



Township of
Springwater

**2018
Budget
Overview**

Special Meetings of Council (Budget Deliberations)

November 29, December 4 & 6, 2017

Agenda

1. Budget Process/Timelines
2. Council Budget Direction
3. 2018 Draft Consolidated Budget
 - a) Reserves
 - b) Reserve Funds
 - c) Debt
4. 2018 Draft Tax Supported Operating Budget
5. 2018 Draft Water Operating Budget
6. 2018 Draft Wastewater Operating Budget
7. 2018 Draft Capital Budget & Six Year Capital Plan

Budget Process To Date

July 5, 2017 (Council Meeting):

- ✓ 2018 Budget Directions Report

August 2017 to October 2017:

- ✓ Staff prepared draft capital and operating budgets

October 2017:

- ✓ Department budget meetings (Dept Head & Director of Finance)
- ✓ Senior Management meetings

November 2017:

- ✓ Budget binders distributed to Council (Nov 10)
- ✓ Budget available on Township website (Nov 10)
- ✓ Official Tabling of Draft 2018 Budget (Nov 15)

Budget Timelines

November 27, 2017 (Special Council Meeting):

Budget Deliberation Meeting #1

November 29, 2017 (Special Council Meeting):

Budget Deliberation Meeting #2

December 4, 2017 (Special Council Meeting):

Budget Deliberation Meeting #3

December 6, 2017 (Special Council Meeting):

Budget Deliberation Meeting #4

December 20, 2017 (Regular Council Meeting):

Adoption of 2018 Budget

Council Budget Direction

July 5, 2017

The 2018 Budget & Business Plan will be prepared that considers:

- The cost of maintaining existing programs/services at current levels;
- The costs associated with infrastructure that is operated and maintained by the Township;
- A reasonable estimate of assessment growth;
- Cost of living allowance (COLA) based on the twelve month Ontario CPI average from June 2016 to May 2017 (1.84%);
- Anticipated 2018 workloads; and

Council Budget Direction

July 5, 2017

- Water and wastewater rates that have been approved by Council on November 1, 2017 through the update of the Township's Water & Wastewater Rate Study:

Water – a 0.0% increase over 2017 rates

Wastewater – a 3.7% increase over 2017 rates

Any service enhancements/reductions and/or changes or new service proposals will be presented as Program Changes to allow Council to consider each Program Change based on its own merit.

**2018
Draft
Consolidated
Budget**

Budget Framework

Proposed Consolidated Budget

- includes Operating Budgets (Tax Based, Water & Wastewater), and Capital Infrastructure Requirements/Needs

Capital Budget & Six Year Plan

- includes expenditures that are required to build/maintain/replace the Township's major infrastructure (Growth and R/R)
- Roads, Bridges, Water, Wastewater, Fleet, Parks, Facilities, etc.

Operating Budget (Tax Based, Water & Wastewater):

- includes costs that are required to maintain existing service levels (core services)
- includes new initiatives (Program Changes)
- salaries & benefits, contracted services, utilities, general operating costs

Consolidated Gross Expenditures

Gross Expenditures	2017 Budget	2018 Budget	Variance \$	Variance %
Tax Supported Operating Budget	\$16,966,923	\$18,389,464	\$1,422,541	8.4
Water Operating Budget	2,786,830	2,755,742	(31,088)	(1.1)
Wastewater Operating Budget	1,500,715	1,277,809	(222,906)	(14.9)
Capital Budget	10,200,600	14,841,520	4,640,920	45.5
Total Gross Expenditures	\$31,455,068	\$37,264,535	\$5,809,467	18.5

Consolidated Gross Revenues

Gross Revenues	2017 Budget	2018 Budget	Variance \$	Variance %
Tax Supported Operating Budget	\$16,779,499	\$18,052,241	\$1,272,742	7.6
Water Operating Budget	2,786,830	2,755,742	(31,088)	(1.1)
Wastewater Operating Budget	1,500,715	1,277,809	(222,906)	(14.9)
Capital Budget	10,200,600	14,841,520	4,640,920	45.5
Total Gross Revenues	\$31,267,644	\$36,927,312	\$5,659,668	18.1
Net Tax Levy Before Program Change	\$187,424	\$337,223		
Program Changes	156,135	239,777		
Net Tax Levy Requirement	\$343,559	\$577,000		

Impact on Average Residential Property

	2017	2018	Increase \$	Increase %
Township of Springwater Portion	\$1,447.13	\$1,492.00	\$44.87	3.10
County of Simcoe Portion	1,244.67	1,257.61	12.94	1.04
Education Portion	756.43	756.43	-	-
Total Property Taxes	\$3,448.23	\$3,506.04	\$57.81	1.68
Policing Charge	216.00	226.00	10.00	4.63
Total Tax Bill	\$3,664.23	\$3,732.04	\$67.81	1.85

Figures above exclude program changes

Average Residential Assessment (MPAC) - \$422,584



Allocation of Taxes: Overview

The proposed 2018 Budget would result in a property tax amount of **\$3,732.04** for an average residential assessment (MPAC) of \$422,584.

