

West Lincoln

Your Future Naturally

2016

Township of West Lincoln



Draft 2016 Operating & Capital Budget

OPEN HOUSE

Wednesday, February 24, 2016

2016 Budget Open House

2

- A budget is an estimate of income and expenditures for a set period of time
- At a municipality , that period of time reflects the Calendar year – January to December
- The budget identifies the amount of money to be raised from taxation in the year, and serves as the basis for the calculation of the tax rates needed to generate these revenues

2016 Budget Open House

3

A municipal budget serves two other major purposes:

- Considers and selects the priorities to be adopted by the municipality.
- The adoption of the budget begins the process of financial management and control through which the expenditure and revenue choices reflected in the budget are monitored and assessed
- Municipalities are not permitted to run deficits

2016 Budget Open House

4

Sources of Revenue:

- 1) Grants & Subsidies (conditional and unconditional)
- 2) Fees & Service Charges (user fees)- which include permits, fines, rentals, interest revenue and penalties
- 3) Debt – which must be paid back through 1, 2 or 4
- 4) Taxation – the largest source of income and the default for the revenue shortfall

2016 Budget Open House

5

- The Ontario Municipal Partnership Fund (OMPF) is a significant revenue source for our Township.
- In 2014 it comprised almost 10% of overall revenue and is the second largest revenue source after property taxes.
- We have been faced with significant reductions in this grant. In 2009, the grant allocation to our municipality was \$1,154,000, whereas in 2016 it is \$801,600. That is a reduction of \$352,400.

2016 Budget Open House

6

The following budget lines have their revenues netted against their expenditures : Library, Fire, Building, Planning, Recreation, Arena, Water and Wastewater(sewer)

The following departments are self-funded, where fees must cover expenditures:

Building, Water and Wastewater(sewer)

Fuel & Equipment Costs are allocated to Road Maintenance, Winter Control, Facilities, Arena, Water, Sewers, Recreation and Sidewalks

2016 Budget Open House

7

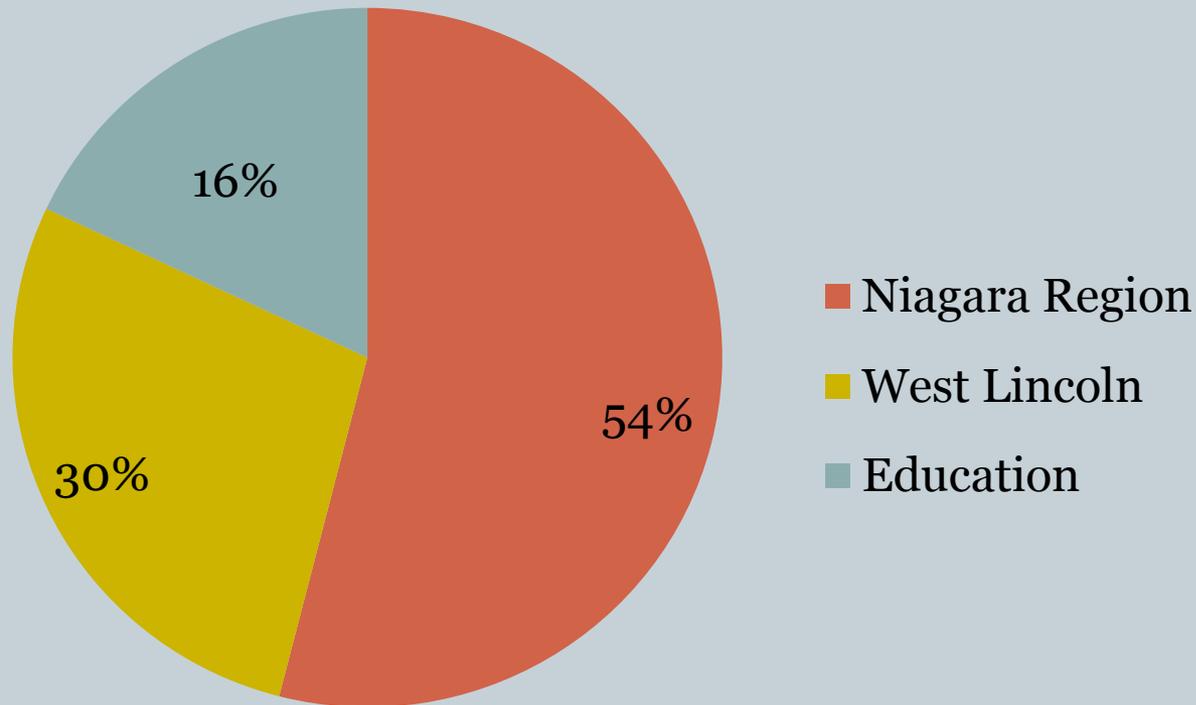
- The Township budget process for 2016 commenced in the fall of 2015, with Department Heads preparing and reviewing their planned budgets
- Numerous meetings are held with the CAO, department head and Treasurer to analyze and review the draft budgets
- Treasury staff work on calculation major expenditure categories that impact all department to ensure consistency and accuracy and include salary, benefits, insurance, utilities, reserve contributions and revenues

