

2019 Operating Budget INTRODUCTION

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Agenda

- Operating Budget Overview
 - » Overview
 - » 2018 Budget Recap
 - » Value for tax dollar
- Setting the Fiscal Stage
 - » Changing landscape - provincial / federal
 - » Lincoln today & tomorrow
 - » Taxes & trends
- 2019 Budget Planning
 - » 2018 - 2023 - Organization trends & priorities
 - » 2019 Community Priorities
 - » 2019 Council Priorities
- Next Steps

Operating Budget Overview





Operating Budget

The operating **budget pays** for day-to-day activities of the organization.

- Salaries & wages
- Programs & services
(e.g. grass cutting, snow removal, public skates)
- Utilities

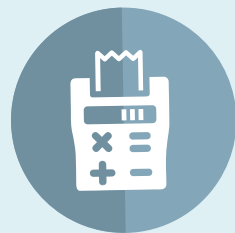
Operating Budget

The operating budget includes:



Base adjustments:

Typically, “non-discretionary” items required to maintain existing services, such as wages, utility increases and contract increases.



One-Time:

Non-recurring expenditures, such as the consulting studies, maintenance projects, emergency repairs, etc.



Growth:

Any costs or revenues that have been added above previous years' service levels



Operating Impacts from Capital Projects:

Anticipated expenditures from approved Capital Projects, such as the operating costs associated with a newly constructed facility and long-term borrowing installments.

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

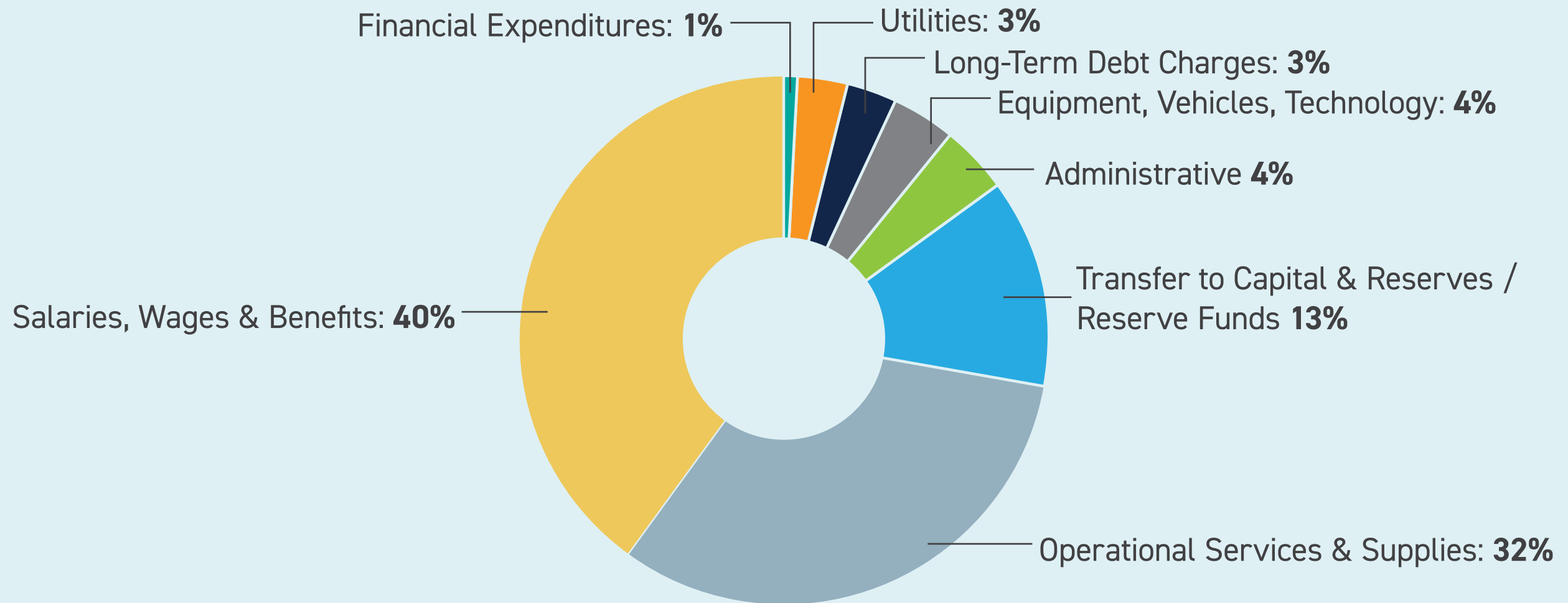
Controllable (discretionary)

