

# Township of King

## Council Workshop 2012 Budget & Business Plan

Monday, November 28<sup>th</sup>, 2011

Special Committee of the Whole - Working Session

# Purpose of Workshop

- 1) Overview of 2012 Budget Process
- 2) Township's current financial situation
- 3) 2012 Capital Infrastructure Program
- 4) Proposed initiatives for 2012
- 5) Next Steps

# Purpose of Municipal Budgets

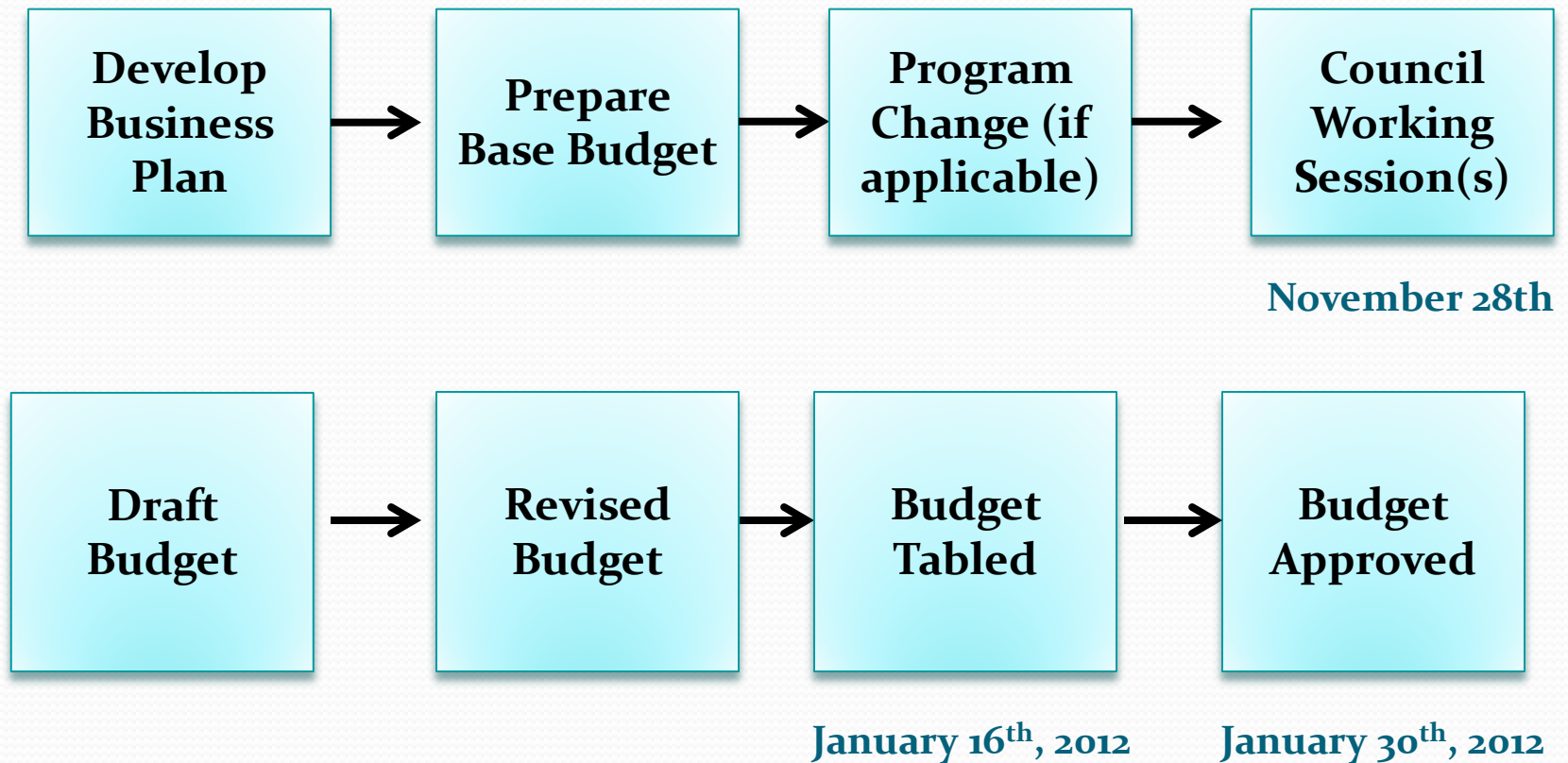
- a) Identifies key priorities & objectives
- b) Describes planned expenditures and revenues
- c) Provides a method of control (management tool)



2012

# Budget Process

# Township's Operating Budget Process



# Township's Budget Framework

## **Proposed Consolidated Budget**

- includes Base Operating Budget, Capital Infrastructure Requirements, and New Initiatives

## **New Initiatives/Enhancements (Program Changes)**

- includes new services/resources or enhanced service levels

## **Capital Infrastructure Requirements/Needs (10 Year Capital )**

- includes funds that are required to build/maintain/replace the Township's major infrastructure
- Roads, bridges, sewers, water mains, fleet, facilities, etc.

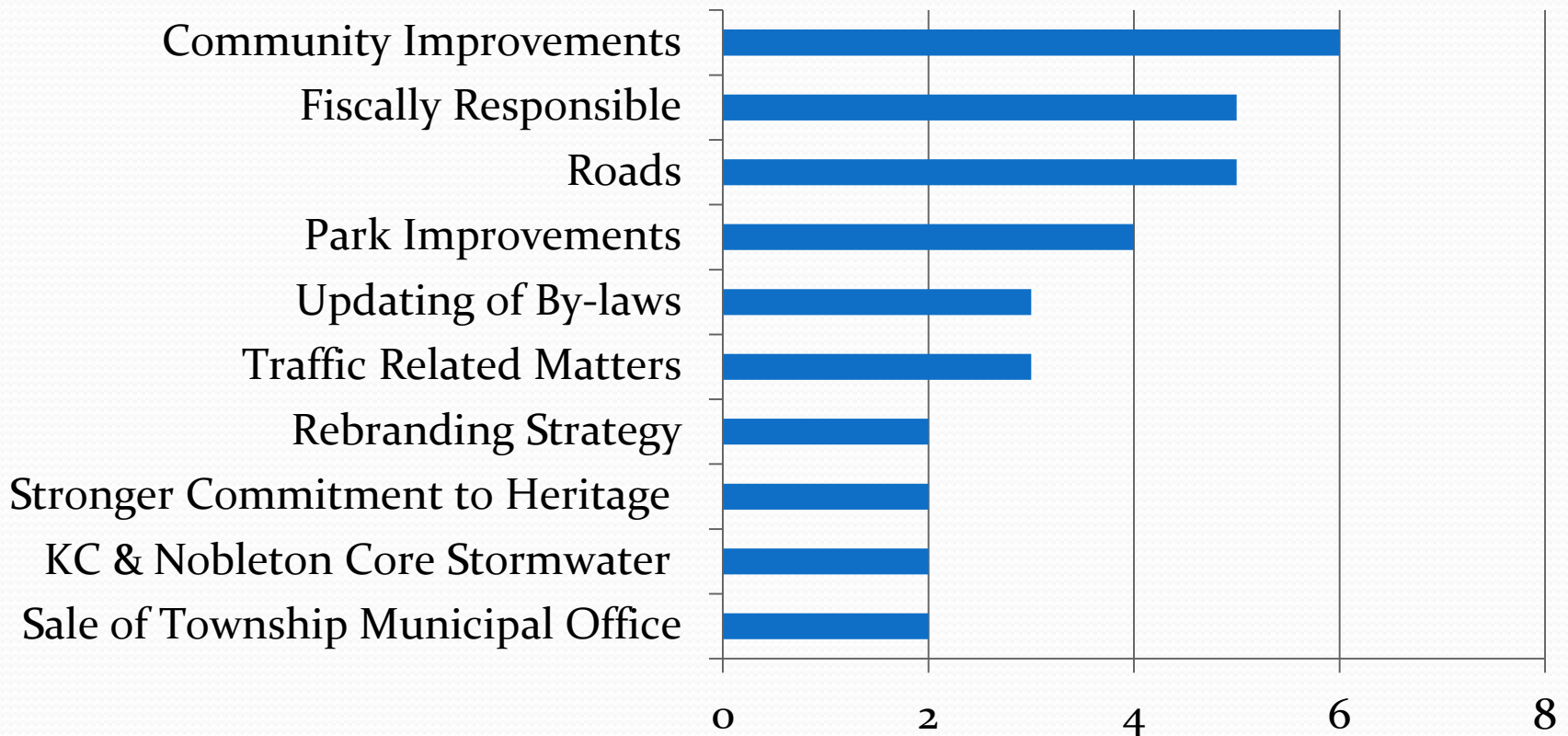
## **Base Operating Budget**

- includes costs that are required to maintain existing service levels (core services)
- salaries & benefits, contracted services, utilities, general operating costs

