

2018 TOWNSHIP OF WEST LINCOLN DRAFT OPERATING AND CAPITAL BUDGET

The following analysis is intended to be used alongside the 2018 Township of West Lincoln Draft Operating and Capital Budget Binder.

Page 1 of the binder provides a summary of the Operating Expenditures. Pages 2 and 3 outline the 2018 proposed Tangible Capital Asset purchases. Page 4 outlines the 2018 proposed special projects. In all cases, the expenditure and proposed funding is outlined. These budgets are accounted for by Service Area. Page 5 represents the Ten-Year Capital Tangible Capital Asset expenditures and page 6 outlines the financing of these expenditures. Page 7 outlines the Ten-Year Capital Plan for Special Projects and the corresponding financing. The balance of this report will provide additional analysis of departmental budgets.

Council is reminded that the Chart of Accounts was redesigned in 2017 to be more reflective of mandatory reporting requirements. This has resulted in line by line variance analysis by General Ledger account of the 2018 budget to be challenging. Detailed variance sheets have not been provided in 2018, however they will once again be provided in 2019.

General Revenues & Expenditures, pages 8 & 9

General Revenues are increasing by \$1,061,100 in 2018 as compared to 2017. The overall tax levy is increasing by \$363,300, or 6.16%. The total levy requirement for 2018 is \$6,259,300 versus \$5,896,000 in 2017. This equates to the West Lincoln portion of the tax bill for an average home (assessed at \$345,042) to be \$1,160.68. This represents an increase of \$26.13 or 2.30% over 2017. Staff presented at the February 20th Administrative meeting a preliminary tax levy increases of 3.91%. The updated figure is derived after reviewing in fine detail all calculations used in developing the draft budget.

Other factors contributing to the increase in General Revenues is higher budgeted revenue for the OMPF grant and the Payments in Lieu funds which represent a \$402,200 increase over 2017. Finally, the 2018 budget includes a budget line called "donation" of \$420,000 which represents the Wind Turbine Community Fund donation. These are the major contributors to the overall increase in General Revenues. General Expenditures are increasing by \$751,200, or 151%. The main contributor to this increase is the first debenture payment for the Multi Use Recreational Site (MURS) which totals \$512,600. Further analysis of this budget area is provided below.

In 2018, the Township will take advantage of two positive impacts to its general revenues. The Ontario Municipal Partnership Fund (OMPF) has increased to \$954,800 in 2018, resulting in an increase in revenue of \$82,400. The Township receives funding from the OMPF through two allocations: Rural Communities Grant and Northern and Rural Fiscal Circumstances Grant. The Rural Communities Grant recognizes the unique challenges of municipalities with rural farming communities. The 2018 Payments in Lieu (PIL) have a

higher amount budgeted of approximately \$319,000 compared to prior year. This is a result of a correction to the sharing provisions with the upper tier and education.

Offsetting these positive revenue items is a decrease of \$55,000 in penalty revenue and a decrease of \$25,000 in investment revenue. Penalty revenue is being decreased since staff's efforts in collections is resulting in less properties in arrears. Investment revenue is being reduced as the Township will be using reserves and development charges to fund Capital projects, thus lowering the amount of funds available for investment.

Also included in General Revenues is the anticipated contribution from the Wind Turbine Community Fund. These funds are directly transferred into the Wind Turbine Community Fund Reserve under the General Expenditure area of the budget, resulting in no impact to the budget. The funds will be used to fund the MURS debt repayment as previously approved by Council.

In 2018, the Urban Service Area Tax Levy revenue for Street lights and Sidewalks will be reported within the appropriate operating budget, it is no longer part of General Revenues.

In 2017 the Township budgeted for Parking Ticket Revenue of \$27,000 under General Revenues. In 2018 the corresponding budgets are located within Protective Inspection and Control Services, account 1-04-04403-420202 of \$6,000 (page 36) and within Provincial Offenses Act, account 1-04-04600-410980 of \$19,000 (page 39).

It is wise financial planning to ensure that adequate balances are available within the Township's reserves. The 2018 Draft Budget includes the following contribution to reserves under General Expenditures:

Capital Reserve:	\$177,000
Technology Reserve:	\$ 15,000
Facility Reserve:	\$ 56,000 and \$69,000

The amounts being transferred to the above three reserves are following the guidelines set out in the Township's Reserve Policy. The Capital Reserve requires a minimum contribution of 2% of the previous year's tax levy. The allocation of \$177,000 represents approximately 3% of the previous year tax levy. Staff is recommending that this higher allocation to the Capital Reserve be made in light of the number of projects that require funding from the Capital Reserve over the next ten years.

Also included under General Expenditures is the first re-payment towards the MURS debt totalling \$512,600. In February 2018, The Township received \$15 million as the first debenture drawn for this project. The first payment of interest and principal will be due in August 2018. The remaining amount of the debt will be requisitioned closer to project completion.

The difference between the total MURS requisition in the levy of \$581,600 and the amount required for the debt repayment of \$512,600, being \$69,000 will be transferred to the

Facility Reserve so it is available for future debt payments.

Additional reserve transfers are made within specific departmental budgets.

Governance, pages 10 & 11

The department called Governance includes the expenditures related to the Mayor and Councillors as well as Election Management.

The total Governance budget for 2018 is \$241,700 which represents a **\$49,400 increase** over the 2017 budget of \$192,300. The main factors contributing to this increase are the following:

- \$36,800 of net election costs not included in the 2017 budget. The 2017 budget included a transfer to the election reserve of \$15,000, however this was budgeted for under Corporate Services. Based on the estimated costs of running the 2018 election, the annual contribution to the Election Reserve will have to increase to approximately \$20,000 annually from the 2017 amount of \$15,000.
- \$7,000 increase to protocol accounts as approved at the February 20th, 2018 Administration Meeting.
- \$2,100 increase to Corporate Liability Insurance as a result of the review and updating of allocation methods and anticipated increase in premiums

Corporate Management, pages 12 to 25

The Corporate Management department represents the services provided through the Office of the CAO, Clerks, Treasury and Information Technology. New in 2018, this service area will also account for the portion of staff time related to the maintenance and repair of Town Hall. In the past, these salary costs were charged to the Recreation and Arena departments. No longer reported in this area is Crossing Guards and Animal Control. These two service areas will now have their own budgets.

