

# 2017 Operating Budget

Presented by:

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# Agenda

- Recap: Historical, Guiding Principles & Budget Focus
- 2017 Operating Budget by Department
- FTE Business Cases
- Tax Levy Scenarios

# Historical

- Over the last 12 years, the tax rate increase has averaged **4%**
- There has also been a strong reliance on reserves
- Growth and development has been low and the budget increases have maintained the current operating needs
- Limited accommodation for growth & economic development
- This term of Council has demonstrated, through last year's increase at 5.3%, the need for investment
- This year, the budget proposed is a continued investment in services, including the special infrastructure levy

# Budget - Guiding Principles

- Align with Council priorities areas of:
  - Roads, transportation, & traffic
  - Communication
  - Economic development
  - Cultural planning
  - Customer service
- Regulatory & legislative requirements
- Service delivery levels as described by Council and SMT
- A desire to invest in “the basics” – services
- Mitigate inflationary and utility costs
- Maintain cost-conscious approach and regard for taxpayers
- Make sure we are in good financial position for the future

## 2017 Budget focus

- Ongoing compliance of regulatory and legislative responsibilities
- Investment in roads (now and future year)
- Reserve health
- Town of Lincoln beautification, parks and improvements to public amenities
- Continual improvements in public realm spaces and future planning
- Potential staffing improvements aligned to service delivery

# Council inquiries

- Since last week's presentation, a number of inquiries have arisen from Councillors
- Responses to these requests have been provide to Council & the responses will be posted on [www.lincoln.ca](http://www.lincoln.ca)
- Three recent inquiries are on the following slides

# Council Inquiries

- Roads inquiry:
  - Historically presented road program in two parts – road rehab & major urban road projects
  - If we break down the major project into pieces, for instance the Drake project:
    - the road piece of Drake only – NO urbanization, NO water, just road that number is \$700,000
  - We are currently budgeting approx. \$1.36M for annual road improvements, and 700k for road only (no urbanization, no water) that is a total amount of **\$2.06M**