# Council's Budget Priorities

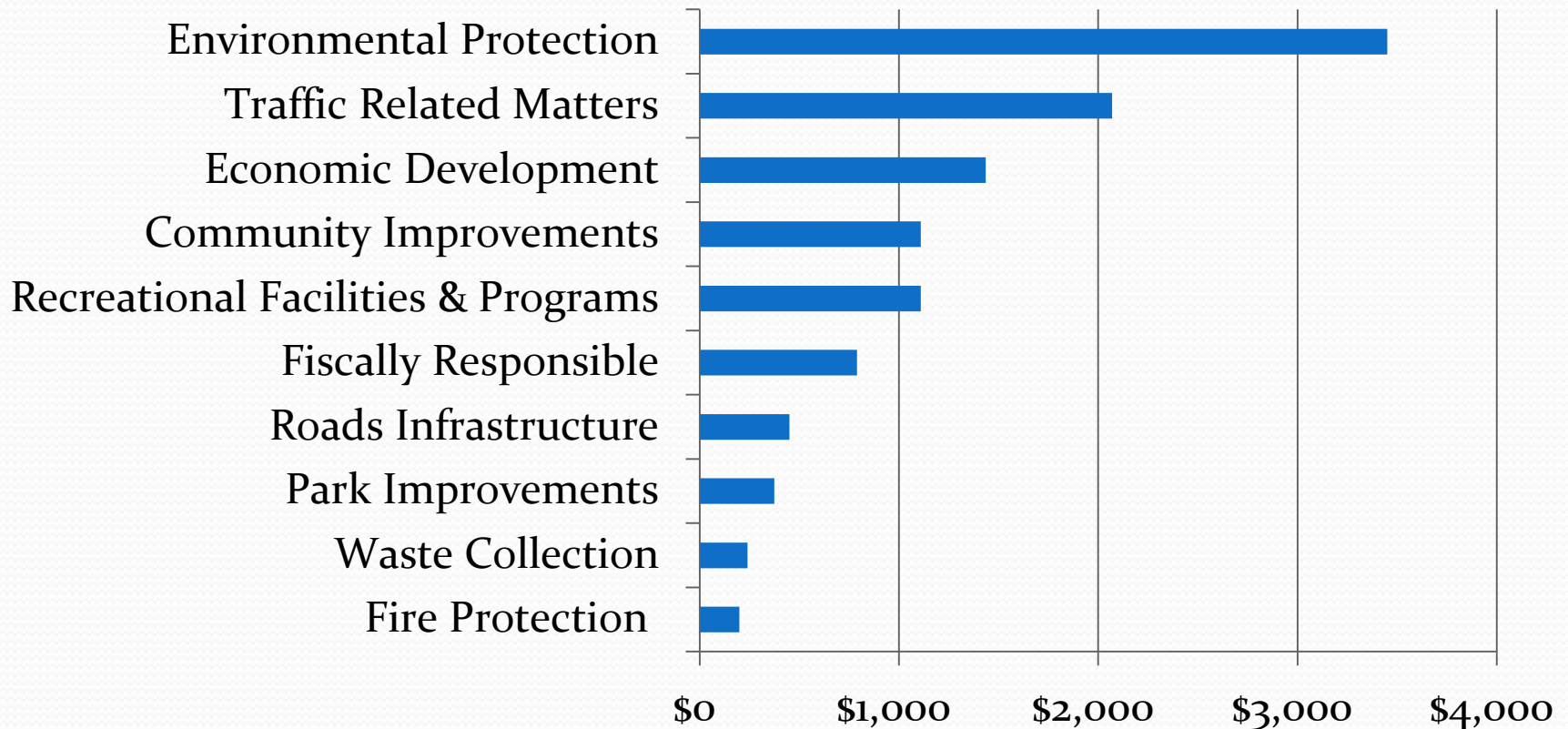
New  
for  
2012

## Members of Council Responses



# Public Forum Budget Priorities

## Public Forum Responses



# 2012 Budget Pressures/Drivers

- Inflationary and cost of living pressures
- Collective Bargaining Agreement
- OMERS premium increases
- Long Term Sustainability of Reserves
- Significant contribution to capital asset replacements
- New/enhanced services & programs

# 2012 Base Operating Budget

- Flat line the 2012 Base Operating Budget
- Detailed discussions have been ongoing
- Staff aim:
  - Base operating budget increase of no more than current rate of inflation (2.9% - October 2011)



# Current Situation



# Debt

## **Debt**

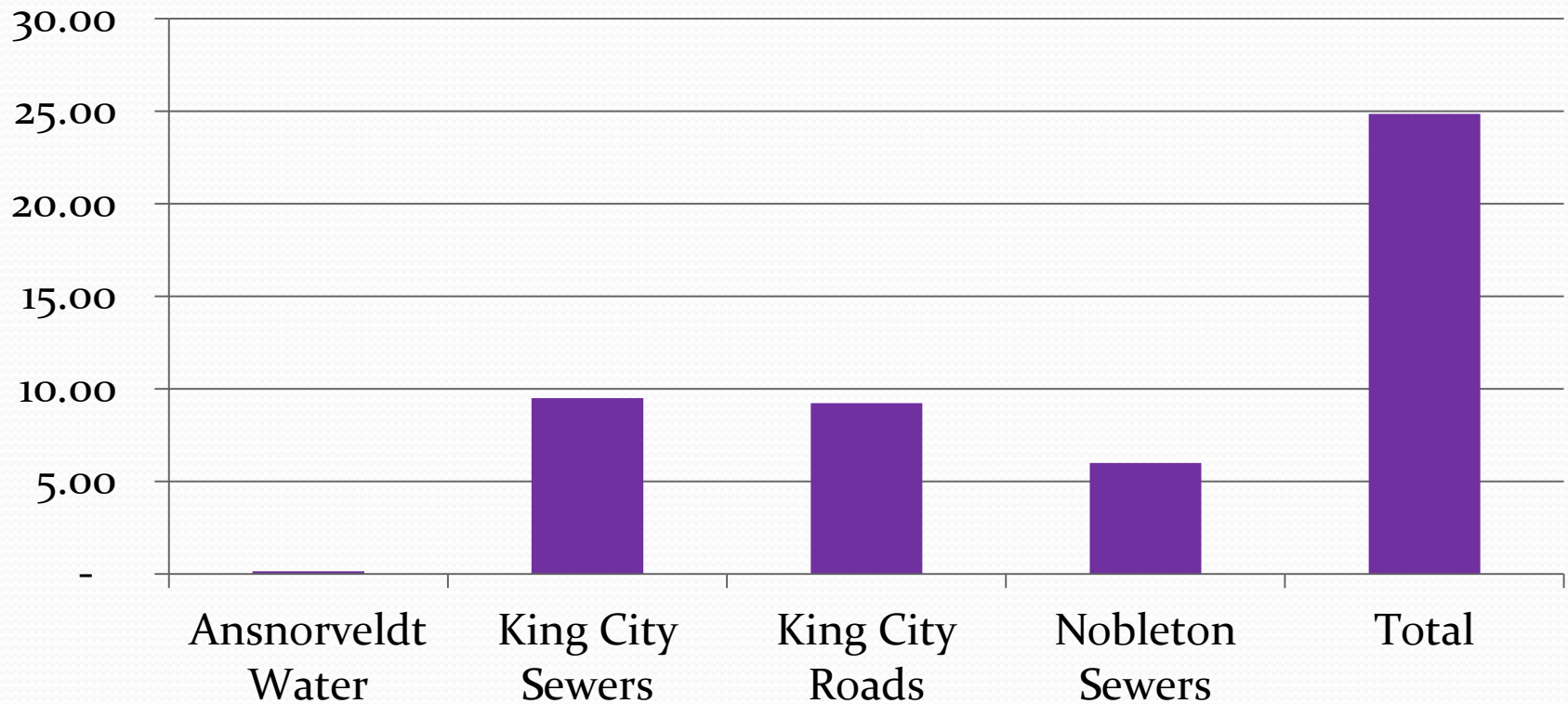
An obligation resulting from the borrowing of money or for the purchase of goods and services.

## **Debt Charges**

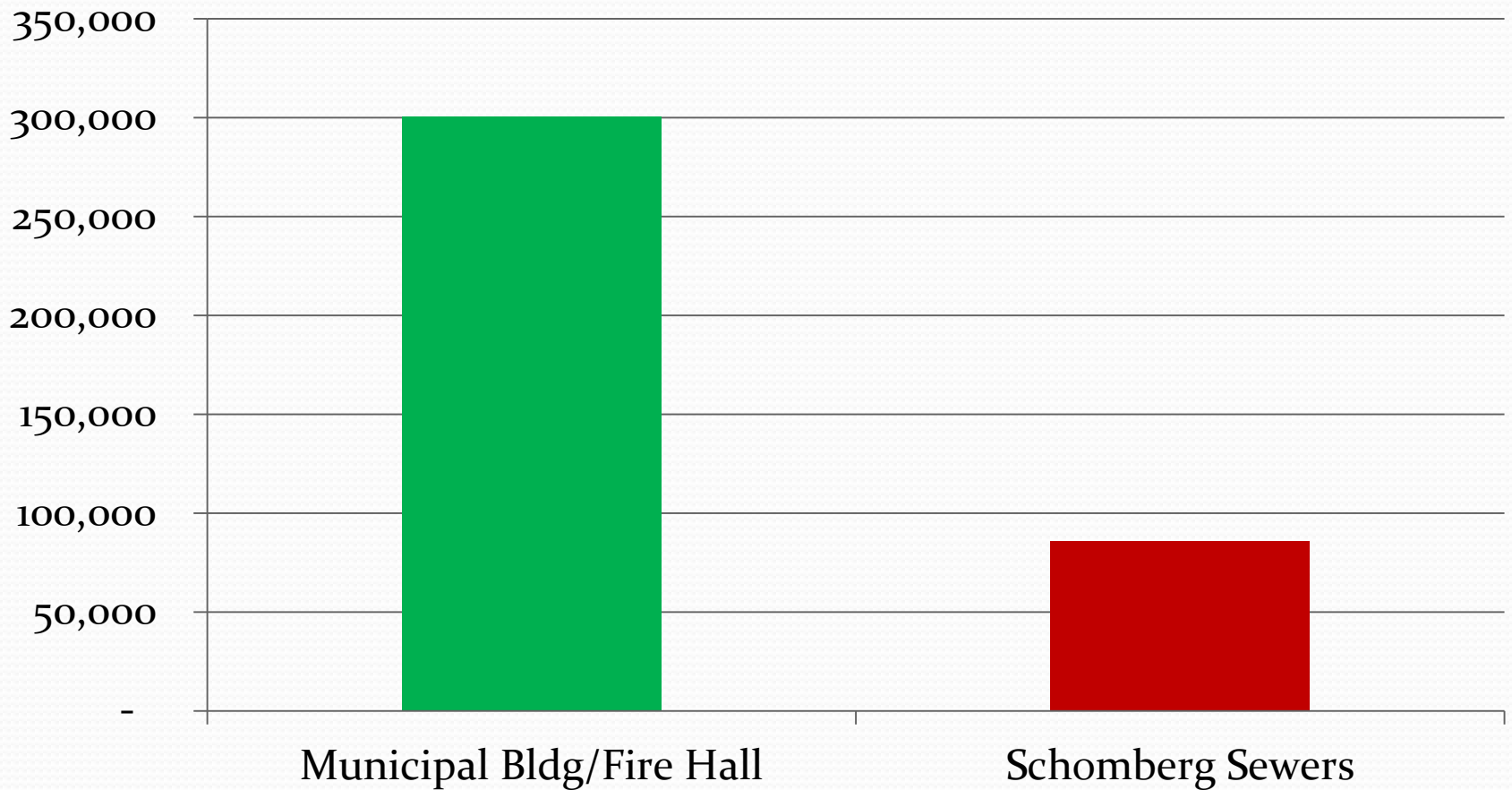
Annual charges required to service the long term debt of a municipality including an amount for principal repayments and interest due within the year.

