

# 2019 Budget FINAL DELIBERATIONS

March 4, 2019

**Presented by:**

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## Agenda

- Lincoln in context
- Budget Recaps
  - » Water & Wastewater
  - » Capital
  - » Operating
- Tax Levy Scenario
- Value for Dollar



The town provides **more than 90** programs & services.



Council and staff have to balance affordability with service delivery levels.

Just a small sample of those **90** programs & services...



Over **1,900** water samples



**21,000 km** of winter road activities



Over **1,900** transit pick ups



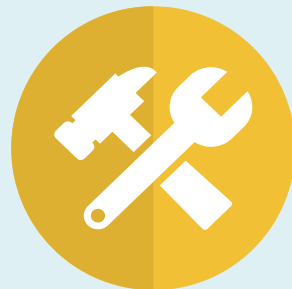
**117,000 sq ft** of recreational facilities to operate/program



**1,400** participated in museum programming



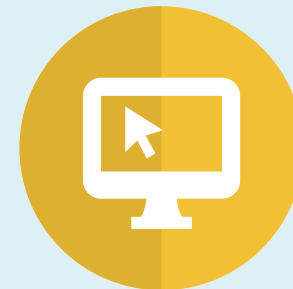
Over **400** by-law complaints investigated



**368** building permits issued for residential units



Responded to over **750** emergencies



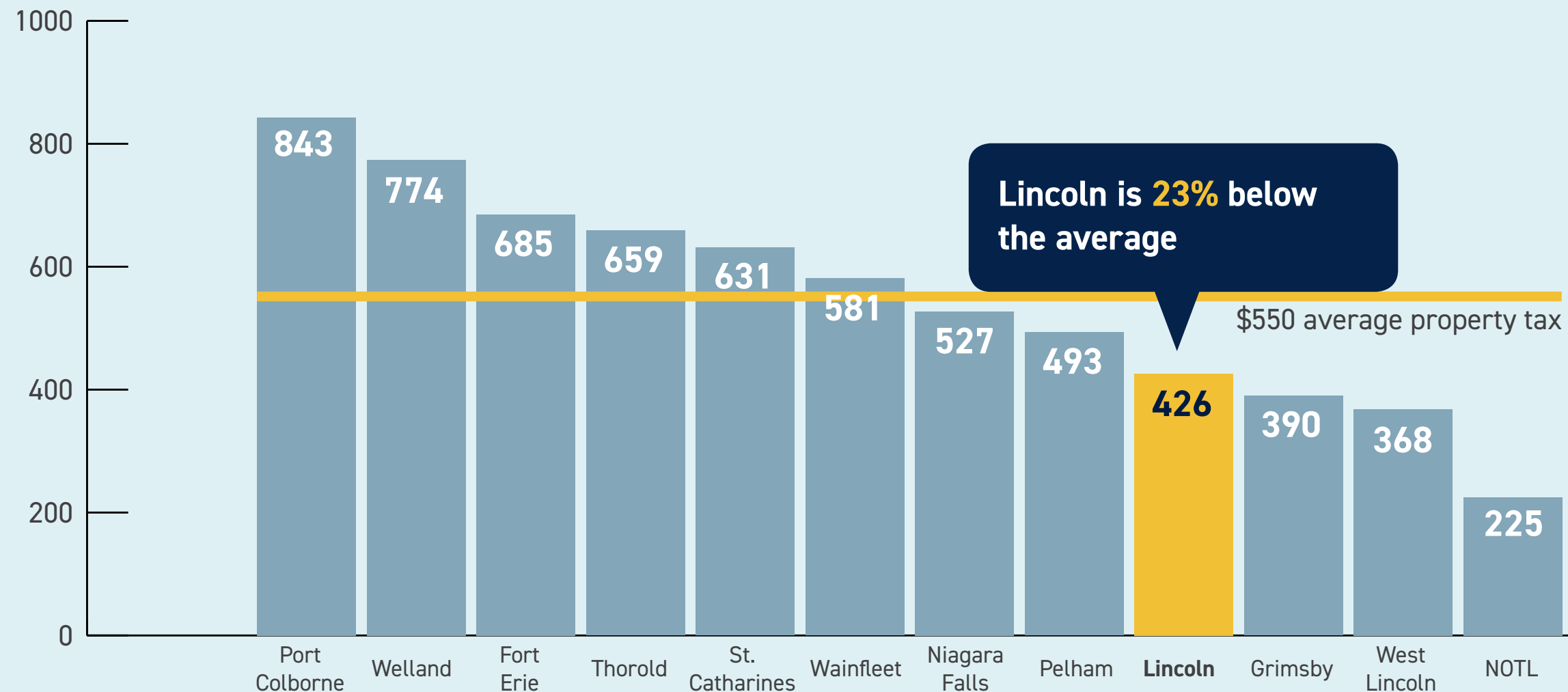
Over **276,000** unique pageviews to [Lincoln.ca](http://Lincoln.ca)



