

2015 Budget Open House

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TOWNSHIP OF WEST LINCOLN

WEDNESDAY, MARCH 11TH, 2015

West Lincoln

Your Future Naturally

2015 Budget Open House

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- 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

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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**

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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 or 4
- 4) Taxation – the largest source of income and the default for the revenue shortfall

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- **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 2015 it is \$721,600. That is a reduction of \$432,400.**

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

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

Building, Water and Wastewater(sewer)

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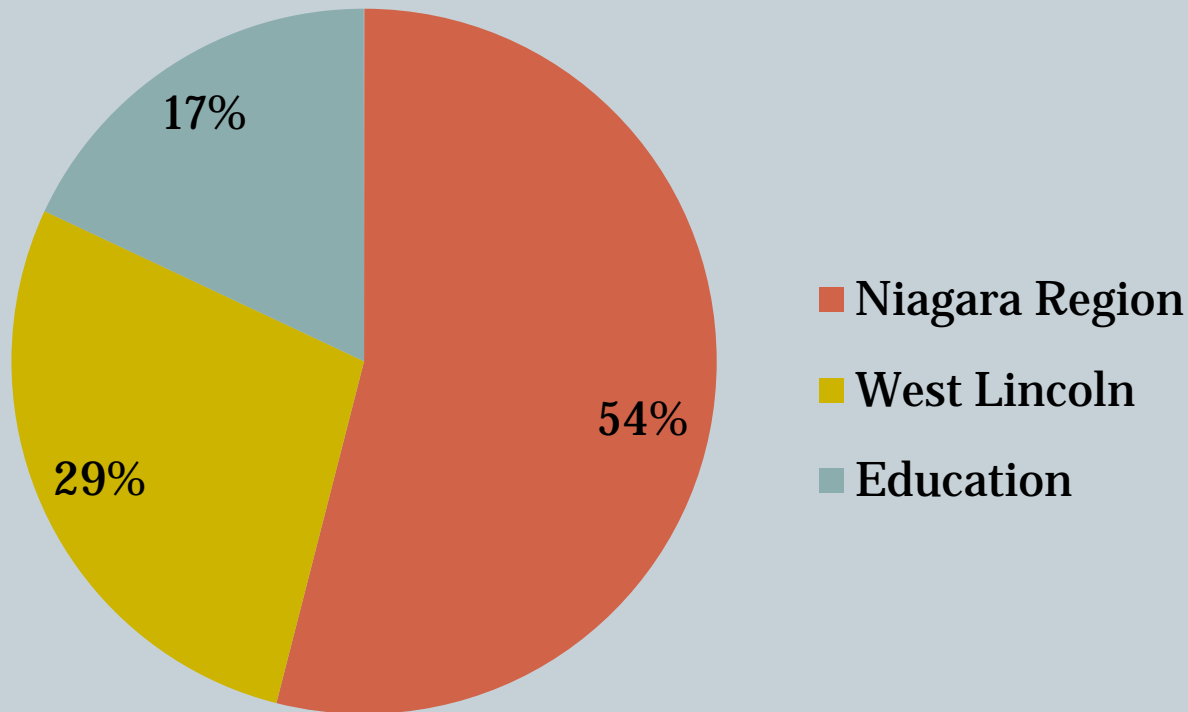
- **The Township budget process for 2015 commenced in the fall of 2014, with Department Heads preparing and reviewing their planned budgets**
- **Numerous meetings are held with the CAO, department head and Treasurer to analyze and review the draft budgets**
- **Treasury staff work on calculation major expenditure categories that impact all department to ensure consistency and accuracy and include salary, benefits, insurance, utilities, reserve contributions and revenues**

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

Property Tax Distribution



Property Taxes

- **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.**

Property Taxes & Assessment

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Average Assessment for Single Family Home:

2014 - \$294, 488

2015 - \$303, 103

If Township Tax Levy remained at 2014 level of \$4,796, 500 and your property assessment increased by 2.9% your property taxes in 2015 would actually decrease

Taxes – Past Trends

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West Lincoln	\$3,569
Lincoln	\$3,676
Grimsby	\$3,765 (includes \$460 for sewer)
Pelham	\$3,856
Wainfleet	\$4,306
Port Colborne	\$4,843

2014 Taxes calculated for a home assessed at \$294,488

Taxes- Weighted Assessment

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	% of Total Assessment	Ratio	Tax Rate	Township Tax
Residential	77%	1.0000	.00328561	\$329
Commercial	4%	1.7586	.00577807	\$578
Industrial	1.5%	2.6300	.00864115	\$864
Farmland	16%	0.2500	.00082140	\$82

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.