# Total Outstanding Debt

**\$24.8M**

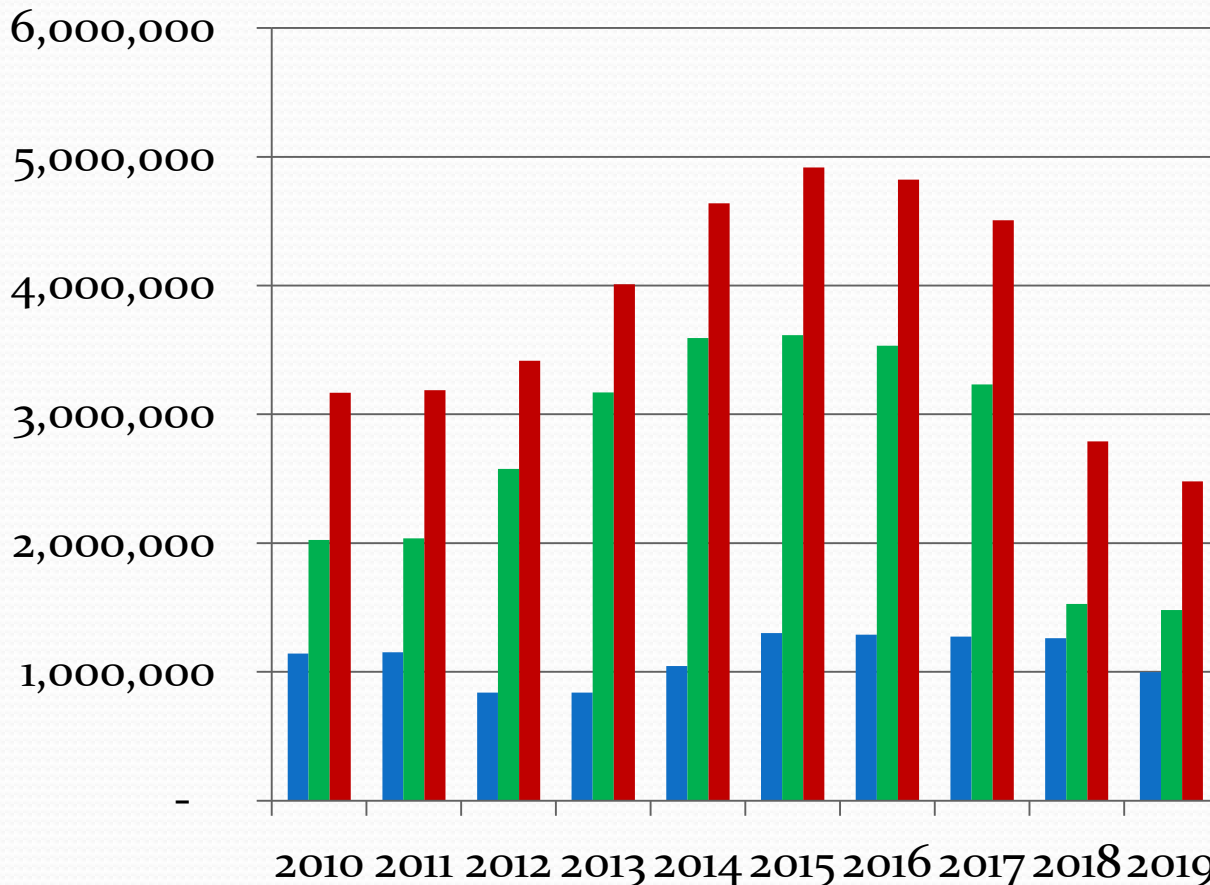


# Debt Maturing in 2011



# Debt Repayment

## Tax Supported vs. User Rate Supported

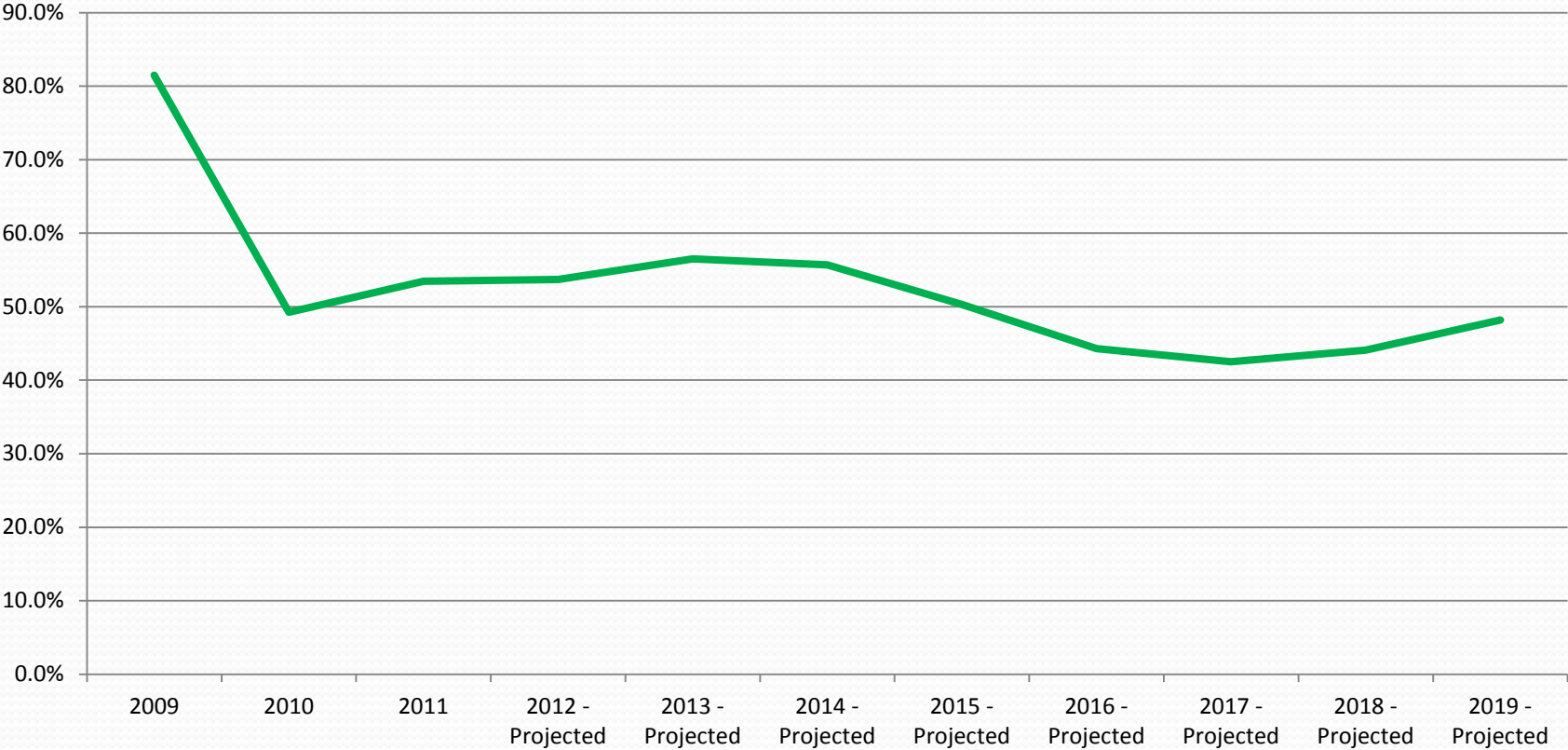


Figures include projections for Phase 1 – Nobleton Sewers

- Tax Supported
- Benefitting Landowners
- Combined

# Debt Capacity

Debt Capacity



# Reserves

## **Reserves**

An appropriation from net revenue at the discretion of Council, after the provision for all known expenditures. Do not require the physical segregation of money or assets as is the case in a reserve fund.

