1. CALL TO ORDER
2. ROLL CALL
3. DECLARATIONS OF INTEREST
4. STATUTORY PUBLIC MEETINGS
5. DELEGATIONS
6. CONSENT AGENDA
7. REGULAR AGENDA
  7.1. Operating Budget Review

   Note: Staff will provide a presentation

8. CONFIDENTIAL ITEMS
9. STAFF REMARKS
10. COMMITTEE REMARKS
11. ADJOURNMENT
2019 Operating Budget

INTRODUCTION

Jan. 30, 2019

Presented by:
Michael Kirkopoulos  /  CAO
Angela Cifani  /  Director of Finance & Administration
Agenda

• Operating Budget Overview
  » Overview
  » 2018 Budget Recap
  » Value for tax dollar

• Setting the Fiscal Stage
  » Changing landscape - provincial / federal
  » Lincoln today & tomorrow
  » Taxes & trends

• 2019 Budget Planning
  » 2018 - 2023 - Organization trends & priorities
  » 2019 Community Priorities
  » 2019 Council Priorities

• Next Steps
Operating Budget Overview
Operating Budget

The operating **budget pays** for day-to-day activities of the organization.

- Salaries & wages
- Programs & services
  (e.g. grass cutting, snow removal, public skates)
- Utilities
Operating Budget

The operating budget includes:

**Base adjustments:**
Typically, “non-discretionary” items required to maintain existing services, such as wages, utility increases and contract increases.

**One-Time:**
Non-recurring expenditures, such as the consulting studies, maintenance projects, emergency repairs, etc.

**Growth:**
Any costs or revenues that have been added above previous years' service levels

**Operating Impacts from Capital Projects:**
Anticipated expenditures from approved Capital Projects, such as the operating costs associated with a newly constructed facility and long-term borrowing installments.
Uncontrollable vs. Controllable Costs

Uncontrollable:
- Salary, wages & benefits
  - 1.5% Negotiated cost of living increase
  - Progression through the pay grid
  - Payroll benefit changes
    - Statutory requirements (EI, CPP, WSIB)
- 2018 Yearly Inflation
  - Ontario Consumer Price Index 2.3% & Construction Price Index 4%
    - Cost of supplies and services
      - Postage & office supplies
      - Insurance premiums
      - Basic legal fees & consulting
    - Utility, communications, commodities
      - Hydro, gas, fuel
      - Internet, phone
      - Sand and salt
      - Multi-year Service Contract Agreements
      - Snow clearing contract
      - Landscape services
      - Cleaning and security services
      - Animal care and control
      - Audit services

Controllable (discretionary):
- Levels of Service
  - Response times
  - Programs offered
  - Maintenance standards
    - Roads
    - Facilities
    - Park Equipment
    - Town Beautification
- External Professional services
  - Legal Advice
  - Consulting
- Professional development and training
- ABCs
  - Library
  - BIA
  - TVTA
  - Other agreements (service clubs)
2018 Budget Recap
2018 Budget Recap - Expenditures by Category

- Salaries, Wages & Benefits: 40%
- Operational Services & Supplies: 32%
- Transfer to Capital & Reserves / Reserve Funds: 13%
- Administrative: 4%
- Equipment, Vehicles, Technology: 4%
- Long-Term Debt Charges: 3%
- Utilities: 3%
- Financial Expenditures: 1%
Final Distribution of Taxes

The Town is responsible for collecting property taxes that account for three agencies.

Lincoln only controls 1/3 of the tax bill.
Value for Tax Dollar
Resident Satisfaction & Service Expectation

Over 80% of residents rate our delivery of programs & services from fair to excellent.

60% of residents support a tax increase to maintain & enhance services.
Value for Tax Dollar

Administrative Services: 17 cents
Economic Development: 2 cents
Fire Services: 12 cents
Roads & Sidewalks: 29 cents
Parks, Recreation & Culture: 25 cents
Health & Social Services: 4 cents
Library Services: 7 cents
Planning & Development: 4 cents
### Household Impact

In 2018, at a 2.11% blended rate, the approximate impact per household for the year, at the assessed property value included:

<table>
<thead>
<tr>
<th>Assessment Value</th>
<th>Property Taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td>$100,000</td>
<td>$25.89</td>
</tr>
<tr>
<td>$250,000</td>
<td>$64.74</td>
</tr>
<tr>
<td>$375,000</td>
<td>$97.11</td>
</tr>
<tr>
<td>$450,000</td>
<td>$116.53</td>
</tr>
<tr>
<td>$575,000</td>
<td>$148.89</td>
</tr>
</tbody>
</table>
Household Impact & Value (per $100,000 assessed value)