The Corporate Management Budget will be first reviewed prior to the addition of any Special Projects and Capital. The analysis of Special Projects and Capital will follow.

The Overall operating budget has increased to \$1,629,800 from \$1,522,400 in 2017 which represents a **\$107,400 increase or 7%**.

The following are some of the significant items both increasing the budget and also mitigating factors which lower the budget:

- Allocation of a portion of the wages and benefits of the Supervisor, Arena & Parks and the Properties and Facilities Staff member have resulted in an approximate \$60,000 increase to the Corporate Management Budget over 2017

- Salary and Wages as a whole are budgeted to increase by approximately 5% or \$60,800 as a result of anticipated increases to statutory and group benefit plans and salary adjustments. Also included in the above amount is the impact of Bill 148 to part time staff as it relates to vacation entitlement and statutory holiday pay calculations.
- Advertising budget increased by \$14,100 based on past expenditures and increased advertising costs
- Consultant Budget increased by \$15,900 due to anticipated costs related to staff recruitment
- \$47,500 of special projects are being funded through the operating fund, and are outlined under the Capital section below

Mitigating Items are as follows:

- \$11,100 decrease in Information Technology and Software Expenditure
- \$6,200 decrease in Hydro/Gas Expenditure
- \$34,300 increase in the Allocation of Program Support to other Service Areas which reduces operating costs within Corporate Management
- \$14,000 savings as a result of no funds being allocated to Records Management. At the end of 2017, approximately \$38,000 has been committed to Records Management within the Capital Reserve
- \$15,000 reduction as a result of the Transfer to the Election Reserve now being budgeted under Governance
- \$15,000 reduction as a result of the Transfer to the Information Technology Reserve now being budgeted under General Expenditures

Corporate Management Capital:

The chart below outlines the Capital and Special Projects under the Corporate Management Service Level, indicating the gross cost and the financing.

	Expenditure	Capital Reserve	Operating Fund	IT Reserve
Miscellaneous equipment	\$ 3,000	-\$ 3,000		
Replacement Computers	\$ 8,000			-\$ 8,000
2018 - Microsoft Exchange Server & Migration	\$ 52,000			-\$ 52,000
2018 - Miscellaneous Network Hardware	\$ 13,100			-\$ 13,100
2018 - Replacement Phone System	\$ 100,000	-\$ 100,000		
Total Capital	\$ 176,100	-\$ 103,000	\$ -	-\$ 73,100
2018 - Website Refresh	\$ 18,000		-\$ 18,000	
2018 - Townhall - Replace Old Fire Hall Windows	\$ 3,500		-\$ 3,500	
2018 - Townhall - Paint Lobby	\$ 24,000	-\$ 24,000		
2018 - Townhall - Repair Old Fire Hall Bathrooms	\$ 6,000		-\$ 6,000	
2018 - Town hall - Parking Lot Spot Repairs	\$ 20,000		-\$ 20,000	
Total Special Projects	\$ 71,500	-\$ 24,000	-\$ 47,500	\$ -
Grand Total	\$ 247,600	-\$ 127,000	-\$ 47,500	-\$ 73,100

Budgeted Capital and Special Projects total \$247,600, with a requirement of \$47,500 from the operating fund. Pages 16 to 25 provide the individual justification sheet for each project. The detail Corporate Management budget sheet has been updated with the Special Projects funded through the Operating Fund. The result is a total contribution of \$1,629,800 from the Operating Fund towards Corporate Management.

Fire Services, pages 26 to 34

The total 2018 operating budget for Fire Services is \$1,138,500 which represents a \$101,200 (9.76%) increase over the 2018 budget of \$1,037,300. The main increase to this operating budget is the result of the items below:

- \$50,000 increase to the Transfer to the Fire Reserve. This increase was deemed necessary based on the projected Capital Expenditure over the next ten years.
- \$30,000 increase to Outside Services as a result of the new radio license annual support fees
- \$11,000 increase to vehicle and equipment repairs in recognition of the actual expenditures over the past few years
- \$16,000 increase in salary and wages over 2017 which represents a 3% increase

Fire Services Capital:

	Expenditure	Fire Reserve	Inter-Municipal Loan
2018 - New Hose Replacement	\$ 5,000	-\$ 5,000	
2018 - Portable, Base and Truck Radios_replacement and additions	\$ 278,600	-\$ 27,860	-\$ 250,740
Bunker Gear	\$ 17,000	-\$ 17,000	
2018 - New Pumper Rescue Station # 2	\$ 550,000	-\$ 550,000	
2018 - Chief's vehicle	\$ 40,000	-\$ 40,000	
Grand Total	\$ 890,600	-\$ 639,860	-\$ 250,740

Based on the above request, and the Fire Ten Year Capital Plan there is pressure being placed on the Fire Reserve. The chart below outlines the projected balances in the Fire Reserve if the Ten-Year Capital Plan is completed as submitted. In light of this pressure, the transfer to the Fire Reserve has increased by \$50,000 in 2018 to a total of \$300,000 annually. However, the pressure on the reserve still exists even after this increased allocation. The two charts below outline the Ten-Year Capital Plan for fire and the resulting impact to the Fire Reserve. The chart below is based on an **annual 7% increase** being made to the annual transfer to the Fire Reserve.