## **Examples**

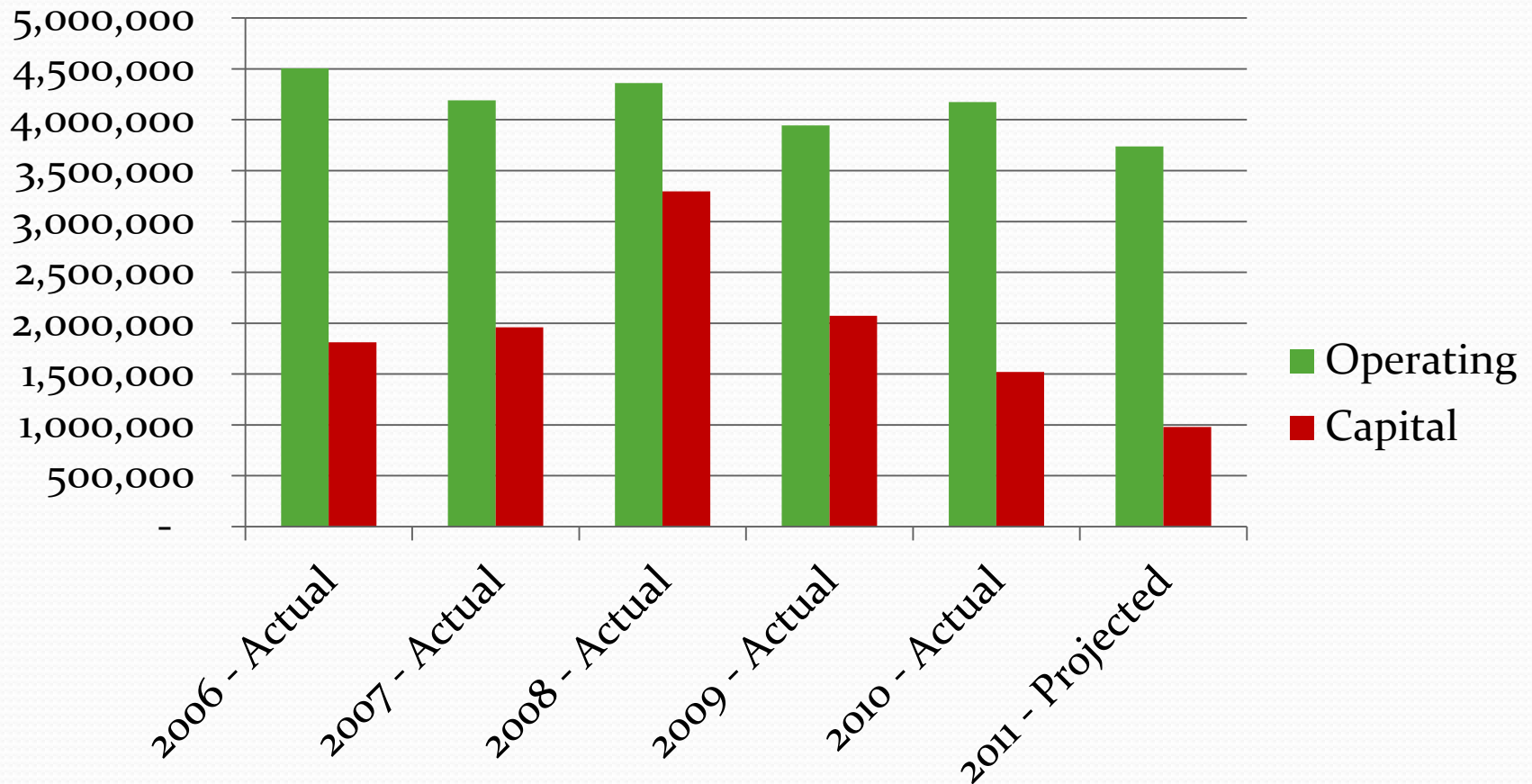
- vehicle replacement reserve
- tax rate stabilization reserve
- elections reserve

# Status of Reserves



# Reserves

## Operating vs. Capital



# Reserve Funds

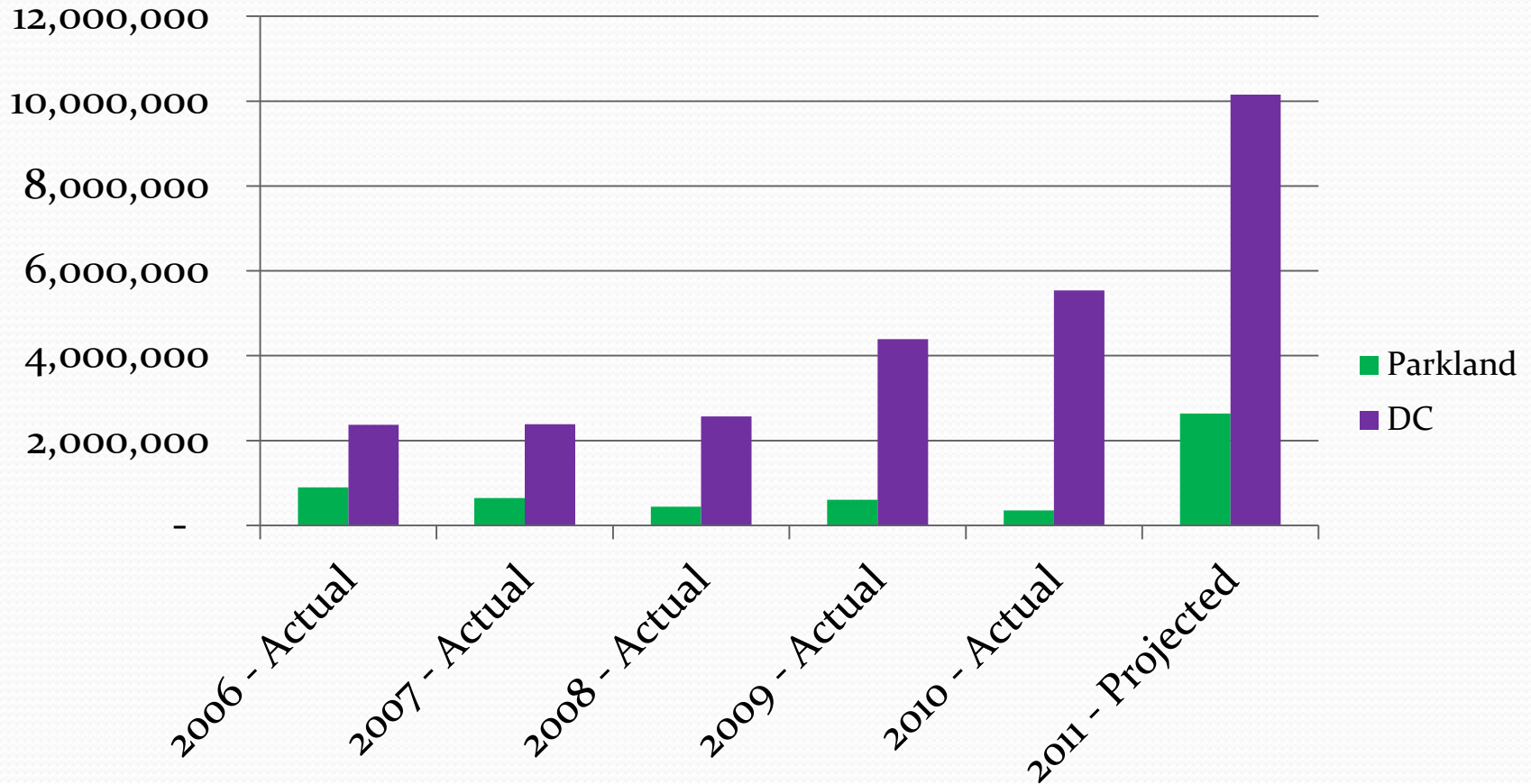
## Reserve Funds

Funds that have been set aside either by by-law of the Council or by a requirement of provincial legislation to meet a future event. Are either permissive (Council initiated) or regulatory (mandated by provincial statute).