- 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)

2018 Budget Recap

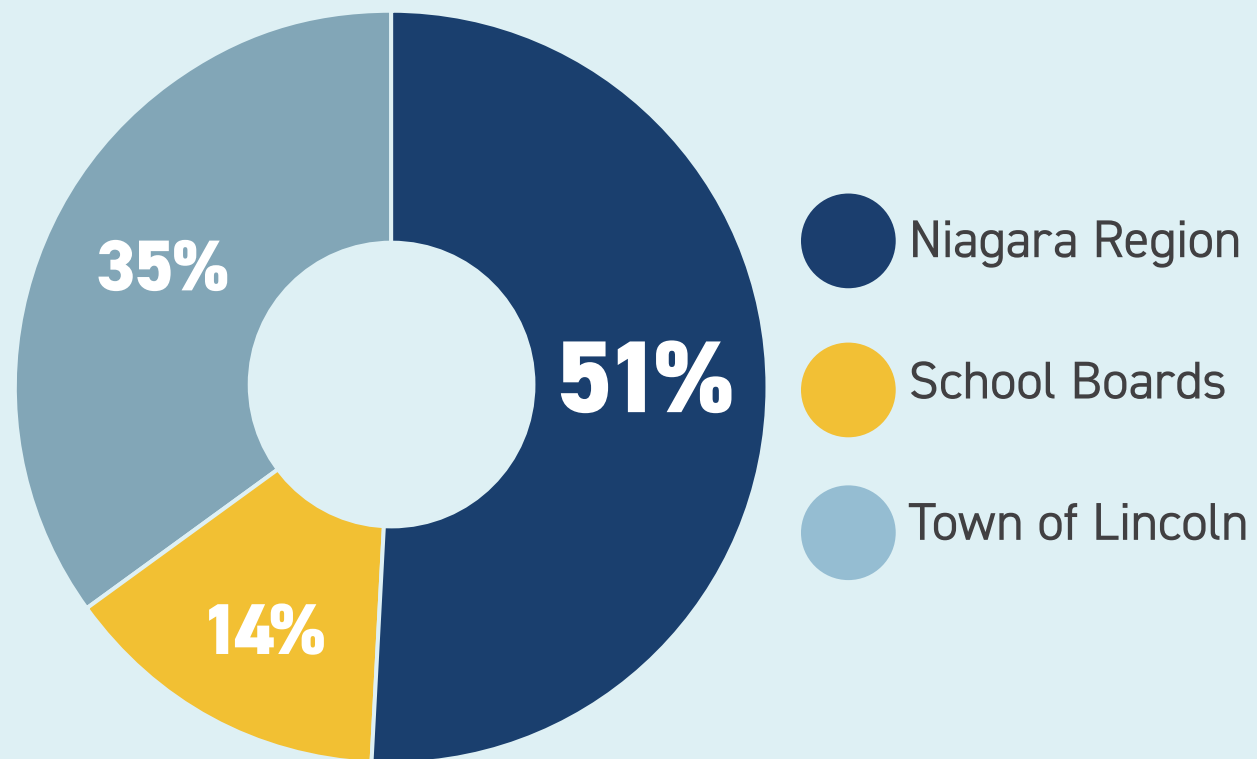


2018 Budget Recap - Expenditures by Category



Final Distribution of Taxes

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

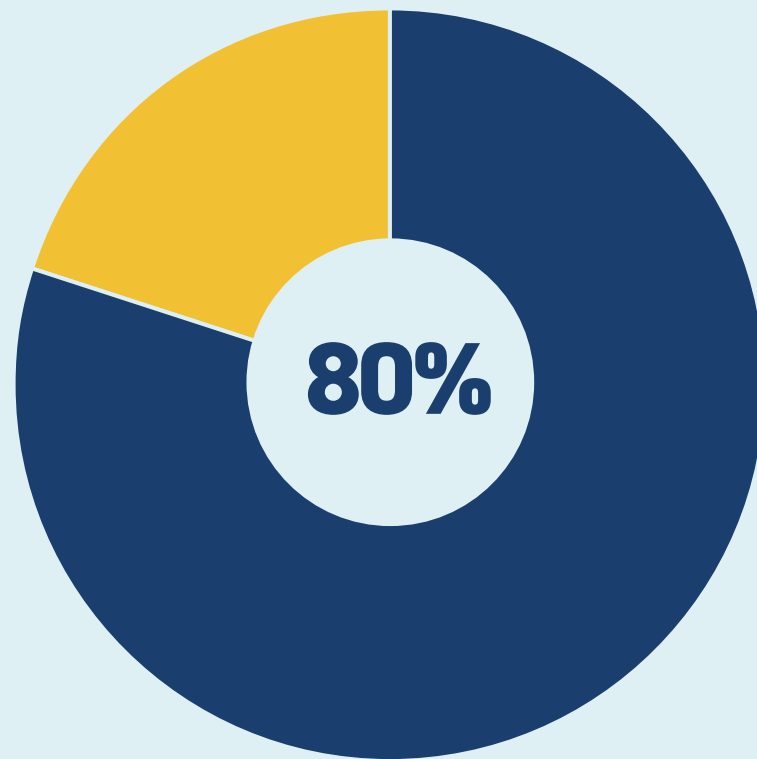


**Lincoln only controls
1/3 of the tax bill.**

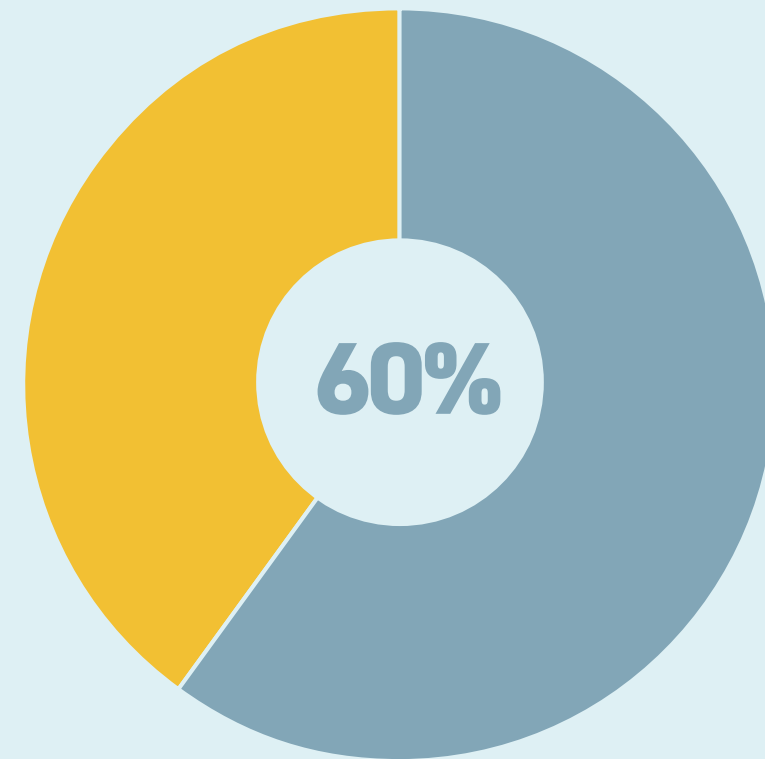
Value for Tax Dollar



Resident Satisfaction & Service Expectation