Over **40** public meetings & public information centres

# Local Residential Property Taxes, 2018

(per \$100,000 assessment)



# Taxpayer Affordability

2018 Affordability Indicators		Property Taxes as a % of Household Income	2018 Affordability Indicators		Water/Sewer + Taxes as a % of Household Income
2 <sup>nd</sup> lowest	West Lincoln	3.5%	Wainfleet	4.1%	4 <sup>th</sup> lowest
	<b>Lincoln</b>	<b>3.6%</b>	Grimsby	4.2%	
	Grimsby	3.7%	Pelham	4.4%	
	Niagara-on-the-Lake	3.8%	<b>Lincoln</b>	<b>4.5%</b>	
	Pelham	3.8%	West Lincoln	4.5%	
	Niagara Falls	4.0%	Niagara-on-the-Lake	4.8%	
	Thorold	4.1%	Niagara Falls	5.2%	
	Wainfleet	4.1%	Thorold	5.3%	
	Fort Erie	4.3%	St. Catharines	5.4%	
	St. Catharines	4.3%	Fort Erie	6.0%	
	Port Colborne	4.4%	Port Colborne	6.1%	
	Welland	4.4%	Welland	6.1%	



# Budget Planning Recap

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- Extensive budget planning by senior management, considering:
  - » Council priorities
  - » Alignment to Vision
  - » Value for tax dollar & citizen expectations for service delivery
  - » Growth & development projections
  - » Foster a culture of continuous improvement
  - » Strategic investments to leverage other funding

# Timeline

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- Jan 9 – Introduction to Capital
- Jan 16 – Capital Budget cont'd
- Jan 30 – Introduction to Operating
- Feb 13 – Operating Budget
- Feb 20 – Operating Budget cont'd & Water/Wastewater Budget
- March 4 – Final Deliberations (tonight)
- March 6 – Ratification of 2019 Budget



# 2019 Water & Wastewater Budget



# 2019 Water & Wastewater Budget

- A new rate model was adopted in 2017 that allocates:
  - » An annual increase to the base charge (fixed)
  - » **No annual increase** to the variable water rate (usage)
  - » Includes a **seasonal rate that decreases** over high season from June to August for variable wastewater (usage)

Type of Rate Charge	What it pays for
Water & wastewater base charge (fixed)	<ul style="list-style-type: none"><li>• To maintain, replace, &amp; build new water &amp; wastewater infrastructure</li><li>• Customer service &amp; billing</li></ul>
Water variable charge (usage)	<ul style="list-style-type: none"><li>• The delivery of clean drinking water</li><li>• The amount of water you use &amp; measured by your meter</li></ul>
Wastewater variable charge (usage)	<ul style="list-style-type: none"><li>• The amount of water you use &amp; measured by your meter</li><li>• The collection, transport, &amp; treating of sewage</li></ul>

# 2019 Water & Wastewater Rates

Variable (Usage):	2018*	2019*	<b>New Model:</b> Variable Rate: no change year-to-year
Water Rate	2.102	2.102	
Wastewater Rate - low season (Sept - May)	2.490	2.490	
Wastewater Rate - high season (June - Aug)	1.868	1.868	<b>Base Charge (fixed):</b> increase year-to-year
Base (Fixed):	2018*	2019*	
Quarterly Water Base Charge	12.63	14.85	
Quarterly Wastewater Base Charge	12.51	14.55	