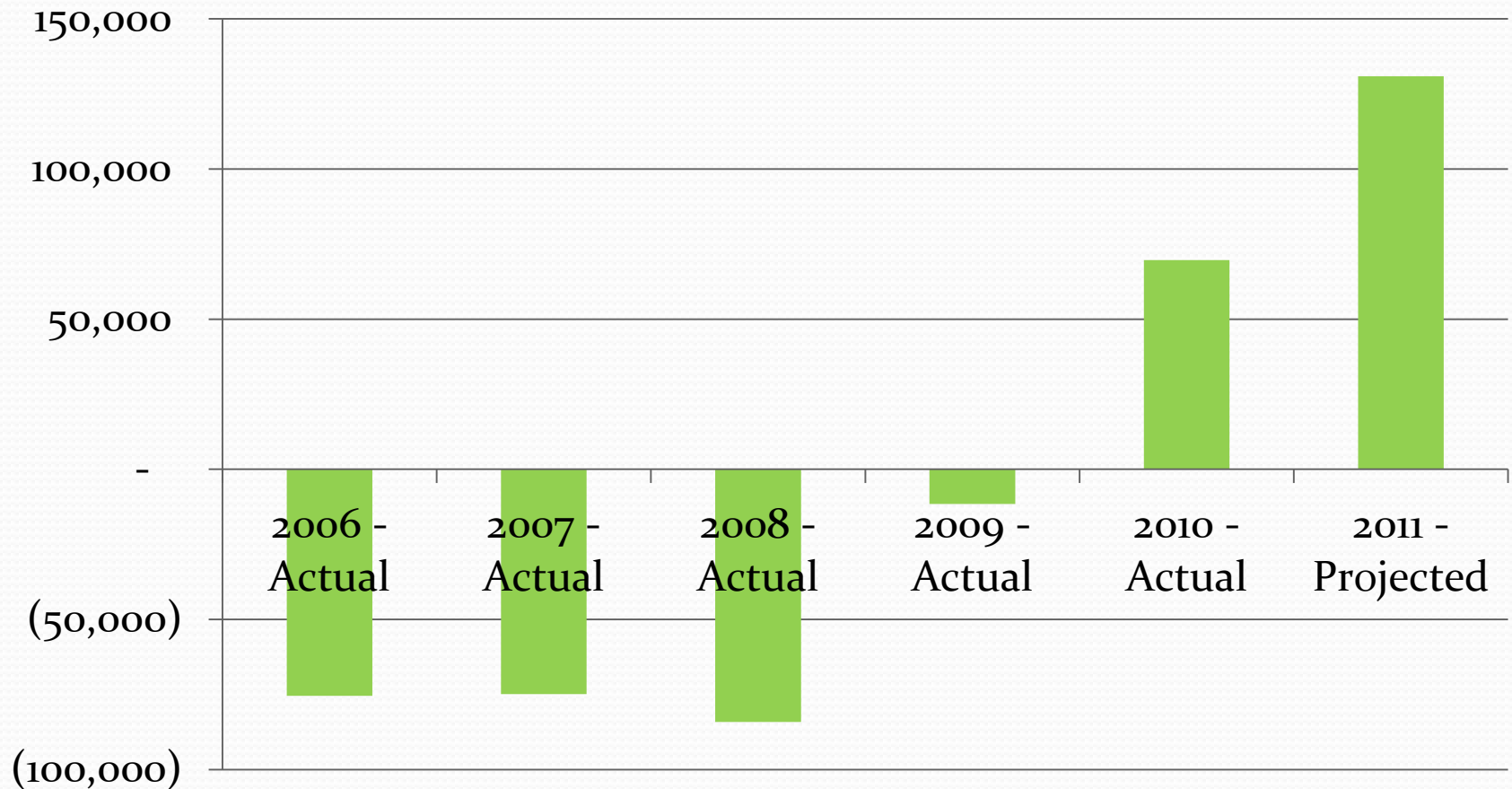
## Examples

- Development Charge Reserve Funds (DCs) - One time fees charged for developing a property
- Parkland Reserve Fund – 5% cash-in-lieu of parkland