For less than one large coffee per week a citizen receives:

- Community safety (fire & rescue services, police, EMS)
- Winter operations (snow removal, salting, sanding of roads)
- Waste management services
- Recreation programs (summer camps, swimming lessons, leisure activities, seniors programming)
- Recreation activities (parks, trails, facility maintenance)
- Community beautification (grass cutting, trees, flowers, boulevards)
- Public transit (uLinc)
- Parks (park & facility maintenance)
- Community events
- Museum & cultural services
- Library services
- By-law services

$25.89 per year
$2.16 per month
$0.49 per week
$0.07 per day

Based on a Residential Assessment of $100,000
Setting the Fiscal Stage
Continued Infrastructure Gap

Revenue Needed to Fund Operating Expenses & Infrastructure Gap

- Infrastructure gap
- Operating expenses (forecast)
- Total revenue (current trend)

Estimated annual 8.35% property tax increase to fund operating expenses and close the infrastructure gap over 10 years.

Source: AMO

The April 29, 2015 version of this document projected a higher annual property tax increase. This previous calculation was based on total property tax revenue dependence by 2025 and eliminated all other revenues. The new percentage increase noted above assumes all non-property tax revenue remains stable at $21 billion annually to 2025.
Change in Provincial Grants

Provincial Funding Historical Trend

AGENDA ITEM #7.1.
Operating Budget Review
Note: Staff will provide a presentation
Provincial Funding in Relation to Projected Households

<table>
<thead>
<tr>
<th>Year</th>
<th>Provincial Funding</th>
<th>Projected Households</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>1,177,000</td>
<td>7,863</td>
</tr>
<tr>
<td>2008</td>
<td>1,177,000</td>
<td>8,006</td>
</tr>
<tr>
<td>2009</td>
<td>1,177,000</td>
<td>8,097</td>
</tr>
<tr>
<td>2010</td>
<td>940,800</td>
<td>8,251</td>
</tr>
<tr>
<td>2011</td>
<td>847,500</td>
<td>8,388</td>
</tr>
<tr>
<td>2012</td>
<td>762,800</td>
<td>8,483</td>
</tr>
<tr>
<td>2013</td>
<td>686,600</td>
<td>8,669</td>
</tr>
<tr>
<td>2014</td>
<td>585,000</td>
<td>8,847</td>
</tr>
<tr>
<td>2015</td>
<td>468,000</td>
<td>8,909</td>
</tr>
<tr>
<td>2016</td>
<td>422,100</td>
<td>8,997</td>
</tr>
<tr>
<td>2017</td>
<td>422,100</td>
<td>9,197</td>
</tr>
<tr>
<td>2018</td>
<td>359,000</td>
<td>9,482</td>
</tr>
<tr>
<td>2019</td>
<td>305,150</td>
<td>9,812</td>
</tr>
</tbody>
</table>
Lincoln Today & Tomorrow
Demographics / Trends (census & growth projections)

- Approx. **24,000** residents in Lincoln
- Land area of **163 sq km**
- 5.8% population change since 2011
- 51% female, 49% male
- Avg age is **42.9**

- **21%** Birth - 14
- **62%** 15 - 64
- **21%** 65+

- Over **8,700** households
- **4th** fastest growing municipality in Niagara

- Projected pop. growth – approx. **50%** in next 15 years (32,000)
- **8%** job growth since 2011

*2016 Census Data*
The town provides **more than 90** programs & services.

Council and staff have to balance affordability with service delivery levels.
Just a small sample of those 90 programs & services...

- Over 1,900 water samples
- 21,000 km of winter road activities
- Over 1,900 transit pick ups
- 117,000 sq ft of recreational facilities to operate/program
- 1,400 participated in museum programming
- Over 400 by-law complaints investigated
- 368 building permits issued for residential units
- Responded to over 750 emergencies
- Over 276,000 unique pageviews to Lincoln.ca
- Over 40 public meetings & public information centres
Over $120 Million in Construction Value