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

\* Per cubic metre

## Household Yearly Impact

### Wastewater



Wastewater variable (usage): \$0

Base (fixed): **\$8.16**

### Water



Water variable (usage): \$0

Base (fixed): **\$8.88**

## Total = \$17.04 increase

That is \$0.05 increase per day for water & wastewater services

# 2019 Capital Budget Recap



# 2019 Capital Budget Business Drivers

## Community Impact

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- Responsibility for continued investment in our community
- Tax increases over past 10 years has allowed for sustained services, but no enhancements
- With growth projections over next 15 years, responsibility to plan for future generations
- Invest now to support future growth
  - » Growth lag
- Climate change / significant weather events
- Infrastructure gap across the province
- Factors that impact the average family that are broad based – housing prices, provincial and federal policies, global economic slow down, etc.

# Highlights of 2019 Capital Budget

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- Approx. \$13,035,835 in capital projects for 2019
- Project impact to levy for capital expenditures is approx. \$1.34 million
  - » Compare this to our overall asset replacement value of \$387 million
- Major investment in projects supporting Transportation and Environment & Safety service groups



# 2019 Capital Budget

Project Spending	\$	%
Corporate Infrastructure	1,472,500	11%
Environment & Safety	5,528,700	42%
Social Infrastructure	1,658,000	13%
Transportation	4,376,635	34%
<b>Total Spending</b>	<b>13,035,835</b>	<b>100%</b>
Funding Sources	\$	%
Capital Tax Levy	1,343,680	10%
Transfers from DC Reserve Funds	3,133,938	24%
Transfers from Reserve Funds	4,882,426	37%
Transfers from Reserves	1,153,110	9%
Long-term Borrowing	647,150	5%
Grants	1,540,631	12%
Other (donations/sponsorships)	334,900	3%
<b>Total Funding Sources</b>	<b>13,035,835</b>	<b>100%</b>
<b>Funding Gap</b>	<b>0</b>	<b>0</b>

# 2019 Operating Budget Recap



# **Business Drivers** - 2019 Operating Budget

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- Significant operating budget drivers for 2019
  1. General cost of doing business
  2. Continued 'catch up' on base budgets
  3. Investing in our people – mandatory training, succession planning, learning & development

# Pressures - 2019 Operating Budget

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## **1. Planning for Growth**

- » e.g., service demands, customer expectations, maintaining facilities, rec programming, community events/places to connect

## **2. Human Capital & Responding to Legislative and/or Regulatory Changes**

- » e.g., succession planning, changes in regulatory training, compensation models

## **3. Long-term financial sustainability**

- » e.g., decrease in provincial subsidies, revenue sources, climate adaptation, strategic land use

## **4. General resources**

- » e.g., prioritization of projects, lean organization/resources

# Uncontrollable vs. Controllable Costs

## Uncontrollable:

- **Salary, wages & benefits**
  - » 1.5% Negotiated cost of living increase
  - » Progression through the pay grid
  - » Payroll benefit changes
    - Statutory requirements (EI, CPP, WSIB)
- **2018 Yearly Inflation**
  - » Ontario Consumer Price Index 2.3% & Construction Price Index 4%
    - Cost of supplies and services
      - Postage & office supplies
      - Insurance premiums
      - Basic legal fees & consulting
    - Utility, communications, commodities
      - Hydro, gas, fuel
      - Internet, phone
      - Sand and salt
      - Multi-year Service Contract Agreements
      - Snow clearing contract
      - Landscape services
      - Cleaning and security services
      - Animal care and control
      - Audit services

## Controllable (discretionary)

- **Levels of Service**
  - » Response times
  - » Programs offered
  - » Maintenance standards
    - Roads
    - Facilities
    - Park Equipment
    - Town Beautification
- **External Professional services**
  - » Legal Advice
  - » Consulting
- **Professional development and training**
- **ABCs**
  - » Library
  - » BIA
  - » TVTA
  - » Other agreements (service clubs)

