Beamsville Business Improvement Association	35,000	0.2%
		794,086	5.6%

Tax Levy Scenarios

Tax Levy Scenario

Residential Assessment \$375,000	2018 Proposed	2017 Actual	\$ Change	% Change
Town *	1,656	1,586	70	4.402%
Library	10		10	0.602%
TVTA	3		3	0.211%
BIA	4		4	0.246%
Procurment - 1/4 Year	2		2	0.139%
	1,675	1,586	89	5.600%
Region	2,208	2,165	43	2.000%
Region Waste	175	177	-1	-0.830%
Education **	671	671	0	0.000%
	4,730	4,599	131	2.841%

Town department portion

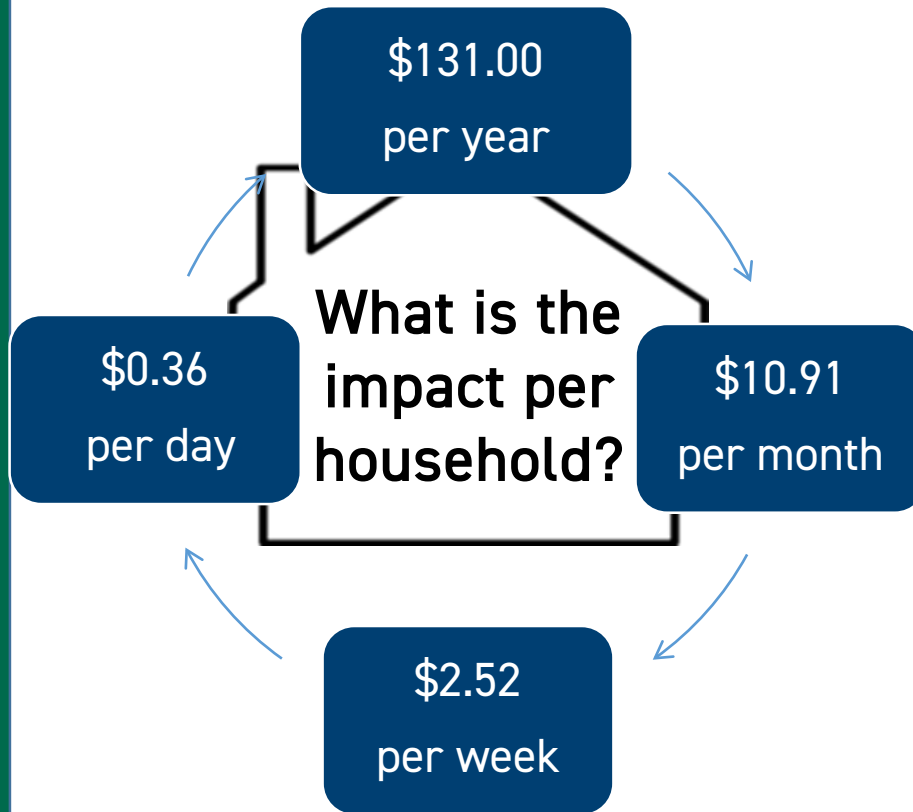
Total Town of Lincoln portion

Blended tax levy rate

* less growth

** assumes 0% increase in education taxes

Household Impact



For approx. 1 XL coffee per week
at Tim Hortons,
you're receiving the following:

- Community safety (fire & rescue services, police, EMS)
- Winter operations (snow removal, salting & sanding of roads)
- Garbage & recycling
- Recreational programs (summer camps, swimming lessons, leisure activities, seniors programming)
- Recreational activities (park, trails & facility maintenance)
- Community beautification (grass cutting, trees, flowers, boulevards)
- Public transit (uLinc)
- parks (Park & facility maintenance)
- Community events
- Museum & Cultural services
- Library services
- By-law services

(Based on Residential Assessment of \$375,000)

Other Budget items for consideration

- Moving forward - 2019 Considerations
 - Front line assessment and review – PT compliment, continued look at efficiencies and service delivery, planning for retirements
 - Technology needs – efficiencies, implementation of existing systems
 - Customer service specific focus with customer service strategy
 - Support services (strategic look at needs)
 - Succession Planning
 - Continued look at competitiveness re: salaries, benefits
- Budget Guidance Framework – 2018 - 2022 Term

Water & Wastewater Budget

Water Budget

	2017 Approved Budget	2017 Restated	2018 Proposed Budget	2018 Budget Change \$
Revenue				
Water Charges	(4,564,615)	(4,564,615)	(4,747,532)	(182,917)
User Fees & Service Charges	(23,650)	(23,650)	(24,600)	(950)
Fines, Penalties & Interest	(48,000)	(48,000)	(33,000)	15,000
Revenue Total	(4,636,265)	(4,636,265)	(4,805,132)	(168,867)
Expense				
Salaries, Wages & Benefits	1,087,163	1,087,163	1,269,149	181,986
Operational Services & Supplies	2,049,374	2,049,374	2,130,760	81,386
Administrative	79,207	79,207	83,156	3,949
Utilities	31,275	31,275	41,903	10,628
Equipment, Vehicles, Technology	29,750	29,750	33,470	3,720
Financial Expenditures	25,000	25,000	25,000	-
Expense Total	3,301,769	3,301,769	3,583,438	281,669
Net Before Transfers & Interfunctional Charges	(1,334,496)	(1,334,496)	(1,221,694)	112,802
Interfunctional Charges Total	170,850	170,850	204,790	33,940
Transfers Total	1,163,646	1,163,646	1,016,904	(146,742)
Net Levy	-	-	-	-