Tax Levy

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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 2014 impact on Township taxes based on a home assessed at \$294,488 is as follows:

	2014 Taxes- Rural	2014 Taxes - Urban	Difference
\$294,488	\$3,493	\$3,569	\$76

Taxation

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- An expenditure increase of \$47, 965 equates to a 1% increase in the total tax levy
- Due to assessment growth, the first \$25,000 of increase to the overall tax levy has no impact to property owners
- After the first \$25,000 increase, every \$10,000 in tax levy increase has a \$2.00 impact on the average property owner

Long Term Debt

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- The Township currently has no long-term debt
- The Township borrowing limit is determined by the Province based on net revenues
- The 2014 Annual Repayment Limit for our municipality was \$2,385,739
- This equates to total debt of approximately \$29 million
- The Township portion of property taxes would have to rise by 50% to cover this maximum repayment limit
- Based on 2014 rates, this would mean an increase from \$968 to \$1,449, or \$481

Long Term Debt

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The following chart represents the annual impact to the average residential homeowner if **\$1 million** were to be borrowed through Infrastructure Ontario at the posted rate of **2.98%** as of January 17, 2015. Legal fees related to any debt issue are not included below:

	10 Years	20 Years	30 years
Annual Repayment	\$116,377	\$67,000	\$50,700
Increase to Taxes	\$23.34	\$13.44	\$10.17

2015 Draft Budget

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Overview

- **No Service Level Decreases**
- **Challenges include rising utility costs and an aging infrastructure resulting in repairs and maintenance cost increases**
- **Preparation of Ten Year Capital Plans**

DRAFT BUDGET-NO INCREASES TO RESERVES- 2.4% Tax Increase

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	2014 Budget	2015 Proposed	% Increase / Decrease	BUDGET TO BUDGET
<u>General Revenues</u>				
Taxation Revenues	5,016,400	5,138,650	2.44%	122,250
Payment in Lieu of Taxes	354,000	353,900	-0.03%	(100)
Support Grants	736,500	741,600	0.69%	5,100
Grants	5,000	5,000	0.00%	-
Fees, Service Charges, Donations	3,000	4,500	50.00%	1,500
Licenses & Permits	5,700	5,700	0.00%	-
Rents & Concessions	59,400	61,100	2.86%	1,700
Fines	32,000	33,500	4.69%	1,500
Other Revenues	16,300	16,500	1.23%	200
Penalties	350,000	380,000	8.57%	30,000
Income from Investments	165,000	170,000	3.03%	5,000
Prior Year Surplus	651,000	217,000	-66.67%	(434,000)
Transfer from Reserve		48,000		
Total Revenues	7,394,300	7,175,450	-2.96%	(266,850)

