

Draft – For Discussion Purposes Only

Town of Petrolia

Draft 2016 Budget – Public Session

25 January 2016

Today's Agenda

1. Opening Comments
2. 2016 Budget & Strategic Financial Plan
Schedule
3. 2016 Town General Operating Budget
4. 2016 Town General Capital Budget
5. 2016 Town Water Operating and Capital Budget
6. 2016 Town Sewer Operating and Capital
Budget

DRAFT
Town of Petrolia
2016 Budget and Strategic Financial Plan
As at 2 Dec 15

Activity	Date	Action by:	Comments
Roads Condition Assessment Results	14 Sep 15 Council Education Session	Council and Management Team	Dave Anderson Roads consultant will brief Council on his review.
Update 2015 Year End budget forecast	25 Sep 15 (at Summary sheet level)	Management Team	Finance will update end August 2015 financial report by 8 Sep 2015 and Directors can update their year-end forecasts. End Sep 2015 Financial Report going to Council on 26 Oct 15.
2016 Salary forecasts	15 Oct 15	Directors Rick/Terry to help Directors with forecast calculations	Salaries allocations to be determined; Benefits estimate for part-time 15% and full-time 30%.
First 2016 Budget Staff Meeting	7 Oct 15 10:00	Management Team	Annette will hand out paper 2016 Budget worksheets by 22 Sep for budget managers to provide estimates by October
Second 2016 Budget Staff Meeting Staff	4 Nov 15 10:00	Management Team	Update draft 2016. Goal is balanced draft 2016 Budget. Do we introduce a CAO Unforeseen budget (\$50K)? May need another session. Draft macro 2016 Budget estimates used to develop 2016 Strategic Financial Plan
Council Education Session	23 Nov 15	Management Team	Public education session on background to establishing 2016 Water and Sewer rates. Rates to be approved as part of the 2016 Fee Schedule approval by Council.
CAO and Treasurer meet with each Director to review 2015 and 2016 budgets	4-5 Dec 15	Management Team	Help prepare for management's strategic retreat in January 2016.