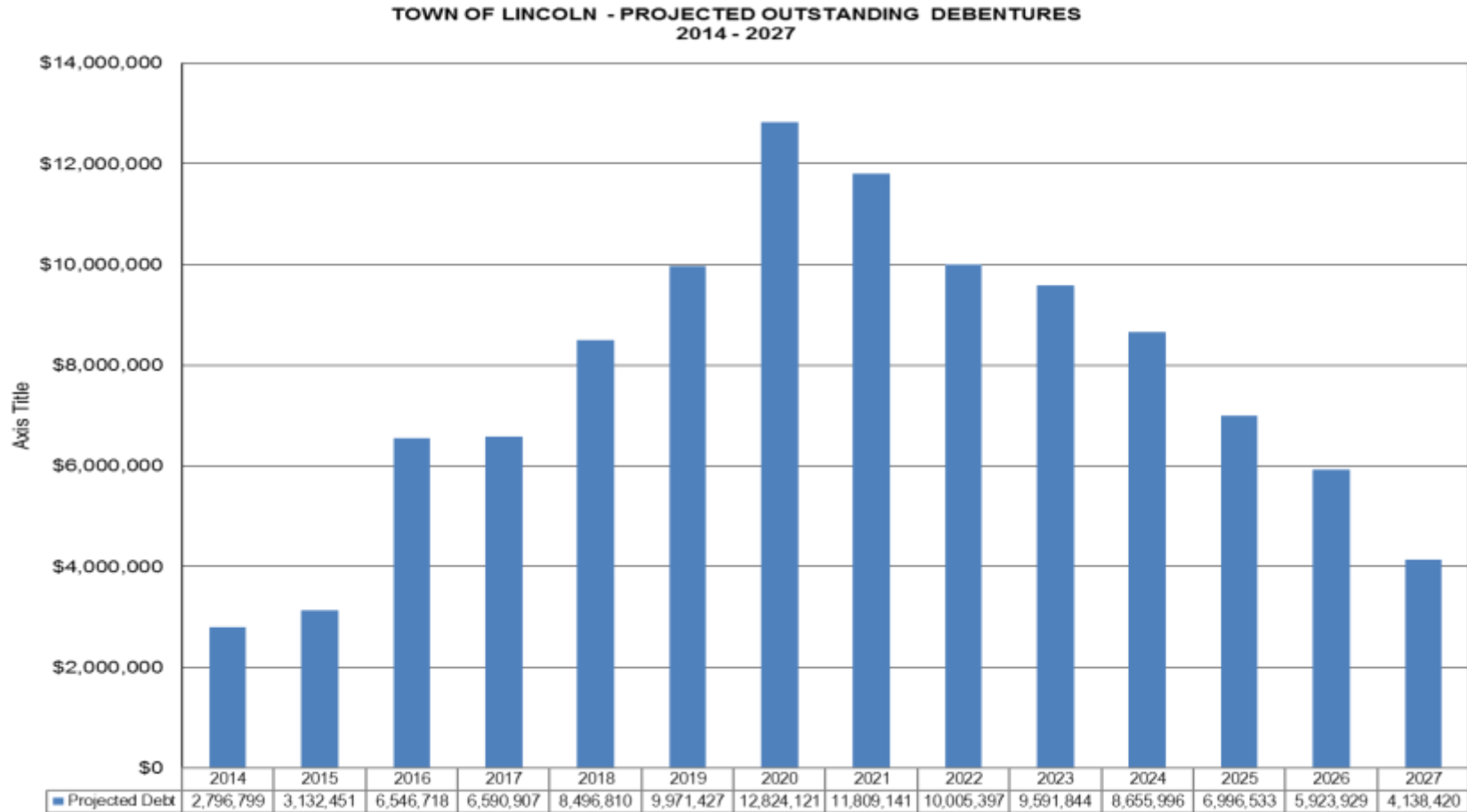
# Council Inquiries

- Reserve stability
  - Seeing an increase in OCIF allocations in 2018 and 2019 that will go to replenish the reserve
  - 2017 OCIF allocation was \$282,200
  - Increasing to \$400,200 (2018) and \$618,630 (2019)
  - Result: in next two years, receiving additional \$354,000 (OCIF)
  - Combine with potential (if approved) special levy (130k)
  - Therefore, added an additional 500k (354k+130k) that Council can choose to keep reserves healthy, reinvest in roads program or other infrastructure



# Council Inquiries

- Debt Projections:



# Budget Overview

Operating Budget – approx. **4.65%** without additional considerations for FTE's, Council referred items and Special Infrastructure Levy

## Uncontrollable

- 1.5% negotiated collective agreement salary adjustment
- Wage progression through grid
- Inflationary increases
  - 2016 Inflation was 1.6%,
  - 2017 anticipated 2017 – 2.3% (Bank of Canada)
  - Cost of construction is going up (bids/tenders)
  - Carrying costs for previously acquired debt
- Utility increases ~ \$64,000
- This would have been considerably higher but we are seeing offset with Council approved LED Program

## Within Control

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

# Budget Overview

## Items in addition to the 4.65%

- Special Infrastructure Levy – 1%
  - long sustainability
- FTE's – 1.96%
  - required for operational and legislative obligations
- Others – 0.76%
  - 0.3% BIA
  - 0.3% Canada 150
  - 0.16% TVTA

# 2017 Key budget items – resulting in increase

	What is impacting budget increase?	\$ (approximate)	%
New expenditures	• Improved service delivery (e.g., winter operations hours, beautification hours, resident responsiveness)	314k	2.4%
	• Supply & Material - Increase in beautification, forestry, roads (i.e. patching, ditching), landscape & litter maintenance programs	78k	0.6%
	• Training (Council & staff)	26k	0.2%
Pre-approved expenditures (as per Council direction)	• Step increases, union rate changes, benefits, 1.5% Collective Agreement	366k	2.8%
	• Increase in staffing areas (By-Law, Communications)	170k	1.3%
	• Utilities	65k	0.5%
	• Debt financing (pre-approved projects)	170k	1.3%
Revenue	• Assessment Growth	212k	(1.62%)
	• Road closure allowance sales	187k	(1.43%)
	• Sale of Town-owned property	78k	(0.6%)
	• Sponsorship/advertising	78k	(0.6%)
	• Other Misc revenue (i.e., facility rentals/fees)	26k	(0.2%)
			<b>4.65%</b>