Fire Ten Year Capital Plan- OPTION 1:

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Grand Total
2018 - New Hose Replacement	\$ 5,000										\$ 5,000
2018 - Portable, Base and Truck Radios_replacement and additions	\$ 278,600										\$ 278,600
Bunker Gear	\$ 17,000	\$ 17,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 19,000	\$ 19,000	\$ 19,000	\$ 20,000	\$ 20,000	\$ 185,000
Extraction Equipment - New				\$ 80,000							\$ 80,000
Equipment & Gear for 10 additional Firefighters				\$ 136,300							\$ 136,300
2020 - Caistor Fire Hall - Replacement			\$ 1,880,000								\$ 1,880,000
2018 - New Pumper Rescue Station # 2	\$ 550,000										\$ 550,000
2019 - New Tanker Station #1		\$ 450,000									\$ 450,000
2020 - New Tanker Station #2			\$ 450,000								\$ 450,000
2018 - Chief's vehicle	\$ 40,000										\$ 40,000
2026 - New Pumper Station # 1								\$ 650,000			\$ 650,000
2019 - Deputy Chief's vehicle		\$ 40,000									\$ 40,000
2024 - New Aerial Truck							\$ 1,000,000				\$ 1,000,000
Grand Total	\$ 890,600	\$ 507,000	\$ 2,348,000	\$ 234,300	\$ 18,000	\$ 19,000	\$ 1,019,000	\$ 19,000	\$ 670,000	\$ 20,000	\$ 5,744,900

Fire Equipment Reserve Balances from 2018 to 2027 based on an annual 7% increase to the transfer to the Fire Reserve:

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Opening Reserve Balance	-\$ 36,463	-\$ 376,323	-\$ 562,323	-\$ 686,823	-\$ 385,223	-\$ 9,823	\$ 392,177	-\$ 176,323	\$ 286,777	\$ 132,677
Transfer to Reserve	\$ 300,000	\$ 321,000	\$ 343,500	\$ 367,600	\$ 393,400	\$ 421,000	\$ 450,500	\$ 482,100	\$ 515,900	\$ 552,100
Transfer from Reserve	\$ 639,860	\$ 507,000	\$ 468,000	\$ 66,000	\$ 18,000	\$ 19,000	\$ 1,019,000	\$ 19,000	\$ 670,000	\$ 20,000
Closing Reserve Balance	-\$ 376,323	-\$ 562,323	-\$ 686,823	-\$ 385,223	-\$ 9,823	\$ 392,177	-\$ 176,323	\$ 286,777	\$ 132,677	\$ 664,777

Based on the current Fire Ten Year Capital Plan the Fire Reserve would be in a negative balance for the years 2018-2022 and 2024. This would require internal borrowing from another Township reserve, with the Industrial Park Reserve being suggested as it has a projected closing balance of approximately \$842,000 at the end of

2017. It is to be noted that the Industrial Park Reserve would not be replenished fully until 2025.

At the Preliminary Budget meeting held on February 20, 2018 it was suggested by Councillor Ganann to consider moving the projects in the Fire Ten Year Capital Plan out by one year. Staff reviewed this suggestion and below is a Revised Fire Ten Year Capital Plan with projects moved in such a manner as to ensure the Fire Reserve is never in a large negative balance.

Revised Fire Ten Year Capital Plan- OPTION 2:

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Grand Total
2018 - New Hose Replacement	\$ 5,000										\$ 5,000
2018 - Portable, Base and Truck Radios replacement and additions	\$ 278,600										\$ 278,600
Bunker Gear	\$ 17,000	\$ 17,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 19,000	\$ 19,000	\$ 19,000	\$ 20,000	\$ 20,000	\$ 185,000
Extraction Equipment - New Equipment & Gear for 10 additional Firefighters				\$ 80,000							\$ 80,000
2020 - Caistor Fire Hall - Replacement			\$ 1,880,000								\$ 1,880,000
2018 - New Pumper Rescue Station # 2	\$ -	\$ 550,000									\$ 550,000
2021 - New Tanker Station #1		\$ -		\$ 450,000							\$ 450,000
2022 - New Tanker Station #2			\$ -		\$ 450,000						\$ 450,000
2020 - Chief's vehicle	\$ -		\$ 40,000								\$ 40,000
2026 - New Pumper Station # 1									\$ 650,000		\$ 650,000
2020 - Deputy Chief's vehicle		\$ -	\$ 40,000								\$ 40,000
2026 - New Aerial Truck							\$ -	\$ 1,000,000			\$ 1,000,000
Grand Total	\$ 300,600	\$ 567,000	\$ 1,978,000	\$ 684,300	\$ 468,000	\$ 19,000	\$ 19,000	\$ 1,019,000	\$ 670,000	\$ 20,000	\$ 5,744,900

Under this scenario, the Fire Equipment Reserve would only be in a negative position for the years 2019 and 2022 with the negative balances significantly smaller. No internal borrowing would be required.

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Opening Reserve Balance	-\$ 36,463	\$ 213,677	-\$ 32,323	\$ 213,177	\$ 64,777	-\$ 9,823	\$ 392,177	\$ 823,677	\$ 286,777	\$ 132,677
Transfer to Reserve	\$ 300,000	\$ 321,000	\$ 343,500	\$ 367,600	\$ 393,400	\$ 421,000	\$ 450,500	\$ 482,100	\$ 515,900	\$ 552,100
Transfer from Reserve	\$ 49,860	\$ 567,000	\$ 98,000	\$ 516,000	\$ 468,000	\$ 19,000	\$ 19,000	\$ 1,019,000	\$ 670,000	\$ 20,000
Closing Reserve Balance	\$ 213,677	-\$ 32,323	\$ 213,177	\$ 64,777	-\$ 9,823	\$ 392,177	\$ 823,677	\$ 286,777	\$ 132,677	\$ 664,777

It is recommended that the Revised Fire Ten Year Capital Plan be approved by Council. It is also important to note that in order for the Fire Reserve to remain for the most part in a positive balance, the annual contribution to the Fire Reserve will have to increase by 7% on an annual basis commencing in 2019.

Capital justification sheets can be found on pages 30 to 34 for the Fire Services department.

Building, By-law Enforcement and Parking, pages 35 to 38

Building Permit and Inspection Services expenditures are funded through Building Permit Fees. Any annual surplus in this department is transferred into the Building

Department Reserve. The projected Balance of the Building Department Reserve at the end of 2017 is \$1,099,000. Within the Ten-Year Capital Plan is a request to purchase an additional vehicle for this department, which would be financed through a transfer from the Building Department Reserve.