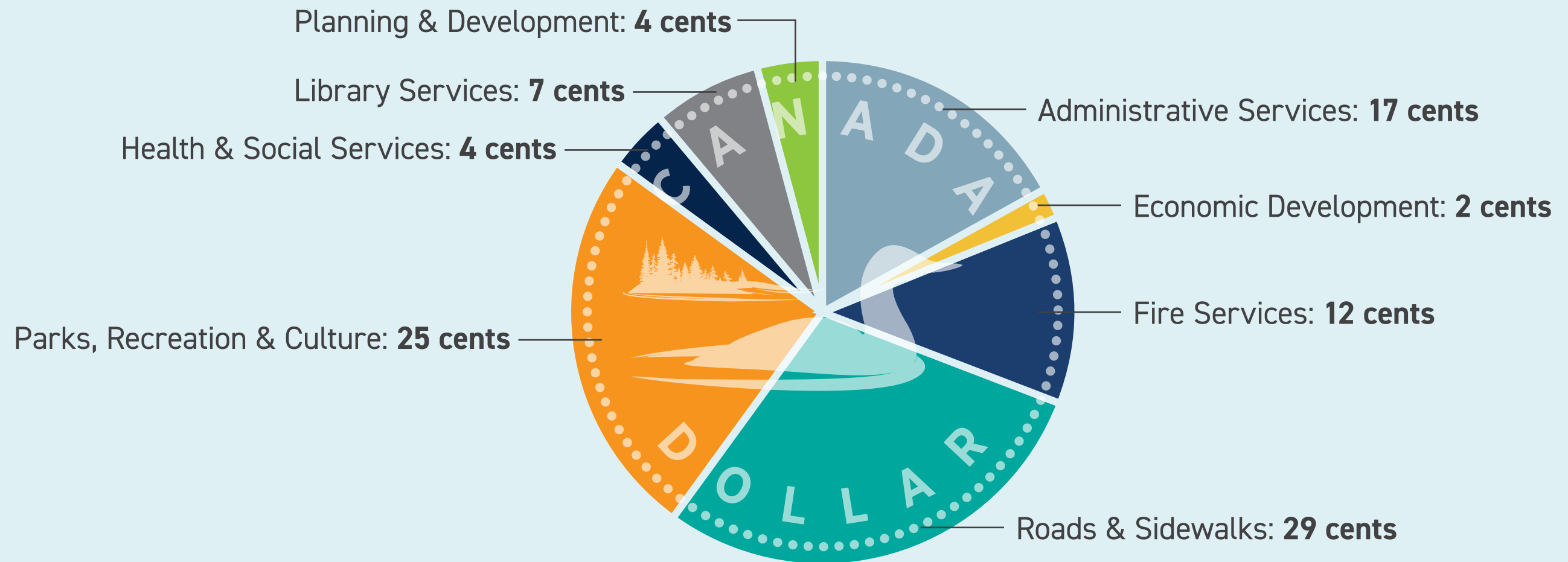


Over 80% of residents rate our delivery of programs & services from fair to excellent.



60% of residents support a tax increase to maintain & enhance services

Value for Tax Dollar



Household Impact

In 2018, at a 2.11% blended rate, the approximate impact per household for the year, at the assessed property value included:

\$100,000 = \$25.89

\$250,000 = \$64.74

\$375,000 = \$97.11

\$450,000 = \$116.53

\$575,000 = \$148.89

ASSESSMENT VALUE

PROPERTY TAXES



Household Impact & Value (per \$100,000 assessed value)

For less than one large coffee per week a citizen receives:

- Community safety (fire & rescue services, police, EMS)
- Winter operations (snow removal, salting, sanding of roads)
- Waste management services
- Recreation programs (summer camps, swimming lessons, leisure activities, seniors programming)
- Recreation activities (parks, 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

