



Township of
Springwater

**2019
Budget
Overview**

Special Meetings of Council (Budget Deliberations)
January 16 & 30, 2019

Agenda

1. Budget Process/Timelines
2. Council Budget Direction
3. Overview of 2019 Draft Consolidated Budget
 - a) Reserves
 - b) Reserve Funds
 - c) Debt
4. 2019 Draft Tax Supported Operating Budget
5. 2019 Draft Water Operating Budget
6. 2019 Draft Wastewater Operating Budget
7. New Initiatives/Program Changes
8. 2019 Draft Capital Budget & Ten Year Capital Plan

Budget Process To Date



Council Budget Directions

July 4, 2018

Department Business Plans, Base Budgets & Capital Plan

August – November 2018

Program Change Proposals

September – November 2018

Public Consultations

August – October 2018

Draft Budget and Senior Management Review

November 2018

Revised Budget

December 2018

Budget Tabled

January 9, 2019

Budget Timelines



Special Budget Deliberation Meetings

January 16, 2019

January 30, 2019

February 4, 2019

Budget Approved

February 20, 2019 (tentative)

Council Budget Direction

July 4, 2018

The 2019 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 2017 to May 2018 (1.77%);
- Anticipated 2019 workloads; and

Council Budget Direction

July 4, 2018

- Water and wastewater rates that have been approved by Council on October 18, 2017 through the update of the Township's Water & Wastewater Rate Study:

Water – a 0.0% increase over 2018 rates

Wastewater – a 4.3% increase over 2018 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.

**2019
Draft
Consolidated
Budget**

Budget Framework

Proposed Consolidated Budget

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

Capital Budget & Ten 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)
- salaries & benefits, contracted services, utilities, general operating costs

2019 Consolidated Budget

Budget	Gross Expenditures	Gross Revenues	Net Tax Levy Required
Tax Supported Operating	\$19.8M	\$19.7M	\$120,393
Water Rate Supported Operating	2.7M	2.7M	-
Wastewater Rate Supported Operating	1.4	1.4	-
2019 Capital	16.8	16.8	-
Total	\$40.6M	\$40.5M	\$120,393

1% Tax increase in 2019 equates to \$120,931

2019 Proposed Tax Levy Increase (Township Only)
0.99%



Policing Charge

All properties in the Township are currently charged a policing charge on their property tax bill.

2018 Charge:

\$228 per property (except farmland properties)

\$114 per farmland/managed forest property

Proposed 2019 Charge:

\$240 per property (except farmland properties)

\$120 per farmland property

Impact on Average Residential Property

	2018	2019	Increase \$	Increase %
Township of Springwater Portion	\$1,524.22	\$1,539.39	\$15.17	0.99
County of Simcoe Portion	1,286.56	1,312.29	25.73	2.00
Education Portion	767.37	767.37	-	-
Total Property Taxes	\$3,578.15	\$3,619.05	\$40.90	1.14
Policing Charge	228.00	240.00	12.00	5.26
Total Tax Bill	\$3,806.15	\$3,859.05	\$52.90	1.39

Figures above exclude program changes
Average Residential Assessment (MPAC) - \$451,393

Blended Tax Increase



Impact on Other Residential Properties

Assessment	2018	2019	Increase \$	Increase %
\$100,000	\$337.67	\$341.03	\$3.36	0.99%
\$250,000	844.18	852.58	8.40	0.99%
\$451,393 (MPAC average)	1,524.22	1,539.39	15.17	0.99%
\$550,000	1,857.19	1,875.67	18.49	0.99%
\$700,000	2,363.69	2,387.22	23.53	0.99%
\$850,000	2,870.20	2,898.77	28.57	0.99%
\$1,000,000	3,376.70	3,410.32	33.62	0.99%

Figures above assume Township portion only on property tax bill

Historical View of Tax Increases

	2014	2015	2016	2017	2018	2019 Proposed
Springwater Net Tax Levy Increase (%)	2.02	0.81	1.08	1.39	2.99	0.99
Springwater Net Tax Levy Increase (\$)	\$26.56	\$10.59	\$14.17	\$19.45	\$43.22	\$15.17
County Net Tax Levy Increase (%)	2.00	1.06	2.00	2.00	1.04	2.00
Policing Charge (\$)	194.00	216.00	216.00	216.00	228.00	240.00
Blended Tax Increase (%) (includes County & Education, Policing Charge)	1.52	1.57	1.16	1.43	1.86	1.39
Blended Tax Increase (\$) Average Residential Property	\$49.59	\$54.09	\$37.03	\$48.20	\$68.16	\$52.90

