
To: Mayor and Council

From: Jeff Schmidt, Director of Finance

Date: July 5, 2017

Subject: 2018 Budget Directions Report

Report Highlights

- 2018 Budget & Business Plan to be developed based on maintaining existing programs/services at current levels.
- Cost of living allowance (COLA) based on twelve month Ontario Consumer Price Index average.
- Budget & Business Plan proposed to be adopted in January 2018.

Background

The purpose of this report is to provide an overview of the 2018 Budget & Business Plan process and highlight the proposed key milestones for budget development. The report also highlights some key budget pressures that are facing the Township in 2018.

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

- a) The cost of maintaining existing programs/services at current levels;
- b) The costs associated with infrastructure that is operated and maintained by the Township;
- c) A reasonable estimate of assessment growth;
- d) Cost of living allowance (COLA) based on the twelve month Ontario CPI average from June to May;
- e) Anticipated 2018 workloads; and
- f) Water and wastewater rates that have been approved/considered by Council in September/October 2017 through the update of the Township's Water & Wastewater Rate Study.

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.

The 2018 Capital Budget will be prepared that considers:

- a) The Township's Asset Management Plan;
- b) The priority and need of the Township's assets;

- c) Availability of financial and human resources to complete the work; and
- d) Financial affordability of the Township

2018 Budget Process:

Staff is planning to use the following process for the development of the 2018 Budget & Business Plan, namely:

a. Department Business Plans:

The purpose of the department business plan is to provide consistent details about the responsibilities, activities, and outcomes provided by each department.

b. Base Operating Budgets:

The base operating budget is the annual spending plan for the Township's recurring expenses and the means of financing them. The base operating budget is the primary means by which most of the financing acquisitions, spending, and service delivery activities of the municipality are controlled.

The 2018 Base Operating budgets are to reflect the costs that are required to maintain existing programs and services, based on anticipated workloads for the year.

c. Program Changes:

The purpose of a program change is to provide detailed information regarding the need for a change in program direction or a change in staff. Departments requesting a change in program direction and/or new staffing in 2018 will be required to complete a program change.

d. Capital Plan:

The capital plan is comprised of the expenditures for the acquisition or repair and replacement of the tangible capital assets (TCA) of the municipality.

e. Budget Tabled:

This refers to when the draft Budget & Business Plan will be brought to Council for commencement of budget deliberations. The 2018 Budget & Business Plan is proposed to be tabled on Wednesday, November 15, 2017.

f. Council Public Deliberations:

Staff is proposing to hold three to four Council public deliberation sessions in November 2017. These sessions would be half day sessions commencing in the morning and concluding in the early afternoon. During these sessions, staff would present draft budget details to Members of Council and the public for their consideration and comment. Staff is proposing dates of November 27, 29, and December 4 and 6, 2017.

g. Budget Approved:

This refers to when final adoption/approval of the draft 2018 Budget & Business Plan by Council is to occur. The 2018 Budget & Business Plan is proposed to be adopted/approved on Wednesday, January 24, 2018.

2018 Draft Budget & Business Plan Proposed Timelines

Action Item	Date
Budget Directions	July 5, 2017
Draft Budget Tabled	November 15, 2017
Draft Budget – Council Public Deliberations	November 27 & 29, 2017 December 4 & 6, 2017
Draft Budget Adoption/Approval	January 24, 2018

Cost of Living Allowance:

On September 6, 2011, Council approved resolution C 468-2011, which included the establishment of a policy in regards to the calculation of the annual cost of living allowance (“COLA”) for budget purposes. This policy sets out that COLA shall be calculated based on the twelve month Ontario consumer price index average from June to May preceding the budget preparation.

Ontario Consumer Price Index Table (all items)

2016							2017				
June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
1.72%	1.48%	1.48%	1.80%	2.11%	1.80%	1.96%	2.35%	2.34%	1.86%	1.85%	1.38%

The twelve month average CPI equates to 1.84%.

Budget Pressures:

Based on a preliminary analysis, staff have identified the following budget pressures for 2018; this is not intended to include all budget pressures, just those that are anticipated to be of significance to the Township as of the date of this report for 2018:

- Inflationary base increases (utilities, contract costs, etc.);
- Existing infrastructure replacement and rehabilitation;
- Contribution to asset lifecycle reserves;
- Proposed municipal asset management regulation;
- Revisions/updates to the 2017 Provincial Growth Plan;
- Enhancements to the Township’s Emergency Management Plan;
- Employee Compensation:
 - Implementation of Phase 2 of 2017 Compensation Survey
 - Increase in minimum wage, effective January 1, 2018
 - Cost of Living Allowance

- Annual Step Increases
 - Transition of Community Hall Boards, additional part time staff may be required in Parks, Recreation & Properties
- Space accommodation needs

Budget Implications

There are no direct budget implications to the Township as a result of this report. With that said, the Budget & Business Plan will establish expenses and funding for the provision of Township services in 2018. Confirmation of budget direction and timelines will ensure a streamlined and effective budget review process at both the staff and Council levels.

Pillars of Commitment

The above initiative supports the following Strategic Pillars of Commitment:

- *Infrastructure, Financial Management & Service Delivery*

Approvals

Submitted by: Jeff Schmidt CPA, CGA, BAS, Director of Finance

Budget Implications Reviewed by: Jeff Schmidt CPA, CGA, BAS, Director of Finance

Approved by: Robert Brindley, Chief Administrative Officer

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