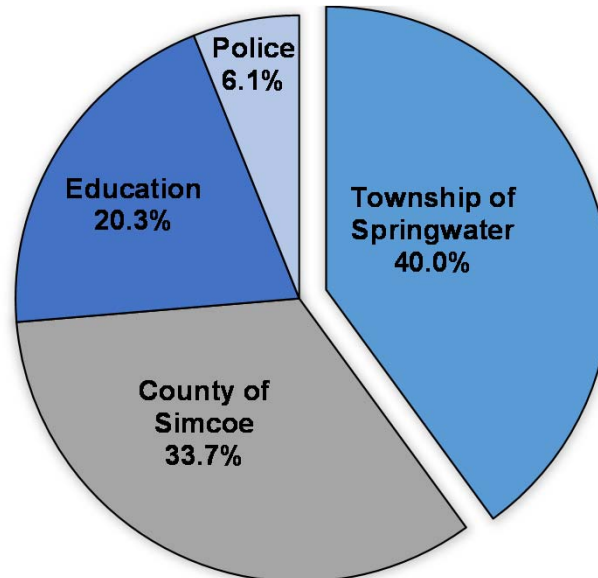


This equates to a **\$67.81** property tax increase over 2017.



The Township's portion of the 2018 tax increase would be **\$44.87**.

Allocation of 2018 Property Taxes



Allocation of Taxes: Township

From previous slide

The Township's portion of the 2018 tax increase would be **\$44.87**.



What's driving this increase?

Council	\$ 1.61
General Administration	\$ 19.01
Fire	\$ 20.98
Building	\$ -
Public Works	\$ 34.21
Recreation, Parks, & Properties	\$ 23.15
Planning	\$ 12.00
BIA	
Conservation	\$ 1.95
Library	\$ 12.14
Police	
Corporate Revenues	(80.18)
Total	44.87

Impact on Other Residential Properties

Assessment	2017	2018	Increase \$	Increase %
\$100,000	\$342.45	\$353.07	\$10.62	3.10%
\$250,000	856.12	882.67	26.55	3.10%
\$422,584 (average)	1,447.13	1,492.00	44.87	3.10%
\$550,000	1,883.47	1,941.88	58.41	3.10%
\$700,000	2,397.14	2,471.48	74.34	3.10%
\$850,000	2,910.82	3,001.09	90.27	3.10%
\$1,000,000	3,424.49	3,530.69	106.20	3.10%

Figures above assume Township portion only on property tax bill

Historical View of Tax Increases

	2014	2015	2016	2017	2018 Proposed
Springwater Net Tax Levy Increase (%)	2.02	0.81	1.08	1.39	3.10
Springwater Net Tax Levy Increase (\$)	\$26.56	\$10.59	\$14.17	\$19.45	\$44.87
County Net Tax Levy Increase	2.00	1.06	2.00	2.00	1.04
Blended Tax Increase % (includes County & Education, Policing Charge)	1.52	1.57	1.16	1.43	1.85
Blended Tax Increase (\$) Average Residential Property	\$49.59	\$54.09	\$37.03	\$48.20	\$67.31



Program Changes/ New Initiatives

Program Change	Gross Exp.	Revenues	Net Tax Impact \$	Net Tax Impact %
Staff	\$203,351	\$10,000	\$193,351	1.78
Service Partners	46,426	-	46,426	0.43
Grand Total	\$249,777	\$10,000	\$239,777	2.21



Impact on Average Residential Property

	2017	2018	Increase \$	Increase %
Township of Springwater Portion	\$1,447.13	\$1,523.98	\$76.85	5.31
County of Simcoe Portion	1,244.67	1,257.61	12.94	1.04
Education Portion	756.43	756.43	-	-
Total Property Taxes	\$3,448.23	\$3,538.02	\$89.79	2.60
Policing Charge	216.00	226.00	10.00	4.63
Total Tax Bill	\$3,664.23	\$3,764.02	\$99.79	2.72