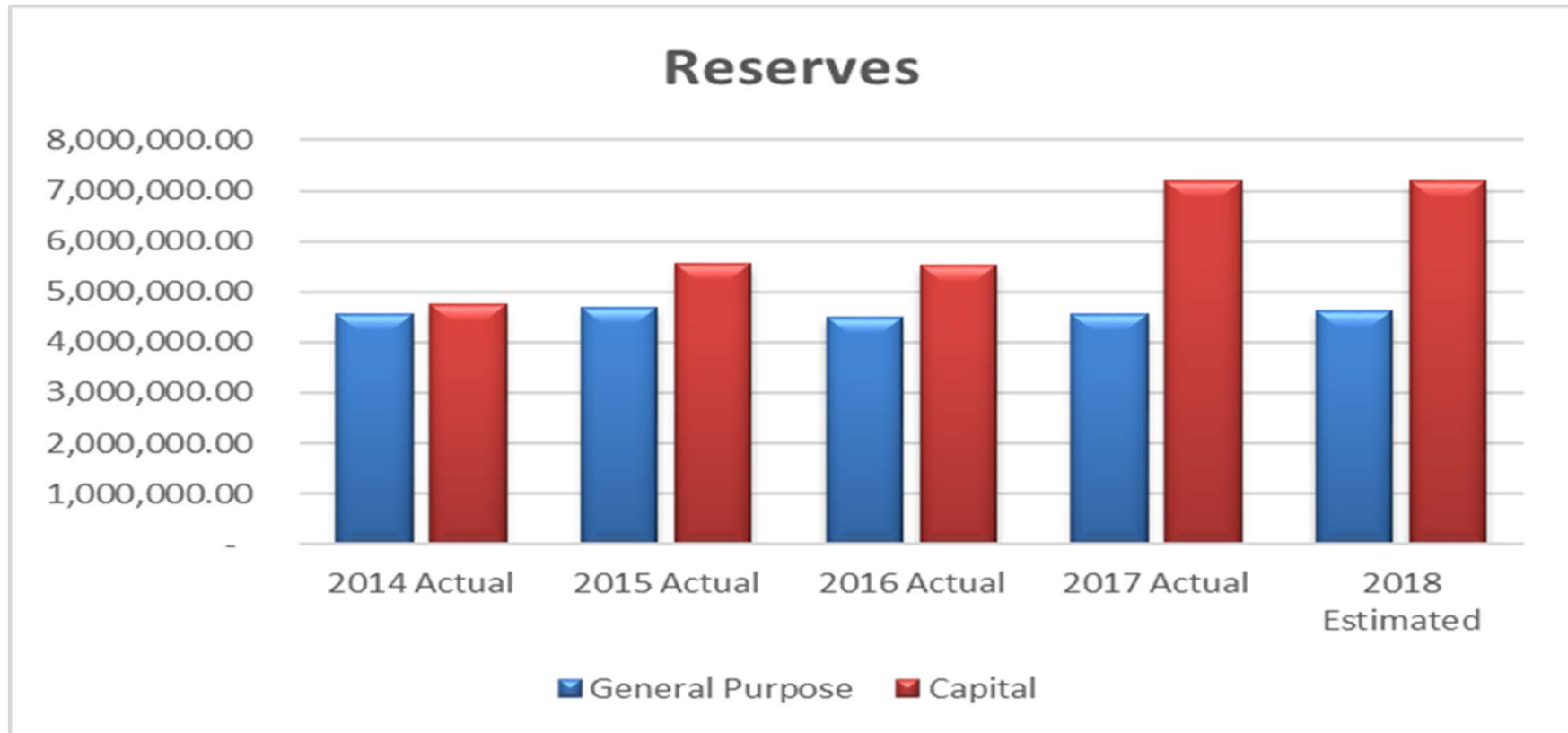


Reserves

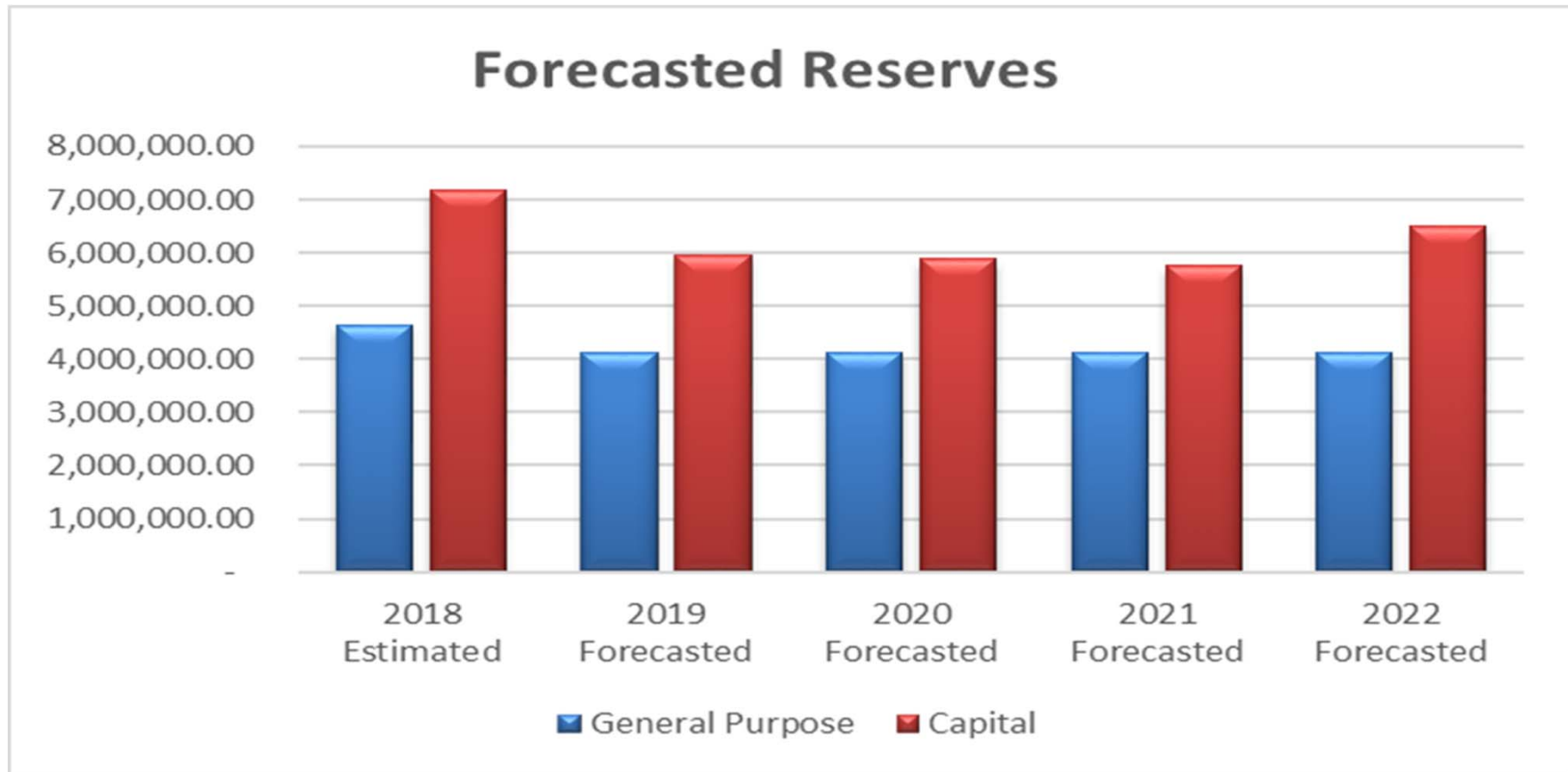
Reserves

- A reserve is an allocation from net revenue at the discretion of Council, after the provision for all known expenditures.
- Reserves do not require the physical segregation of money or assets as is the case for reserve funds.
- Reserves are housed within the main Township bank account and do not earn interest.
- An example of a reserve is the public works reserve.