2016 Budget Open House

8

- Tax bill collects for three entities: Niagara Region, West Lincoln (WL) and School Board/Education

Property Tax Distribution



2016 Budget Open House

9

- Property Taxes = Assessment x Tax Rate
- Municipal Property Assessment Corporation(MPAC) is responsible for assessment
- Local municipality is responsible for tax rate
- Last property assessment was done by MPAC in 2012, and is valid for the tax years 2013, 2014, 2015 and 2016. The assessed value is based on what the property was worth on January 1, 2012 and is phased in over the years 2013 to 2016.

2016 Budget Open House

10

Average Assessment for Single Family Home:

2016 - \$309,532

2015 - \$303,103

If Township Tax Levy remained at 2015 level of \$5,156,650 and your property assessment increased by less than 2.12% your property taxes in 2016 would actually decrease

2016 Budget Open House

11

Municipality	2015 Property Taxes
West Lincoln	\$3,662
Lincoln	\$3,759
Grimsby	\$3,780
Pelham	\$3,938
Wainfleet	\$4,393

2015 Taxes calculated for a home assessed at \$303,103

2016 Budget Open House

12

	% of Total Assessment	Ratio	Tax Rate	Township Tax
Residential	77.02%	1.0000	.00345212	\$345
Commercial	3.72%	1.7586	.00607089	\$607
Industrial	1.34%	2.6300	.00907907	\$908
Farmland/Managed Forest	15.70%	0.2500	.00086303	\$86

Taxation is based on **\$100,000** of assessment. The above tax ratios are used throughout the Niagara Region. The ratios are weighting factors that ultimately shift tax burdens. Industrial properties pay the largest tax burden, whereas farmland pays the lowest.

2016 Budget Open House

13

The Township also has an urban service area levy for Streetlights and Sidewalks. This levy is charged on properties in the urban area of Smithville. The 2015 impact on Township taxes based on a home assessed at \$303,103 is as follows:

	2015 Taxes- Rural	2015 Taxes - Urban	Difference
\$303,103	\$3,593	\$3,662	\$69

2016 Budget Open House

14

Municipality	Kilometres of Roads	Number of Households	Households per KM of Road
West Lincoln	794	4,881	6
Wainfleet	511	3,169	6
Pelham	517	6,693	13
Grimsby	336	9,975	30
Lincoln	600	8,867	15

Source: 2014 Financial Information Return

2016 Budget Open House

15

Municipality	RT Taxes	*	Number of Households	Per Household
West Lincoln	\$ 4,038,740		4,881	\$ 827
Wainfleet	\$ 4,232,044		3,169	\$ 1,335
Pelham	\$ 8,820,590		6,693	\$ 1,318
Grimsby	\$ 11,986,452	**	9,975	\$ 1,202
Lincoln	\$ 9,081,966		8,867	\$ 1,024