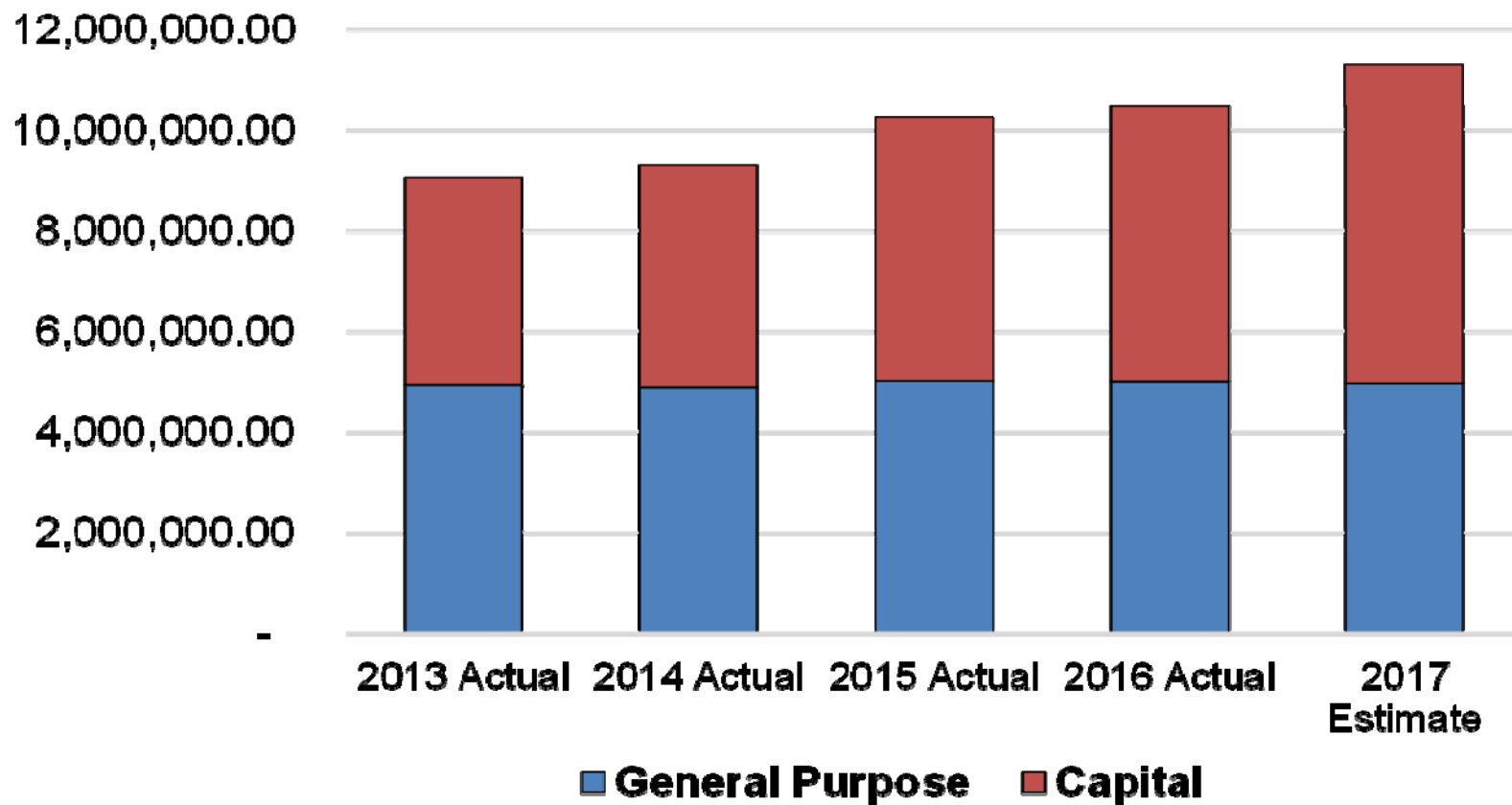
Figures above include all program changes