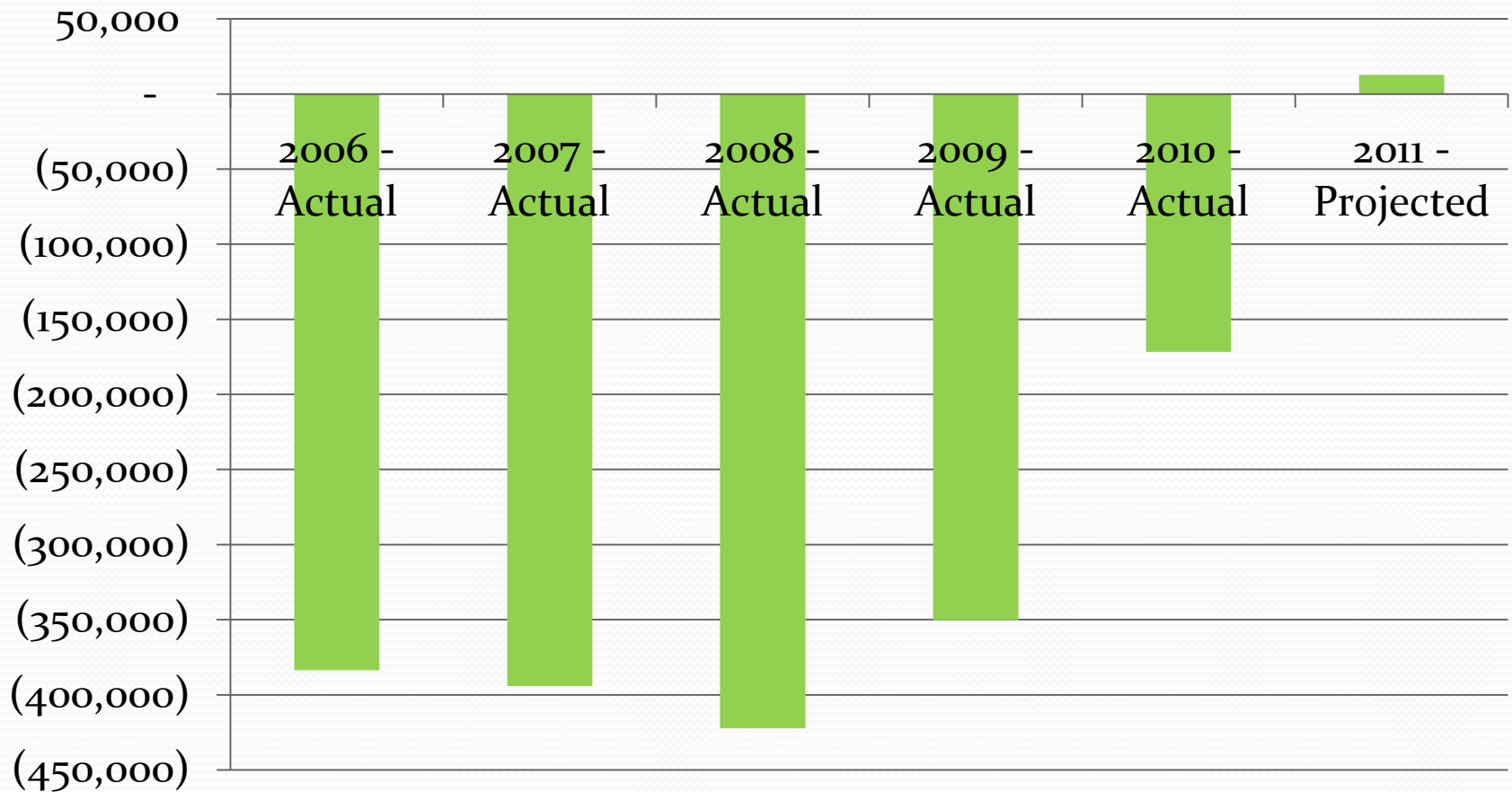
# Status of Reserve Funds



# Development Charges Administration



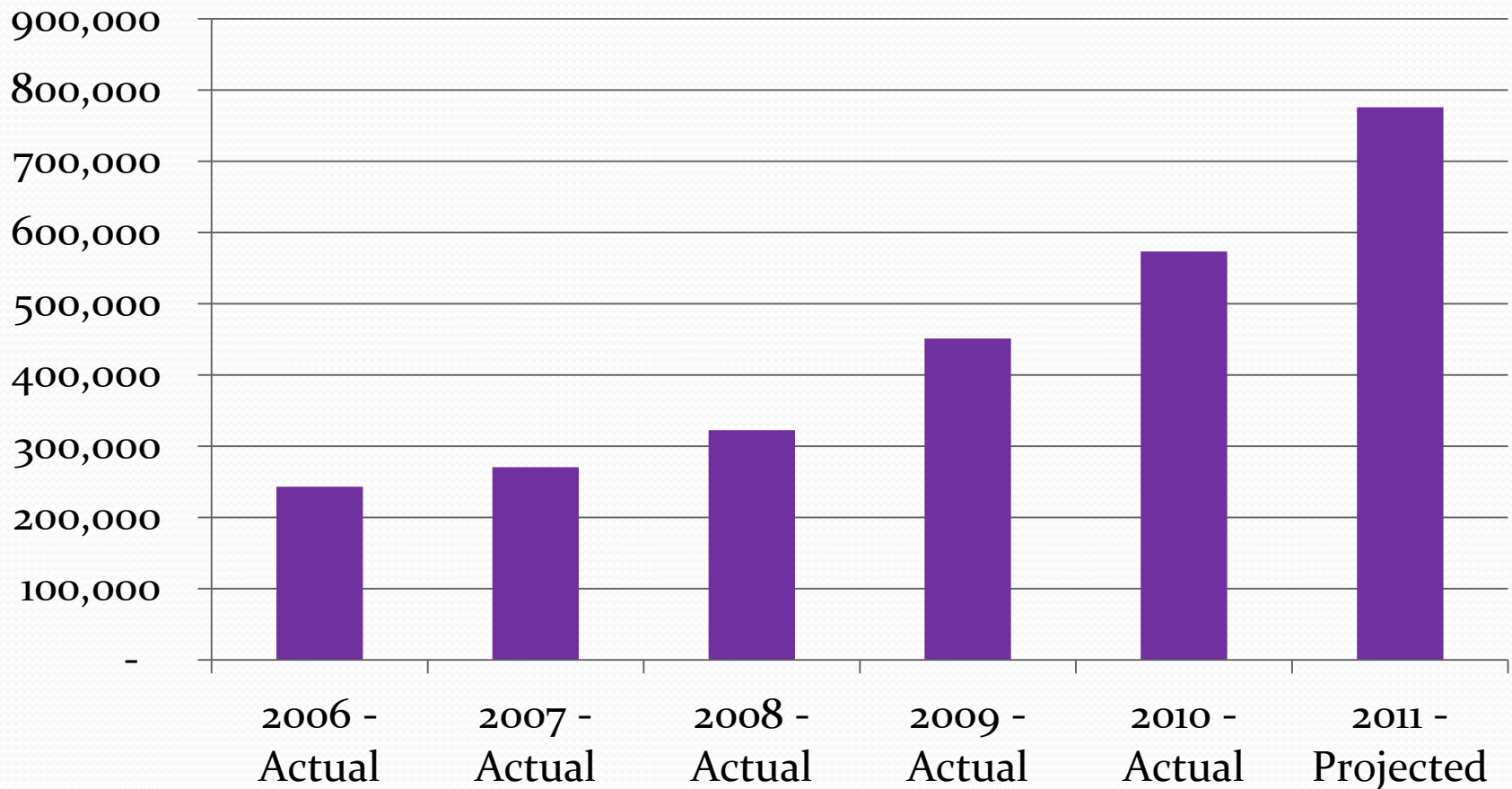
# Development Charges Fire



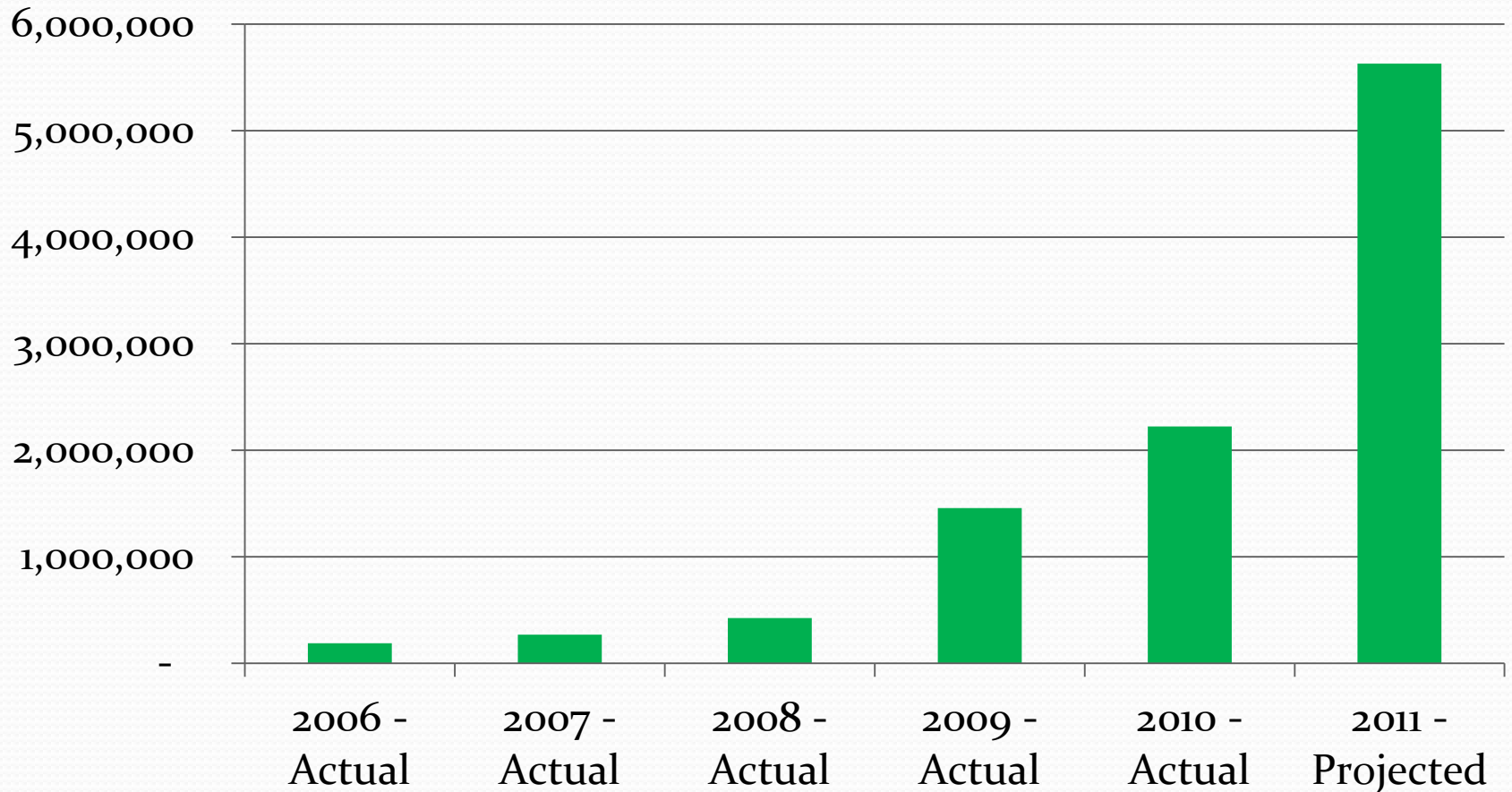
# Development Charges Parks (Indoor and Outdoor)