* RT represents Residential Tax Base

** Includes charge for sanitary sewer/storm

2016 Budget Open House

16

- An expenditure increase of \$51,567 equates to a 1% increase in the total tax levy
- Due to assessment growth, the first \$136,255 of increase to the overall tax levy has no impact to property owners
- After the first \$136,225 increase, every \$10,000 in tax levy increase has a \$2.00 impact on the average property owner

2016 Budget Open House

17

Overview

- **Complimentary:**

- Increase in OMPF Grant \$80,000
- Assessment Growth \$136,255
- Savings on Corporate Insurance Renewal \$ 75,000

- **Commitments:**

- Utilities \$ 38,900
- Salaries & Benefits \$137,500
- Additional Crossing Guards \$ 11,000

2016 Budget Open House

18

Overview

- **Commitments:**

- Increased Service Level Requirement as a result of assumption of three cemeteries
- New Library Policy – no staff shall work alone

- **Challenges:**

- 2016 Unfunded Capital \$1,257,980

2016 Budget Open House

19

Budget Summary - 2016

Service Area	2015 Budget	2016 Proposed 2.42% Tax Increase	Difference \$	% Increase / Decrease
<u>General Revenues</u>				
Taxation Revenues	5,362,650	5,635,630	272,980	5.09%
Payment in Lieu of Taxes	353,900	353,900	-	0.00%
Support Grants	741,600	818,200	76,600	10.33%
Grants	5,000	5,000	-	0.00%
Fees, Service Charges, Donations	4,500	7,600	3,100	68.89%
Licenses & Permits	5,700	4,700	(1,000)	-17.54%
Rents & Concessions	61,100	61,700	600	0.98%
Fines	33,500	30,000	(3,500)	-10.45%
Other Revenues	16,500	12,500	(4,000)	-24.24%
Penalties	380,000	380,000	-	0.00%
Income from Investments	170,000	155,000	(15,000)	-8.82%
Prior Year Surplus	217,000	200,000	(17,000)	-7.83%
Transfer from Reserve	48,000	45,000	(3,000)	-6.25%
Total Revenues	7,399,450	7,709,230	309,780	4.19%

2016 Budget Open House

20

Service Area	2015 Budget	2016 Proposed 2.42% Tax Increase	Difference \$	% Increase / Decrease
<u>General Expenditures</u>				
Contributions to Reserves	199,000	207,000	8,000	4.02%
Corporate Expenditures	77,500	52,500	(25,000)	-32.26%
<u>Departments</u>				
Library	386,950	417,600	30,650	7.92%
Mayor & Council	172,300	176,900	4,600	2.67%
Corporate Services	1,503,400	1,544,100	40,700	2.71%
Cemetery	59,900	82,300	22,400	37.40%
Fire	980,500	1,026,300	45,800	4.67%
Building/Property Standards & By-law/Septic	87,100	91,700	4,600	5.28%
Planning	168,100	172,700	4,600	2.74%
<u>Public Works</u>				
Recreation/Arena	769,100	783,400	14,300	1.86%
Roads Administration	273,600	269,800	(3,800)	-1.39%
Roads Maintenance	1,741,800	1,775,200	33,400	1.92%
Winter Control	513,500	544,900	31,400	6.11%
Canborough Street Project- Internal Borrowing	91,100	91,100	-	0.00%
Northridge Road Project-Internal Borrowing	56,000	56,000	-	0.00%
2015 Capital Projects - Internal Borrowing	-	65,530	65,530	
Roads Construction	-	-	-	
Bridges	27,500	27,500	-	0.00%
Facilities	52,600	70,900	18,300	34.79%
Street Lights	113,000	127,800	14,800	13.10%
Sidewalks	70,500	71,800	1,300	1.84%
Fuel and Equipment	-	-	-	
Drainage	56,000	54,200	(1,800)	-3.21%
Storm Sewers	-	-	-	
Sanitary Sewers	-	-	-	
Water	-	-	-	
Total Expenditures	7,399,450	7,709,230	309,780	309,780