The other service areas in this heading include By Law Enforcement and Parking Enforcement. Overall these budget areas have decreased by \$5,700 in 2018 over 2017. This is a result in a change in the allocation of staff between the Building Department and By-law Enforcement.

A request has been made for a full time By Law Enforcement Officer which represents a service level change request. At the current time the department operates without a full-time by-law officer. Staff is allocated between Building and By-law based on instructions from the Chief Building Official as to where staff mainly work. Presently 1.0 FTE is charged to By Law and 2.3 FTE is charged to Building. The proposed position is projected to have salary and benefit costs on an annualized basis of \$79,200. If hired, staff responsibilities would be redistributed resulting in an FTE of 1.1 to By-law and 3.2 to Building. Thus, the impact to the actual By-Law budget is estimated to be \$5,800, whereas the impact to the Building Department is estimated to be a \$73,400 increase. The increase to the Building Department does not impact the tax levy as it is funded from Building Permit Fees. However, it may lead to an increase in Building Department User Fees in the future.

The 2018 budget includes a Capital request for the purchase of an additional enforcement vehicle for this service area. The justification sheet can be found on page 38.

Provincial Offences Act (POA), page 39

The Provincial Offences Act handles non-criminal offences, such as Highway Traffic Act offences. The Region of Niagara administers these Courts and distributes the fine payments to the local municipalities based on assessment. In 2017 this was budgeted under General Revenues.

Animal Control, page 40

This service was budgeted under Corporate Services in 2017. The increase is reflective of the costs outlined in the new contract signed with the Welland & District Humane Society which was approved as part of report RFD-C-07-2018 on February 20, 2018.

Transportation Services

The next six service level areas discussed fall under the broader category of Transportation Services. For these service areas, line by line analysis is difficult since in 2017 they were reported quite differently. For example, the 2017 budget had two large accounts under Roads Maintenance - \$317,100 for Roads Material and \$439,300 for Roads Contract. These accounts have now been broken down to be reflective of the service area the costs represent. A portion of the budgets have also been allocated to Rural Storm Sewer which is under Environmental Services, as rural ditching was once charged to Roads, when it actually relates to Rural Storm.

Overall, Transportation Services has a 2018 budget of \$2,898,900, which represents a \$43,300 decrease (1.47%) from the 2017 budget of \$2,942,200.

There is a service level change request to hire two new truckdrivers. The annualized cost of two truck drivers, including salary and benefits is \$164,000. The cost in 2018 is anticipated to be \$109,300 based on a May 2018 hiring date. The annualized cost to hire one new truck driver is \$82,000. Based on a May 2018 hiring date, the 2018 cost would be approximately \$54,700 for one truck driver.

Roads – Paved and Unpaved, pages 41 to 48

Paved roads are defined as roads with a hard top such as asphalt, concrete, or surface treatment. Unpaved roads are defined as loose top with a gravel, stone or other loose travelling surface.

For the purposes of this budget, all of the Overhead or Administrative Costs related to Transportation services have been budgeted under Roads Paved. There is an allocation out of Roads Paved totalling \$189,000 which is then allocated towards the following service areas:

Streetlights, Sidewalks, Wastewater, Water and Roads-Unpaved.

This is consistent with where the overhead was charged in prior years. We use the proportionate Net Book Value of assets as our allocation method. As our Financial Reporting system evolves, we hope to base these allocations on staff time.

A new revenue stream is included in this Service Area for 2018. It is \$88,000 related to the Wind Turbine Road Use Allowance License.

The Operating Budget for Roads Paved and Unpaved is \$1,835,400. Included in this service area under Roads Paved is \$202,000 for street sweeping, hot mix and surface treatment spot repairs. Also budgeted is \$74,700 for asphalt and cold mix material. Included under Unpaved Roads is \$153,000 for Gravel Resurfacing Material and \$135,700 for outside contractors to provide Dust Control and Gravel Resurfacing.

Roads Paved and Unpaved Capital:

	Expenditure	Capital Reserve	Development Charges	Gas Tax	OCIF	Grand Total
Surface Treatment	\$ 940,000	-\$ 598,974	-\$ 49,500	-\$ 119,000	-\$ 172,526	\$ -
2018 - Abingdon Rd : Pulverize & DST - From: South Chippawa Rd To: North Chippawa Rd	\$ 130,000		-\$ 11,000	-\$ 119,000		\$ -
2018 - Twenty Rd : Pulverize & DST - From: Abingdon Rd To: Westbrook Rd	\$ 370,000	-\$ 197,474			-\$ 172,526	\$ -
2018 - Twenty Rd : Pulverize & DST - From: RR 14 To: South Grimsby Rd 8	\$ 70,000	-\$ 64,000	-\$ 6,000			\$ -
2018 - South Chippawa Rd : Pulverize & DST - From: North Chippawa Road To: RR 14 (Smithville	\$ 370,000	-\$ 337,500	-\$ 32,500			\$ -
Grand Total	\$ 940,000	-\$ 598,974	-\$ 49,500	-\$ 119,000	-\$ 172,526	\$ -

The above chart outlines the 2018 Capital projects and justification sheets can be found on pages 45 to 48.

Traffic Operations and Roadside Maintenance, pages 49 to 67

This is a new reporting area for the Township in 2018. In prior years costs in this category were mainly charged to Roads and Sidewalks. General Maintenance includes the costs related to the following items:

- Line painting on roads
- Railroad crossings and signals maintenance
- Traffic studies
- Curb and gutter maintenance
- Drainage work under the Drainage Act that benefits municipal roads
- Roadside mowing, weed control, tree planting and removal and tree trimming

Also included in this area are sidewalks, including the costs related to Winter Control of sidewalks. Council is reminded that sidewalks are divided between Urban and Rural, as Urban Sidewalk Costs are funded through an Urban Service Area Levy. In 2018, this Levy is increasing from \$66,200 in 2017 to \$88,100 in 2018. This increase is largely attributable to the allocation of program support to Urban Sidewalks which increased from \$16,300 to \$35,900. This allocation takes the overhead costs under Roads Paved and allocates out to other Service Areas as discussed under Roads – Paved and Unpaved. One of the driving factors of this increased allocation is the result of a larger portion of the Corporate Insurance premiums being allocated to Transportation services which is more reflective of premium coverage and claims.