Average Residential Assessment (MPAC) - \$422,584

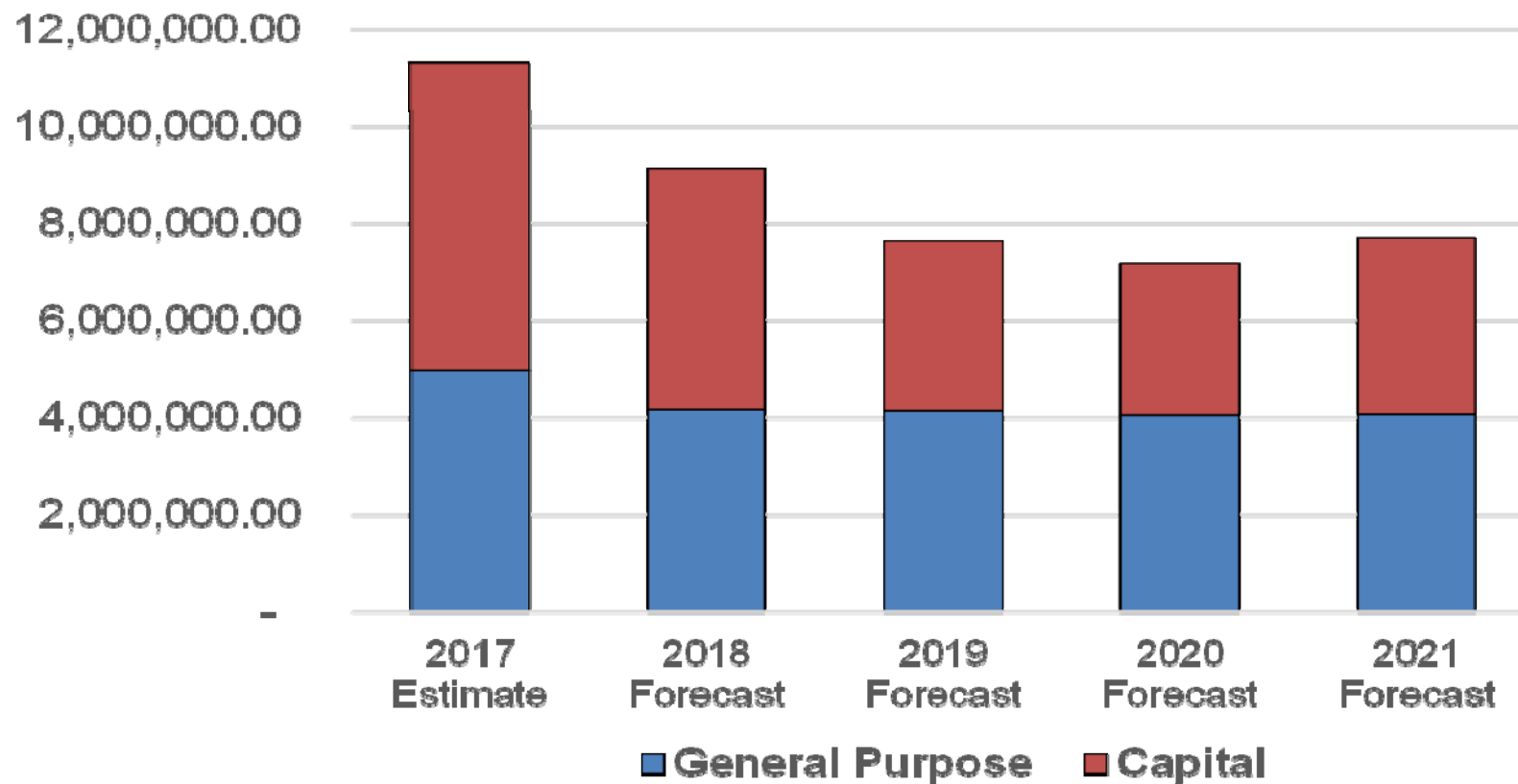


Reserves

Reserves 2013 to 2017

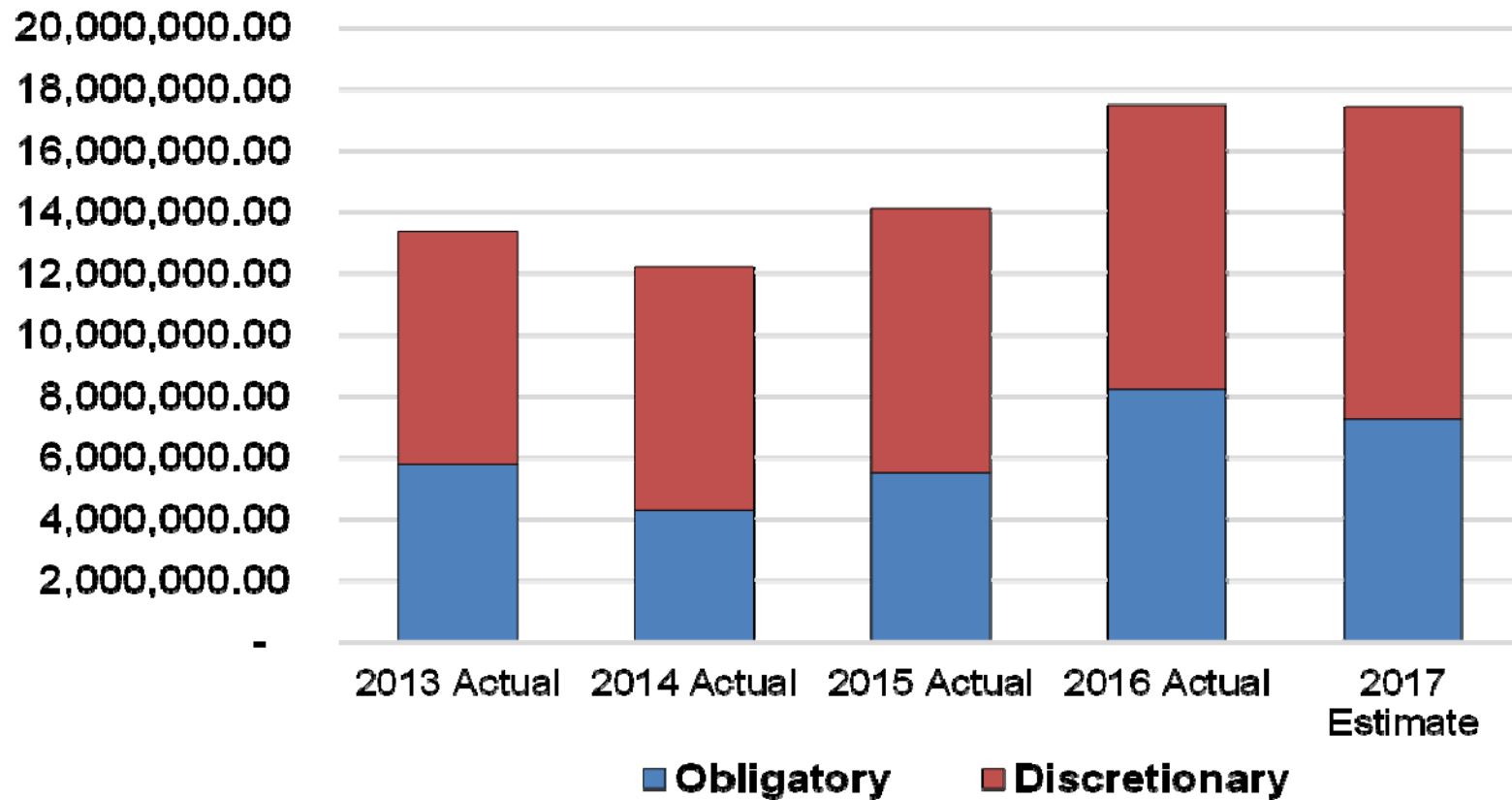


Forecast Reserves 2017 to 2021

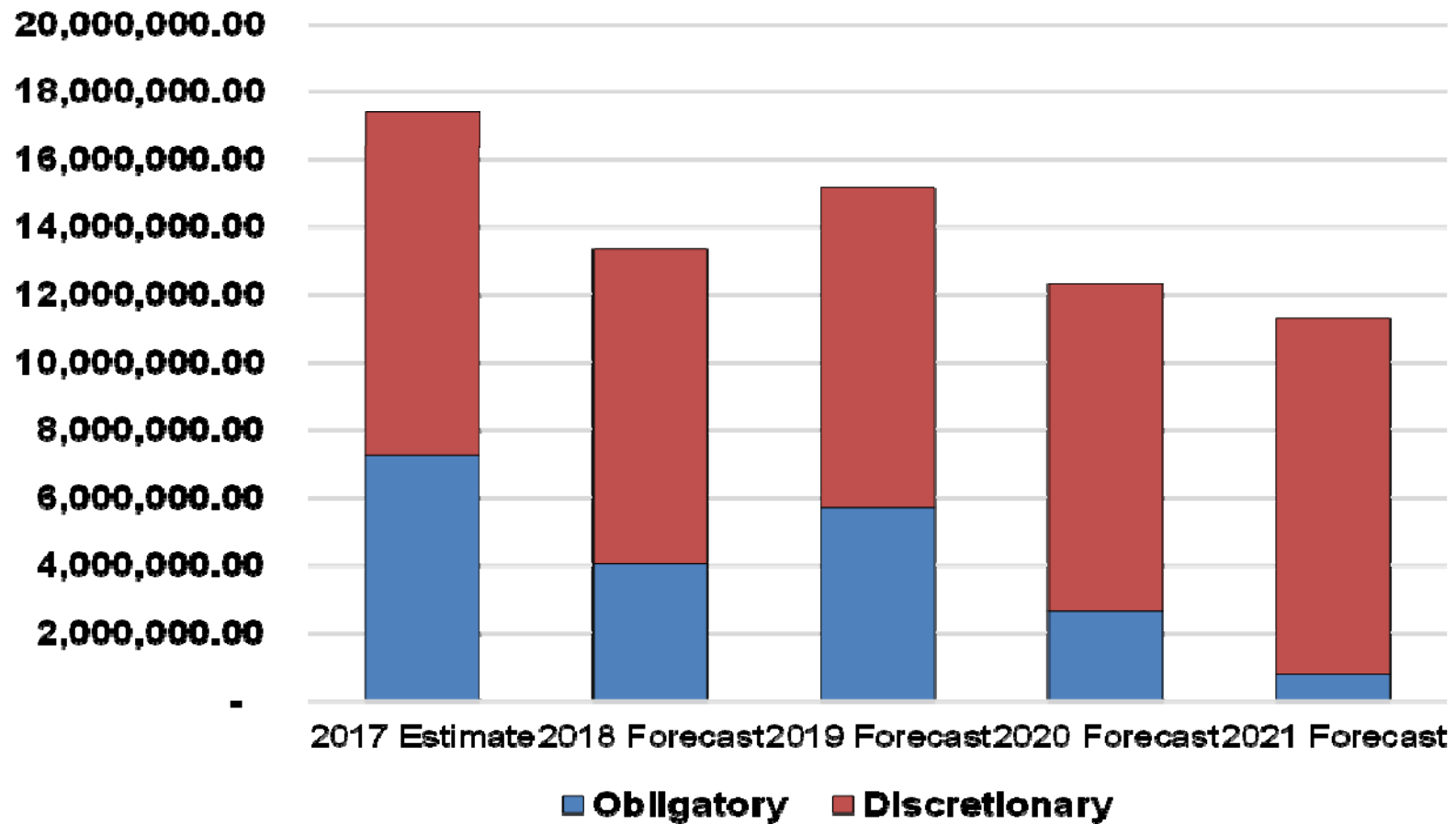


Reserve Funds

Reserve Funds 2013 to 2017



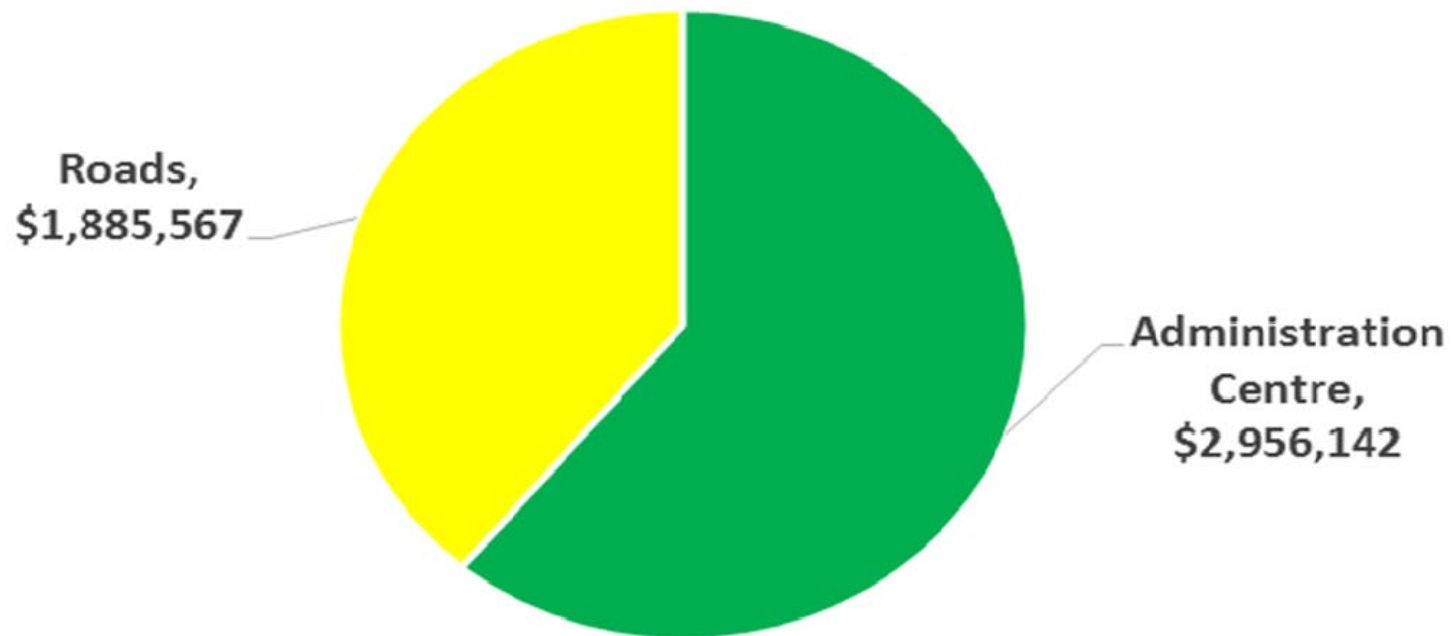