2016 Budget Open House

21

2016 Budget Highlights

Project	Gross Cost	Department
Bridge 12 Replacement (S.G. Rd #6)	\$ 920,000	Public Works
Tandem Truck Replacement	\$ 251,000	Public Works
Sidewalk Tractor and Attachments (Trackless) Replacement	\$ 128,200	Public Works
Fleet GPS Units	\$ 15,000	Public Works
Pressure Washer Replacement	\$ 11,000	Public Works
Bunker Gear Replacement	\$ 16,000	Fire
Aerial - waterway and cabling	\$ 25,000	Fire
Fire Protection Master Plan	\$ 40,000	Fire
Fire Pumper Rescue Truck	\$ 275,900	Fire
Ice Edger	\$ 6,000	Recreation
Tractor Replacement	\$ 40,000	Recreation
Wellandport Tennis Courts - nets and posts	\$ 6,500	Recreation
Picnic Tables - All Parks	\$ 8,000	Recreation
Tree Planting - all parks	\$ 5,000	Recreation
Community Centre - Campaign/Fundraising Readiness	\$ 85,000	Recreation
Leisureplex - Irrigation repairs	\$ 10,000	Recreation
Traffic Count Study	\$ 10,000	Public Works
Ash Tree Replacement - Boulevard Trees	\$ 25,000	Public Works
*New Sidewalk - South Side of West Street, from SG Rd. 5 to Streamside Dr.	\$ 180,000	Public Works
*New Storm Sewer - West Street	\$ 135,000	Public Works
Sanitary Sewer Replacement- Station Street	\$ 266,000	Public Works
Extraneous Flow Reduction Program	\$ 100,000	Public Works
Water Loss Prevention Program	\$ 50,000	Public Works
Cemeteries - new signage	\$ 6,000	Cemetery
Municipal Comprehensive Review	\$ 20,000	Planning
Township - Front Counter Service and Health & Safety Improvements	\$ 30,000	Administration
Information Technology - server for storage expansion	\$ 32,000	Administration
Financial Management Software Replacement	\$ 150,000	Administration
Total	\$ 2,846,600	

* Note: These projects are financed through contributions from developers (School Board)

2016 Ten Year Capital Plan- Expenditure

Expenditure:

Row Labels	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Grand Total
Administration	412,000	215,000	200,500	240,000	155,000	105,000	50,000	35,000	120,000	50,000	40,000	1,622,500
Bridge	1,050,000	335,720	1,158,435	298,600	1,203,400	693,100	1,086,700	261,250	467,000	153,500		6,707,705
Cemetery	6,000										22,000	28,000
Fire	416,900	442,000	542,000	17,000	2,173,000	18,000	18,000	19,000	319,000		1,000,000	4,964,900
Library		916,800	8,000				1,250,000			27,000		2,201,800
Public_Works	17,500		40,000	22,000				572,500				652,000
Recreation	178,500	901,000	151,000	118,900	14,159,000	121,620	182,300	256,800	100,100	1,454,200		17,623,420
Roads	1,561,560	2,208,000	1,712,060	1,792,000	1,243,950	1,432,360	1,697,000	1,407,200	1,188,600	921,500		15,164,230
Sidewalk	180,000	355,000	143,000	340,000	368,000	83,400	187,000	98,000	379,500	188,000	267,800	2,589,700
Storm_Sewer	135,000		40,000	28,000	382,000	20,000	21,000	21,500	22,000			669,500
Wastewater	366,000	1,121,500	735,000	265,000	312,850	74,200	515,000	267,000	988,000	185,000		4,829,550
Water	50,000	81,000	525,000	540,000	125,000	110,000	110,000	182,000	120,000	233,500	75,000	2,151,500
Grand Total	4,373,460	6,576,020	5,254,995	3,661,500	20,122,200	2,657,680	5,117,000	3,120,250	3,704,200	3,212,700	1,404,800	59,204,805