Traffic Operations and Roadside Maintenance Capital:

We have divided this service into two Capital areas. The first is Transportation Services General, which is used for Capital items that are used by many areas within Transportation Services. The second area is Traffic Operations and Roadside Services,

which includes items that are more specific to the services provided under Traffic Operations and Roadside Maintenance, such as sidewalks and ditching.

Transportation Services General Capital is found on pages 51 to 62. The chart below is a summary of the 2018 projects. Of significance is the request to add two new pickup trucks to the overall fleet at a cost of \$72,000 which will be partially funded with Development Charges. Also, there is a transfer from the Operating Fund to finance two expenditures, a Traffic Safety Study and repairs and maintenance to the Public Works' Building. The total from the Operating fund is \$20,000 and has been included in the Operating Budget.

_06000_Transportation_Services_General					
	Expenditure	Capital Reserve	Development Charges	Equipment Reserve	Operating Fund
Equipment	\$ 56,000			-\$ 56,000	
Miscellaneous road equipment	\$ 6,000			-\$ 6,000	
2018 - Roadside Rear/Side Mower for Kubota Tractor - To replace 2009 Tiger	\$ 26,000			-\$ 26,000	
Plow Blade for Kubota Tractor	\$ 16,000			-\$ 16,000	
2018 - Vehicle Hoist	\$ 8,000			-\$ 8,000	
Operating-Study	\$ 75,000	-\$ 30,100	-\$ 34,900		-\$ 10,000
Traffic Master Plan	\$ 65,000	-\$ 30,100	-\$ 34,900		
Traffic Safety Study	\$ 10,000				-\$ 10,000
Rolling Stock	\$ 428,500	-\$ 14,400	-\$ 57,600	-\$ 356,500	
2018 - Pickup Truck 12 - To replace 2005 Chevrolet	\$ 36,000			-\$ 36,000	
2018 - Tractor - To replace 2004 Kubota	\$ 92,000			-\$ 92,000	
2018 - Backhoe with hoe ram & packer - To replace 2006 John Deere	\$ 192,500			-\$ 192,500	
2018 - Pickup Truck 14 - To replace 2008 Ford	\$ 36,000			-\$ 36,000	
2018 - Pickup Truck - New to fleet	\$ 72,000	-\$ 14,400	-\$ 57,600		
Operating-Facility	\$ 10,000				-\$ 10,000
2018 - PW Building - Building interior upgrades	\$ 10,000				-\$ 10,000
Grand Total	\$ 569,500	-\$ 44,500	-\$ 92,500	-\$ 412,500	-\$ 20,000

Capital pertaining to Traffic Operations and Roadside Services is found on pages 63 to 67. Below is a summary of the 2018 projects.

_06140_Traffic_Ops_Roadside_Services			
Project Year	2018		
	Expenditure	Capital Reserve	Development Charges
Railroad Crossing	\$ 15,000	-\$ 15,000	
Unopened Roads - various locations	\$ 15,000	-\$ 15,000	
Signs - Street & Traffic	\$ 10,600	-\$ 10,600	
Signs - New & Replacment	\$ 10,600	-\$ 10,600	
Sidewalk Replacement	\$ 180,000	-\$ 162,000	-\$ 18,000
2018 - Wade Rd (West side) - From: Colver St To: RR 14 - 362m	\$ 180,000	-\$ 162,000	-\$ 18,000
Grand Total	\$ 205,600	-\$ 187,600	-\$ 18,000

Winter Control, pages 68 & 69

This Service Area is for the expenses related to Winter Control, excluding the clearing of sidewalks. The budgeted figures for 2018 are lower than 2017 because of a change in the allocation of the truck drivers between Winter Control, Roads and Sidewalks. In 2017 23% of their salary was budgeted to Winter Control and 75% to Roads. For 2018, 12% is allocated to Winter Control, with 56% allocated to Paved Roads and 30% for Unpaved Roads. The actual allocation between these service areas fluctuate dependent on the level of winter events. The Sidewalks have consistently been allocated 2% of the Truck Drivers Salaries and Wages.

Crossing Guards, page 70

This service area was previously budgeted for under Corporate Services. This service area is experiencing a \$12,800 increase over the 2017 budget. The following are the significant items accounting for this increase:

- \$6,900 towards completion of a warrant to determine the requirement of new school crossings as a result of the opening of the New Smithville Public School. The intersections being assessed are Oakdale & Georgakakos; Oakdale & Golden Acres and Townline Road between Shurie Rd and Canborough Street.
- \$5,850 increase in salary and wages as a result of budgeting for three new Crossing Guards if the above warrant deems them necessary.

Street Lights, pages 71 & 72

Street lights are divided between urban and rural. The urban street light expenditures are funded through an Urban Service Area levy, similar to urban sidewalks. In 2018, the levy for urban streetlights is \$92,800, as compared to \$98,800 in 2017. The Township continues to see the benefit in lower electricity costs that has resulted from the conversion to LED lights.

Bridges & Culverts, pages 73 to 80

The budget for bridges and culverts has increased by \$76,300 in 2018 over 2017. The main factor driving this increase was the Transfer to the Bridge Reserve which has increased to \$130,000 in 2018 as opposed to \$55,600 in 2017, an increase of \$74,400. This was necessary in light of the anticipated expenditures within the ten-year capital plan.

Bridges & Culverts Capital:

The chart below is a summary of the 2018 Capital for this service area. Justification sheets for each item are found on pages 76 to 80.