# Operating Budget – by department

# Budget Drivers – General Government (CAO/Council)

- Economic Development budget line increase – included Transit Pilot
- Small contractual/other increases for:
  - Municipal Act Legislation changes - Code of Conduct development consulting services
- Wages – step progression
- Minor increases in development/training/economic development budgets for Council/CAO's office

# General Government

	<b>2016 Budget</b>	<b>2016 Restated</b>	<b>2017 Total Budget</b>	<b>2017 Total Request</b>	<b>2017 One-Time</b>
Revenue	(50,000)	(50,000)	(40,000)	10,000	(40,000)
Salaries and Benefits	456,288	684,574	719,620	35,046	-
Tax Allowance Consideration	-	26,200	26,200	-	-
Other Expenses	228,883	228,883	251,883	23,000	1,500
Professional Services	55,000	55,000	105,000	50,000	50,000
<b>Totals</b>	<b>\$ 690,171</b>	<b>\$ 944,657</b>	<b>\$ 1,062,703</b>	<b>\$118,046</b>	<b>\$11,500</b>

**% Increase: 12%**

# Budget Drivers – Corporate Services

- Very minor increases in contractual/other line items specifically looking at legal costs
- Small increase in Business Continuity Plan budget



# Corporate Services

	<b>2016 Budget</b>	<b>2016 Restated</b>	<b>2017 Total Budget</b>	<b>2017 Total Request</b>	<b>2017 One-Time</b>
Revenue	(17,450)	(17,450)	(205,500)	(188,050)	(199,500)
Salaries and Benefits	375,073	375,073	372,701	(2,372)	-
Other Expenses	95,000	95,000	118,600	23,600	-
Professional Services	10,000	10,000	20,000	10,000	20,000
<b>Totals</b>	<b>\$462,623</b>	<b>\$462,623</b>	<b>\$305,801</b>	<b>\$(156,822)</b>	<b>\$(179,500)</b>

**% Decrease: -34%**

# Budget Drivers – Finance & Administration

- IT increases
  - Microsoft Office upgrade Phase 2
  - CAO - Town Website Content Management System
  - On-line Payment Portal

# Finance & Administration

	<b>2016 Budget</b>	<b>2016 Restated</b>	<b>2017 Total Budget</b>	<b>2017 Total Request</b>	<b>2017 One-Time</b>
<b>Taxation</b>					
Revenue	(15,108,946)	(15,108,946)	(15,741,014)	(632,068)	-
Salaries and Benefits	260,653	260,653	32,141	(228,512)	-
Other Expenses	1,359,050	1,359,050	1,398,995	39,945	-
Professional Services	5,000	5,000	5,000	-	-
<b>Totals</b>	<b>\$ (13,484,243)</b>	<b>\$ (13,484,243)</b>	<b>\$ (14,304,878)</b>	<b>\$ (820,635)</b>	<b>\$ -</b>
<b>Treasury and Admin</b>					
Revenue	(64,200)	(64,200)	(95,335)	(31,135)	(31,335)
Salaries and Benefits	794,883	729,272	755,283	26,011	-
Other Expenses	635,798	635,798	705,880	70,082	118,254
Professional Services	2,500	2,500	27,500	25,000	25,000
<b>Totals</b>	<b>\$ 1,368,981</b>	<b>\$ 1,303,370</b>	<b>\$ 1,393,328</b>	<b>\$ 89,958</b>	<b>\$ 111,919</b>
	<b>\$ (12,115,262)</b>	<b>\$ (12,180,873)</b>	<b>\$ (12,911,550)</b>	<b>\$ (730,677)</b>	<b>\$ 111,919</b>

**% Decrease: -6%**

# Budget Drivers – Fire & Emergency Services

- Safety Equipment (Boots)
- Dispatch System upgrades
- Small increase in public education materials
- Increase in the number of volunteers is the major driver under salaries line – needed to meet public safety response standards, hiring more volunteers