DRAFT BUDGET-NO INCREASES TO RESERVES- 2.4% Tax Increase

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Service Area	2014 Budget	2015 Proposed	% Increase / Decrease	BUDGET TO BUDGET
<u>General Expenditures</u>				
Contributions to Reserves	213,000	-	-100.00%	(213,000)
Corporate Expenditures	139,100	77,500	-44.28%	(61,600)
				-
<u>Departments</u>				
Library	316,700	361,950	14.29%	45,250
Mayor & Council	164,500	174,400	6.02%	9,900
Corporate Services	1,480,200	1,501,300	1.43%	21,100
Cemetery	68,900	59,900	-13.06%	(9,000)
Fire	939,600	980,500	4.35%	40,900
Building/Property Standards & By-law/Septic	100,800	87,100	-13.59%	(13,700)
Planning	184,500	168,100	-8.89%	(16,400)
				-
<u>Public Works</u>				
Recreation/Arena	723,900	769,100	6.24%	45,200
Roads Administration	258,600	273,600	5.80%	15,000
Roads Maintenance	1,701,100	1,741,800	2.39%	40,700
Winter Control	500,500	513,500	2.60%	13,000
Roads Construction	-	-	0.00%	-
Bridges	20,000	27,500	37.50%	7,500
Facilities	141,500	52,600	-62.83%	(88,900)
Street Lights	105,700	113,000	6.91%	7,300
Sidewalks	92,300	70,500	-23.62%	(21,800)
Fuel and Equipment	-	-	0.00%	-
Drainage	33,800	56,000	65.68%	22,200
Storm Sewers	62,500	-	-100.00%	(62,500)
Canborough Street Project	91,100	91,100	0.00%	-
Northridge Road Project	56,000	56,000		-
Sanitary Sewers	-	-		-
Water	-	-		-
				-
Total Expenditures	7,394,300	7,175,450	-2.96%	(218,850)

DRAFT BUDGET-NO INCREASES TO RESERVES- 2.4% Tax Increase

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2015 Budget Highlights

Project	Gross Cost	Department
New Ice Resurfacers	\$ 107,000	Arena
Management Consultant-new arena and rec. facility	\$ 100,000	Arena
Contribution to Ward Boundary Review	\$ 10,000	Corporate
Information Technology Equipment	\$ 27,300	Corporate
Abingdon Park Bleachers	\$ 12,400	Facilities
Caistor Fire Hall - repointing and painting	\$ 15,000	Facilities
Leisureplex Bleachers	\$ 15,000	Facilities
Wellandport Hall - floor replacement	\$ 23,000	Facilities
Bunker Gear Replacement	\$ 16,000	Fire
New Pumper Rescue Truck	\$ 500,000	Fire
Library Service Study	\$ 15,000	Library
Places to Grow Amendment 2 Study	\$ 45,000	Planning
North West Smithville Secondary Plan	\$ 45,000	Planning
Electronic Speed Board	\$ 12,000	Public Works
New Sidewalk-Wade Rd , Margaret St. to Margaret St.	\$ 20,000	Public Works
Guardrails	\$ 110,000	Public Works
New Tandem Truck	\$ 197,000	Public Works
Sanitary Sewer Refurbishments- various locations	\$ 262,000	Public Works
Young St. - S.G. Rd 6 to RR 12-Surface Treatment	\$ 410,000	Public Works
Facility Scheduling Software	\$ 17,000	Recreation
Expansion of Harvest Routes Event	\$ 23,870	Recreation
North Creek Trail	\$ 100,000	Recreation
Total	<u>\$2,082,570</u>	

2015 DRAFT BUDGET – ADDITIONAL NEEDS

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2015 Capital Projects Requiring Internal Borrowing or Alternative Financing

Project	Gross Cost	Department
Caistor Center Rd., Concession 5 to Sixteen Rd.-Mill and Pave	\$ 295,000	Public Works
Port Davidson Rd., RR 14 to Sixteen Rd. - Mill & Pave	\$ 286,100	Public Works
Road Model for Road Masterplan	\$ 11,000	Public Works
Streetlight LED Conversion	\$ 400,000	Public Works
S.G. Road 6 Bridge, Bridge #12 - replacement	\$ 900,000	Public Works
Sidewalk Reconstruction- Station St. East Side, from RR Tracks to 330 Station St.	\$ 63,200	Public Works

Total \$ 1,955,300

Staff is recommending that Bridge #12 Replacement be deferred, and that monthly bridge inspections and restrictions continue. -\$ 900,000

Remaining Unfinanced Projects \$ 1,055,300

Staff are still investigating the Streetlight conversion to LED lights. We have not yet determined the extent of rebates available and the return on investment. A further report would be provided to Council before any decision is made.