\$25.89 per year

\$2.16 per month

\$0.49 per week

\$0.07 per day

Based on a Residential Assessment of \$100,000

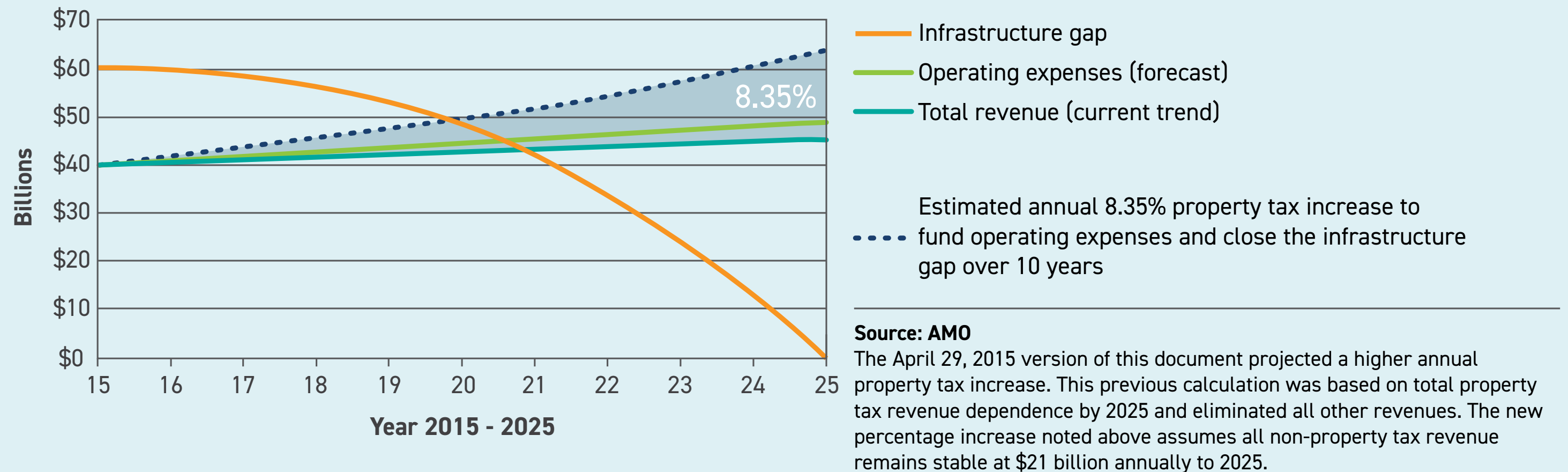


Setting the Fiscal Stage



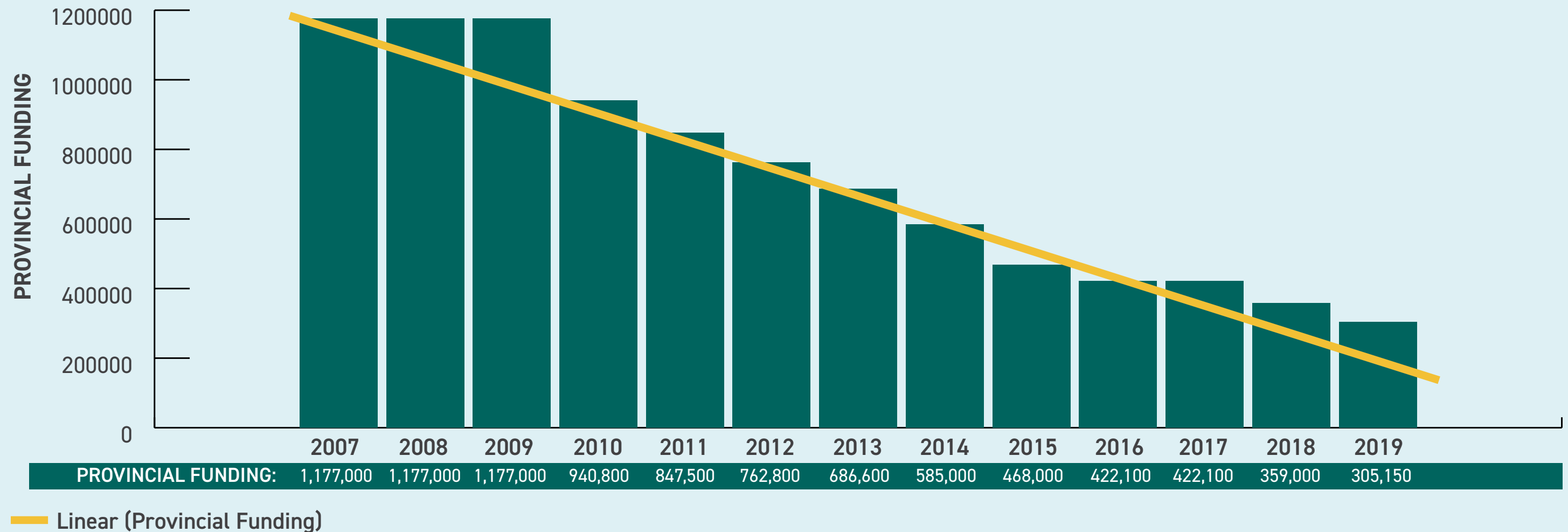
Continued Infrastructure Gap

Revenue Needed to Fund Operating Expenses & Infrastructure Gap

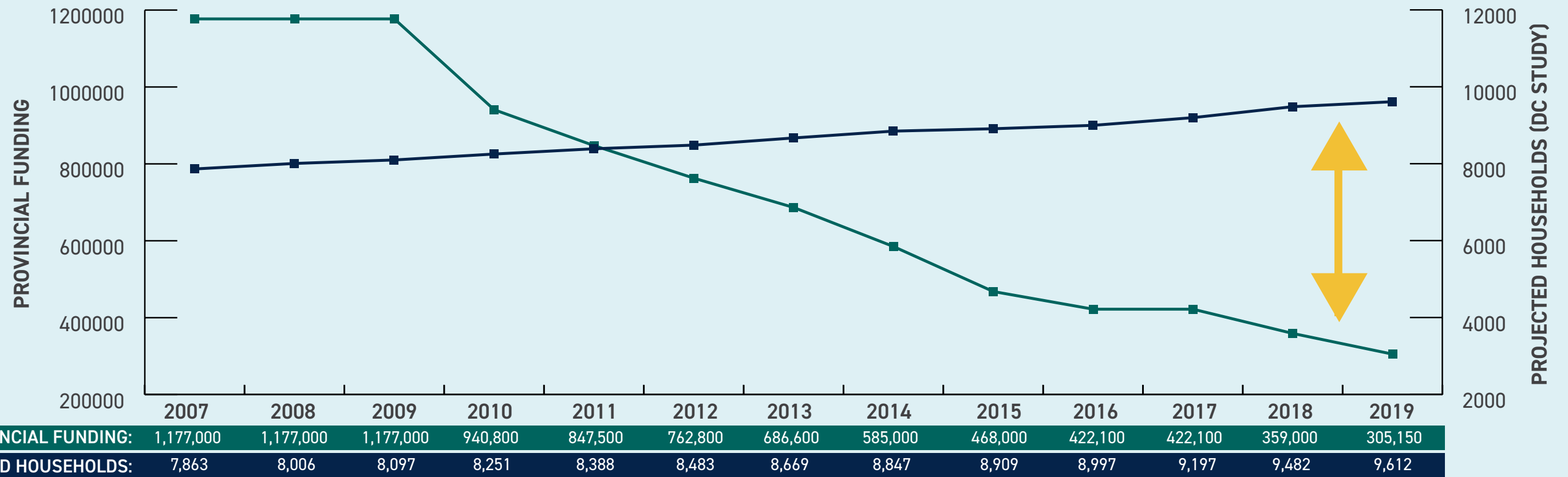


Change in Provincial Grants

Provincial Funding Historical Trend



Provincial Funding in Relation to Projected Households



Lincoln Today & Tomorrow



Demographics / Trends (census & growth projections)



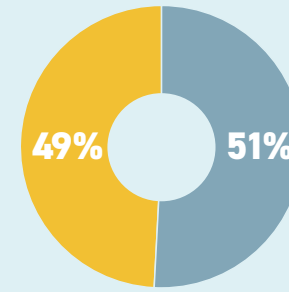
Approx. **24,000**
residents in Lincoln



Land area of
163 sq km



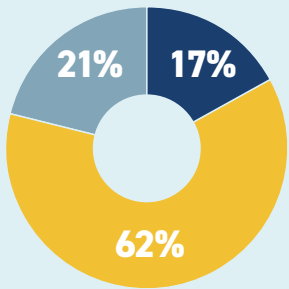
5.8% population
change since 2011



51% female,
49% male



Avg age is **42.9**



Birth - 14: **17%**
15 - 64: **62%**
65+: **21%**



Over **8,700**
households



4th fastest growing
municipality in
Niagara



Projected pop.
growth – approx.
50% in next 15 years
(32,000)



8% job growth
since 2011

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



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

Over \$120 Million in Construction Value

Building Permits Issues 2009 - 2018

Year	Construction Value	Total Permits Issued	Permits Issued for Residential Units
2018	\$127,496,015	642	368
2017	\$60,519,507	426	159
2016	\$41,218,629	309	88
2015	\$31,381,439	272	82
2014	\$76,178,376	309	178
2013	\$78,823,768	407	186
2012	\$37,268,999	312	95
2011	\$36,364,680	340	135
2010	\$24,722,900	326	153
2009	\$29,439,821	303	89

From 2017 to 2018, Lincoln's construction value doubled



Construction Value & Service Demands



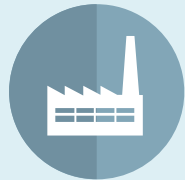
New Construction



Residential



Commercial



Industrial



New Infrastructure



Roads



Parks



Water / Sewers



More People



Residents



Tourists



Employees



Service Demand

- Snow removal
- Road maintenance
- Water testing
- Park & facility maintenance
- Recreation programming
- Fire emergency services & prevention
- Transit
- Municipal service information
- Tax bill processing
- Building & planning permits
- Business expansion & growth support

more construction = more infrastructure + more people → more infrastructure maintenance & service demand