# Lincoln Fire Rescue & Emergency Services

	<i>2016 Budget</i>	<b>2016 Restated</b>	<b>2017 Total Budget</b>	<b>2017 Total Request</b>	<i>2017 One-Time</i>
Revenue	<i>(91,854)</i>	(91,854)	(164,690)	(72,836)	<i>(10,835)</i>
Salaries and Benefits	<i>1,075,555</i>	1,075,555	1,206,588	131,033	-
Other Expenses	<i>673,398</i>	673,398	659,320	(14,078)	<i>69,174</i>
Professional Services	<i>5,000</i>	5,000	4,000	(1,000)	-
Totals	<b><i>\$ 1,662,099</i></b>	<b>\$1,662,099</b>	<b>\$1,705,218</b>	<b>\$43,119</b>	<b><i>\$58,339</i></b>

**% Increase: 3%**

# Budget Drivers – Public Works

- Increases in contractual services for major projects and plans:
  - Roads needs study update
  - Transportation Master Plan
  - Go mobility & hub study
  - Salt management plan
  - Guardrail replacement program
  - CN level crossing study
- Traffic calming
- Way finding signage
- Small increases in other expenses for service delivery levels (i.e., Road maintenance & repair-related activities, bridge & culvert maintenance & repair
- Progression of staff through band levels and increases

# Public Works Department

	2016 Budget	2016 Restated	2017 Total Budget	2017 Total Request	2017 One-Time
<b>Roadways/Snow and Sand</b>					
Revenue	(51,731)	(51,731)	(252,772)	(201,041)	(191,520)
Salaries and Benefits	1,898,498	1,898,498	2,019,169	120,671	-
Other Expenses	1,548,332	1,548,332	1,604,175	55,843	142,733
Professional Services	50,000	50,000	175,000	125,000	165,000
Totals	\$ 3,445,099	\$ 3,445,099	\$ 3,545,572	\$ 100,473	\$ 116,213
<b>Parking Lots</b>					
Revenue	(8,010)	(8,010)	(7,997)	13	-
Salaries and Benefits	-	-	-	-	-
Other Expenses	106,978	106,978	214,110	107,132	-
Professional Services	-	-	-	-	-
Totals	\$ 98,968	\$ 98,968	\$ 206,113	\$ 107,145	\$ -
<b>Storm Sewer System</b>					
Revenue	-	-	-	-	-
Salaries and Benefits	13,483	13,483	9,007	(4,476)	-
Other Expenses	53,183	53,183	114,871	61,688	-
Professional Services	5,000	5,000	5,000	-	-
Totals	\$ 71,666	\$ 71,666	\$ 128,878	\$ 57,212	\$ -
<b>Total Public Works</b>	<b>\$ 3,615,733</b>	<b>\$ 3,615,733</b>	<b>\$ 3,880,563</b>	<b>\$ 264,830</b>	<b>\$ 116,213</b>

**% Increase: 7%**

# Budget Drivers – Sport, Recreation & Culture

- Increase in other expenses for park amenities:
  - urban forestry - trees, garbage cans, benches, Emerald Ash Borer program
- Facilities:
  - Front entrance & arena gate
  - HVAC improvements
  - General maintenance
- Major projects/plans:
  - Park developments (Serena Dr. & Prokich)
  - Extra plant material
  - Parks masterplan
  - Cemetery masterplan
  - Trails masterplan
  - Facility builds (Fire Station, Museum)
  - Active transportation



# Sport, Recreation & Culture

	<i>2016 Budget</i>	<i>2016 Restated</i>	<i>2017 Total Budget</i>	<i>2017 Total Request</i>	<i>2017 One-Time</i>
<b>Facilities</b>					
Revenue	(63,900)	(63,900)	(56,000)	7,900	(56,000)
Salaries and Benefits	66,936	66,936	96,255	29,319	-
Other Expenses	704,697	704,697	702,076	(2,621)	10,000
Professional Services	-	-	50,000	50,000	50,000
Totals	\$ 707,733	\$ 707,733	\$ 792,331	\$ 84,598	\$ 4,000
<b>Cemeteries</b>					
Revenue	(186,970)	(186,970)	(212,354)	(25,384)	(22,500)
Salaries and Benefits	85,438	85,438	91,140	5,702	-
Other Expenses	35,402	35,402	53,538	18,136	-
Professional Services	-	-	50,000	50,000	50,000
Totals	\$ (66,130)	\$ (66,130)	\$ (17,676)	\$ 48,454	\$ 27,500