Reserves 2014 to 2018



Forecasted Reserves 2018 to 2022



Reserve Funds

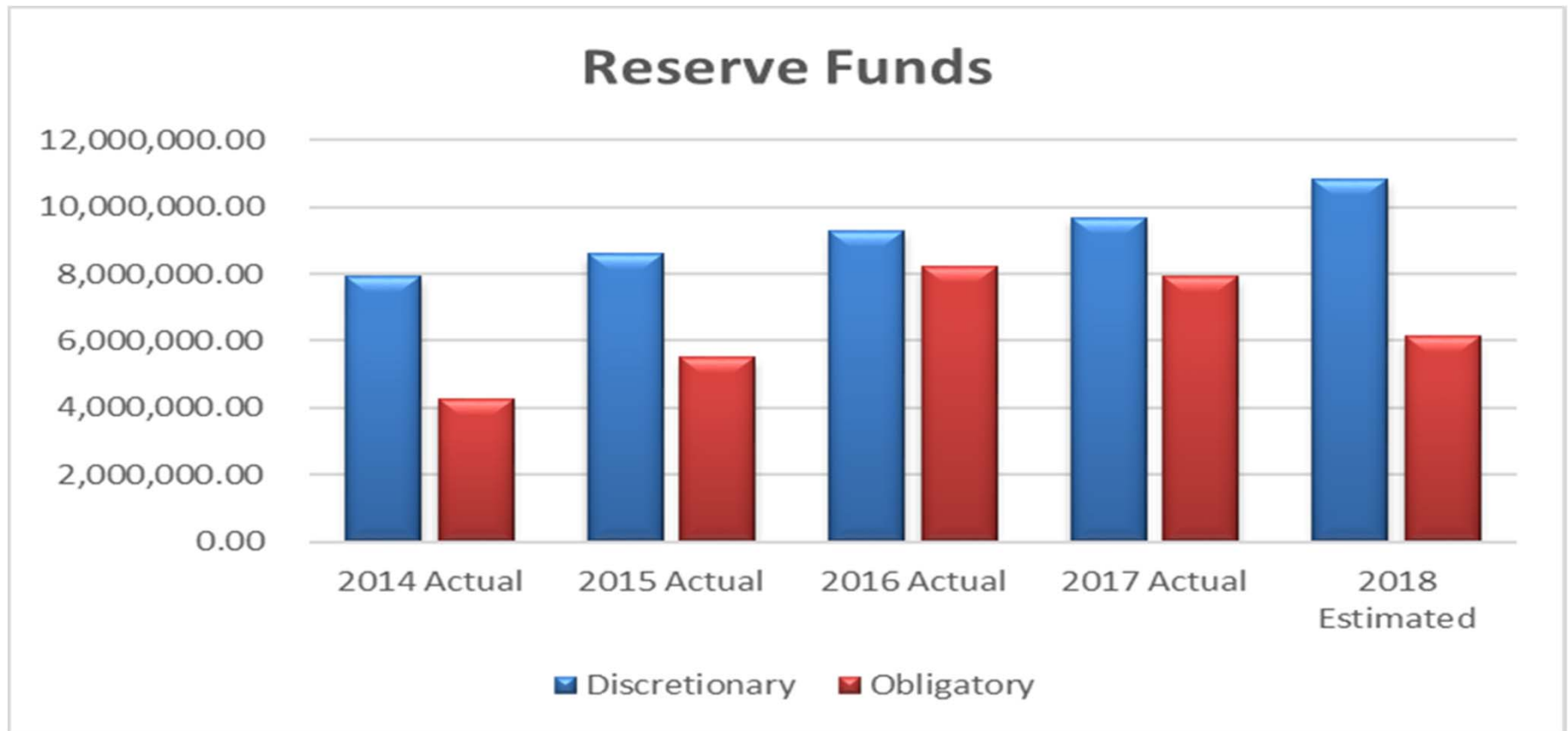
Reserve Funds

- A reserve fund is a fund that has been set aside either by by-law of the Council or by a requirement of provincial legislation to meet a future event.
- Reserve funds are either permissive (Council initiated/Discretionary) or regulatory (mandated by provincial statute/Obligatory).
- An example of an obligatory reserve fund is development charges, whereas a discretionary reserve fund is the Library Capital fund.
- Obligatory and Discretionary Reserve Funds are housed in a separate bank account from Township general funds and do earn interest for the purpose of the specific Reserve Fund.

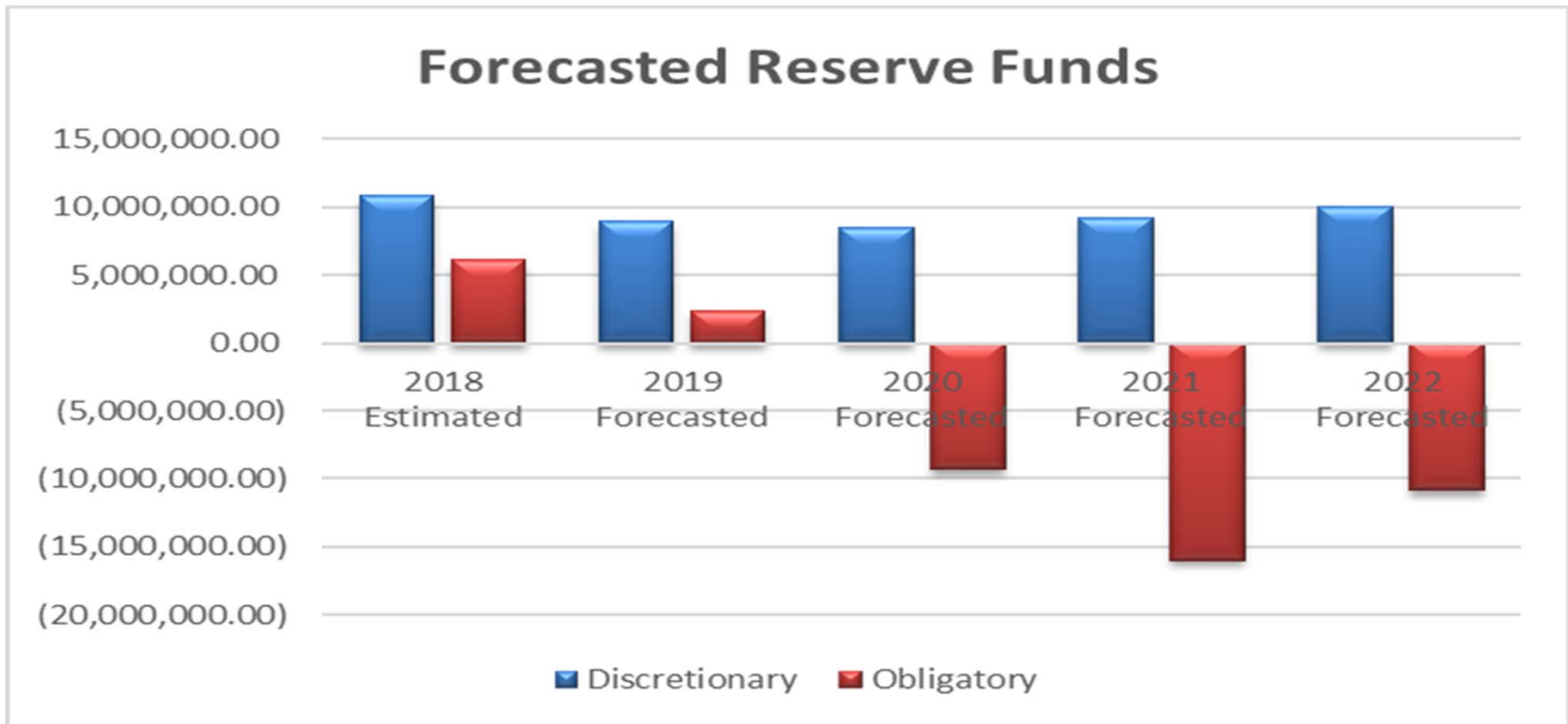
Development Charge Reserve Funds

- Development charges provide for the recovery of growth-related capital expenditures from new development.
- The Development Charges Act, 1997, is the statutory basis to recover these charges.
- They are levied on residential, industrial, commercial, and institutional development at building permit issuance in accordance with the Township's current Development Charges by-law (2018-045).
- Current DC Bylaw is under appeal.

