



The Corporation of the Town of LaSalle

Date:	October 5, 2017	Report No:	FIN-26-2017
Directed To:	Members of Council		
Department:	Finance		
Prepared By:	Joe Milicia, CPA ,CA Director of Finance & Treasurer Dale Langlois, CPA ,CA Manager of Finance & Deputy Treasurer	Policy References:	None
Subject:	Preliminary 2018 Budget Outlook		

Recommendation:

- For Council information and Direction

Report:

As part of the Strategic Planning Process, the Strategic Plan was reviewed and updated at the beginning of the term of council. Members of Council re-affirmed the five (5) areas (or buckets as we often refer to them as) of the Strategic Plan as well as the areas which would be the primary focus for the term of council.

Expanding and diversifying the Town's assessment base	Effectively communicating the activities and interests of the Town	Managing the Town's Human and Financial Resources in a responsible manner	Promoting and Marketing LaSalle	Promote a Healthy and Environmentally Conscious Community
Primary Focus for Term of Council				
1. Increase availability of development ready lands 2. Maintain competitive edge in region	1. Implement strategy for internal communication 2. Implement strategy for external communication	1. Ensure delivery of services in an efficient and effective manner 2. Manage the Town's finances and people in a responsible manner	1. Promote the Town's brand and strengths 2. Attract and keep people in the Town	1. Operate Town in an environmentally conscious manner (internal) 2. Promote a healthy/active/sustainable community (external)

The areas of primary focus are further segmented as Strategic Actions of the plan. As with all Strategic Plans, the priorities and actions will span the mid to long term and generally beyond one single term of council. The municipality has made great strides in undertaking progress and completing the majority of the Strategic Actions.