Project Year	2018			
	Expenditure	Bridge Reserve	Development Charges	Gas Tax
Deck Betterment - Construction	\$ 360,000		-\$ 39,450	-\$ 320,550
2018 - Boyle Rd - From: East Chippawa (WL) To: River Road (W) SDR	\$ 360,000		-\$ 39,450	-\$ 320,550
Deck Betterment - Design	\$ 60,000	-\$ 54,350	-\$ 5,650	
2018 - Caistor-Gainsborough Townline Rd - From: South Chippawa To: RR 63 SDR	\$ 30,000	-\$ 27,150	-\$ 2,850	
2018 - Patterson Rd - From: Sixteen Rd To: RR 20 SDR	\$ 30,000	-\$ 27,200	-\$ 2,800	
Guard Rail Replacement - various bridges	\$ 130,000	-\$ 130,000		
Bridge New	\$ 40,000	-\$ 12,000	-\$ 28,000	
2018 - - Pedestrian Trail Bridge - Forestview	\$ 40,000	-\$ 12,000	-\$ 28,000	
Grand Total	\$ 590,000	-\$ 196,350	-\$ 73,100	-\$ 320,550

Storm Sewer Services, pages 81 to 84

This service area incorporates budgets related to both urban and rural storm systems. In 2017, the maintenance of rural storm systems was budgeted for under Roads Maintenance. In 2018, the budget of \$63,700 is for the purchase of culverts and for the annual ditching contract. The budget of \$23,600 for the urban storm systems is to cover the costs related to the purchase of culverts and general maintenance.

Storm Sewer Capital:

The charts below are a summary of the 2018 Storm Sewer Capital budget. Included in this budget is \$25,000 for maintenance of the Oakdale Boulevard Storm Pond which is funded through the Operating Fund.

_08210_Urban_Storm_System-Tangible Capital Assets		
Project Year	2018	
	Expenditure	Capital Reserve
Storm Sewer - Refurbishment	\$ 20,000	-\$ 20,000
2018 - Colver St: Canborough St to Wade Rd	\$ 20,000	-\$ 20,000
Grand Total	\$ 20,000	-\$ 20,000

_08210_Urban_Storm_System-Projects		
Project Year	2018	
	Expenditure	Operating Fund
2018 - Oakdale Blvd: Storm Pond Maintenance	\$ 25,000	-\$ 25,000
Grand Total	\$ 25,000	-\$ 25,000

Water Distribution Services, pages 85 to 92

The costs related to the distribution of water is funded through user fees. The 2018 budget is proposing a 5% increase to water rates as outlined in the 2016 Water and Wastewater Rate Study and Financial Plan. The rate change would be effective July 1, 2018 and would impact the September and December billings. The water consumptive rate would increase to \$1.28 from \$1.22 and the fixed quarterly rate for a ¾ service would increase to \$35.81 from \$34.10. Bulk water would see its per cubic meter rate increase to \$1.72 from \$1.64. The chart below summarizes the impact to an average customer's quarterly invoice.

Impact of Proposed Water & Wastewater Rates			
Based on an average consumption of 45 cubic meters per quarter, or 180 cubic meters annually			
		Quarterly Charge	
		Current	July 2018
Water Consumptive		\$ 55	\$ 58
Sewer Consumptive		\$ 71	\$ 74
Water Base		\$ 34	\$ 36
Sewer Base		\$ 79	\$ 83
Total		\$ 238	\$ 250

The transfer to the water reserve is budgeted at \$221,200 which is a \$69,200 increase over the 2017 transfer of \$152,000. It is anticipated that the closing balance in the Water Reserve would be approximately \$534,600 at the end of 2018.

Water Distribution Capital:

The charts below summarize the 2018 planned capital items:

08320 Water Distribution Transmission-Tangible Capital Assets			
Project Year	2018		
	Expenditure	Development Charges	Water Reserve
Miscellaneous Water Equipment	\$ 5,000		-\$ 5,000
Water Meters Replacement Program	\$ 50,000		-\$ 50,000
Water Meters New Installation	\$ 30,000		-\$ 30,000
Main - Replace - Design	\$ 40,000	-\$ 20,000	-\$ 20,000
Water Main Replace-Design - West St - From: South Grimsby Rd 5 To: Wade Rd	\$ 40,000	-\$ 20,000	-\$ 20,000
Grand Total	\$ 125,000	-\$ 20,000	-\$ 105,000

08320 Water Distribution Transmission-Special Projects			
Project Year	2018		
	Expenditure	Development Charges	Water Reserve
2018 - Water Master Plan	\$ 75,000	-\$ 56,200	-\$ 18,800
Grand Total	\$ 75,000	-\$ 56,200	-\$ 18,800

Justification sheets are found on pages 89 to 92.

Wastewater Services, pages 93 to 96

Like Water Distribution, Wastewater Services are funded through user fees. It is proposed that wastewater rates increase by 5% effective July 1, 2018. The wastewater consumptive rate would increase to \$1.65 from \$1.57 and the fixed quarterly rate for a ¾ service would increase to \$82.55 from \$78.62. The impact to an average quarterly invoice was illustrated under Water Distribution on the previous page.

The transfer to the Wastewater reserve is budgeted at \$186,900, which is lower than the 2017 transfer of \$195,600 by \$8,700. It is anticipated that the closing balance in the Wastewater Reserve would be approximately \$765,700 at the end of 2018.

Wastewater Services Capital:

The charts below summarize the 2018 planned capital items:

08110_Wastewater_Collection_Conveyance - Tangible Capital Assets			
Project Year	2018		
	Expenditure	Sewer Reserve	
Miscellaneous Wastewater Equipment	\$ 5,000	-\$	5,000
Grand Total	\$ 5,000	-\$	5,000

08110_Wastewater_Collection_Conveyance - Special Projects			
Project Year	2018		
	Expenditure	Development Charges	Sewer Reserve
Sanitary Sewer Master Plan	\$ 75,000	-\$ 19,000	-\$ 56,000
Grand Total	\$ 75,000	-\$ 19,000	-\$ 56,000

Cemetery Services, pages 97 & 98

There has been a decrease of \$2,400 in this budget, with \$68,400 budgeted for in 2018 versus \$70,800 in 2017.