These Unfinanced Projects can be funded through internal borrowing, however that requires a payback to a reserve through the operating fund (tax revenue)

TEN YEAR CAPITAL PLAN

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**Township of West Lincoln
10 Year Capital Plan
as at February 2015**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	TOTAL
ADMINISTRATIVE/PLANNING STUDIES	\$ 90,000	\$ 100,000	\$ 70,000	\$ -	\$ 40,000	\$ -	\$ -	\$ 120,000	\$ -	\$ 65,000	\$ 485,000
BRIDGES	\$ 1,037,500	\$ 318,000	\$ 1,057,760	\$ 768,750	\$ 810,600	\$ 857,700	\$ 1,472,100	\$ 231,100	\$ 483,000	\$ 125,000	\$ 7,161,510
EQUIPMENT	\$ 326,000	\$ 399,700	\$ 375,200	\$ 244,560	\$ 484,000	\$ 310,650	\$ 253,780	\$ 400,300	\$ 319,700	\$ 424,900	\$ 3,538,790
FACILITIES AND PARKS	\$ 312,700	\$ 14,430,000	\$ 162,500	\$ 452,400	\$ 70,000	\$ 112,000	\$ 1,987,000	\$ 1,660,500	\$ 63,000	\$ 76,600	\$ 19,326,700
FIRE EQUIPMENT	\$ 558,000	\$ 71,000	\$ 342,000	\$ 422,000	\$ 17,000	\$ 293,000	\$ 18,000	\$ 418,000	\$ 19,000	\$ 319,000	\$ 2,477,000
ROADS - STUDIES	\$ 11,000	\$ 60,000	\$ -	\$ -	\$ -	\$ 76,300	\$ -	\$ -	\$ -	\$ -	\$ 147,300
ROADS-HOT MIX	\$ 581,100	\$ 595,000	\$ 572,000	\$ 2,080,000	\$ 896,000	\$ 415,000	\$ 667,000	\$ 1,390,000	\$ 1,016,300	\$ 300,000	\$ 8,512,400
ROADS-SURFACE TREATMENT	\$ 410,000	\$ 1,541,000	\$ 1,019,500	\$ 1,188,000	\$ 774,000	\$ 1,185,000	\$ 861,000	\$ 232,000	\$ 638,000	\$ 662,000	\$ 8,510,500
SANITARY SEWER(WASTEWATER)	\$ 262,000	\$ 989,000	\$ 664,000	\$ 644,000	\$ 215,000	\$ 336,000	\$ 425,000	\$ 495,000	\$ 315,000	\$ 940,000	\$ 5,285,000
SIDEWALKS	\$ 146,500	\$ 418,500	\$ 177,000	\$ 302,500	\$ 338,000	\$ 368,000	\$ 198,100	\$ 176,500	\$ 195,500	\$ 195,000	\$ 2,515,600
STORM SEWER	\$ 11,500	\$ 72,700	\$ 6,900	\$ 47,200	\$ 35,350	\$ 389,540	\$ 27,770	\$ 29,000	\$ 29,750	\$ 30,500	\$ 680,210
STREETLIGHTS -LED CONVERSION	\$ 400,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 400,000
WATER	\$ 105,000	\$ 50,000	\$ 81,000	\$ 525,000	\$ 540,000	\$ 115,000	\$ 50,000	\$ 50,000	\$ 117,000	\$ 50,000	\$ 1,683,000
TOTAL	\$ 4,251,300	\$ 19,044,900	\$ 4,527,860	\$ 6,674,410	\$ 4,219,950	\$ 4,458,190	\$ 5,959,750	\$ 5,202,400	\$ 3,196,250	\$ 3,188,000	\$ 60,723,010