<table>
<thead>
<tr>
<th>Year</th>
<th>Construction Value</th>
<th>Total Permits Issued</th>
<th>Permits Issued for Residential Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$127,496,015</td>
<td>642</td>
<td>368</td>
</tr>
<tr>
<td>2017</td>
<td>$60,519,507</td>
<td>426</td>
<td>159</td>
</tr>
<tr>
<td>2016</td>
<td>$41,218,629</td>
<td>309</td>
<td>88</td>
</tr>
<tr>
<td>2015</td>
<td>$31,381,439</td>
<td>272</td>
<td>82</td>
</tr>
<tr>
<td>2014</td>
<td>$76,178,376</td>
<td>309</td>
<td>178</td>
</tr>
<tr>
<td>2013</td>
<td>$78,823,768</td>
<td>407</td>
<td>186</td>
</tr>
<tr>
<td>2012</td>
<td>$37,268,999</td>
<td>312</td>
<td>95</td>
</tr>
<tr>
<td>2011</td>
<td>$36,364,680</td>
<td>340</td>
<td>135</td>
</tr>
<tr>
<td>2010</td>
<td>$24,722,900</td>
<td>326</td>
<td>153</td>
</tr>
<tr>
<td>2009</td>
<td>$29,439,821</td>
<td>303</td>
<td>89</td>
</tr>
</tbody>
</table>

From 2017 to 2018, Lincoln’s construction value doubled.
Construction Value & Service Demands

New Construction
- Residential
- Commercial
- Industrial

New Infrastructure
- Roads
- Parks
- Water / Sewers

More People
- Residents
- Tourists
- Employees

Service Demand
- Snow removal
- Road maintenance
- Water testing
- Park & facility maintenance
- Recreation programming
- Fire emergency services & prevention
- Transit
- Municipal service information
- Tax bill processing
- Building & planning permits
- Business expansion & growth support

more construction = more infrastructure + more people → more infrastructure maintenance & service demand
Economic context

• Consumer Price Index, April 2018 – 2.2%
• Energy costs - 6.3% more for energy year over year in 2018
• Prices charged by contractors for new non-residential building construction rose 2.7%
• Inflation rate – ranged depending on month – 1.8% - 3.1%, avg. 2+%
  » In the warmer/spring/fall summer months higher – lower in the colder months
• These are just the basics, this is before any other service adjustments
Taxes & Trends
### Local Residential Property Taxes, 2018 (per $100,000 assessment)

<table>
<thead>
<tr>
<th>Town</th>
<th>Tax (per $100,000 assessment)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Port Colborne</td>
<td>843</td>
</tr>
<tr>
<td>Welland</td>
<td>774</td>
</tr>
<tr>
<td>Fort Erie</td>
<td>685</td>
</tr>
<tr>
<td>Thorold</td>
<td>659</td>
</tr>
<tr>
<td>St. Catharines</td>
<td>631</td>
</tr>
<tr>
<td>Wainfleet</td>
<td>581</td>
</tr>
<tr>
<td>Niagara Falls</td>
<td>527</td>
</tr>
<tr>
<td>Pelham</td>
<td>493</td>
</tr>
<tr>
<td><strong>Lincoln</strong></td>
<td><strong>426</strong></td>
</tr>
<tr>
<td>Grimsby</td>
<td>390</td>
</tr>
<tr>
<td>West Lincoln</td>
<td>368</td>
</tr>
<tr>
<td>NOTL</td>
<td>225</td>
</tr>
</tbody>
</table>

**Lincoln is 23% below the average**

- $550 average property tax
## Taxpayer Affordability

### 2018 Affordability Indicators

<table>
<thead>
<tr>
<th>Location</th>
<th>Property Taxes as a % of Household Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>West Lincoln</td>
<td>3.5%</td>
</tr>
<tr>
<td>Lincoln</td>
<td><strong>3.6%</strong></td>
</tr>
<tr>
<td>Grimsby</td>
<td>3.7%</td>
</tr>
<tr>
<td>Niagara-on-the-Lake</td>
<td>3.8%</td>
</tr>
<tr>
<td>Pelham</td>
<td>3.8%</td>
</tr>
<tr>
<td>Niagara Falls</td>
<td>4.0%</td>
</tr>
<tr>
<td>Thorold</td>
<td>4.1%</td>
</tr>
<tr>
<td>Wainfleet</td>
<td>4.1%</td>
</tr>
<tr>
<td>Fort Erie</td>
<td>4.3%</td>
</tr>
<tr>
<td>St. Catharines</td>
<td>4.3%</td>
</tr>
<tr>
<td>Port Colborne</td>
<td>4.4%</td>
</tr>
<tr>
<td>Welland</td>
<td>4.4%</td>
</tr>
</tbody>
</table>

"2nd lowest" indicates that Lincoln and Wainfleet had the 2nd lowest property tax burdens in 2018.