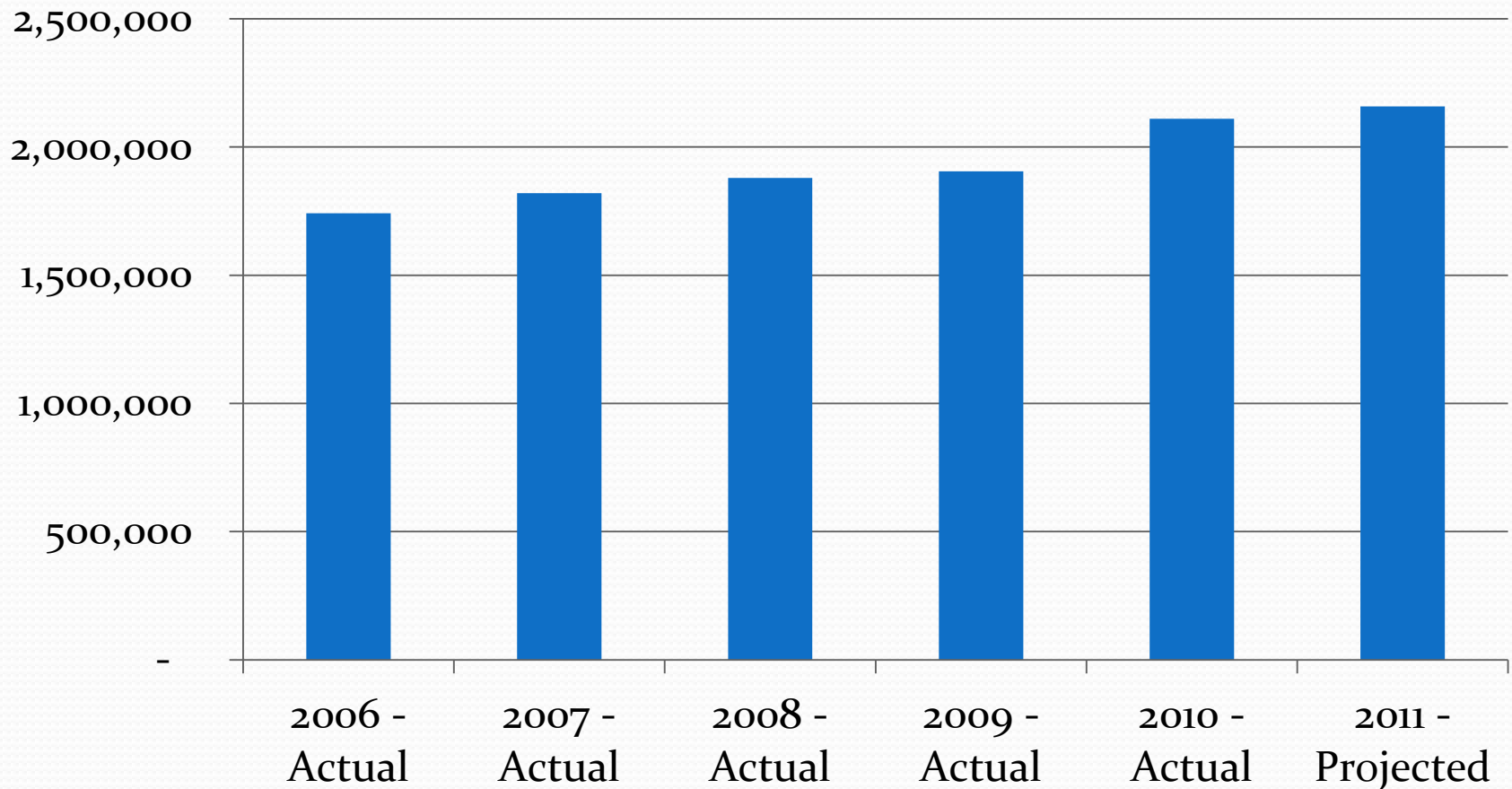
# Development Charges Library



# Development Charges Transportation (Roads & Related)

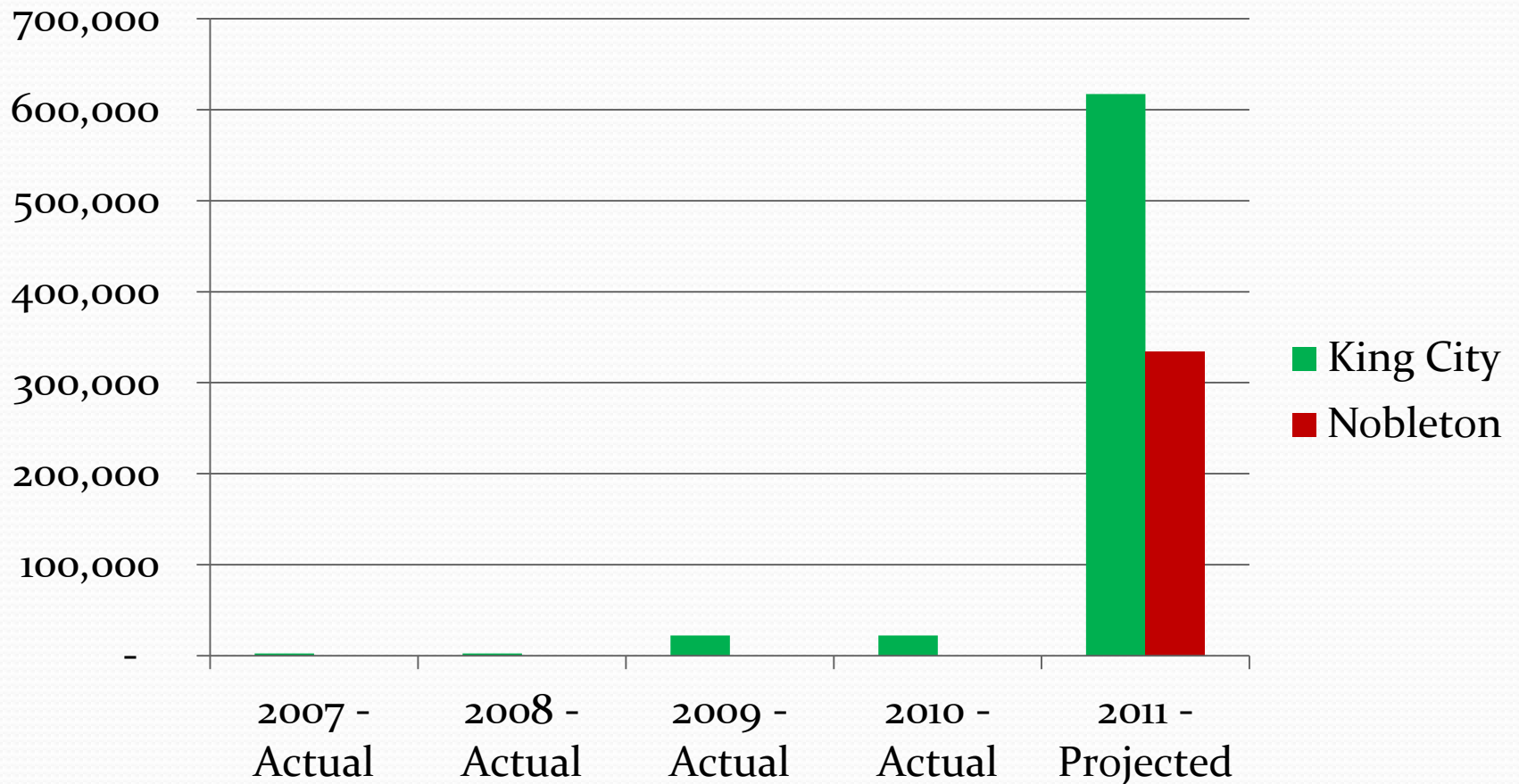


# Development Charges Water

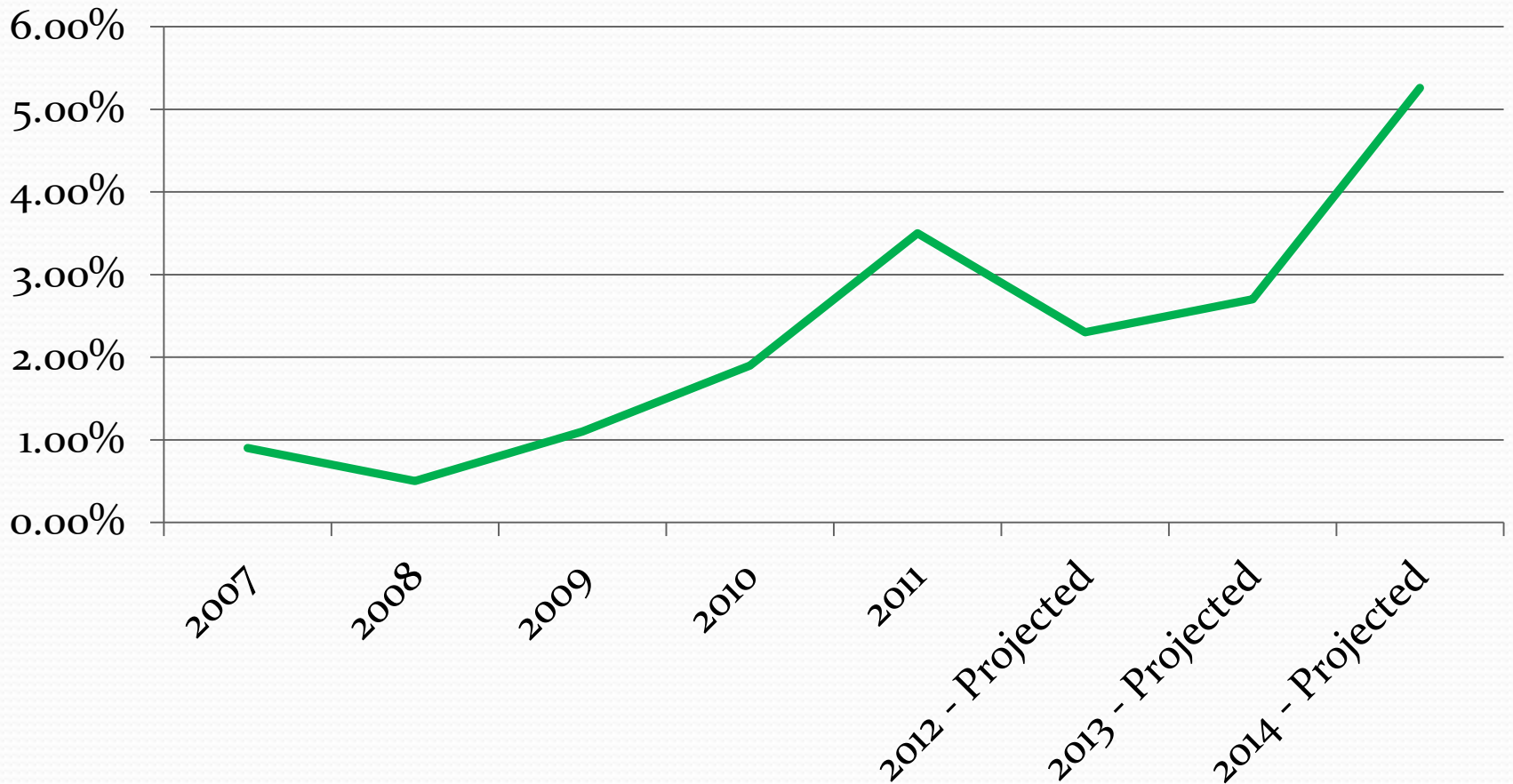



# Development Charges

## Wastewater – King City & Nobleton



# Assessment Growth





# Capital Infrastructure Requirements

# Ten Year Capital Plan

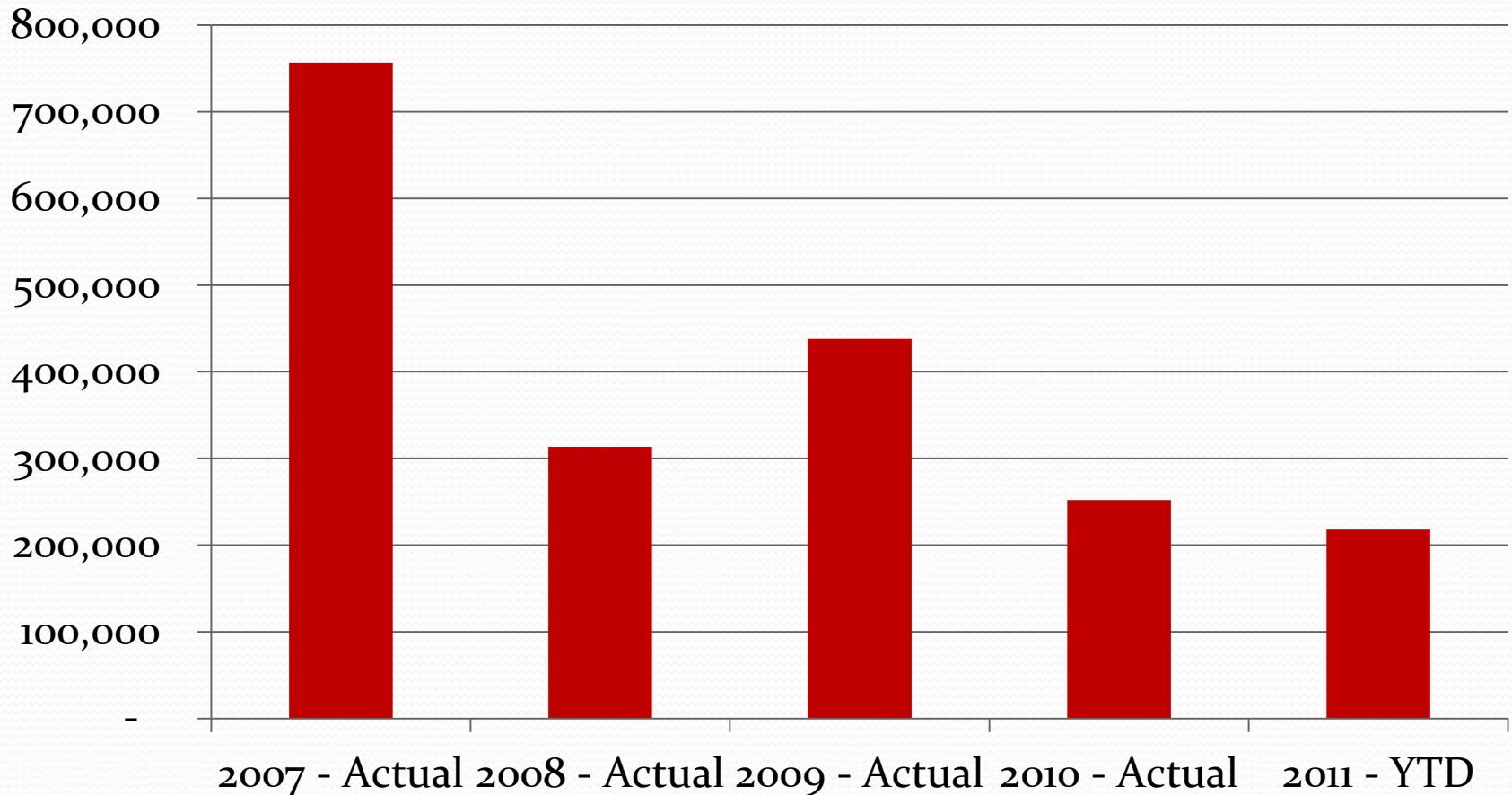
Is a plan of proposed capital expenditures and the means of financing them from the current fiscal period and over a longer term planning horizon.