Forecast Reserve Funds 2017 to 2021



Debt

Total Existing Outstanding Debt

Total Outstanding Debt - \$4.8M



Existing Debt Capacity

	Amount
A) Estimated 2017 Net Revenues less Grants & Contributions	\$17.8M
B) 25% of Net Revenues (\$17.8M X 25%)	\$4.5M
C) Current Debt Servicing Costs	\$671,408
D) 2017 Estimated Annual Repayment Limit (B - C)	\$3.79M
Available Debt Capacity (D / B)	84.9%
Used Debt Capacity (C / B)	15.1%

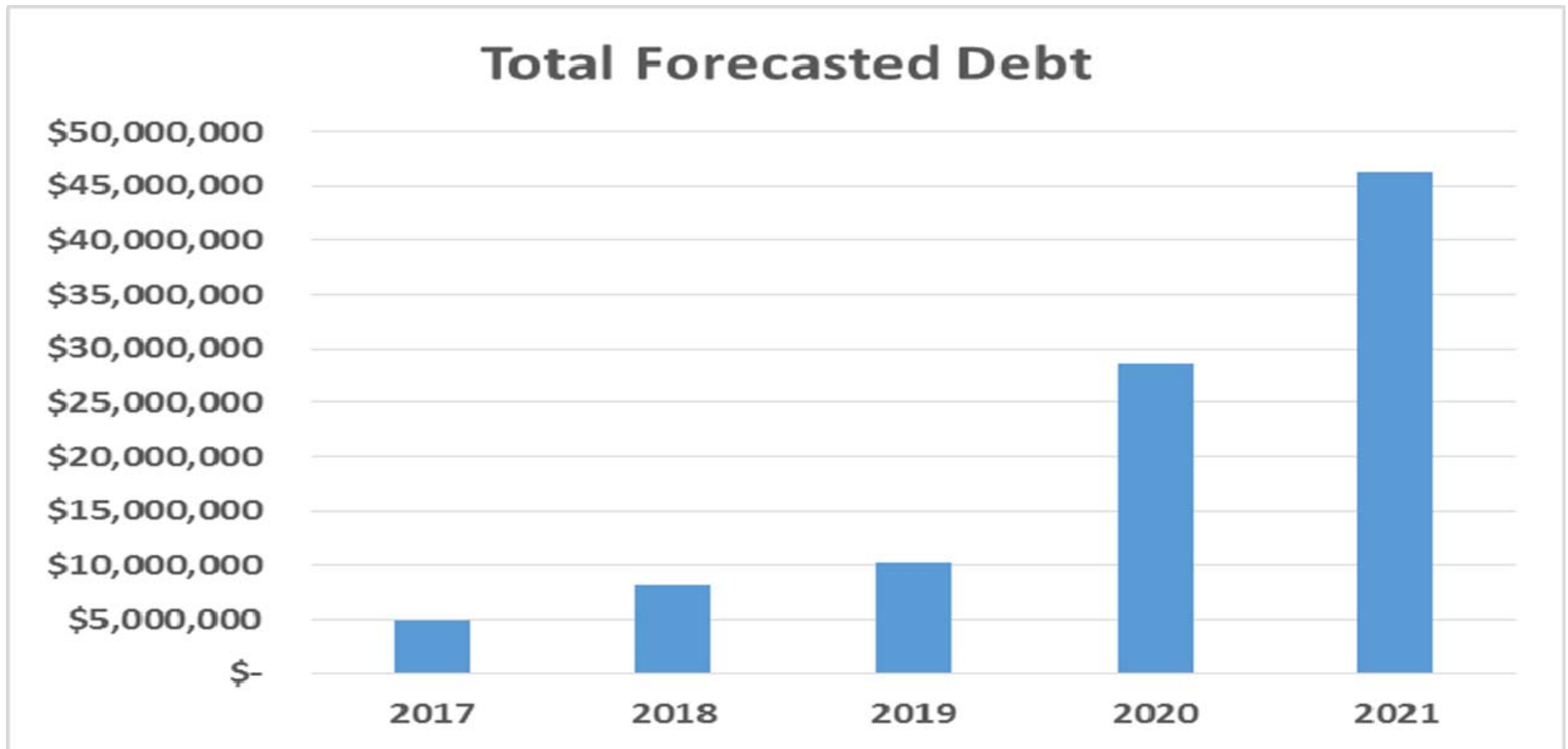
Provincial Government allows municipality's to borrow up to 25% of their own net revenues in order to service their annual debt servicing costs.