# Sport, Recreation & Culture

	<b>2016 Budget</b>	<b>2016 Restated</b>	<b>2017 Total Budget</b>	<b>2017 Total Request</b>	<b>2017 One-Time</b>
<b>Lincoln Centre</b>					
Revenue	(49,000)	(49,000)	(42,000)	7,000	-
Salaries and Benefits	27,462	27,462	28,684	1,222	-
Other Expenses	102,380	102,380	91,230	(11,150)	5,548
Professional Services	-	-	-	-	-
Totals	\$ 80,842	\$ 80,842	\$ 77,914	\$ (2,928)	\$ 5,548
<b>Parks and Facilities</b>					
Revenue	(595,400)	(595,400)	(782,649)	(187,249)	(124,500)
Salaries and Benefits	1,196,311	1,196,311	1,233,111	36,800	-
Other Expenses	1,491,756	1,491,756	1,675,094	183,338	112,115
Professional Services	27,000	27,000	55,000	28,000	50,000
Totals	\$ 2,119,667	\$ 2,119,667	\$ 2,180,556	\$ 60,889	\$ 37,615
<b>Recreation Programs</b>					
Revenue	(214,325)	(214,325)	(257,250)	(42,925)	(44,000)
Salaries and Benefits	607,692	607,692	658,869	51,177	-
Other Expenses	165,008	165,008	164,723	(285)	3,200
Professional Services	-	-	-	-	-
Totals	\$ 558,375	\$ 558,375	\$ 566,342	\$ 7,967	\$ (40,800)

# Sport, Recreation & Culture

	<b>2016 Budget</b>	<b>2016 Restated</b>	<b>2017 Total Budget</b>	<b>2017 Total Request</b>	<b>2017 One-Time</b>
<b>Heritage</b>					
Revenue	-	-	-	-	-
Salaries and Benefits	-	-	-	-	-
Other Expenses	3,500	3,500	11,000	7,500	7,500
Professional Services	6,500	6,500	-	(6,500)	-
Totals	\$ 10,000	\$ 10,000	\$ 11,000	\$ 1,000	\$ 7,500
<b>Museum</b>					
Revenue	(82,944)	(82,944)	(87,944)	(5,000)	-
Salaries and Benefits	199,898	199,898	202,378	2,480	-
Other Expenses	55,309	55,309	48,113	(7,196)	3,693
Professional Services	-	-	-	-	-
Totals	\$ 172,263	\$ 172,263	\$ 162,547	\$ (9,716)	\$ 3,693

# Totals Summary - Sport, Recreation & Culture

	2016 Budget	2016 Restated	2017 Total Budget	2017 Total Request	2017 One-Time
<b>Facilities</b>	\$ 707,733	\$ 707,733	\$ 792,331	\$ 84,598	\$ 4,000
<b>Cemeteries</b>	\$ (66,130)	\$ (66,130)	\$ (17,676)	\$ 48,454	\$ 27,500
<b>Lincoln Centre</b>	\$ 80,842	\$ 80,842	\$ 77,914	\$ (2,928)	\$ 5,548
<b>Parks and Facilities</b>	\$ 2,119,667	\$ 2,119,667	\$ 2,180,556	\$ 60,889	\$ 37,615
<b>Recreation Programs</b>	\$ 558,375	\$ 558,375	\$ 566,342	\$ 7,967	\$ (40,800)
<b>Heritage</b>	\$ 10,000	\$ 10,000	\$ 11,000	\$ 1,000	\$ 7,500
<b>Museum</b>	\$ 172,263	\$ 172,263	\$ 162,547	\$ (9,716)	\$ 3,693
<b>Total SRC</b>	<b>\$ 3,582,750</b>	<b>\$ 3,582,750</b>	<b>\$ 3,773,014</b>	<b>\$ 190,264</b>	<b>\$ 45,056</b>