It is comprised of the expenditures for the acquisition or repair and replacement of the tangible capital assets (TCAs) of the municipality.

Tangible Capital assets consist of:

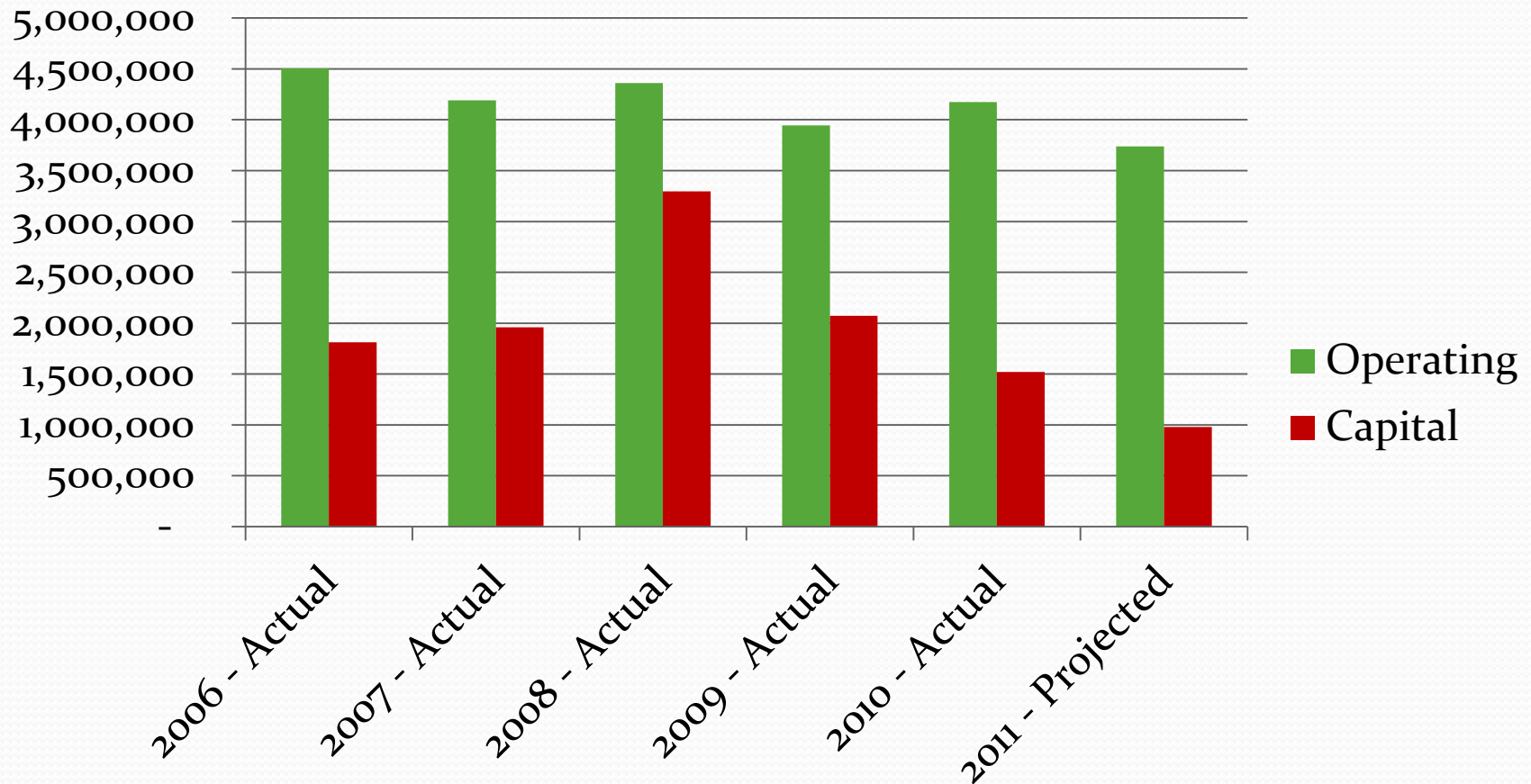
- Roads, bridges, buildings, water and wastewater systems, fleet, information technology, etc.

# Capital Funding from Taxation



# Reserves

## Operating vs. Capital



# Transportation Infrastructure

Asset Category	Historical Cost	Annual Amortization	Accumulated Amortization	Total Net Book Value	Average Age
Roads	72.8	2.1	46.1	26.8	Base - 34 yrs, Surface - 13 yrs
Bridges	10.5	0.2	2.6	7.8	44 yrs
Street Lights	1.8	0.0	1.3	0.5	17 years
Culverts	5.7	0.1	2.3	3.4	36 years
Curbs	6.3	0.3	2.3	4.1	8 years
Sidewalks	1.2	0.0	0.5	0.7	22 years
<b>Total</b>	<b>98.4</b>	<b>2.8</b>	<b>55.1</b>	<b>43.3</b>	

# Environmental Infrastructure

Asset Category	Historical Cost	Annual Amortization	Accumulated Amortization	Total Net Book Value	Average Age
Water mains	9.8	0.1	2.8	7.0	36 years
Sanitary Sewer mains	5.6	0.1	0.5	5.0	11 years
Sanitary Sewer manholes	1.3	0.0	0.1	1.1	7 years
Storm Sewer mains	8.0	0.1	2.3	5.7	24 years
Catch basins	1.2	0.0	0.4	0.9	27 years
Storm Sewer manholes	2.5	0.0	0.7	1.8	24 years
<b>Total</b>	<b>28.3</b>	<b>0.3</b>	<b>6.8</b>	<b>21.5</b>	

# Facilities

Asset Category	Historical Cost	Annual Amortization	Accumulated Amortization	Total Net Book Value	Average Age
Water Treatment Plant	0.0	0.0	0.0	0.0	5 years
Municipal Office	2.9	0.1	0.7	2.2	11 years
Fire Halls	4.7	0.1	1.4	3.4	14 years
Recreation & Cultural Services	7.7	0.2	5.6	2.2	51 years
Works Yard & Equipment Depot	0.7	0.0	0.3	0.4	22 years
<b>Total</b>	<b>16.1</b>	<b>0.3</b>	<b>7.9</b>	<b>8.2</b>	

# Vehicles & Equipment

Asset Category	Historical Cost	Annual Amortization	Accumulated Amortization	Total Net Book Value	Average Age
Waterworks	0.1	0.0	0.1	0.0	7 years
Building & By-law	0.0	0.0	0.0	0.0	4 years
Fire	6.8	0.4	3.5	3.3	9 years
Recreation & Culture	1.2	0.1	0.7	0.5	6 years
Roads	2.7	0.2	1.3	1.4	7 years
IT Equipment	0.2	0.0	0.1	0.1	5 years
<b>Total</b>	<b>11.0</b>	<b>0.7</b>	<b>5.6</b>	<b>5.4</b>	

# Other Infrastructure

<b>Asset Category</b>	<b>Historical Cost</b>	<b>Annual Amortization</b>	<b>Accumulated Amortization</b>	<b>Total Net Book Value</b>
Land & Land Improvements	25.9	0.2	2.6	23.3
Library	1.1	0.2	0.5	0.6
Construction in Progress	39.3	-	-	39.3
<b>Total</b>	<b>66.3</b>	<b>0.3</b>	<b>3.1</b>	<b>63.2</b>

# Summary of Township Infrastructure

- Historical Cost - Dec 31, 2010 - \$220M
- Annual Amortization - \$4.5M
- Accumulated Amortization - \$78.6M
- Net Book Value – Dec 31, 2010 - \$141.5M
  
- Township's total capital reserves - \$979K

# 2012 Capital Plan

- Still under Development
- Preliminary figures show \$30.4M in gross capital expenditures
- To be funded from taxation - \$9.9M

# 2012 Capital Plan

## Major Projects to be Considered

Project	Gross Expenditures	Impact to Taxation
Roads – Growth & Existing	\$17.5M	\$7.35M
Nobleton Sewers	\$5.2M	\$ Nil
Dufferin St. Bridge	\$1.6M	\$1.6M
Fleet & Equipment	\$1.2M	\$0.9M
Expansion – Operations Depot	\$1.2M	\$0.05M
King City Skateboard & Ball Hockey Park	\$0.7M	\$ Nil
Holy Name – Soccer Field	\$0.4M	\$ Nil



# New Initiatives

# New Initiatives in 2012

- Implementation of Integrated Community Sustainability Plan (ICSP)
  - Customer Service
  - Communication
  - Rebranding Strategy
- Commercial Core – Beautification & Physical Improvement
- Dust Suppressants
- Parks & Recreation Master Plan
- Accessibility Study (Facilities)
- Cold Creek Enhancements

# New Initiatives in 2012

- Trail Study
- Museum Strategic Business Plan
- SharePoint Enhancements
- New permanent staffing requests:
  - Assessment Review/Tax Analyst
  - Public Educator/Fire Code Inspector
  - Geographic Information Systems (GIS) Analyst
  - Human Resources Coordinator
  - Policy Planner



# Next Steps

# Next Steps

- 1) Does Committee agree with the direction staff are taking with the 2012 Base Operating Budget?
- 2) Is Committee willing to invest in the Township's 2012 Capital Infrastructure Program? To what level?
- 3) Does Committee agree with investing in reserves in 2012 to assist our aging infrastructure? To what level?
- 4) Is Committee willing to invest in new initiatives for 2012?