Debt Capacity – refers to the Township's ability to borrow and/or the amount of funding up to which the Township can borrow.

2018 Annual Debt Servicing Costs (Estimated Principal & Interest)

	Amount	Funding Source
Administration Centre	280,122	Taxation
Roads	649,420	Taxation
Total	\$929,542	

Debt Forecast (2017 – 2021)



**2018
Draft
Tax Supported
Operating
Budget**

Tax Supported Operating Budget

(Taking care of daily services)

Covers spending on services such as fire and emergency services, roads and bridge maintenance, streetlights, parks, library, etc.

The operating budget is the primary means by which most of the financing acquisitions, spending, and service delivery activities of the municipality are controlled.

The annual operating budget is developed to reflect the costs that are required to maintain existing programs and services.

Draft Tax Supported Operating Budget

	2017 Budget	2018 Budget
Gross Expenditures	\$17,175,384	\$18,389,464
Gross Revenues (net of levy requirement)	16,831,825	18,052,241
Surplus/(Deficit)	(\$343,559)	(\$337,223)

2018 Budget Drivers

Township Budget Drivers	Amount	%
Township Net Tax Levy (excluding assessment growth)	\$190,441	1.75
Add: Compensation Review	181,938	1.67
Add: Cost of Living Adjustment	108,104	0.99
Add: Bill 148 & Merit increases	18,295	0.17
Add: Annualized costs for new positions approved in 2017	37,151	0.34
Add: Life, Health & Dental premium increase	52,718	0.48
Add: Vision premium	5,519	0.05
Add: Employment Insurance premium benefit	1,910	0.02



2018 Budget Drivers

Township Budget Drivers	Amount	%
Add: Additional Debt (principal and interest)	\$173,538	1.60
Add: Celebrate Springwater annual event	39,500	0.36
Add: Reduction in penalty revenue on overdue accounts	45,000	0.41
Add: Increase in contracted services (road maintenance)	83,105	0.76
Deduct: Increase in investment income (estimated)	(20,000)	(0.18)
Deduct: Additional facility and ice rental revenue	(42,950)	(0.39)
Total Township Budget drivers	\$874,269	8.04



2018 Budget Drivers

Service Partner Budget Drivers	Amount	%
Add: Library Services	\$91,167	0.84
Add: NVCA – general levy	6,551	0.06
Add: NVCA – asset management levy	3,099	0.03
Add: SSEA – general levy	4,996	0.04
Total Service Partner Budget Drivers	\$105,813	0.97



2018 Budget Drivers

	Amount	%
Total Township Budget Drivers	\$874,269	8.04
Total Service Partners Budget Drivers	105,813	0.97
Add: Assessment growth revenue (estimated)	(642,859)	(5.91)
2018 Net Tax Levy (including assessment growth)	\$337,223	3.10



Staff

Program Changes/New Initiatives

Program Change	Gross Exp.	Revenues	Net Tax Impact \$	Net Tax Impact %
Recreation Facility Monitors	\$46,318	\$10,000	\$36,318	0.33
Outdoor Maintenance Worker	58,963	-	58,963	0.54
Staffing – Long Weekends	34,295	-	34,295	0.32
By-law Enforcement Officer	51,916	-	51,916	0.48
Co-op Student	11,859	-	11,859	0.11
Sub-total	\$203,351	\$10,000	\$193,351	1.78



Service Partners

Program Changes/New Initiatives

Program Change	Gross Exp.	Revenues	Net Tax Impact \$	Net Tax Impact %
Extended Hours – Library	\$46,426	-	\$46,426	0.43
Sub-total	46,426	-	46,426	0.43



Total Program Changes/New Initiatives

Program Change	Gross Exp.	Revenues	Net Tax Impact \$	Net Tax Impact %
Staff	\$203,351	\$10,000	\$193,351	1.78
Service Partners	46,426	-	46,426	0.43
Total	\$249,777	\$10,000	\$239,777	2.21



Change in Net Expenditures by Department

Department (Base Operating Budget)	2017 \$	2018 \$	Variance \$
Council	243,791	255,874	12,083
General Administration*	2,138,606	2,281,491	142,885
Fire Services & Emergency Management	1,335,811	1,493,457	157,646
Building Services	-	-	-
Public Works	4,583,645	4,840,676	257,031
Recreation, Parks & Properties	1,884,317	2,058,282	173,965
Planning, COA, Econ. Dev., By-Law	558,407	648,579	90,172
BIA	-	-	-