**% Increase: 5%**

# Budget Drivers – Planning & Development

- Increases in the following have resulted in favourable surpluses in Planning and Development.
  - Planning applications (20% )
  - Potential residential units (110%)
  - By-Law complaints (112%)
  - Expected increase in building permits 2017+ due to development activity
- By-Law updates is a cost we are factoring in for 2017
- Major projects and plans impacting budget:
  - Prudhomme’s secondary plan
  - Community improvement plan for Prudhomme’s, industrial, & agricultural sectors
  - GO Mobility & Hub Study
  - Gateway designs

# Planning & Development Department

	2016 <i>Budget</i>	2016 Restated	2017 Total Budget	2017 Total Request	2017 <i>One-Time</i>
Revenue	(953,455)	(953,455)	(1,118,318)	(164,863)	(423,530)
Salaries and Benefits	858,656	939,216	1,008,554	69,338	-
Other Expenses	292,820	292,820	205,675	(87,145)	(100)
Professional Services	268,900	268,900	352,500	83,600	322,500
Totals	<b>\$ 466,921</b>	<b>\$ 547,481</b>	<b>\$ 448,411</b>	<b>\$ (99,070)</b>	<b>\$ (101,130)</b>

**% Decrease: -18%**

## Library

	<b>2016 Budget</b>	<b>2016 Restated</b>	<b>2017 Total Budget</b>	<b>2017 Total Request</b>	<b>2017 One-Time</b>
Revenue	(112,897)	(112,897)	(83,402)	29,495	(8,286)
Salaries and Benefits	782,866	782,866	833,462	50,596	-
Other Expenses	246,126	246,126	241,853	(4,273)	880
Professional Services	4,500	4,500	-	(4,500)	-
Totals	<b>\$ 920,595</b>	<b>\$ 920,595</b>	<b>\$ 991,913</b>	<b>\$ 71,318</b>	<b>\$ (7,406)</b>

**% Increase: 8%**

# FTE Business Cases



# FTE Business Cases

- Fulsome exercise by senior management to determine critical needs
- Alternatives reviewed: Initial efforts to find dollars within existing budget or repurposing positions
- Business cases included:
  - Outline of core functions
  - Role in achieving outcomes related to Council priorities/work plan items
  - Service delivery requirements – regulatory or legislative
  - External funding sources
  - Role in revenue generation

# FTE Business Cases

- Handout provided with details of business case
  - Explored needs across all departments
  - Spoke about need to look at procurement in Finance & Administration Department – deferred until can explore cost sharing with our municipalities & scope work
  - Looked at additional up-staffing in Planning – align to Prudhomme’s – will come back in 2017-19 as work progresses
- 2 streams of business cases
  - No levy impact – PW Compliance Officer – seeking approval following already presented business case (PW 16-29)
  - Levy Impact positions (4) total request: \$256,094 (1.96% increase)
    1. SRC Management
    2. Economic Development Officer
    3. Legislative Coordinator
    4. Emergency Management & Regulatory Coordinator

# Tax Levy Scenarios

# Original Draft Scenario

	2017	2016	Difference	% impact
Levy Requirement subtotal	13,700,320	13,091,600	608,720	4.65%
Human Capital (4FTE's)	256,094		256,094	1.96%
Special INFR. Levy	130,916		130,916	1.00%
Canada 150	40,000		40,000	0.31%
BIA Support	40,000		40,000	0.31%
TVTA Support	21,000		21,000	0.16%
	<b>14,188,330</b>	<b>13,091,600</b>	<b>1,096,730</b>	<b>8.38%</b>

# Original Draft Scenario Blended Rate

Residential Assessment \$100,000		2016 Actual	2017 Proposed	\$ Change	% Change
Town	33.4%	410.00	444.35	34.35	8.38%
Region	49.2%	605.13	611.18	6.05	1.00%
Region Waste	2.1%	25.87	25.56	(0.31)	-1.20%
Schools	15.3%	188.00	188.00	-	0.00%
	100%	1,229.00	1,269.09	40.09	3.16%