### 2018 Affordability Indicators

<table>
<thead>
<tr>
<th>Location</th>
<th>Water/Sewer + Taxes as a % of Household Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>West Lincoln</td>
<td>4.5%</td>
</tr>
<tr>
<td>Niagara-on-the-Lake</td>
<td>4.8%</td>
</tr>
<tr>
<td>Niagara Falls</td>
<td>5.2%</td>
</tr>
<tr>
<td>Thorold</td>
<td>5.3%</td>
</tr>
<tr>
<td>St. Catharines</td>
<td>5.4%</td>
</tr>
<tr>
<td>Fort Erie</td>
<td>6.0%</td>
</tr>
<tr>
<td>Port Colborne</td>
<td>6.1%</td>
</tr>
<tr>
<td>Welland</td>
<td>6.1%</td>
</tr>
</tbody>
</table>

"4th lowest" indicates that Port Colborne had the 4th lowest combined water, sewer, and tax burden in 2018.
2019 Budget Planning & Priorities
Trends

• Changing community landscape & service demands
• Demand for gov't accountability/ performance
• Changing political landscape - governance implications
• Pressures & affordability of infrastructure (hard & soft)
• Increased role of gov't in all aspects of community development
• Innovative approaches to delivering programs & services
• Community sustainability
• Financial sustainability
• Asset management
Trends

- Increased support / expertise / service demands for departments
- Ongoing legislative & regulatory changes (service delivery, HR, policy)
- Timely, accessible, & transparent municipal communications
- Public Policy alignment, implementation, & operationalizing of master plans & strategies (TMP, PRC, EcDev, Zoning Review)
- Challenges to resident health & social determinants of health
- Access, inclusion, diversity, & community development (affordable access, accessibility in our built spaces)
- Building an investment-ready Lincoln
Trends

- People Strategy (employee demographics, retention, development & training, succession planning)
- Housing shift from low/medium density to mixed-use, medium & high density
- Farm diversification & agri-tourism development
- Climate adaptation (infrastructure & emergency preparedness)
- Innovative technology
- Sustainable volunteer fire service
Priorities

• Development & execution of 2018-22 Council Priorities & corporate work plans / projects
• Expanded & continued strategic partnerships
• Strategic land use
• Revenue generation (long-term financial sustainability)
• Addressing community & social infrastructure deficit
• Creating a customer service culture
Priorities

• Executing master plans & strategies
• Business improvements
• Multi-year or forecasted budgets
• Agenda management system

• Growth accommodations
  » Service demand levels
  » Development approvals
  » Delivery of fire emergency services & fire protection services (inspection)
  » New & updated policies
  » Staff training

• Conduct a tourism strategy
• Downtown(s) revitalization
Priorities

• Asset management
• Development & implementation of a People Strategy
• Transportation (AT, complete streets, traffic calming, road improvements)
• Public transit (Intra, Inter, GO)
• Town-wide Inflow/Infiltration (I/I) Reduction
• Enhanced emergency management program
What We Heard from the Community

• Invest in areas that support strengthening our community:
  » Road network upgrades & maintenance
  » Active transportation - investment in sidewalks, bike lanes, pedestrian crossings
  » Parks & greenspace

• New focus on economic development & tourism

• Strong focus on transit - active & public
What We Heard from Council

- Community asset investment
  - Trails, park enhancements, public transit
- Economic development
  - Downtown revitalization
  - Strategy implementation
  - Tourism
- Strategic land use & revenue generation
- Strategic partnerships – data & evidence-based research
- Continued public engagement

- Customer service
- Road safety
  - Truck traffic strategy
  - Speed reduction activities
  - Traffic calming
  - Road rehab/resurfacing
- Climate adaptation
  - Green infrastructure
  - Shoreline strategy
Next Steps / Considerations for Council

- Senior management budget planning has been extensive
  - SMT review of efficiencies
  - Review of council priorities
  - Councillor meetings over the last 2 weeks
  - Listening to council
  - Priorities based on council identified items
  - SMT priorities and inputs

- Significant operating budget pressures for 2019, e.g.:
  - General cost of doing business – increasing costs
  - Continued ‘catch-up’ on base budget investments
  - Investing in our people – training, learning and development

- Based on significant budget challenges, staff will present options/decision packages to Council as part of this year’s operating budget deliberations:
  - Needs vs. wants
  - Service level expectations
Important Dates

• **Feb. 6** – draft operating budget distributed to Council

• **Feb. 13** – First operating budget presentation to Council

• **Feb. 20** – Operating budget continued & ABCs budget presentations