* General Administration includes CAO, HR, Clerk's Office, Information Technology, Finance, Heritage & Cemeteries

Change in Net Expenditures by Department

Department	2017 \$	2018 \$	Variance \$
Conservation:			
Nottawasaga Valley Conservation Authority	161,742	171,392	\$9,650
Severn Sound Environmental Association	38,638	43,634	4,996
Total Conservation	\$200,380	\$215,026	\$14,646
Library	507,962	599,129	91,167
Policing (net of Policing Charge)	-	-	-
Corporate Revenues	(\$11,452,920)	(\$12,055,291)	(602,371)
Net Expenditures before program changes	-	337,223	337,223
Program Changes	-	239,777	239,777
Total Proposed Net Expenditure	-	\$577,000	\$577,000

Council (Tab 3)

Departmental Budget

Net Expenditures: Council

2017 Budget \$	2018 Budget \$	Variance	Cost per \$100,000 in Residential Assessment
243,791	255,874	12,083	\$0.38

Council (Tab 3)

Base Budget Variances:

- Net increase of \$12,083 over 2017.
- Projected increases due to rise in cost of living adjustment (COLA), proposed increase in group benefits, and increased mileage / travel costs.

Requested Budget Variances:

- None

General Administration (Tab 4)

Departmental Budget

Net Expenditures: General Administration

2017 Budget \$	2018 Budget \$	Variance	Cost per \$100,000 in Residential Assessment
2,138,606	2,281,491	142,885	\$4.50

General Administration includes: CAO & Human Resources; Finance; Information Technology; Clerk's

General Administration (Tab 4)

Base Budget Variances

- Net increase of \$142,885.
- Salary & Benefits pressures, including:
 - Implementation of Compensation Review recommendations;
 - Cost of living adjustment (COLA);
 - Annualized costs of new Tax & Utility Coordinator position; and
 - Upgrading of Financial Analyst position to Manager of Financial Reporting/Budgets.
- 2018 Municipal Election (100% offset through Reserves);
- Study to improve Township's asset management (partially offset through Federation of Canadian Municipalities' funding)

Requested Program Changes / New Initiatives

- None

General Administration (Tab 4)

Major Initiatives in 2018

CAO & HR:

- Ongoing corporate oversight;
- Enhancements to open government;
- Leadership Training (Council and Staff);
- 2015 to 2018 Strategic Plan;
- Effective and efficient government;
- Human Resource Management and Succession Planning;
- Special Projects;
- Legal review and claims administration;
- Implementation of Bill 148.

General Administration (Tab 4)

Major Initiatives in 2018

Clerk's Office:

- Management and execution of municipal election;
- Implementation of Bill 68 – *Modernizing Ontario's Municipal Legislation Act*;
- Review and analysis of all Township committees;
- Midhurst Union Cemetery regeneration;
- Update, configuration and launch of iCompass web portal and meeting management software;
- Ongoing Council meeting management (agendas/minutes/by-laws);
- Ongoing legislative functions (licensing, permits, FOI, etc.)

General Administration (Tab 4)

Major Initiatives in 2018:

Finance:

- Update Township's Development Charge Background Study and By-law;
- Finalize negotiated Funding and Financing Agreement with the Midhurst Secondary Plan Landowners (pending EA approval);
- Prepare and finalize financial policy framework;
- Support ongoing development of Asset Management Plans for Township's infrastructure;
- Implement new Budget software to streamline processes and enhance reporting;

General Administration (Tab 4)

Major Initiatives in 2018

Finance (continued from previous slide):

- Finalize implementation of My Springwater to allow for the online payment and distribution of Utility and Property Tax bills and arrears notices;
- Conduct process reviews in order to identify efficiencies and increase capacity.

Information Technology:

- Implement new server infrastructure;
- Coordinate new software installations (Building and Finance).

Fire & Emergency Services (Tab 5) Departmental Budget

Net Expenditures: Fire & Emergency Services

2017 Budget \$	2018 Budget \$	Variance	Cost per \$100,000 in Residential Assessment
1,335,811	1,493,457	157,646	\$4.96

Fire & Emergency Services (Tab 5)

Base Budget Variances:

- Net increase of \$157,646 over 2017. Mainly due to:
- Salaries & Benefits:
 - Implementation of Compensation Review recommendations;
 - Cost of living adjustment (COLA);
 - Proposed increase in group benefits.
- Increase in vehicle repairs;
- Increase in uniform allowance to meet needs of firefighters and their officers

Requested Program Changes / New Initiatives

- Program Change: Additional \$34,295 impact.

Fire & Emergency Services (Tab 5)

Major Initiatives in 2018

- Complete Station 2/Yard 1 renovation and addition;
- Continue to work on permanent Station 2 for Midhurst;
- Recruit and retain Paid-on-Call Firefighters;
- Continue to review and implement recommendations of Master Fire Plan;
- Replace a Pickup truck, replace an SUV, Net new Training and Prevention vehicle, proposed are 3 x pickup trucks;
- Renovate Station 5;
- Increase staffing on long weekends to guarantee an appropriate level of service and response time.

Fire & Emergency Services (Tab 5) Program Changes/New Initiatives

Program Change	Gross Exp.	Revenues	Net Tax Impact \$	Net Tax Impact %
Staffing - Long Weekends	\$34,295	-	\$34,295	0.54