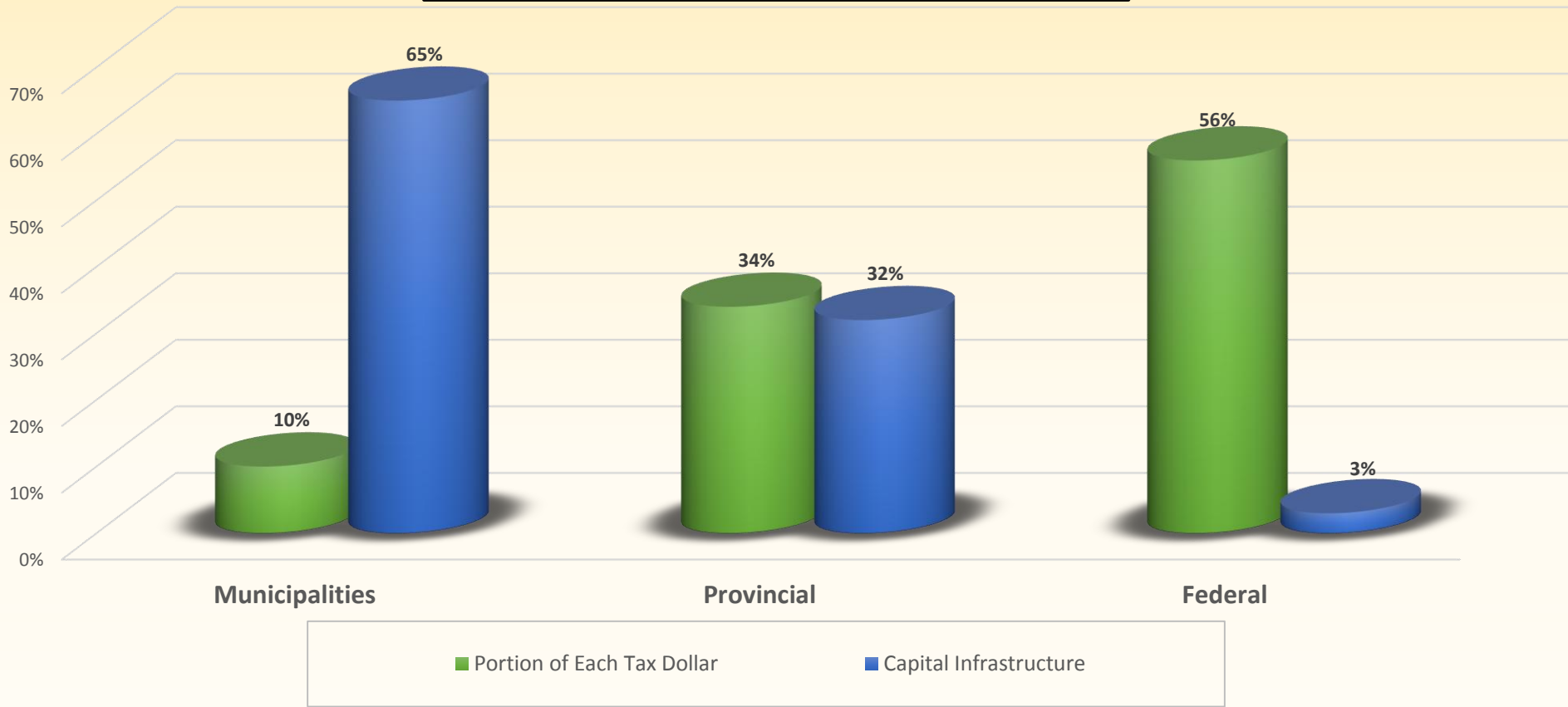
Indicates task completed

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Activity	Date	Action by:	Comments
Fourth 2016 Budget Staff Meeting (if needed)	6 Jan 16	Management Team	Review Final Draft Budget. Directors provide any additional input, to Annette by 7 January, if required.
Council approve borrowing; penalty/interest and interim 2015 tax levy by-laws	11 Jan 16	Council	By-law 01-2016 to authorize the short term borrowing; By-law 02-2016 to establish a penalty charge for non-payment of taxes and to provide interest rates to be added to tax arrears; and By-law 03-2016 to levy and collect a portion of the realty taxes for the year 2016.
Council deliberation of budgets	21 Jan 1-4 pm Council Chambers	Council/Staff	Half day Open session. Council review of 2016 operating and capital budgets for Town General, Water and Sewer.
Public draft Budget 2016 presentation	25 Jan 16	Management Team	Presentation of draft Budget 2016 to public from 5:30 to 6:45 prior to Council.
Council approval of Budget 2016	25 Feb 16	Council	Seek Council approval of draft 2016 Budget.
Enter 2015 approved Budget into Keystone	End Feb 16	Annette	Enter monthly budget breakout for each GL.
Update Long Term Operating and Capital Plans	End Mar16	Staff	Update Strategic Planning Assumptions and Model 2016 to 2025
Present First Quarter 2016 Budget Financial Report	25 Apr 16	Management Team	
Several tax policy, tax ratio, and tax capping meetings with County Treasurer	Apr to Jun 16	Rick/Annette	The recommendations will go to County Council for approval, as the County by-laws are required for us to set our tax rates for the various tax classes.
Brief Council on Long Term Strategic Plan	End May 16	Council/Staff	Seek Council approval in principal for long term financial plans.
Council approve 2016 tax ratios and final tax levy	13 Jun16	Regular Council meeting	Need County input and tax capping.

Municipalities Own Majority of Infrastructure But Receive the Smallest Share of Tax Dollars

Canadian Public Infrastructure: \$500B



Source: The Fraser Institute's Canadian Tax Simulator, 2014



“...and *that’s* why you need to raise my allowance!”

Impact on Residential Home Assessed at \$100,000

	<u>Proposed</u>		
<u>2015</u>	<u>2016</u>		
<u>Taxes</u>	<u>Taxes</u>	<u>\$ Change</u>	<u>% Change</u>

**Composite Property
Tax Rate**

\$1,544	\$1,565	\$21	1.4%
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Note: assumes that County and Education rate changes similar to 2015.

Draft 2016 Town Operating Budget Overview

Please turn to our handout to follow as we walk through our draft budget

Revenues (non-department specific) (\$6,190K) - revenue that is not associated directly to a department such as Public Works or the VPP

- Estimated composite property tax rate increase 1.4% (\$4,514K)
- Government Contributions (\$32K) – payment in lieu of taxes for government organizations such as the OPP and our hospital properties
- OMPF (\$1,001K) – Ontario Municipal Partnership Fund grant – our main operating grant from the Province (increased by \$81K)
- Other Revenue (\$642K) – Landfill Royalties (\$50K); new Ontario Community Infrastructure Fund grant (\$75K); Gas Tax Rebate grant (\$168K); Tax arrears interest/penalties (\$70K); Bluewater Power dividends and interest(\$201K); etc

Net Departmental Operating Summary (\$6,190K)

- Heritage & Library (\$25K)
- Municipal Services (\$29K) – planning and development activities, and our Cemetery operations

Draft 2016 Town Operating Budget Overview

Net Departmental Operating Summary (\$6,190K) Cont'd

- General Administration (\$1,430K) – Council expenses; Admin staff salaries; insurance; legal; travel; IT support; Victoria Hall building costs; etc
- Protective Services (\$1,068K) – OPP costs \$1,008K
- EOC/CERV (\$5.4K)
- Fire Department (\$195K) – operates on 60-40 cost share with Enniskillen
- Public Works (\$1,318K) – salaries; roadways; road winter control; sanitary collection; street lighting
- Community Centre (\$462K) – Aquatics \$203K; Wellness \$150K; Programs \$109K
- Arena (204K)
- Parks & Recreation (\$392K)
- Farmers Market (\$18K)
- Marketing (\$132K) – includes \$60K to assist with communications and promotions for Petrolia's downtown during road construction
- King Street (\$0) – formerly housed the Family Health Team doctors. Building was sold in March 2015.
- Glenview Road (\$0) – property was purchased to facilitate the construction of the new Family Health Team building. 2015 was last year for costs.