Wastewater Budget

	2017 Approved Budget	2017 Restated	2018 Proposed Budget	2018 Budget Change \$
Revenue				
Wastewater Charges	(3,898,236)	(3,898,236)	(3,823,739)	74,497
User Fees & Service Charges	(500)	(500)	(500)	-
Revenue Total	(3,898,736)	(3,898,736)	(3,824,239)	74,497
Expense				
Salaries, Wages & Benefits	25,462	25,462	-	(25,462)
Operational Services & Supplies	2,446,562	2,446,562	3,221,201	774,639
Administrative	6,000	6,000	6,000	-
Equipment, Vehicles, Technology	1,500	1,500	1,500	-
Financial Expenditures	25,800	25,800	25,950	150
Expense Total	2,505,324	2,505,324	3,254,651	749,327
Net Before Transfers & Interfunctional Charges	(1,393,412)	(1,393,412)	(569,588)	823,824
Interfunctional Charges Total	37,351	37,351	82,000	44,649
Transfers Total	1,356,061	1,356,061	487,588	(868,473)
Net Levy	-	-	-	-

Water & Wastewater Rates

	2017 *	2018 *
Variable (Usage):		
Water Rate	2.102	2.102
Wastewater Rate-low season (Sep-May)	2.490	2.490
Wastewater Rate-high season (Jun-Aug)	1.867	1.867
Base (Fixed):		
Quarterly Water Base Charge	10.75	12.63
Quarterly Wastewater Base Charge	10.73	12.51

New Model:

Variable Rate:
no change
year-to-year

Base Charge (fixed):
Increase
Year-to-year

*As per 2016 Water & Wastewater Rate Study prepared by Watson & Associates

*per cubic metre

Household Yearly Impact



Wastewater
Variable (usage): \$0
Base (fixed): **\$ 7.12**

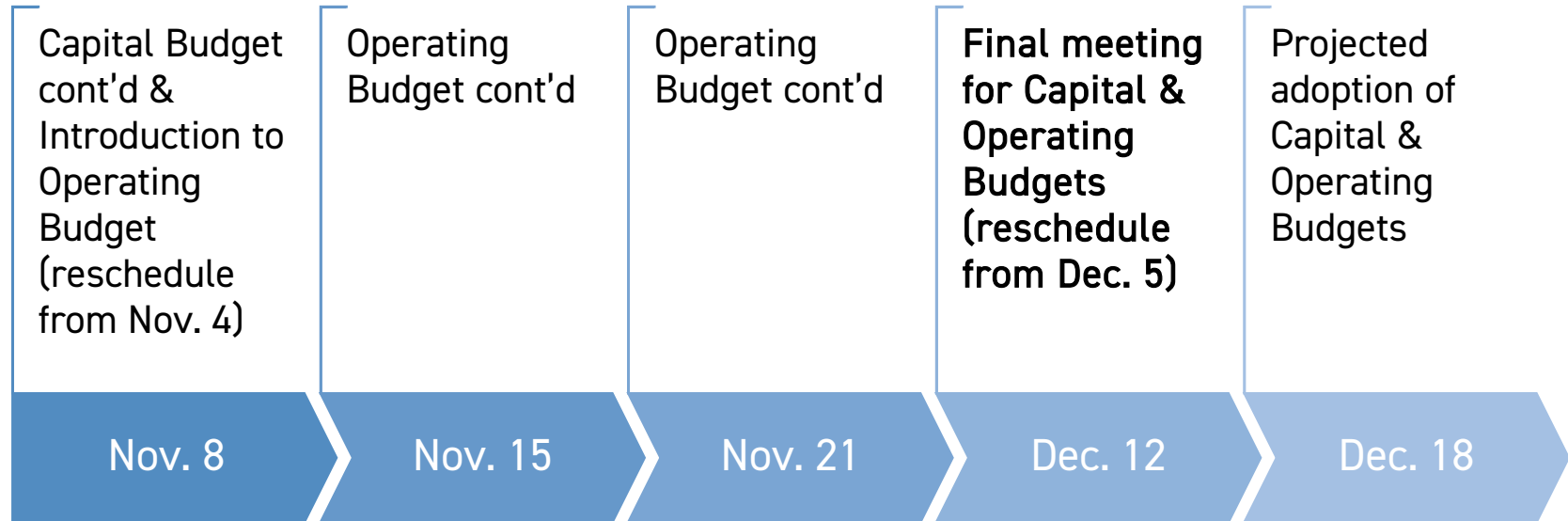


Water
Variable (usage): \$0
Base (fixed): **\$ 7.52**

Total = \$14.64 increase

That is **\$0.04 increase per day** for water & wastewater services

2018 Budget Timeline



Next steps

- Final budget meeting (Dec. 12)
 - Council inquires and follow up (Nov. 21)
 - Capital & Operating Budget recap to date with any changes
 - Final discussions