Economic context

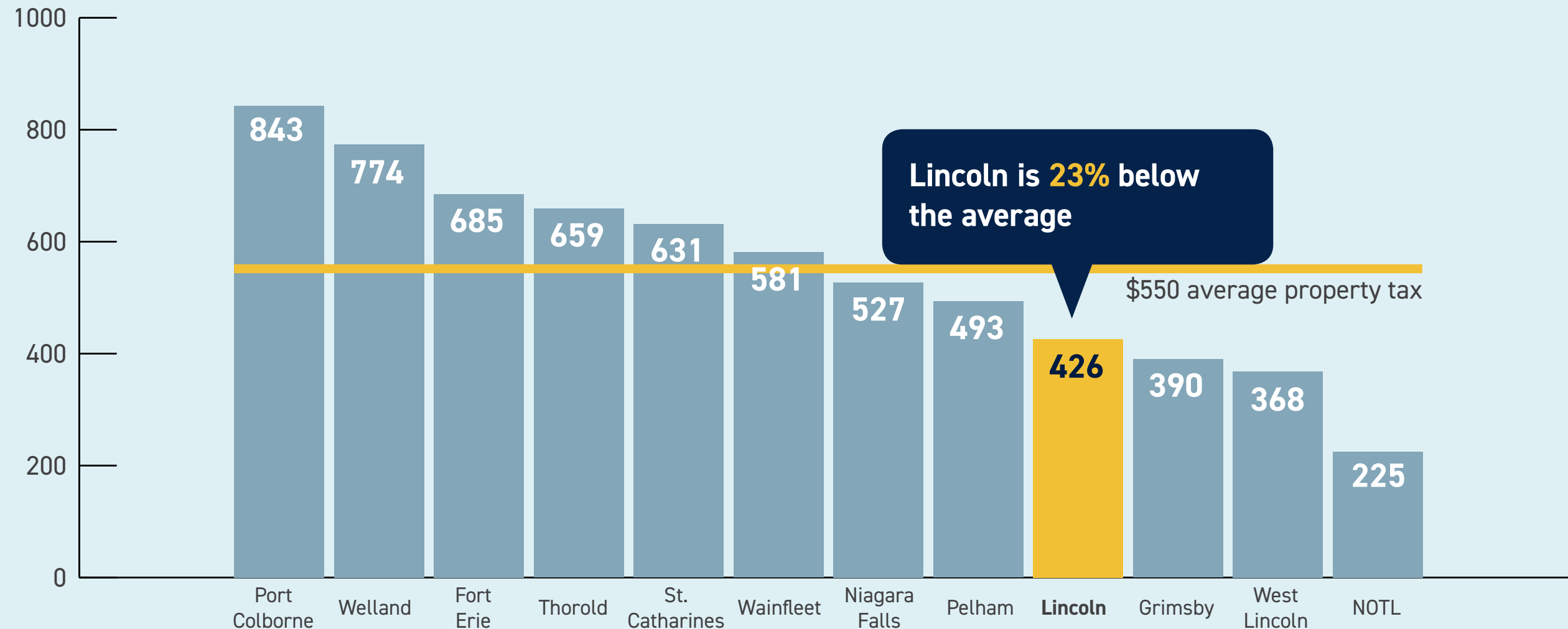
- Consumer Price Index, April 2018 – **2.2%**
- Energy costs – **6.3%** more for energy year over year in 2018
- Prices charged by contractors for new non-residential building construction rose **2.7%**
- Inflation rate – ranged depending on month – **1.8% - 3.1%, avg. 2+%**
 - » In the warmer/spring/fall summer months higher – lower in the colder months
- These are just the basics, this is before any other service adjustments

Taxes & Trends



Local Residential Property Taxes, 2018

(per \$100,000 assessment)



Taxpayer Affordability

**2nd
lowest**

2018 Affordability Indicators	Property Taxes as a % of Household Income
West Lincoln	3.5%
Lincoln	3.6%
Grimsby	3.7%
Niagara-on-the-Lake	3.8%
Pelham	3.8%
Niagara Falls	4.0%
Thorold	4.1%
Wainfleet	4.1%
Fort Erie	4.3%
St. Catharines	4.3%
Port Colborne	4.4%
Welland	4.4%