Reserve Funds 2014 to 2018

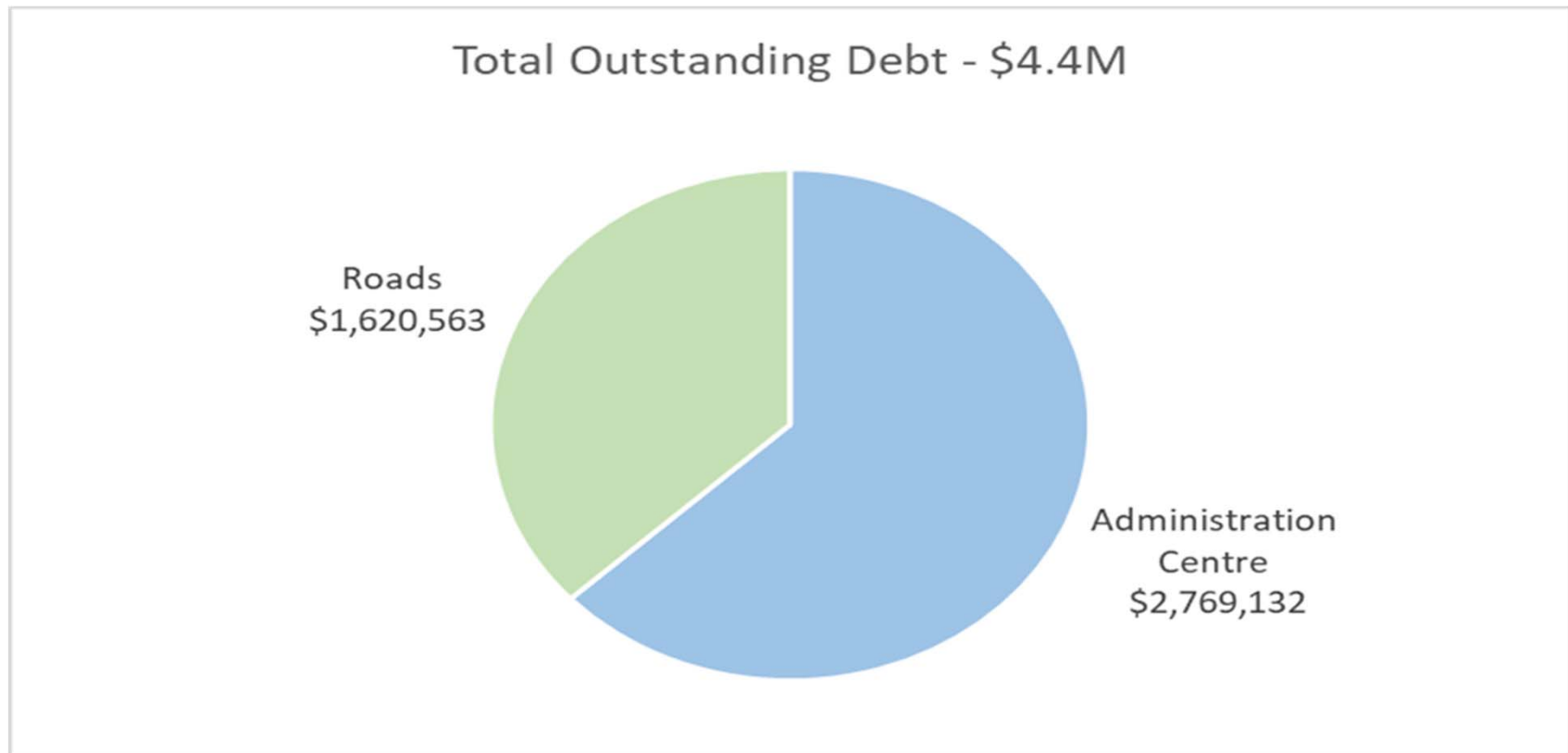


Forecasted Reserve Funds 2018 to 2022



Debt

Total Existing Outstanding Debt



Existing Debt Capacity

	Amount
A) Estimated 2016 Net Revenues less Grants	\$19.2M
B) 25% of Net Revenues (\$19.2M X 25%)	\$4.8M
C) 2016 Debt Servicing Costs	\$666,712
D) 2018 Estimated Annual Repayment Limit (B - C)	\$4.13M
Available Debt Capacity (D / B)	83.8%
Used Debt Capacity (C / B)	16.2%