Draft 2016 Town Operating Budget Overview

Net Departmental Operating Summary (\$6,190K) Cont'd

- Non- Departmental Reserve Transfers (\$605K) - \$168K Gas Tax Rebate; \$37K Ontario Community Infrastructure Fund grant; and \$400K transfer to Working Capital Reserve to help fund capital projects such as roads.
- Loans (\$306K):
 - General Admin (Vic Hall Chiller) \$9K
 - Public Works (includes Princess St) \$202K
 - Arena (Chiller) \$21K
 - Parks & Recreation (Baseball lights) \$9K
 - Marketing (Town entrance sign) \$6K
 - Farmers Market/Town Square \$60K
- Victoria Playhouse (\$0) – balanced budget with about \$56K transferred to VPP Reserve to help fund potential deficits and/or VPP capital

Total Net Operating - \$0 therefore, a balance Town General Operating budget

2016 Town General Capital Budget Overview

Please turn to the sheet for the 2016 Town General Capital Budget

- **Arena – \$115K**
 - Ice Resurfacers \$80K
 - #2 Compressor \$35K
- **Community Centre - \$80K**
 - Parking Lot Repairs \$25K
 - CLASS Software Upgrade \$25K
 - Reception Reconfiguration/Entrance Sign \$30K
- **Community Services – Playground Equipment/Mower/Lighting
Kerr Park \$40K**

2016 Town General Capital Budget Overview

- **Public Works - \$1,285K**
 - Petrolia Line Phase II- \$490K
 - General Engineering Consulting \$30K
 - East and West Town Entrance Signs \$25K
 - Snow Plough \$230K
 - Kubota Tractor \$35K
 - Fleet Replacement \$60K
 - Victoria Hall South Sidewalk \$25K
 - Library Building Work \$15K
 - Road Resurfacing \$300K
 - Update Asset Management Plan \$25K
 - Salt Storage Barn \$50K
- **Total Capital Program: \$1,520K**
- **Funding Source:** Grant or Donation \$790K; and Debt or Reserve \$730K

Impact on Residential Home Assessed at \$100,000

	<u>Proposed</u>		
<u>2015</u>	<u>2016</u>		
<u>Taxes</u>	<u>Taxes</u>	<u>\$ Change</u>	<u>% Change</u>

**Composite Property
Tax Rate**

\$1,544	\$1,565	\$21	1.4%
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Note: assumes that County and Education rate changes similar to 2015.

2016 Water Budget Overview

Please turn to 2016 Water Budget sheet

- **Revenue: \$2,118K** (3% rate increase)
- **Operating Costs (\$1,224K):**
 - Water Treatment Plant \$695K (Water Tower Loan repaid in 2015 \$638K)
 - Booster Station \$89K
 - Water Admin/Collection/Equipment \$136K
 - Water Distribution \$305K
- **Operating Surplus: \$894K** (\$2,118K-\$1,224K)
- **Capital Program \$2,180K:**
 - In-Take Repairs & Upgrade \$450K
 - Forklift \$25K
 - OCWA Recommended Minor Capital \$96K
 - Petrolia Line Phase II \$659
 - First Year of Water Meter Replacement Program \$250K
 - Mandaumin Reservoir \$700K (Total Project \$2.7M, seeking \$2M grant)
- **Bottomline:** require \$1,286K (Capital Program less Operating Surplus) which would be borrowed.


2016 Sewer Budget Overview

Please turn to 2016 Sewer Budget sheet

- **Revenue: \$2,165K** (3% rate increase)
- **Operating Costs (\$873K):**
 - Storm Sewers \$10K
 - Sanitary Sewers \$279K
 - Waste Water Treatment Plant (WWTP) \$585K
- **Operating Surplus: \$1,291K** (\$2,165K-\$873K)
- **Capital Program \$5,902K:**
 - Lift Station (Greenfield) \$586K
 - Master Drainage Plan \$75K
 - Petrolia Line Phase II \$832K
 - Waste Water Treatment Plant \$4,409K
- **Bottomline:** require \$4,610K (Capital Program less Operating Surplus) which will be covered by Sewer Reserve and Infrastructure Ontario Construction Loan.

Conclusions

- Like all municipalities, the Town of Petrolia is a capital intense organization (over \$90M at original cost)
- These assets are critical to the Town maintaining its level of service to the residents
- Asset Management Plans are mandated to receive (or even apply for) Provincial/Federal funding
- The Town of Petrolia now has an integrated, long term view of our capital and operational plans
- Petrolia has several major capital projects underway to improve the quality of life for Petrolia residents, eg, Petrolia Line Reconstruction, WWTP Upgrade, Mandaumin Reservoir, Significant repaving projects, etc.
- Exciting times!

A close-up photograph of a hand dropping a coin into a pink piggy bank. The piggy bank is a classic pig shape, and the coin is a silver-colored Euro. The background is a solid light blue color.

*A budget is telling
your money where
to go instead of
wondering where it
went.*

John Maxwell