\* less growth

\* assumes 0% increase in education taxes

# Principles / Considerations for New Scenarios

- Direction to look at removal of Canada 150 until decision on Grants
- Look at tweaks to operations in order to find savings or defer items
- Look at options to fund various projects differently

# Scenario #1

	2017	2016	Difference	% impact
Levy Requirement subtotal	13,700,320	13,091,600	608,720	4.65%
Human Capital (4FTE's)	256,094		256,094	1.96%
Special INFR. Levy	130,916		130,916	1.00%
Canada 150	-		-	0.00%
BIA Support	35,000		35,000	0.27%
TVTA Support	6,000		6,000	0.05%
	<b>14,128,330</b>	<b>13,091,600</b>	<b>1,036,730</b>	<b>7.92%</b>

# Scenario #1 Blended Rate – Total Impact to Taxpayer

Residential Assessment \$100,000		2016 Actual	2017 Proposed	\$ Change	% Change
Town	33.4%	410.00	442.47	32.47	7.92%
Region	49.2%	605.13	611.18	6.05	1.00%
Region Waste	2.1%	25.87	25.56	(0.31)	-1.20%
Schools	15.3%	188.00	188.00	-	0.00%
	100%	1,229.00	1,267.21	38.21	3.02%

\* less growth

\* assumes 0% increase in education taxes



# Scenario #2

	2017	2016	Difference	% impact
Levy Requirement subtotal	13,700,320	13,091,600	608,720	4.65%
Human Capital (4FTE's)	256,094		256,094	1.96%
Special INFR. Levy	130,916		130,916	1.00%
Canada 150	-		-	0.00%
BIA Support	35,000		35,000	0.27%
TVTA Support	-		-	0.00%
	<b>14,122,330</b>	<b>13,091,600</b>	<b>1,030,730</b>	<b>7.87%</b>

# Scenario #2 Blended Rate – Total Impact to Taxpayer

Residential Assessment \$100,000		2016 Actual	2017 Proposed	\$ Change	% Change
Town	33.4%	410.00	442.28	32.28	7.87%
Region	49.2%	605.13	611.18	6.05	1.00%
Region Waste	2.1%	25.87	25.56	(0.31)	-1.20%
Schools	15.3%	188.00	188.00	-	0.00%
	100%	1,229.00	1,267.02	38.02	3.00%

\* less growth

\* assumes 0% increase in education taxes

# Scenario #3

Scenario 3	2017	2016	Difference	% impact
Levy Requirement subtotal	13,670,320	13,091,600	578,720	4.42%
Human Capital (4FTE's)	256,094		256,094	1.96%
Special INFR. Levy	130,916		130,916	1.00%
Canada 150			-	0.00%
BIA Support	35,000		35,000	0.27%
TVTA Support	-		-	0.00%
	<b>14,092,330</b>	<b>13,091,600</b>	<b>1,000,730</b>	<b>7.64%</b>

# Scenario #3 Blended Rate – Total Impact to Taxpayer

Residential Assessment \$100,000		2016 Actual	2017 Proposed	\$ Change	% Change
Town	33.4%	410.00	441.34	31.34	7.64%
Region	49.2%	605.13	611.18	6.05	1.00%
Region Waste	2.1%	25.87	25.56	(0.31)	-1.20%
Schools	15.3%	188.00	188.00	-	0.00%
	100%	1,229.00	1,266.08	37.08	2.93%

\* less growth

\* assumes 0% increase in education taxes

# Recap

- Regard for tax-payer affordability
- Deferral of items until plans in place for long term sustainability (TVTA)
- Reporting back for special funding for organizations (BIA/TVTA)
- Investing today for tomorrow – Infrastructure Levy (1%)
- Investment in basic soft and hard infrastructure
- Address legislative obligations
- Deal with rising costs for basic services and utilities
- Dec. 13, 2016, water rate presentation
- Final approval of budget

Thank You & Questions