# 2019 Operating Budget

## Breakdown of Items Impacting Operating Budget

Total Tax Levy Impact	1,054,448	6.9%
Salaries and Benefits	604,513	3.9%
Operational Materials and Contractors	252,857	1.7%
Insurance	25,811	0.2%
Training, Memberships, Employee Exp	62,800	0.4%
Equipment, Vehicles, Tech	112,578	0.7%
Transit	53,648	0.4%
Economic Development Initiatives - CIP/Tourism	75,000	0.5%
Operating Revenues	(246,879)	(1.6%)
Prudhomme's Capital Funding	(119,000)	(0.8%)
Grants	(9,558)	(0.1%)
Interfunctional WWW Admin	(42,073)	(0.3%)
Additional Revenue Projection (sales, land, etc.)	225,000	1.5%
Capital and Infrastructure Levy	279,418	1.8%
Equipment Reserve	(150,000)	(1.0%)
Long-Term Borrowing	101,180	0.7%
Assessment Growth	(201,928)	(1.3%)
ABCs (Library, Twenty Valley Tourism, Downtown Bench Beamsville Increases (BIA)	31,081	0.2%

# 2019 Tax Levy Scenario





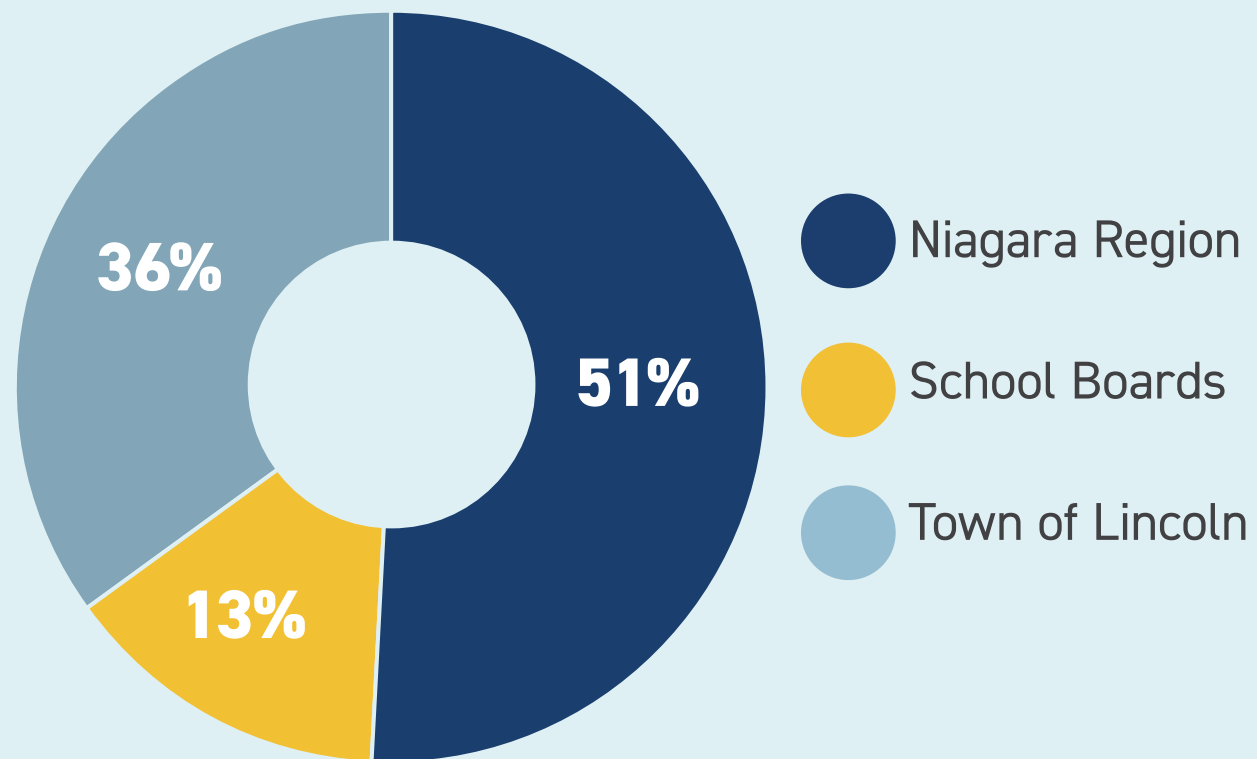
# 2019 Overall Tax Levy Summary

Revenues	
Total Taxes Levied	(16,438,911)
User Fees & Service Charges	(3,282,660)
Grants	(836,718)
Taxation - Other	(601,711)
Fines, Penalties & Interest	(585,247)
Financial Revenue	(446,665)
Water Charges	(4,893,760)
Wastewater Charges	(3,899,931)
Total Revenues	(30,985,603)
Expenses	
Salaries, Wages & Benefits	12,317,310
Operational Services & Supplies	10,458,585
Administrative	1,373,436
Utilities	799,671
Equipment, Vehicles, Technology	1,417,342
Financial Expenditures	173,325
Long-Term Borrowing Charges	909,078
Total Expenses	27,448,747
Transfers (Net To Reserves)	2,398,539
Agencies, Boards, Commissions	1,138,317
Surplus/(Deficit)	0