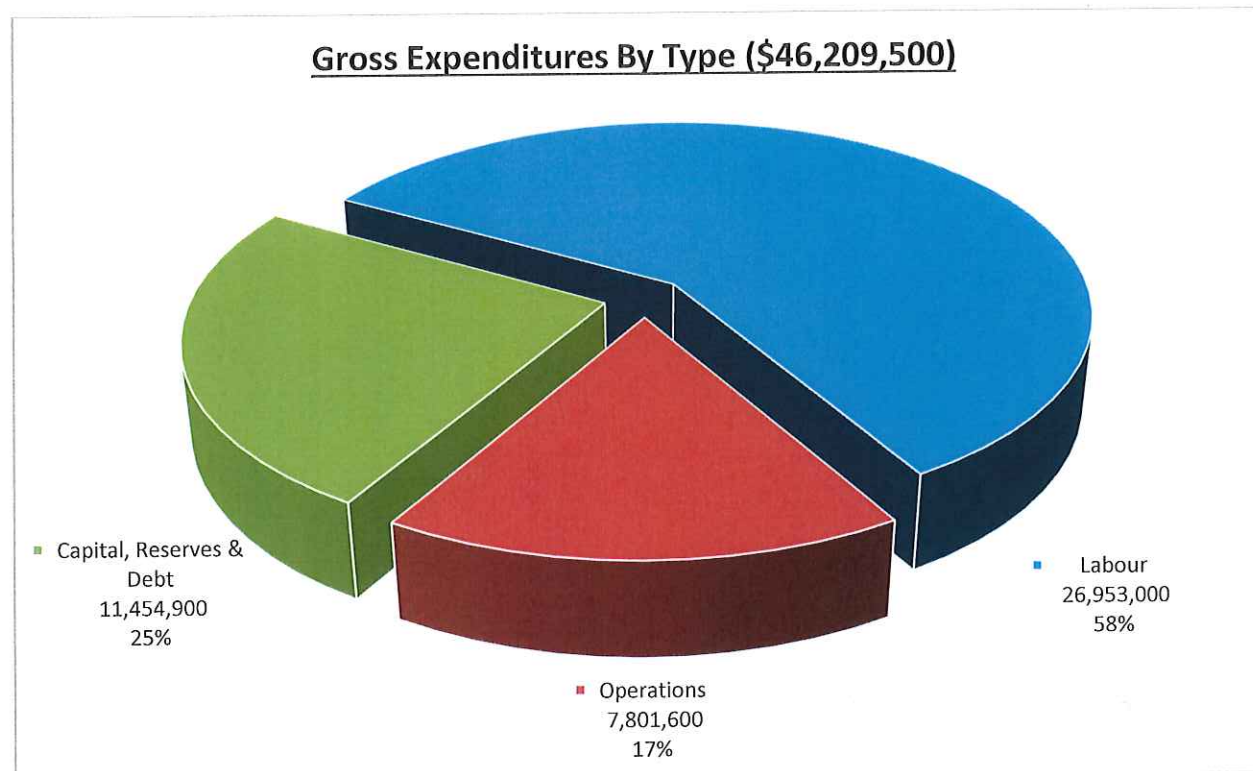
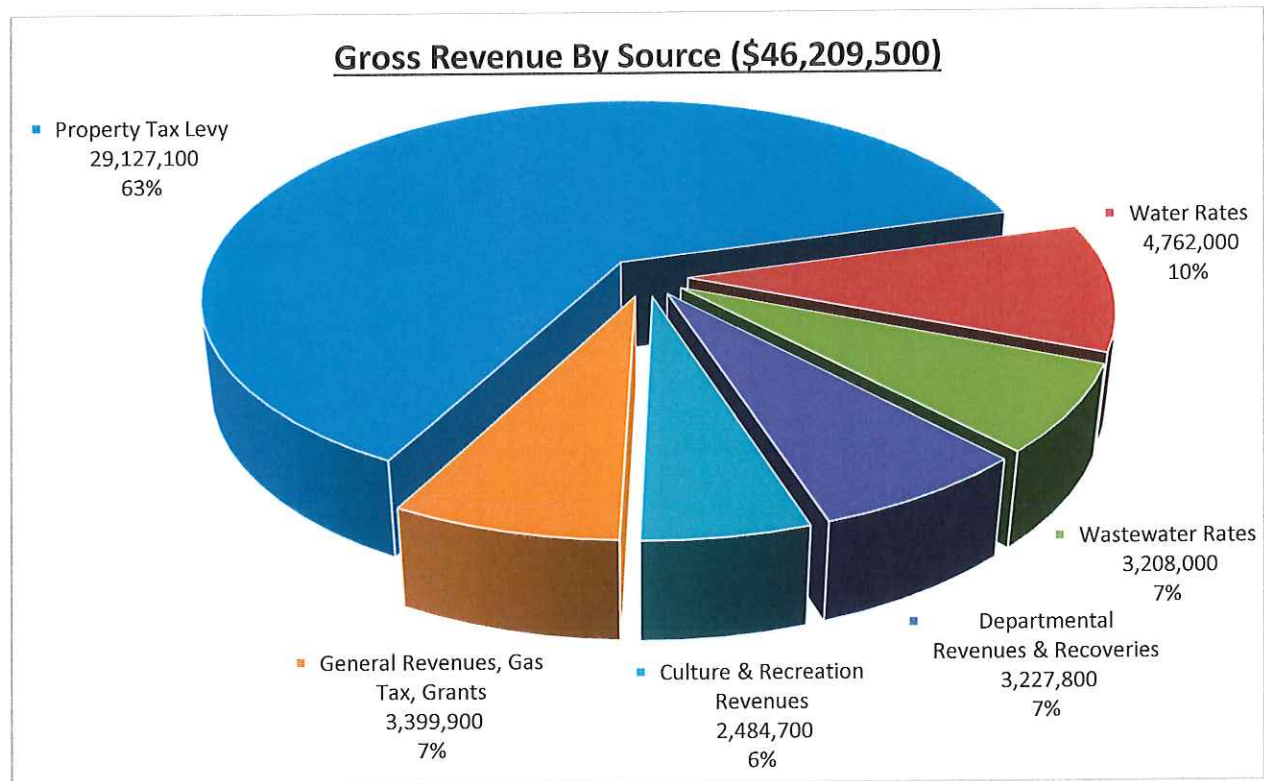
Expanding and diversifying the Town's assessment base	Effectively communicating the activities and interests of the Town	Managing the Town's Human and Financial Resources in a responsible manner	Promoting and Marketing LaSalle	Promote a Healthy and Environmentally Conscious Community
Strategic Actions				
<ol style="list-style-type: none"> 1. Targeted incentive strategy 2. Howard/Bouffard master servicing study 3. Open for business strategy 4. New Official Plan 5. Meeting with stakeholders 6. Pursue grant opportunities 	<ol style="list-style-type: none"> 1. Corporate wide templates 2. Newsletters (paper/electronic) 3. Surveys 4. News Room 5. Media Releases 6. Stream Council Meeting 7. Open houses/Town Hall meetings 	<ol style="list-style-type: none"> 1. Undertake service delivery review (SDR) 2. Conduct community survey 3. New procurement by-law 4. Review and update procurement processes 5. Strategy for enhanced risk management 6. HR programs (i.e. Health and Safety / Performance Management / Benefit Review) 	<ol style="list-style-type: none"> 1. Strategy to expand the Town's brand 2. Develop promotional packages (paper / videos) 3. Meeting with stakeholders (ie. LBA / developers and builders) 4. Strategy to enhance existing festivals 5. Strategy to develop new events (multiple and one day) 6. Strategy to develop cultural activities 	<ol style="list-style-type: none"> 1. Convert to LED streetlights 2. Undertake energy reviews/audits and implement recommendations 3. Prepare information for public on conversion opportunities 4. (Continue to) acquire, manage and protect significant lands 5. (Continue to) encourage the development of sidewalks / trails 6. Explore opportunities for alternate types of transportation (i.e. bike facilities/transit)