2016 Ten Year Capital Plan-Financing

Financing:

Row Labels	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Grand Total
Development Charges	- 357,920	- 572,995	- 592,553	- 453,450	- 2,917,261	- 108,960	- 566,202	- 315,300	- 554,245	- 53,598		- 6,492,484
In Lieu of Parkland	- 29,500	- 62,000	- 32,160	- 30,000	- 52,000							- 205,660
Gas Tax	- 617,600	- 420,700	- 421,000	- 420,000	- 421,000	- 421,000	- 421,000	- 420,000	- 420,000	- 420,000		- 4,402,300
OCIF Funding	- 64,000	- 64,000										- 128,000
Other Grants	- 50,000											- 50,000
Fire Reserve	- 329,900	- 442,000	- 542,000	- 17,000	- 293,000	- 18,000	- 18,000	- 19,000	- 319,000		-1,000,000	- 2,997,900
Equipment Reserve	- 461,200	- 452,000	- 244,560	- 491,500	- 310,650	- 257,980	- 465,300	- 319,700	- 367,100	- 517,700		- 3,887,690
Sewer Reserve	- 311,000	- 833,500	- 647,250	- 248,350	- 276,850	- 70,000	- 357,950	- 203,250	- 633,400	- 175,750		- 3,757,300
Water Reserve	- 50,000	- 62,400	- 240,000	- 246,000	- 125,000	- 110,000	- 110,000	- 131,750	- 120,000	- 195,000	- 75,000	- 1,465,150
Other Reserves					- 133,900							- 133,900
Unfunded	- 1,257,980	-2,772,925	-2,408,372	-1,676,600	-15,522,539	-1,628,740	-3,166,048	-1,665,250	-1,268,455	-1,784,152	- 307,800	-33,458,861
Operating Fund	- 38,000	- 29,000	- 6,500	- 34,600	- 6,500	- 32,000	- 6,500	- 33,000	- 11,000	- 33,500		- 230,600
Capital Reserve	- 150,000	- 197,000	- 95,600	- 25,000	- 25,000							- 492,600
Library Reserve		- 621,000	- 8,000							- 27,000		- 656,000
Facilities Reserve		- 35,000	- 17,000	- 18,000	- 26,000	- 11,000	- 6,000	- 13,000	- 11,000	- 6,000		- 143,000
Planning Reserve	- 20,000	- 1,000										- 21,000
Recreation Reserve		- 10,500										- 10,500
Cemetery Reserve											- 22,000	- 22,000
Technology Reserve	- 150,000											- 150,000
Sidewalk Reserve				- 1,000	- 12,500							- 13,500
Developer Contribution	- 315,000											- 315,000
Cost Sharing	- 171,360											- 171,360
Grand Total	- 4,373,460	-6,576,020	-5,254,995	-3,661,500	-20,122,200	-2,657,680	-5,117,000	-3,120,250	-3,704,200	-3,212,700	-1,404,800	-59,204,805

2016 Unfunded Capital

24

Row Labels	2016
Administration	
911 Pers Compliance	- 60,000
CIP Implementation Program	- 25,000
Eagenda Solution	- 20,000
Energy Management Implementation Plan - All Facilities	- 5,000
Property in Tax Arrears	- 20,000
Upgrades to audio visual in Council Chambers	- 50,000
Bridge	
Various Bridges – Guard Rails	- 92,400
Fire	
Caistor Fire Hall _ Additional Bathroom with Showers	- 60,000
Public_Works	
PW Ops Centre - replace windows	- 4,000
Restore town clock at Murgatroyd park	- 3,500
Tube heaters add to cold bay	- 10,000
Recreation	
Entrance gates for existing trails	- 13,000
Roads	
Abingdon Road : Pulverize & DST - From: Concession 3 Road To: Concession 2 Road	- 218,880
Railway Crossing Assessment Study	- 60,000
Westbrook Road-shared road with City of Hamilton : Pulverize & DST - From: Concession 2 Road To: Concession 1 Road	- 100,000
Westbrook Road-shared road with City of Hamilton : Pulverize & DST - From: Concession 3 Road To: Concession 2 Road	- 85,000
Young Street : Pulverize & DST - From: Regional Road 12 (Grimsby Rd) To: South Grimsby Road 10	- 110,400
Young Street : Pulverize & DST - From: South Grimsby Road 10 To: Grassie Road	- 220,800
Urban Design Implementation_Public Realm Improvements	- 100,000
Grand Total	- 1,257,980