Library Services, pages 99 to 114

The 2018 budget is \$510,500 compared to a 2017 budget of \$418,500, which is an increase of \$92,000 (22%). Significant items impacting the library budget are as follows:

- The transfer to the Library Reserve has increased by \$38,700, with the 2018 budget requesting a \$50,000 contribution to the Library Reserve as opposed to the request of \$11,300 in 2017.

- Anticipated Pay Equity salary adjustments have resulted in an approximate increase to the Library budget totalling \$43,000.
- Bill 148 has impacted this budget due to the mandated increase in minimum wage, resulting in a \$10,000 increase.

It is important to make note of a new reporting practice that is impacting the 2018 Library Budget. This new practice has no effect on the bottom -line but requires clarification. In 2017, and prior years, the addition to the Library collections through the purchase of books and audio visuals was treated as an operating expense. These purchases were funded through the operating fund. However, at each year end, Finance staff were required to re-state these items as Tangible Capital Assets as per the Township's Tangible Capital Asset Policy. Commencing in 2018, these items are now being classified as Capital. In order to continue to fund them through the operating fund a transfer to the Library Reserve (\$25,400) which equates to the amount being funded from the operating fund is necessary. This transfer to the Library Reserve is then transferred out as a source of funding for the Capital Purchase (account 3-16-16400-460115). In order to provide further clarity, this transfer to the Library Reserve is shown separately from the request from the Library to increase their transfer to the Library Reserve to \$50,000 (see page 99).

The 2018 Library Capital requests are outlined in the chart below, with justification sheets found on pages 105 to 114.

Project Year	2018			
	Expenditure	Development Charges	Library Reserve	Donations
16402_Library_Smithville	\$ 23,300	-\$ 4,800	-\$ 18,500	
2018 - Photocopier	\$ 5,000		-\$ 5,000	
Replacement Computers	\$ 1,500		-\$ 1,500	
Addition to printed collection	\$ 13,500	-\$ 4,800	-\$ 8,700	
Addition to audio visual collection	\$ 3,300		-\$ 3,300	
16403_Library_Caistorville	\$ 11,500	-\$ 4,800	-\$ 6,700	
Addition to printed collection	\$ 7,200	-\$ 4,800	-\$ 2,400	
Addition to audio visual collection	\$ 4,300		-\$ 4,300	
16404_Library_Wellandport	\$ 116,500	-\$ 4,800	-\$ 101,700	-\$ 10,000
2018 - Wellandport Addition Furniture and Fixtures	\$ 100,000		-\$ 90,000	-\$ 10,000
2018 - Computers-New	\$ 5,000		-\$ 5,000	
Addition to printed collection	\$ 8,700	-\$ 4,800	-\$ 3,900	
Addition to audio visual collection	\$ 2,800		-\$ 2,800	
Grand Total	\$ 151,300	-\$ 14,400	-\$ 126,900	-\$ 10,000

Recreational & Cultural Services

The reporting for this service area has been greatly impacted by the Township's change in the Chart of Accounts and reporting structure. In 2017 and prior years this service area was budgeted for through the following: Recreation, Arena and Facilities (partial). Within the Arena budget was the salary and benefits of staff working in parks. This is

one example of how the previous reporting structure did not make sense. For 2018, this service area is divided between Recreation Facilities, Parks and Recreational Programming.

Recreation Facilities Services, pages 115 to 120

In 2018, the 3 full time recreation staff are being allocated 50% to the Arena and 50% to Parks. As discussed previously, in 2017, 100% of their salaries was charged to Arena. In addition, the full-time facilities staff person is being charged 50% to Corporate Services and 50% to General Recreational Facilities. In 2017, 100% of this position was charged to Arena. Finally, the Supervisor of Parks & Facilities is being allocated between Corporate Services, Parks and General Recreational Facilities. In 2017 and prior years, 100% of this position was charged to Recreation. These salary allocations have been developed to represent more accurately where staff time is being expended.

An amount of \$18,000 has been budgeted for in account 1-16-16340-515430 under General Facilities and represents the anticipated cost of water related to the new Splash pad that is scheduled to open in the summer of 2018. This budget has been developed in consultation with other municipalities with similar facilities.

Recreation Facilities Capital:

The charts below is a summary of the 2018 Capital projects for this service area. Detailed justification sheets can be found on pages 118 to 120.

Project Year	2018		
_16340 Recreation Facilities			
	Expenditure	Equipment Reserve	Facilities Reserve
2018 - Floor Cleaning Machine	\$ 7,500	-\$ 7,500	
2018 - Wellandport Hall - New Steel Roof, Facia & Soffit	\$ 17,000		-\$ 17,000
Grand Total	\$ 24,500	-\$ 7,500	-\$ 17,000

Project Year	2018		
	Expenditure	Facilities Reserve	
2018 - Wellandport Hall - Point & Paint	\$ 10,000	-\$ 10,000	
Grand Total	\$ 10,000	-\$ 10,000	

Parks Services, pages 121 to 136

This service area includes amounts related to the following services:

- Parks & parkettes

- Playgrounds
- Public Squares
- Skateboard Parks
- Sports Fields
- Trails
- Flower gardens, displays and Horticultural areas

In past years, these budgets were allocated between Recreation, Arena and Facilities, as outlined earlier. Staff have also created accounts specifically for Leisureplex as this is the Township's largest park. Line by line analysis for this service area is difficult as there are no comparators in the 2017 budget. It should be noted that this service area is impacted by Bill 148 legislation as it impacts the part time staff employed here. Part-time wages budgets have increased by approximately \$7,100 as a result.

Parks Services Capital:

The charts below outline both the Tangible Capital Assets and the Special Projects being budgeted for under Parks. Detailed justification sheets are found on pages 125 to 136. There is \$5,000 of funding coming from the Operating fund and is reflected in the operating budget.