These areas of primary focus and strategic actions set the direction for the municipality and the actions of Council and Administration for the term. This is not say that all other areas are dismissed or that changes in the municipal environment are not considered. The Strategic Plan is continuously reviewed in the context of the current information, considering internal and external forces and influences.

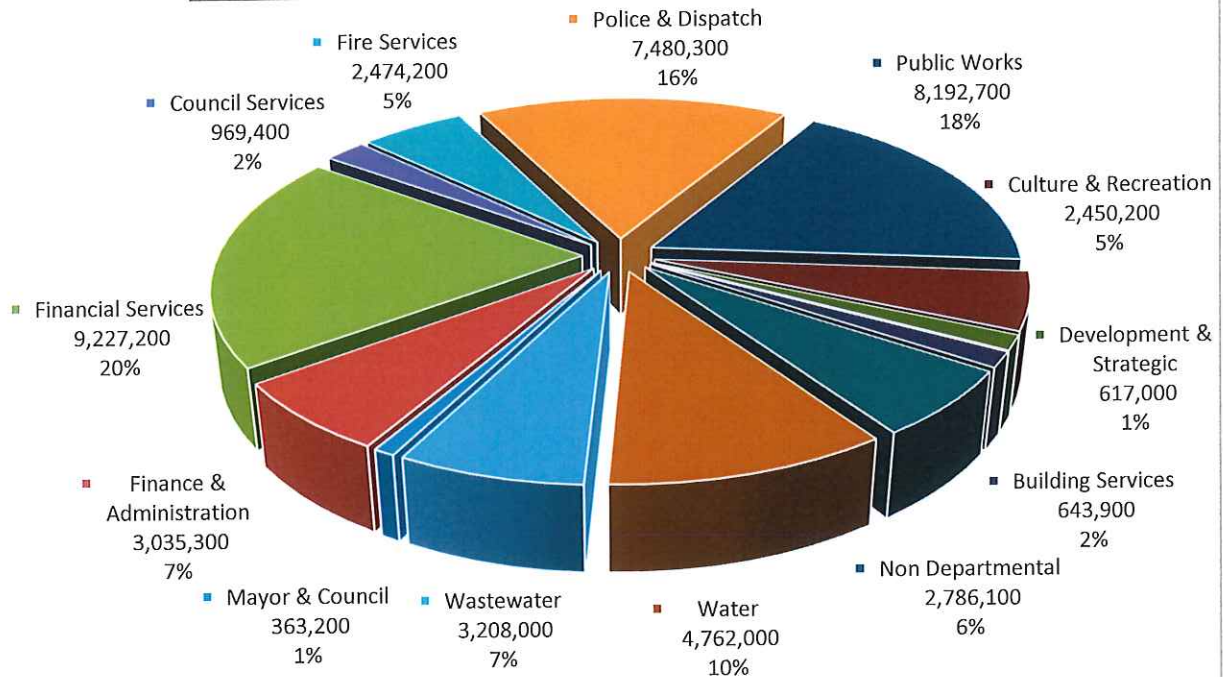
As part of setting the direction of the municipality, the Strategic Priorities/Areas of Focus and Actions guide the development of the annual budget as well as the department and corporate business plans.

