



Special Committee of the Whole

Thursday, January 21, 2016

9:00 a.m.

Council Chambers, Town Hall
359 Main Street

Agenda

1. Approval of the Agenda
2. Staff Reports for Discussion
 - a. 2016/17 Operating and Capital Budget Discussion

3. Question Period

Procedure: A thirty minute time period will be provided for members of the public to address Council regarding questions, concerns and/or ideas. Each person will have a maximum of two minutes to address Council with a second two minute time period provided if there is time remaining within the thirty minute Public Input/Question Period timeframe.

4. Special Committee of the Whole Meeting Adjourned

SUMMARY

2016/17 Draft Budget Version 1

This Information Report deals with the presentation of the first draft of the Town's 2016/17 Operating and Capital Budgets. It follows the formal process started by Committee of the Whole (COW) in November where preliminary budget information was reviewed, as well as a tentative Capital Investment Plan.

As per the Standard Operating Procedure (SOP) adopted last year for the budget process, January is Council's first look at draft estimates for the upcoming year based on the initiatives/projects/service levels expected to be addressed in the upcoming year.

Two more COW sessions are scheduled for further budget review and discussions, therefore not all decisions need to be made during this first review. It will be important to get clear direction from Council on a number of decision points as they relate to expectations for 2016/17.

As all members of Council will note, 2016/17 Draft Budget V1 shows a significant deficit and as required by provincial legislation, the Town is required to approve a balanced budget. A separate Powerpoint presentation will be utilized for Thursday's meeting to work through the budget pressures which have impacted the draft budget document.

1) CAO COMMENTS

As noted in this report, there will be decisions required from Council in terms of setting priorities and coming back with a balanced budget. A full presentation, along with options that have been identified by staff, will be presented at the COW meeting on January 21st.

2) REFERENCES AND ATTACHMENTS

- 2015/16 Quarterly Financial Updates
- 10-year Capital Investment Plan and Related Project Charters from Nov/15 COW
- Council's Strategic Plan
- Info Report presented at November 2015 COW

3) PURPOSE OF REPORT

This report is meant to introduce the documents to be reviewed as part of the 2016/17 budget process, ultimately leading to an approved Town Budget and Operations Plan by the March 15th Council meeting.

4) DISCUSSION

The 2016/17 budget process formally started in the fall of 2015 at the November COW meeting; however, it should be noted input on budget matters takes place throughout the year. Ultimately, the final 2016/17 budget will be a result of public input received formally (e.g. studies, public consultation, MPS Review consultations, direction of Council, Council's Strategic Plan) and informally (e.g. feedback discussed directly with elected officials).

The approved SOP for budget process called for a Public Engagement Session in October, however this did not occur. This was due in part to time constraints on staff to put together a dedicated budget session, as well as to defer to the public consultation that was ongoing for the MPS Review. Given the magnitude of the Draft 1 budget shortfall, it may be appropriate to have a public session in the month of February.

The following information is included in the agenda package:

- Draft 2016/17 Operating Budget – Divisional Summaries
- Summary of New Spending/Service Level Changes Included in Draft 1 of the budget.
- Draft 2016/17 Ten Year Capital Investment Plan (CIP)
- List of Operating Project Charters to be reviewed at the February COW meeting (full project charters will be circulated in the February COW agenda package)

Similar to past years at this stage, not included with this package, but will be available for the February budget discussions, is the Water Utility draft budget. Note the Water Utility budget does not result in immediate changes to water rates.

For Thursday's discussion, the CAO and Director of Financial Services will go through a power point presentation with a goal to:

- Review key budget data impacting the budget for 2016/17, including taxable assessments, inflationary factors, and general outlook for the next couple of years.
- Review and quantify capacity issues currently being encountered by the organization.
- Suggest possible decision points for Council's consideration to mitigate the deficit reflected in the first draft of the budget.

It is important to highlight that the taxable assessments for 2016 are relatively small in the residential sector (as reported at the November COW meeting) and that, in fact, commercial assessments have declined. With no change in tax rates, the 2016/17 taxable assessment base will only generate \$64,900 in increased revenue. This compares to \$243,000 increased revenue in 2015/16 budget, and \$165,000 increased revenue in 2014/15. The reality is that the Town had less new assessment from construction, and a very small increase from cost of living increase applied to assessments via the Provincial CAP Assessment Program (CAP limit was 0.3% this year).

5) FINANCIAL IMPLICATIONS

The size of the deficit reflected in this draft of the budget highlights the need for Council and Senior Management to be realistic in the capacity of the organization to get everything done. It also highlights the need for multi-year planning for the operational budget similar to the Ten Year CIP. Although not included in the agenda for Thursday's meeting, it is anticipated that decisions made in this year's budget process could help populate a 3 to 5 year operational plan.

Another important factor for Council to consider this year is the impact global/national trends are having on the local community including cost of living, real estate market, job market. More generally, the continued slow -down in the economy. An informal survey of other municipalities indicates that many municipalities are experiencing a decline in commercial taxable assessments.

6) REFERENCES TO COUNCIL STRATEGIC PLAN AND TOWN REPORTS

Not applicable at this stage of budget process.

7) COMMUNICATION REQUIREMENTS

Not applicable at this stage of budget process.

8) FUTURE COUNCIL INVOLVEMENT

The information presented is Draft #1 of the Town's 2016/17 Budgets, and it is Council's first chance to review the dollar estimates required to achieve the key initiatives, as well as the day to day service to the public.

The budget process will continue according to the timeline below:

INFORMATION REPORT

2016/17 Draft Budget V1

Date: January 18, 2016

Department: Finance



- January 22 -28 Mgt Team to incorporate COW feedback into second draft of budget
- February 2 (Committee of the Whole) - Draft 2 and key decisions
- February Public Engagement Session, if required
- March 1 (Committee of the Whole) Draft 3 (final draft). May require a special COW meeting as MPS update also scheduled for March 1st COW.
- March 15 – Final 2016/17 Budget approval at regular Council Meeting.