2016 Budget Open House

25

Addressing \$1,257,980 of 2016 Unfunded Capital

Issue a Debenture to Finance Portion of Bridge 12

This would free up \$580,000 of Gas Tax Funds that can be allocated to other Capital Works. Current debenture rate is 3.15% based on a 20 year serial debenture. First annual repayment is approximately \$47,100.

Refrain from Internal Borrowing Repayment

This would free up an additional \$231,230 that could be reallocated to the unfunded Capital.

Use of Prior Year Surplus

An additional \$389,000 of prior year surplus funds are available to finance the unfunded Capital projects.

Debt Issue to Complete Bridge 12

26

The following chart represents the annual payments for the next five years if a **\$580,000** serial debenture were to be issued through Infrastructure Ontario at the posted rate of **3.15%** for twenty years .

Year	2017	2018	2019	2020	2021
Annual Repayment	\$47,042	\$46,081	\$45,171	\$44,344	\$43,392

2016 Budget Open House

27

	2.42% Tax Increase	5.00% Tax Increase
Overall Tax Revenue	\$5,138,650	\$5,258,650
<i>% change in Tax Levy</i>	2.42%	5%
annual \$ increase on avg. home	\$25	\$51
Contribution to Capital	\$77,500	\$127,500
<i>% addition to Levy</i>	1.5%	2.47%
Contribution to Winter Control	\$52,000	\$52,000
<i>% addition to Levy</i>	1%	1%
Contribution to Contingency	\$77,500	\$77,500
<i>% addition to Levy</i>	1.5%	1.5%
Contribution to Industrial Park Reserve	0	\$84,200
<i>% addition to Levy</i>	0	1.63%

2016 Budget Open House

28

2016 Budget - Total Tax Impact

	2015	2016	\$ Change	% Change
Average Assessed Value**	\$ 303,103.00	\$ 309,532.00		
Township Taxes - 2.42%	\$ 1,034.94	\$ 1,059.96	\$ 25.02	2.42%
Township Taxes - 5%	\$ 1,034.94	\$ 1,086.20	\$ 51.26	5.00%
Region Taxes	\$ 1,967.48	\$ 1,963.03	-\$ 4.45	-0.23%
School Board Taxes *	\$ 591.08	\$ 591.08	\$ -	0.00%
Total Taxes - 2.42%	\$ 3,593.50	\$ 3,614.07	\$ 20.57	0.57%
Total Taxes - 5%	\$ 3,593.50	\$ 3,640.31	\$ 46.81	1.30%

* School board Rates have not been announced, assume 0% increase in Education Taxes

** Average Assessment of a Residential Home

2016 Budget Open House

29

NEXT STEPS

- Monday, March 21st – Budget Public Meeting, 6:30 pm
- Tuesday, March 22nd – 2nd Public Meeting(if necessary), 6:30pm
- Tuesday, March 29th – Council Approval of 2016 Budget

If you would like an appointment to address Members of Council regarding the budget, please contact the Clerk's department by no later than Friday, March 11th . By making a formal appointment, you will be allocated 10 minutes to speak regarding your issues.

If you do not contact the Clerk's department by the above date, you can still address Members of Council at the Budget Meeting, however you will only be allocated five minute to speak and you must request to speak at the commencement of the meeting.

2016 BUDGET OPEN HOUSE

30