- Includes operating, capital, water / wastewater expenses / revenues
- Includes transfers, agencies, boards & commissions

# Final Distribution of Taxes

The Town is responsible for collecting property taxes that account for **three agencies**.



Lincoln only  
controls 1/3  
of the tax bill.

# 2019 Blended Tax Rate

Impact on Total Tax Bill per \$100,000 of Residential Assessment				
Agency	Share of Tax Bill	2018 Taxes	2019 Increase (per agency)	2019 Taxes
Town of Lincoln	36.19%	426.36	6.94%	455.97
Niagara Region	46.73%	567.08	3.83%	588.80
Region Waste Service	3.59%	44.26	2.10%	45.19
Education*	13.49%	170.00	0.00%	170.00
<b>Total</b>	<b>100%</b>	<b>1,207.70</b>		<b>1,259.96</b>

**\$52.26**

**= 4.33%**  
**blended rate**

\* Estimate based on historical experience and is subject to change based on Provincial approval.

# Household Impact

In 2019, at a 4.33% blended rate, the approximate increase per household for the year, at the assessed property value is:

**\$100,000 = \$52.26**

**\$250,000 = \$130.65**

**\$375,000 = \$195.98**

**\$450,000 = \$235.17**

**\$575,000 = \$300.50**

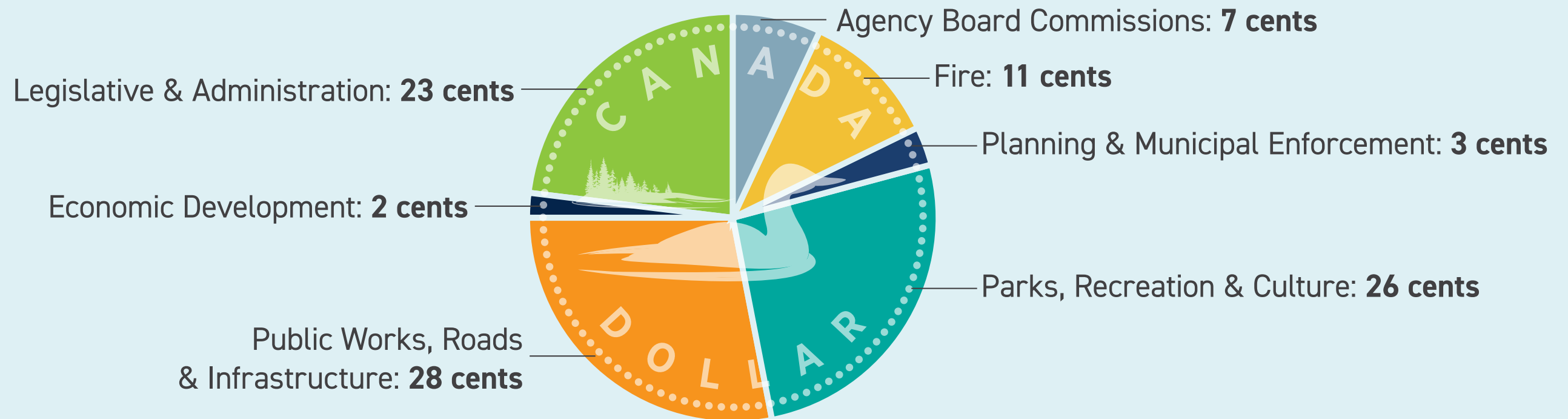
ASSESSMENT VALUE

PROPERTY TAXES



# Value for Tax Dollar

A portion of every tax dollar is used to provide over 90 programs & services to ensure a high quality of life.



A place to grow, a place to prosper, a place to belong

# Next Steps

- Ratification on March 6, 2019
- Budget communications roll out