2017 Budget Review

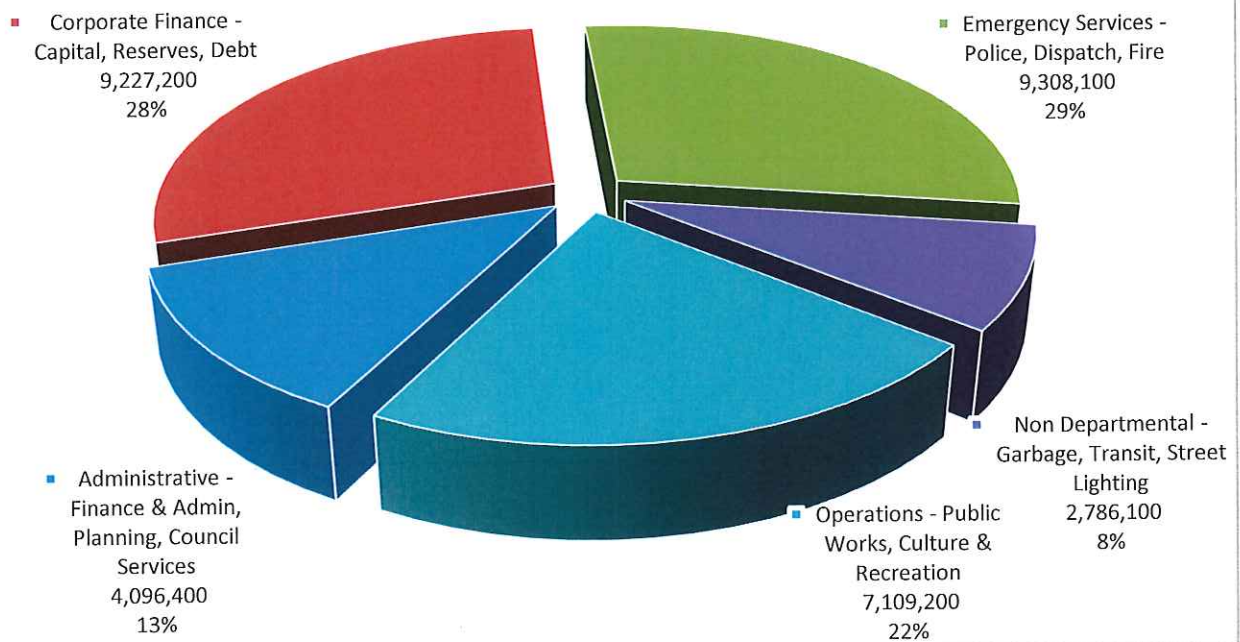
The following graphs display, at a high level the allocation of resources in the approved 2017 Budget.