2018 Affordability Indicators	Water/Sewer + Taxes as a % of Household Income
Wainfleet	4.1%
Grimsby	4.2%
Pelham	4.4%
Lincoln	4.5%
West Lincoln	4.5%
Niagara-on-the-Lake	4.8%
Niagara Falls	5.2%
Thorold	5.3%
St. Catharines	5.4%
Fort Erie	6.0%
Port Colborne	6.1%
Welland	6.1%

**4th
lowest**

2019 Budget Planning & Priorities



Trends

- Changing community landscape & service demands
- Demand for gov't accountability/ performance
- Changing political landscape - governance implications
- Pressures & affordability of infrastructure (hard & soft)
- Increased role of gov't in all aspects of community development
- Innovative approaches to delivering programs & services
- Community sustainability
- Financial sustainability
- Asset management

Trends

- Increased support / expertise / service demands for departments
- Ongoing legislative & regulatory changes (service delivery, HR, policy)
- Timely, accessible, & transparent municipal communications
- Public Policy alignment, implementation, & operationalizing of master plans & strategies (TMP, PRC, EcDev, Zoning Review)
- Challenges to resident health & social determinants of health
- Access, inclusion, diversity, & community development (affordable access, accessibility in our built spaces)
- Building an investment-ready Lincoln

Trends

- People Strategy (employee demographics, retention, development & training, succession planning)
- Housing shift from low/medium density to mixed-use, medium & high density
- Farm diversification & agri-tourism development
- Climate adaptation (infrastructure & emergency preparedness)
- Innovative technology
- Sustainable volunteer fire service

Priorities

- Development & execution of 2018-22 Council Priorities & corporate work plans / projects
- Expanded & continued strategic partnerships
- Strategic land use
- Revenue generation (long-term financial sustainability)
- Addressing community & social infrastructure deficit
- Creating a customer service culture

Priorities

- Executing master plans & strategies
- Business improvements
- Multi-year or forecasted budgets
- Agenda management system
- Growth accommodations
 - » Service demand levels
 - » Development approvals
 - » Delivery of fire emergency services & fire protection services (inspection)
 - » New & updated policies
 - » Staff training
- Conduct a tourism strategy
- Downtown(s) revitalization

Priorities

- Asset management
- Development & implementation of a People Strategy
- Transportation (AT, complete streets, traffic calming, road improvements)
- Public transit (Intra, Inter, GO)
- Town-wide Inflow/Infiltration (I/I) Reduction
- Enhanced emergency management program

What We Heard from the Community

- Invest in areas that support strengthening our community:
 - » Road network upgrades & maintenance
 - » Active transportation - investment in sidewalks, bike lanes, pedestrian crossings
 - » Parks & greenspace
- New focus on economic development & tourism
- Strong focus on transit - active & public



What We Heard from Council

- Community asset investment
 - » Trails, park enhancements, public transit
- Economic development
 - » Downtown revitalization
 - » Strategy implementation
 - » Tourism
- Strategic land use & revenue generation
- Strategic partnerships – data & evidence-based research
- Continued public engagement
- Customer service
- Road safety
 - » Truck traffic strategy
 - » Speed reduction activities
 - » Traffic calming
 - » Road rehab/resurfacing
- Climate adaptation
 - » Green infrastructure
 - » Shoreline strategy

Next Steps / Considerations for Council

- Senior management budget planning has been extensive
 - » SMT review of efficiencies
 - » Review of council priorities
 - » Councillor meetings over the last 2 weeks
 - » Listening to council
 - » Priorities based on council identified items
 - » SMT priorities and inputs
- Significant operating budget pressures for 2019, e.g.:
 - » General cost of doing business – increasing costs
 - » Continued 'catch-up' on base budget investments
 - » Investing in our people – training, learning and development
- Based on significant budget challenges, staff will present options/decision packages to Council as part of this year's operating budget deliberations:
 - » Needs vs. wants
 - » Service level expectations

Important Dates

- **Feb. 6** – draft operating budget distributed to Council
- **Feb. 13** – First operating budget presentation to Council
- **Feb. 20** – Operating budget continued & ABCs budget presentations