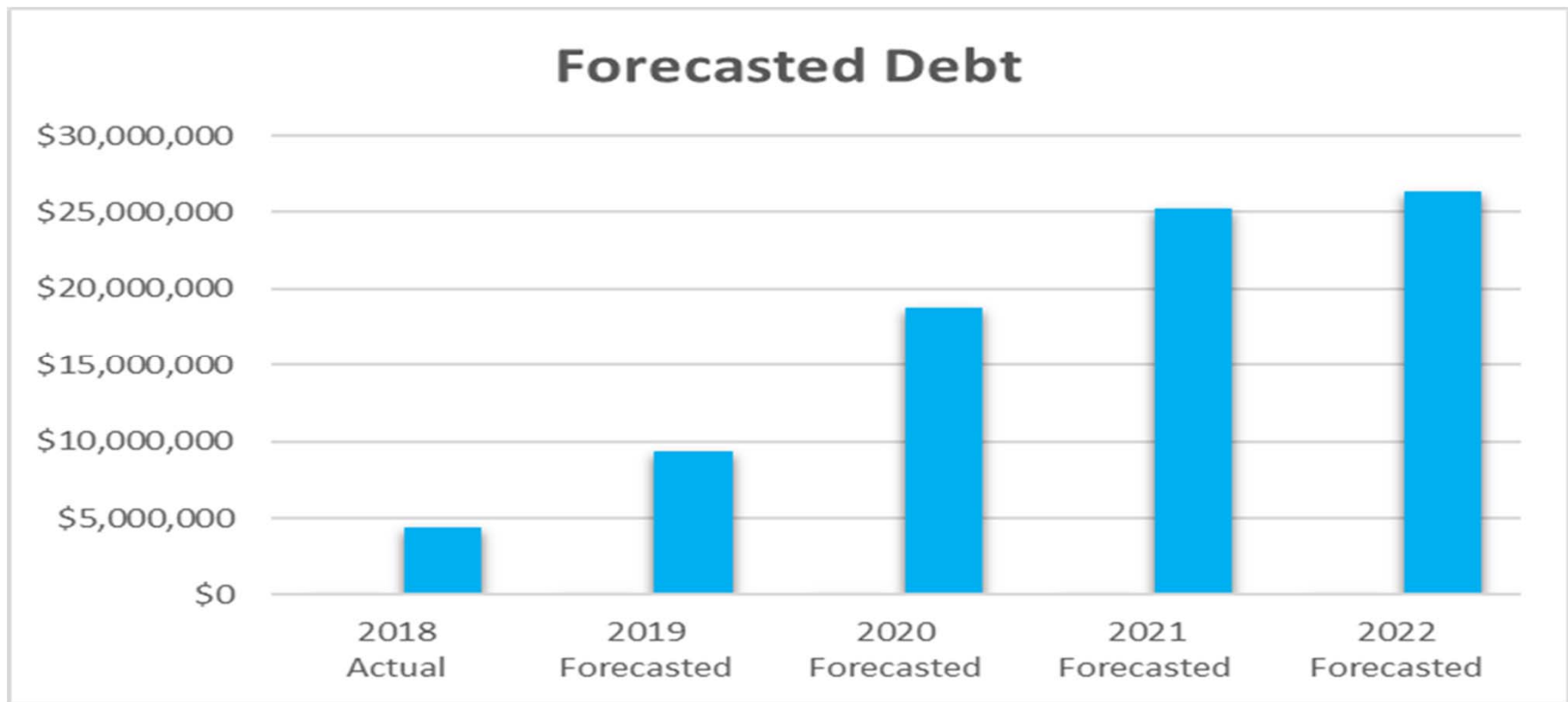
Provincial Government allows municipality's to borrow up to 25% of their own net revenues in order to service their annual debt servicing costs.

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

2019 Annual Debt Servicing Costs (Estimated Principal & Interest)

	Amount	Funding Source
Administration Centre	280,122	Taxation
Roads	765,421	Taxation
Total	\$1,045,543	

Debt Forecast (2018 – 2022)



**2019
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

	2018 Budget	2019 Budget
Gross Expenditures	\$18,568,741	\$19,774,235
Gross Revenues (net of levy requirement)	18,328,964	19,653,842
Surplus/(Deficit)	(\$239,777)	(\$120,393)

2019

Budget Pressures/Drivers

Township Budget Pressures/Drivers	Amount	%
Township Net Tax Levy (excluding assessment growth)	\$143,554	1.19
Add: Elimination of 1/3 tax free exemption for Council	45,574	0.38
Add: Cost of Living Adjustment (1.77% proposed)	124,755	1.03
Add: Merit/Step increases	18,334	0.15
Add: Group & Statutory Benefit increase (CPP Enhancement)	28,042	0.23
Add: Additional Debt (principal & interest)	116,000	0.96
Add: Township costs for proposed works on Swaley Drain	17,000	0.14
Add: Increase in contracted services (sidewalk maintenance and storm water management maintenance)	73,000	0.60



2019

Budget Pressures/Drivers

Township Budget Pressures/Drivers	Amount	%
Add: Official Plan Update	\$38,750	0.32
Add: Transfer to Capital	270,734	2.24
Add: 1% Contribution to Capital Infrastructure Reserve	12,213	0.10
Add: Reduction in Provincial Offences (POA) revenues	75,500	0.62
Total Township Budget Pressures/Drivers	\$963,456	7.96



2019

Budget Pressures/Drivers

Service Partner Budget Pressures/Drivers	Amount	%
Add: Library Services – Cost of Living Adjustment	\$10,652	0.09
Add: Library Services – Annualized costs for additional hours in 2018, student bump up and Master Plan	13,192	0.10
Add: Library Services – OMERS increase	8,401	0.07
Add: NVCA – general levy	16,796	0.14
Add: NVCA – asset management levy	3,405	0.03
Add: SSEA – general levy	1,060	0.01
Total Service Partner Budget Pressures/Drivers	\$53,506	0.44



2019

Budget Pressures/Drivers

	Amount	%
Total Township Budget Pressures/Drivers	\$963,456	7.96
Total Service Partners Budget Pressures/Drivers	53,506	0.44
Add: Assessment growth revenue (estimated)	(896,569)	(7.41)
2019 Net Tax Levy Required	\$120,393	0.99



Change in Net Expenditures by Department

Department (Base Operating Budget)	2018 \$	2019 \$	Variance \$
Council	254,874	303,407	48,533
General Administration*	2,268,295	2,355,255	86,960
Fire Services & Emergency Management	1,527,751	1,504,009	(23,742)
Building Services	-	-	-
Public Works	4,777,508	5,305,397	527,889
Recreation, Parks & Properties	2,085,390	2,413,700	328,310
Planning, COA, Econ. Dev., By-Law	699,594	721,373	21,779
BIA	-	-	-

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

Change in Net Expenditures by Department

Department	2018 \$	2019 \$	Variance \$
Conservation:			
Nottawasaga Valley Conservation Authority	171,392	191,593	\$20,201
Severn Sound Environmental Association	43,634	44,694	1,060
Total Conservation	\$215,026	\$236,287	\$21,261
Library	645,555	685,147	39,592
Policing (net of Policing Charge)	-	-	-
Corporate Revenues	(\$12,389,069)	(\$13,404,182)	(930,189)
Net Expenditures before program changes	84,924	120,393	35,469
Program Changes	239,777	520,153	280,376
Total Proposed Net Expenditure	\$324,701	\$640,546	\$315,845

Council (Tab 3)

Departmental Budget

Net Expenditures: Council

2018 Budget \$	2019 Budget \$	Net Tax Impact (\$)	Net Tax Impact (%)
\$254,874	\$303,407	\$48,533	0.40

Council (Tab 3)

Base Budget Variances:

- Net increase of \$48,533 over 2018.
- Mainly due to:
 - Elimination of 1/3 tax free allowance;
 - Cost of living adjustment (COLA – 1.77%); and
 - Benefits increased due to “gross up” (CPP, OMERs, EHT).