TEN YEAR CAPITAL PLAN

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**Township of West Lincoln
10 Year Capital Plan - Financing
as at February 2015**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 TOTAL	
DEVELOPMENT CHARGES	\$ 152,450	\$ 8,221,680	\$ 93,509	\$ 435,876	\$ 350,421	\$ 136,250	\$ 162,726	\$ 254,950	\$ 89,633	\$ 211,600	\$ 10,109,095
IN LIEU OF PARKLAND	\$ 94,520	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 94,520
FIRE RESERVE	\$ 558,000	\$ 49,500	\$ 342,000	\$ 422,000	\$ 17,000	\$ -	\$ -	\$ 120,000	\$ -	\$ 65,000	\$ 1,573,500
FACILITY RESERVE	\$ 62,080	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 62,080
SIDEWALK RESERVE	\$ 65,300	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,300
EQUIPMENT RESERVE	\$ 326,000	\$ 989,000	\$ 664,000	\$ 644,000	\$ 215,000	\$ 336,000	\$ 425,000	\$ 495,000	\$ 310,100	\$ 940,000	\$ 5,344,100
SANITARY SEWER RESERVE	\$ 249,850	\$ 839,800	\$ 634,750	\$ 566,800	\$ 202,850	\$ 305,050	\$ 425,000	\$ 409,150	\$ 264,000	\$ 772,000	\$ 4,669,250
WATER RESERVE	\$ 105,000	\$ 50,000	\$ 81,000	\$ 284,824	\$ 270,679	\$ 115,000	\$ 50,000	\$ 50,000	\$ 83,267	\$ 50,000	\$ 1,139,770
PLANNING RESERVE	\$ 9,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,000
ARENA RESERVE	\$ -	\$ 114,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 114,000
LIBRARY RESERVE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 416,000	\$ -	\$ -	\$ -	\$ 416,000
CAPITAL RESERVE	\$ 105,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 105,000
BRIDGE RESERVE	\$ 26,700										\$ 26,700
GAS TAX	\$ 400,600	\$ 400,600	\$ 400,600	\$ 400,600	\$ 400,600	\$ 400,600	\$ 400,600	\$ 400,600	\$ 400,600	\$ 400,600	\$ 4,006,000
OPERATING FUND	\$ 27,500										\$ 27,500
OTHER GRANTS	\$ 114,000	\$ 114,000	\$ 64,000								\$ 292,000
UNFUNDED	\$ 1,955,300	\$ 8,266,320	\$ 2,248,001	\$ 3,920,310	\$ 2,763,400	\$ 3,165,290	\$ 4,080,424	\$ 3,472,700	\$ 2,048,650	\$ 748,800	\$ 32,669,195
TOTAL	\$ 4,251,300	\$ 19,044,900	\$ 4,527,860	\$ 6,674,410	\$ 4,219,950	\$ 4,458,190	\$ 5,959,750	\$ 5,202,400	\$ 3,196,250	\$ 3,188,000	\$ 60,723,010

2015 Draft Budget

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Working with Three Scenarios

Scenario #1, 2.4% tax increase

Departmental budgets remain at 2014 levels and are only adjusted for mandatory commitments. Contribution to Library reserve remains at 2014 level, which is \$25,000.

Scenario #2, 4.80% tax increase

Similar to #1, however additional transfers to reserves as follows: Capital - \$72,000, Contingency - \$48,000 and Library \$25,000

Scenario #3, 6.90% tax increase

Similar to #1, however additional transfers to reserves as follows: Capital - \$96,000, Library – \$50,000, Contingency - \$48,000 and Winter Control - \$55,000

2015 Draft Budget

	Scenario #1	Scenario #2	Scenario #3
Overall Tax Revenue	\$5,138,650	\$5,258,650	\$5,362,650
<i>% change in Tax Levy</i>	2.40%	4.80%	6.90%
annual \$ increase on avg. home	\$22	\$47	\$67
Contribution to Capital	\$ -	\$72,000	\$96,000
<i>% addition to Levy</i>		1.50%	2.00%
Contribution to Winter Control	\$ -	\$ -	\$55,000
<i>% addition to Levy</i>			1.10%
Contribution to Contingency	\$ -	\$48,000	\$48,000
<i>% addition to Levy</i>		1.00%	1.00%
Contribution to Library Reserve	\$ 25,000	\$ 25,000	\$50,000
<i>% addition to Levy</i>			0.50%
Average Home is assessed at	\$303,103		

2015 BUDGET OPEN HOUSE

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NEXT STEPS

- Monday, March 23rd – Budget Public Meeting, 6:30 pm
- Tuesday, March 24th – 2nd Public Meeting(if necessary), 6:30pm
- Monday, March 30th – Council Approval of 2015 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 13th . 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.

2015 BUDGET OPEN HOUSE

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