_16100_Parks - Tangible Capital Assets										
Project Year	2018									
	Expenditure	Capital Reserve	Development Charges	Equipment Reserve	Facilities Reserve	In Lieu of Parkland	Planning Reserve	Grant Regional	Grant Community	Grant Provincial
Miscellaneous recreation equipment	\$ 6,000			-\$ 6,000						
2018 - Heritage Committee Mural Project	\$ 12,500						-\$ 5,000	-\$ 5,000	-\$ 2,500	
2018 - Leisureplex - Works building upgrades	\$ 16,000				-\$16,000					
2018 - Streamside Playground - New playground equipment	\$ 32,000		-\$ 23,000			-\$ 9,000				
2018 - Abingdon Baseball Diamond Lights	\$ 40,000	-\$ 40,000								
2018 - Leisureplex - New Green Space	\$ 12,000					-\$12,000				
2018 - Smithville Square Parkette	\$ 250,000	-\$ 77,000	-\$ 25,000					-\$100,000		-\$ 48,000
2018 - Wellandport Park Upgrades	\$ 5,500								-\$ 5,500	
2018 - Front mount mower - To replace 2008 John Deere	\$ 21,500			-\$ 21,500						
2018 - Landscape Trailer - To replace 2005 Nando	\$ 20,000			-\$ 20,000						
2018 - Field Paint Liner	\$ 4,200			-\$ 4,200						
Grand Total	\$ 419,700	-\$117,000	-\$ 48,000	-\$ 51,700	-\$16,000	-\$21,000	-\$ 5,000	-\$105,000	-\$ 8,000	-\$ 48,000

_16100_Parks - Special Projects		
Project Year	2018	
	Expenditure	Operating Fund
Operating-Land Improvement	\$ 5,000	-\$ 5,000
Tree planting new & replacement	\$ 5,000	-\$ 5,000
Grand Total	\$ 5,000	-\$ 5,000

Recreation Program Services, pages 137 & 138

This service area includes the costs related to the following items:

- Community and recreation programs
- Public Celebrations

The Christmas light program is now budgeted under this area as it is being considered a public celebration. Programming has been distinguished between General, Youth and Adult. In addition, specific budgets have been outlined for Canada Day and Harvest Routes.

This department employs a large amount of part-time staff which are impacted by Bill 148 legislation. An additional \$22,000 has been budgeted to take into account the impacts of this legislation. The net cost of Canada Day celebrations has increased by \$12,000 in 2018 due to the loss of a grant that was available in 2017.

Planning Services, pages 139 to 144

The Planning budget for 2018 is \$171,600, which is \$26,300 lower than the 2017 budget of \$197,900. The planning department is anticipating a significant increase in revenues compared to 2017. Significant increases in revenue in 2018 are below:

- Rezoning fee revenue increasing by \$34,500
- Sub divider & Condo fee revenue increasing by \$51,200
- Subdivision Admin fee revenue increasing by \$99,000

This increase in revenues is partially offset by an increase in expenditures as follows:

- Salaries and benefits budget is higher in 2018 by \$77,700 which is mainly attributable to the costs of an additional staff position approved in 2017.
- Other expenses are impacted by anticipated increases in legal and OMB defence cost which total \$60,000 in 2018 as opposed to \$15,000 in 2017, an increase of \$45,000.
- A larger amount of Special Projects are being funded through the Operating Fund in 2018 as compared to 2017. In 2018, \$56,500 is being financed through the Operating Fund, as opposed to \$23,250 in 2017, an increase of \$33,250.

Planning services has made a service level request for 2018. The department is requesting that a transfer of \$40,000 be made to the Community Improvement Fund. At the end of 2017 there is a balance of \$69,937 committed to this in the Planning Reserve. This fund is used to provide grants to qualified property owners within Downtown and Brownfield sites.

Planning Services Capital:

The chart below summarizes the 2018 Planning Special Projects. All of these amounts have been incorporated into the Planning Operating budget, with the expenditure and corresponding funding budgeted. \$56,500 is being funded through the Operating Fund. Justification sheets are found on pages 141 to 144.

<u>18100 Planning Development</u>				
Project Year	2018			
	Expenditure	Development Charges	Operating Fund	Grants Provincial
2018 - Bike Trails Master Plan	\$ 25,000	-\$ 3,800	-\$ 2,500	-\$ 18,700
2018 - Railroad Crossing Justification Study	\$ 30,000	-\$ 24,000	-\$ 6,000	
2018 - Urban Boundary Expansion	\$ 100,000	-\$ 60,000	-\$ 40,000	
2018 - Wellandport Streetscape Master Plan	\$ 10,000	-\$ 2,000	-\$ 8,000	
Grand Total	\$ 165,000	-\$ 89,800	-\$ 56,500	-\$ 18,700

Drainage Services, page 145

This service area captures the revenue and expenditures related to the work done under the Drainage Act. The portion of drainage work done under the Drainage Act which benefits municipal roads is budgeted under Traffic Operations and Roadside Assistance.

Equipment and Facilities, page 146

The equipment budget includes the cost of equipment and vehicle repairs and maintenance for assets used by Transportation Services, Water, Wastewater and Parks. Also included in this budget is the transfer to the Equipment Reserve. This transfer has been increased to \$350,000 from \$237,000 in 2017, representing an \$113,000 increase. This was deemed necessary in light of the requirements of this reserve over the next ten years.

The costs budgeted in this area total \$640,700 and are allocated to the following budgets:

- \$333,700 Roads Paved
- \$179,200 Winter Control
- \$49,500 Parks
- \$28,700 Arena
- \$20,900 Water
- \$18,600 Urban Sidewalks
- \$8,500 Sewers
- \$1,600 Bulk Water

This allocation is based on the same proportions employed in 2016 and 2017 which is based on asset values.

In 2018, the Township no longer has a single Facilities Budget. Instead, each departmental budget includes the facility costs that are required to effectively provide the required services.