General Administration (Tab 4)

Departmental Budget

Net Expenditures: General Administration

2018 Budget \$	2019 Budget \$	Net Tax Impact (\$)	Net Tax Impact (%)
\$2,268,295	\$2,355,255	\$86,960	0.72

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

General Administration (Tab 4)

Base Budget Variances:

- Net increase of \$86,960.
- Mainly due to:
 - Annualized costs of new HR/Payroll & Benefits Coordinator position;
 - Cost of living adjustment (COLA – 1.77%);
 - Merit/Step increases;
 - Increase in Statutory (CPP Enhancement) and Group Benefits; and
 - Increase in annual contribution to Election Reserve.

Requested Program Changes / New Initiatives:

- Committee Coordinator - \$54,070

General Administration (Tab 4)

Major Initiatives in 2019

- Creation of the 2018 to 2022 Strategic Plan
- New legislation involving ergonomics in the workplace required by the Ministry of Labour
- Leadership training (Council and Staff)
- Finalize a negotiated Funding & Financing Agreement with the Midhurst Secondary Plan Landowners
- Finalize DC Appeal
- Update Procurement Policy & Bylaw
- Implement Bids & Tenders

Fire & Emergency Services (Tab 5) Departmental Budget

Net Expenditures: Fire & Emergency Services

2018 Budget \$	2019 Budget \$	Net Tax Impact (\$)	Net Tax Impact (%)
\$1,527,751	\$1,504,009	\$(23,742)	(0.20)

Fire & Emergency Services (Tab 5)

Base Budget Variances:

- Net reduction of \$23,742 over 2018.
- Mainly due to:
 - Reduction in one time non-recurring costs

Requested Program Changes / New Initiatives:

- Increase in Volunteer Firefighter training hours - \$154,000
- Probationary Firefighter - \$67,109

Fire & Emergency Services (Tab 5)

Major Initiatives in 2019

- Continue to work on permanent Station 2 for Midhurst
- Recruit and retention of Paid-on-Call Firefighters
- Continue to review and implement recommendations of Master Fire Plan.

Building (Tab 6)

Departmental Budget

Net Expenditures: Building

2018 Budget \$	2019 Budget \$	Net Tax Impact (\$)	Net Tax Impact (%)
\$ -	\$ -	\$ -	-

Building Services is a User Pay Service; which is fully funded by user fees.

No impact on property taxes.

Building Services (Tab 6)

Base Budget Variances:

- No net tax impact (User Pay Service).
- 2019 Budget proposes to draw \$233K from Building Reserve to ensure the program is fully funded.

Requested Program Changes / New Initiatives:

- None

Building Services (Tab 6)

Major Initiatives in 2019

- Increase use of on-line opportunities for permit applicants
- Prepare for new Building Code cycle
- Promote Township's residential sprinkler rebate program
- Permits issued for new Single Dwelling Units in 2019 are expected to be lower than 2018 due to reduced available lots in the Township. However, site inspection counts and other ancillary building permit applications are expected to remain stable.

Public Works (Tab 7) Departmental Budget

Net Expenditures: Public Works

2018 Budget \$	2019 Budget \$	Net Tax Impact (\$)	Net Tax Impact (%)
\$4,777,508	\$5,305,397	\$527,889	4.37

Public Works (Tab 7)

Base Budget Variances:

- Net increase of \$527,889 over 2018.
- Mainly due to:
 - New weekend contract position for winter sidewalk clearing;
 - Cost of Living Adjustment (COLA – 1.77%);
 - Increase in Statutory (CPP Enhancement) and Group Benefits;
 - Additional debt (annual principal and interest payments) to be incurred for road construction projects;
 - Proposed drainage works in the Minesing Wetlands (Swaley Drain);
 - Increased contracted services for sidewalk maintenance and storm water management maintenance;
 - Transfer to capital (\$) to support 2019 Capital Budget; and
 - 1% contribution to Capital Infrastructure Reserve.

Requested Program Changes/New Initiatives:

- Mechanic - \$971
- Asset Management Coordinator - \$56,344

Public Works (Tab 7)

Major Initiatives in 2019

- Ongoing Road Resurfacing and Lifecycle Budgeting
- Engineering Standards Updates
- Midhurst Master Servicing Plan Environmental Assessment (water, sewer, transportation)
- Midhurst Master Stormwater Plan
- Midhurst Subdivision Designs
- MECP storm water management Pond inspections and compliance
- Contract spring sweeping

Recreation, Parks & Properties (Tab 8)

Departmental Budget

Net Expenditures: Recreation, Parks & Properties

2018 Budget \$	2019 Budget \$	Net Tax Impact (\$)	Net Tax Impact (%)
\$2,085,390	\$2,413,700	\$328,310	2.71

Recreation, Parks & Properties (Tab 8)

Base Budget Variances:

- Net increase of \$328,310 over 2018.
- Mainly due to:
 - Cost of Living Adjustment (COLA – 1.77%);
 - Increase in Statutory (CPP Enhancement) and Group Benefits;
 - Annualized operating costs for splash pad in Elmvale;
 - Facility improvements at Minesing Pavilion, Hillsdale Community Park and Midhurst Library; and
 - Transfer to Capital (\$) to support 2019 Capital Budget.

Requested Program Changes/New Initiatives:

- Snow Removal – Township Facilities - \$85,797
- Facility Staff Requirements - \$94,362

Recreation, Parks & Properties (Tab 8)

Major Initiatives in 2019

- Programing and permitting of the shared use space at EDHS;
- Perform additional property maintenance requirements with the Stone Manor Woods and the Snow Valley Lowlands developments (trails, storm water management ponds and waste water treatment plant)
- Change in staffing format for spring/summer/fall operations – need to provide staffing 6-7 days per week and 2 shifts per day (mid April to Oct).
- Partner with Springwater/Vespra Lions Club for improvements to Hunter Russell Nature Trail.

Planning, COA, Economic Development & Bylaw (Tab 9) Departmental Budget

Net Expenditures: Planning, COA, Economic Development & Bylaw

2018 Budget \$	2019 Budget \$	Net Tax Impact (\$)	Net Tax Impact (%)
699,594	721,373	21,779	0.18

Planning, COA, Economic Development & Bylaw (Tab 9)

Base Budget Variances:

Net increase of \$21,779 over 2018.

Mainly due to:

- Annualized costs for new Bylaw Officer approved in 2018;
- Cost of Living Adjustment (COLA – 1.77%);
- Increase in Statutory (CPP Enhancement) and Group Benefits; and
- Official Plan Review/Update – Phase 2 Background studies and Midhurst Corridor Study.

Requested Program Changes/New Initiatives:

- None

Planning, COA, Economic Development & Bylaw (Tab 9)

Major Initiatives in 2019

- Phase 2 of the Official Plan Review/Update (Background Studies, Policy Development, Public Consultation);
- Township Website overhaul;
- County Municipal Comprehensive Review;
- Update Park Land dedication fees.