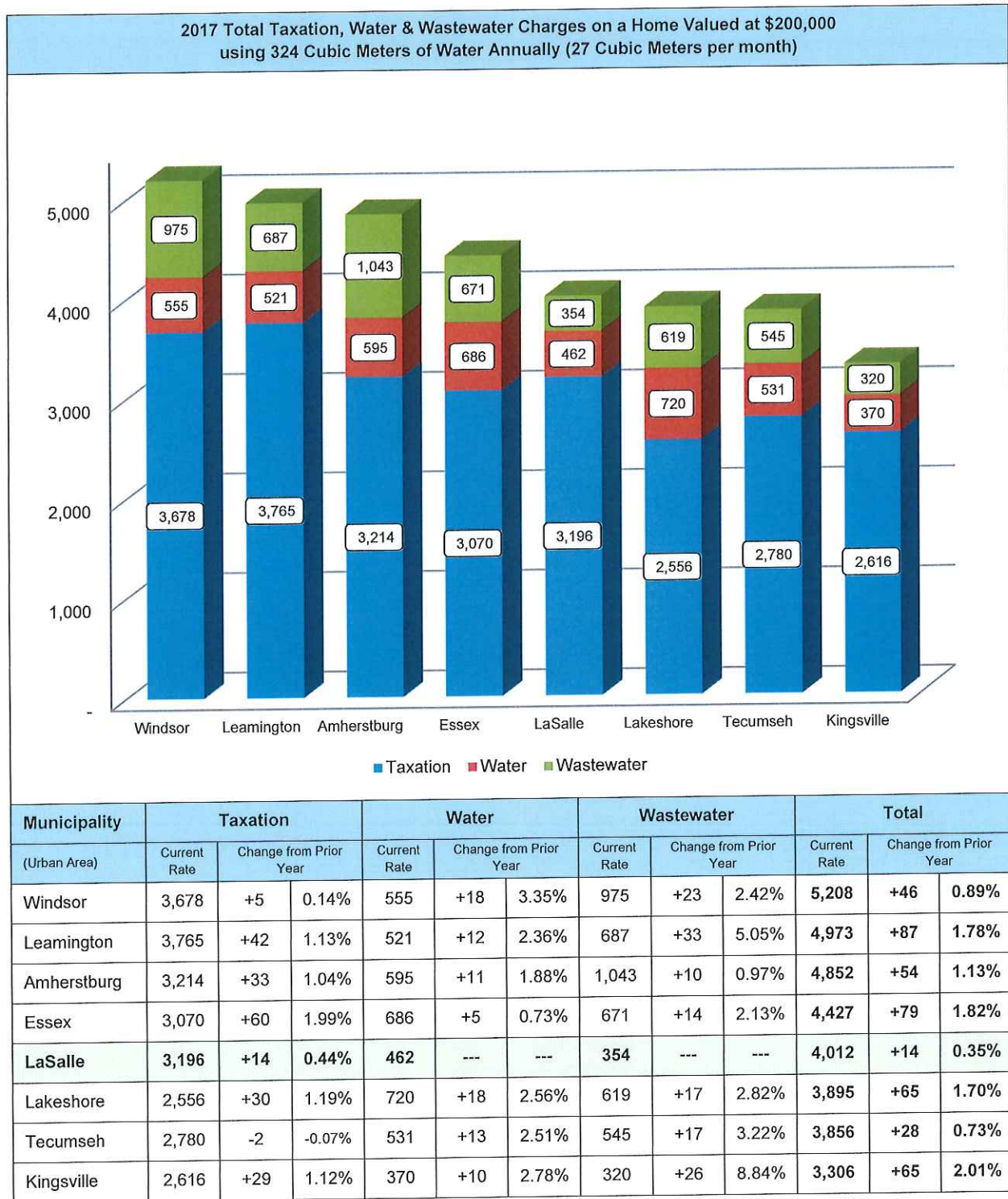
Gross Expenditures By Functional Area (\$46,209,500)



Tax Rate Supported Net Expenditures By Functional Area



2017 Regional Comparison: Taxes, Water and Wastewater



Preliminary 2018 Budget Projection

The preliminary projects for the 2018 Budget have been developed using the information available at this time relating to the general cost/inflationary environment, projects/plans previously approved by Council, expected growth/development conditions, and status & interpretation of current and pending legislation. The following table identifies the known budget pressure and their expected impact.