Service Partners (Tabs 10 & 11)

- *Library*
- *Nottawasaga Valley Conservation Authority (NVCA)*
- *Severn Sound Environmental Association (SSEA)*
- *Policing (Ontario Provincial Police)*
- *Business Improvement Area (BIA)*

Net Expenditures Service Partners

Net Expenditures	2018	2019	Variance \$
Library	645,555	685,147	39,592
Nottawasaga Valley Conservation Authority	171,392	191,593	20,201
Severn Sound Environmental Association	43,634	44,694	1,060
Policing	-	-	-
Business Improvement Area (BIA)	-	-	-
Net Expenditures	\$860,581	\$921,434	\$60,853

Corporate Revenues (Tab 12)

Base Budget Variances:

- Net increase of \$930,189 over 2018
- Mainly due to:
 - Anticipated increase in taxation revenues due to assessment growth: \$896,586
 - Increase in Hydro One and Public Utility PIL

**2019
Draft
Water Operating
Budget
(Tab 13)**

Water

- *Water rates are based on a full cost recovery plan as per the 'Township of Springwater Water & Wastewater Service Rate Study,' which was prepared by Hemson Consulting and presented at Council on Sept. 27, 2017.*
- *Rates are calculated to cover annual costs, including all operating costs and capital financing needs, plus an annual provision for the eventual repair and replacement of water infrastructure.*
- *On Nov. 1, 2017, Council passed By-law 2017-087 (Water regulation & rating by-law), endorsing the recommendations in the Oct. 18th Staff Report.*

2019 Draft Water Rate Supported Operating Budget

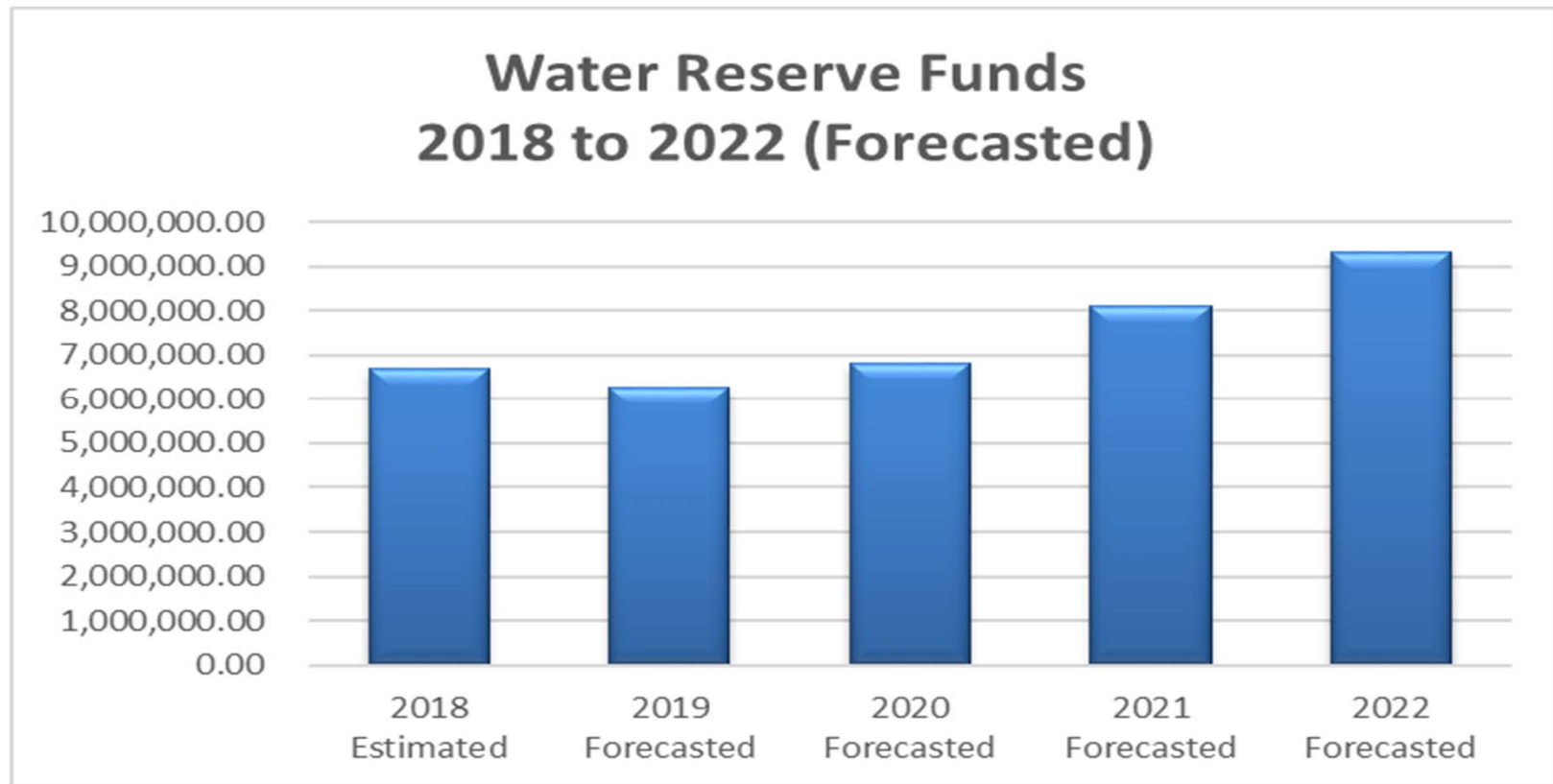
	2018 Budget	2019 Budget
Gross Expenditures	\$1,691,467	\$1,627,573
Gross Revenues	2,516,000	2,673,250
Net Expenditures	\$(824,533)	\$(1,045,677)
Water Reserve Fund:		
Transfer to Water Reserve Fund	\$968,875	\$1,045,677
Transfer (from) Water Reserve Fund	(144,342)	-
Net Transfer to/(from) Water Reserve Fund	\$824,533	\$1,045,677

Impact on Typical Residential User

	2018 \$	2019 \$	Increase \$	Increase %
Water (Base + Volume)	597.91	597.91	-	-
Wastewater (Base + Volume)	836.74	872.44	35.70	4.3%
Total Water & Wastewater	\$1,434.65	\$1,470.35	\$35.70	2.5%

Average residential user uses 220 m³ of water per year.

Water Reserve Funds 2018 – 2022 Forecast



**2019
Draft
Wastewater Operating
Budget
(Tab 14)**

Wastewater

- *Wastewater rates are based on a full cost recovery plan as per the 'Township of Springwater Water & Wastewater Service Rate Study,' which was prepared by Hemson Consulting and presented at Council on Sept. 27, 2017.*
- *Rates are calculated to cover annual costs, including all operating costs and capital financing needs, plus an annual provision for the eventual repair and replacement of wastewater infrastructure.*
- *On Nov. 1, 2017, Council passed By-law 2017-088 (Wastewater regulation & rating by-law), endorsing the recommendations in the Oct. 18th Staff Report.*

2019 Draft Wastewater Rate Supported Operating Budget

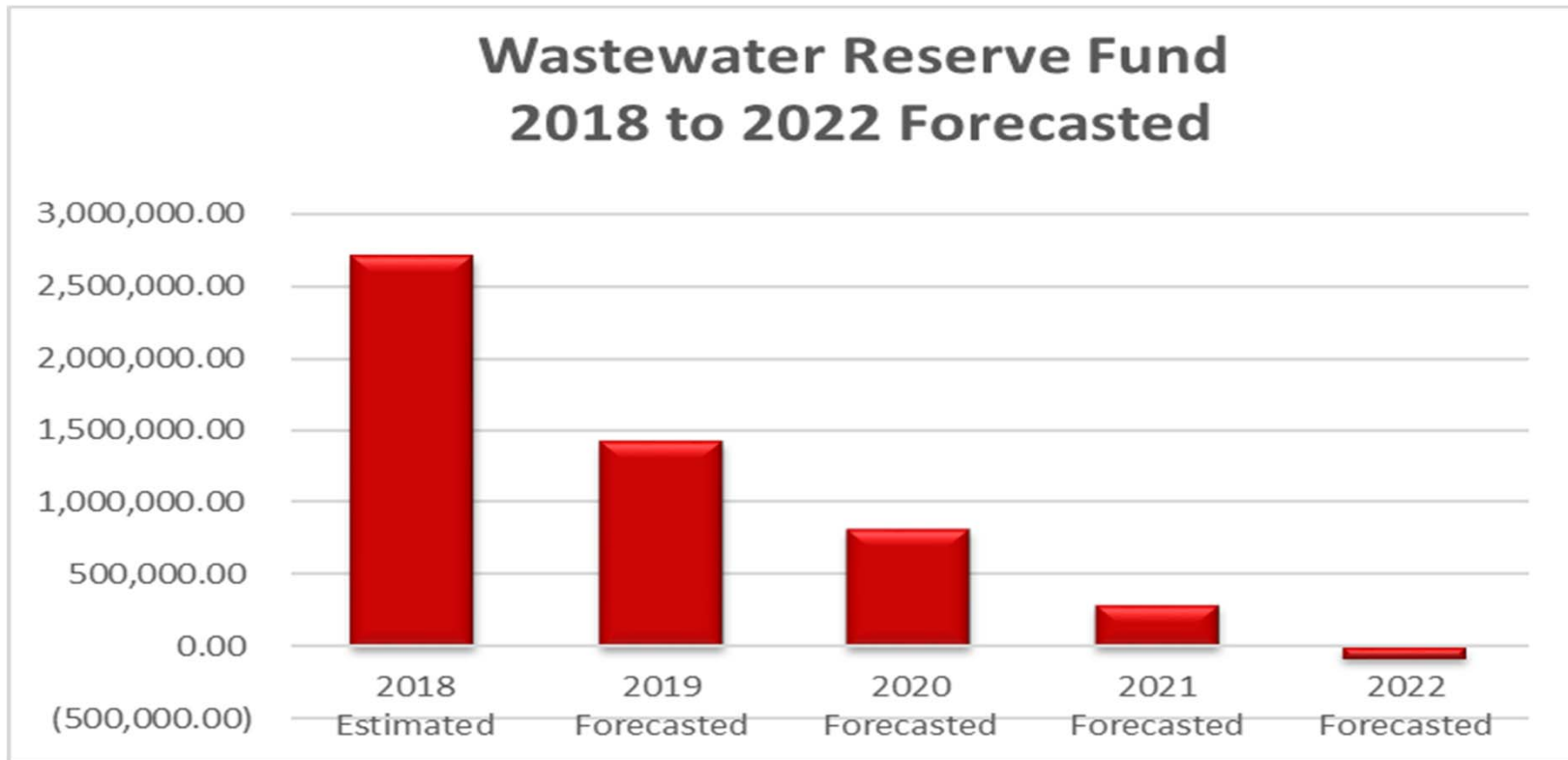
	2018 Budget \$	2019 Budget \$
Gross Expenditures	\$1,235,406	\$1,278,396
Gross Revenues	1,131,000	1,281,600
Net Expenditures	104,406	(3,204)
Wastewater Reserve Fund:		
Transfer to Wastewater Reserve Fund	\$42,403	\$98,007
Transfer (from) Wastewater Reserve Fund	(146,809)	(94,803)
Net Transfer to/(from) Wastewater Reserve Fund	(104,406)	3,204

Impact on Typical Residential User

	2018 \$	2019 \$	Increase \$	Increase %
Water (Base + Volume)	597.91	597.91	-	-
Wastewater (Base + Volume)	836.74	872.44	35.70	4.3%
Total Water & Wastewater	\$1,434.65	\$1,470.35	\$35.70	2.5%

Average residential user uses 220 m³ of water per year.

Wastewater Reserve Funds 2018 – 2022 Forecast



New Initiatives/ Program Changes

Program Changes/New Initiatives

Program Change	Gross Exp.	Revenues / Savings	Net Tax Impact \$	Net Tax Impact %
Mechanic	\$67,971	\$67,000	\$971	0.01
Asset Management Coordinator	80,491	24,147	56,344	0.47
Snow Removal – Township Facilities	141,853	56,056	85,797	0.71
Facility Staffing Requirements	94,362	-	94,362	0.78
Increase in Volunteer FF Training Hours	154,000	-	154,000	1.27
Probationary Firefighter	67,109	-	67,109	0.55
Committee Coordinator	54,070	-	54,070	0.45
Invasive Species Coordinator - SSEA	7,500	-	7,500	0.06
Total	\$667,356	\$147,203	\$520,153	4.30



Impact on Average Residential Property

	2018	2019	Increase \$	Increase %
Township of Springwater Portion	\$1,524.22	\$1,604.95	\$80.73	5.30
County of Simcoe Portion	1,286.56	1,312.29	25.73	2.00
Education Portion	767.37	767.37	-	-
Total Property Taxes	\$3,578.15	\$3,684.61	\$106.46	2.98
Policing Charge	228.00	240.00	12.00	5.26
Total Tax Bill	\$3,806.15	\$3,924.61	\$118.46	3.11

Figures above include all program changes

Average Residential Assessment (MPAC) - \$451,393

Blended Tax Increase