2017 Net Departmental Expenditure	29,127,100	2017 Total Revenues	29,127,100
Contractual Labour Changes	184,000	Increase in OCIF Funding	140,000
Benefit Cost Increase	135,000	Decrease in Supplementary (In-Year) Billings	(150,000)
Committed Staffing/Restructuring	89,000	Increase in Interest Revenue	25,000
Hydro rate increases	75,000	Actual over Budgeted Growth from 2017 Roll	187,000
Inflation on Operating Expenses	255,000	Increase in Levy from New Growth	750,000
Inflation on Capital Contributions	100,000		
Bill 148 – Part time wages to minimum \$14	50,000	Increase in Levy from Re-assessment on Existing Structures	1,200,000
Bill 148 – Compression effects of minimum wage	175,000		
Bill 148 – Other Impacts (50% of total)	409,000		
Service Level Changes (F&F maintenance, Crack sealing, Strategic Plan, Fire substation)	160,000	Revenue required from a Tax Rate change	883,000
Capital contribution to match replacement costs	600,000	to Balance the Projected Budget (+2.94%)	
Start of Phase in of Fire and Parks master plan	275,000	(1% tax rate change = \$300,000)	
CONTROLLED BY POLICE SERVICES BOARD			
Contractual Labour Changes	104,000		
Benefit Cost Increase	85,000		
Inflation on Operating Expenses	15,000		
Loss of Dispatch Revenue	324,000		
Projected 2018 Net Expenditure Budget	32,162,100	Projected 2018 Revenue Budget	32,162,100

There are a number of assumptions and unknown factors that have been identified in the development of the preliminary 2018 budget projection including the outcome of the collective bargaining process for the various unions and associations as well as the ultimate impact of Bill 148. These results could vary from the current assumptions and as such the use of this preliminary projection should be done so with caution.

Water and Wastewater

The Water and Wastewater operations and budget have the same pressures with respect to labour costs, inflationary impacts and capital financial planning as the tax rate supported budget. As a result, these areas can expect similar rate based increases of 2% to 3% in order to maintain the operational and capital requirements.

In addition, as Council is aware the municipality is in current negotiations with the Windsor Utilities Commission regarding a new Water agreement. Although the final impact has not yet been determined, it would be prudent to budget for an increase of approximately 10% (to the water rate). This will assist in mitigating the expected increase in future years.

2018-2022 Budget Forecast

As part of the budget process, a 5 year forecast is prepared and included in the budget document. This enables Council and Administration to look forward and prepare for the financial challenges that are expected to face the municipality.

As with any projection or forecast, the information is only as accurate as the assumptions and information available at the time of preparation. These forecasts are a general guideline of what is expected and may be effected as the environment changes and/or new information becomes available. The following is the forecast that was included in the 2017 adopted budget.

	2017 Request	2018 Forecast	2019 Forecast	2020 Forecast	2021 Forecast	2022 Forecast
Gross Departmental Expenses	38,021,000	40,121,400	42,228,600	43,941,900	45,668,500	47,437,600
Departmental Revenues	(5,612,100)	(5,378,900)	(5,473,000)	(5,564,000)	(5,656,900)	(5,751,600)
Net Departmental Expenditures	32,408,900	34,742,500	36,755,600	38,377,900	40,011,600	41,686,000
Corporate Revenues	(3,405,800)	(3,515,200)	(3,755,400)	(3,825,400)	(3,895,400)	(3,965,400)
General Levy Requirement	29,033,100	31,227,300	33,000,200	34,552,500	36,116,200	37,720,600
Projected Levy Increase	1,912,900	2,224,200	1,772,900	1,552,300	1,563,700	1,604,400
Increase in Taxes from New Assessment (New Growth)		500,000	200,000	250,000	300,000	350,000
Increase in Taxes from Changes in Existing Assessment		1,190,000	1,190,000	1,190,000	---	500,000
Increase in Taxes from a Tax Rate Change		534,200 1.78%	382,900 1.24%	112,300 0.35%	1,263,700 3.83%	754,400 2.22%

The forecasted for 2018 tax rate increase (1.78% as part of the 2017 Budget) is lower than the preliminary tax rate increase (2.94% as outlined in the report). Although there are a number of reasons for this, the primary reasons are: Higher than expected growth, the impact of Bill148, and the reduction of dispatch revenue.

2018 Budget Timelines

At the September 26, 2017 Council meeting the following timeline was approved for the 2018 budget cycle.

September – October, 2017	Preliminary 2018 Budget and 2018 Departmental Business Plan goals and objectives preparation
October – November 2017	Preparation of the 2018 budget and background report and commentary / Preparation of the 2018 departmental business plan report and commentary
Tuesday, November 14 th , 2017	Informational briefing for Council on the 2018 budget/2018 departmental business plan and notification of the public meetings associated with the budget process advertised in the local paper concurrently with the release of the budget documents and a high level review of the budget.
Wednesday, December 13 th through Friday, December 15 th , 2017	Public Council Meeting 2018 Budget 2018 Business Plan deliberation sessions (December 14 th and 15 th if required) Town of LaSalle – Council Chambers 9:30 am <u>Agenda</u> Departmental budget review Capital budget review Departmental business plan goals and objectives
Tuesday, January 9 th , 2018	Public Council Meeting Town of LaSalle – Council Chambers 7:00 pm Adoption of the 2018 budget bylaw

Budget Notification:

The following is a copy of the advertisement that will appear in an upcoming edition of the LaSalle Post. The 2018 budget cycle will differ slightly from prior years as the municipality will begin to solicit input from residents and ratepayers as an earlier stage, rather than when the entire 2018 Proposed Budget document is released.



**PUBLIC NOTICE:
TOWN OF LASALLE 2018 MUNICIPAL BUDGET**

In an effort to increase the openness and accountability of local government, LaSalle Council will commence the 2018 Budget Process on Tuesday October 10th, 2017 with a review of the Preliminary 2018 Budget forecast as part of the regularly scheduled Meeting of Council.

Any documents relating to 2018 Budget will be made available on the Town's website (www.town.lasalle.on.ca), with the 2018 Proposed Budget being available beginning no later than November 14th, 2017. Documents will also be available at the Finance Department office located at the Town of LaSalle Civic Centre, 5950 Malden Road.

The following schedule of public meetings has been set to occur at the Town of LaSalle Civic Centre, 5950 Malden Road, LaSalle, Ontario.

November 14th, 2017

Public Council Meeting

Informational briefing for Council on the 2018 Budget & 2018 Department Business Plan

December 13th – 15th, 2017
(December 14th & 15th sessions will occur if necessary)

Public Deliberation Session

9:30 am – Budget Overview, Delegations, Departmental Operating Budget and Capital Budget Review

January 9th, 2018

Public Council Meeting

Adoption of the Budget Bylaw

All Council Budget deliberation sessions are open to the public. Residents and ratepayers are invited to attend to observe the discussions. Any questions or concerns regarding the 2018 Proposed Budget can be directed to:

Joe Milicia, CPA, CA
Director of Finance & Treasurer
519-969-7770 ext 1224
jmilicia@lasalle.ca

Dale Langlois, CPA, CA
Manager of Finance & Deputy Treasurer
519-969-7770 ext 1242
dlanglois@lasalle.ca

If you wish to make oral or written submissions regarding the 2018 Budget and passing of the Budget by-law, those submissions must be sent to the Office of the Clerk no later than Wednesday December 6th, 2017 to any of the following addresses: Town of LaSalle, 5950 Malden Road, LaSalle, Ontario, N9H 1S4 or by email to bandreatta@lasalle.ca.

B. Andreatta
Director of Council Services & Clerk

Summary and Direction:

As noted within this report, the 2018 Budget will continue to challenge Council and Administration with providing services desired by residents, maintaining and operating new infrastructure, and being mindful of the economic and growth/development conditions that we find ourselves in – all the while maintaining the taxation at an acceptable level.

As Members of Council consider the 2018 Preliminary Budget information provided within this report, Administration is requesting direction on what, if any, service level changes are to be made and what is an acceptable level of taxation.

If you have any further questions, please do not hesitate to contact the authors.

Yours truly,



Joe Milicia, CPA, CA
Director of Finance & Treasurer



Dale Langlois, CPA, CA
Manager of Finance & Deputy
Treasurer

Reviewed by:						
CAO	Finance	Council Services	Public Works	Development & Strategic Initiatives	Culture & Recreation	Fire Services