

AGENDA

FINANCE AND GOVERNANCE STANDING COMMITTEE Monday, October 19, 2020 10:00 to 11:30 am COUNCIL CHAMBERS

1. MEETING BY ELECTRONIC PARTICIPATION

Due to COVID-19 measures, the Saanich Municipal Hall is closed to the public.

To register to **listen** by telephone, you must have access to a telephone, provide a telephone number that can be used to contact you, and an email address where instructions can be sent to you.

Register by calling: 250-475-5510 or email: rachel.mattiuz@saanich.ca

Registration deadline is 12:00 p.m. noon, Friday, October 16, 2020.

2. MINUTES FOR ADOPTION (attached)

- July 20, 2020

3. Presentation from MFA on Investing

- Guest: Peter Urbanc, CAO, Municipal Finance Authority of BC
- Receive presentation and Committee discussion

4. Planning Report formats – Councillor Mersereau

- For Committee discussion

5. Organizational Succession Planning – Councillor Brice

- For Committee discussion

6. Financial Impacts of the COVID-19 Update (attached)

- Report from the Director of Finance dated October 6, 2020
- For Committee discussion and information

7. 2nd Trimester Report – January 1, 2020 to August 31, 2020 (attached)

- For receipt by Committee and forward to Council

8. Finance and Budget Documents for Public Information (attached)

- Report from the Director of Finance dated September 29, 2020
- For Committee discussion

*** ADJOURNMENT ***



District of Saanich

Financial Impacts of COVID-19 Update



District of Saanich
Operating Budget Results - January 1 to August 31
(Represents 8/12 or 67% of the year)

Overall results for the period are in line with expectations: most revenues are holding with the exception of recreation as anticipated and expenditures are close to normal with anticipated underspend in recreation.

Revenues:	2019	2020	Annual Budget	2020 Budget	% Revenue	
	Actual YTD	Actual YTD	2020	Remaining	Collected	
Property Taxation	(127,805,785)	(131,666,514)	(131,929,200)	(262,686)	100%	1
Utility Tax and Other	(1,737,699)	(1,487,270)	(1,889,400)	(402,130)	79%	1
Water Utility Revenue	(12,616,864)	(12,808,191)	(23,525,500)	(10,717,309)	54%	2
Sewer Utility Revenue	(15,228,029)	(16,657,951)	(25,575,500)	(8,917,549)	65%	
Solid Waste Revenue	(4,436,846)	(4,611,284)	(6,949,300)	(2,338,016)	66%	
Business License & Inspection Revenues	(2,279,538)	(3,009,493)	(3,197,600)	(188,107)	94%	3
Recreation Revenues	(9,953,417)	(5,130,085)	(13,212,100)	(8,082,015)	39%	4
Grants In Lieu	(2,262,883)	(2,074,792)	(2,693,300)	(618,508)	77%	1
Provincial Grants	(1,424,014)	(1,500,000)	(1,500,000)	0	100%	1
Interest and Penalties	(2,357,857)	(1,559,678)	(2,230,000)	(670,322)	70%	
Surplus Appropriations	0	0	(2,539,100)	(2,539,100)	0%	5
Other Revenues	(143,703)	(275,098)	(316,100)	(41,002)	87%	6
Total Revenue	(180,246,635)	(180,780,356)	(215,557,100)	(34,776,744)	84%	

Expenditures:	2019	2020	Annual Budget	2020 Budget	%	
	Actual YTD	Actual YTD	2020	Remaining	Expenditure Spent	
Administration	1,619,629	1,576,516	2,552,600	976,084	62%	
Finance - Departmental	2,450,738	2,540,015	4,118,100	1,578,085	62%	
Finance - Corporate	993,436	153,407	3,026,900	2,873,493	5%	1
Fiscal Services	6,205,331	5,763,220	7,734,800	1,971,580	75%	2
Corporate Services	4,951,912	5,686,509	8,750,600	3,064,091	65%	
Building, Bylaw, Licensing & Legal	2,664,619	3,200,184	4,530,800	1,330,616	71%	
Police Protection	23,321,818	23,470,381	37,510,200	14,039,819	63%	
Fire Protection	12,527,349	12,198,416	19,761,700	7,563,284	62%	
Emergency Program	259,860	263,756	447,100	183,344	59%	3
Planning	1,808,775	1,998,080	3,105,600	1,107,520	64%	
Engineering and Public Works	12,376,014	11,704,710	20,336,200	8,631,490	58%	4
Parks	5,199,685	5,005,850	7,793,600	2,787,750	64%	
Recreation	15,697,167	12,350,592	24,455,100	12,104,508	51%	5
Cultural	5,904,630	5,759,627	7,874,100	2,114,473	73%	6
Water Utility Expenditure	9,898,915	9,436,251	15,607,200	6,170,949	60%	7
Sewer Utility Expenditure	15,620,590	17,160,110	19,945,300	2,785,190	86%	8
Capital Program (tax and fee funded only)	27,141,196	27,728,812	28,007,200	278,388	99%	9
Total Expenditures	148,641,664	145,996,436	215,557,100	69,560,664	68%	
Revenues minus Expenditures	(31,604,971)	(34,783,920)	-	34,783,920		

Explanatory notes for variances over 5%

REVENUES:

- Property Taxation / Utility Tax and Grants In Lieu / Provincial Grants (77% to 100% collected)* – All taxation and grants from various government entities are recorded in the second or third trimester.
- Water Utility Revenue (54% collected)* - Revenue percentage in line with last year's actual. Revenue collection increases in the fall due to consumption in the summer months.
- Business License & Inspection Revenues (94% collected)* - All of the Business License revenue is collected in the first trimester. Inspection revenue varies from year to year based on construction projects undertaken in the community.
- Recreation Revenues (39% collected)* - Closure of Recreation Centres in mid March due to COVID-19, gradual reopening commenced in June.
- Surplus Appropriations (0% applied)* - As and when needed to offset revenue reductions or over expenditure.
- Other Revenues (87% collected)* - Ad hoc revenue that can occur anytime in the year for various reasons.

EXPENSES:

- Finance - Corporate (5% spent)* - COVID related costs incurred plus severance pay and Provincial EHT payments are offset by recoveries from water, sewer and SWS utilities. \$2.7M of labour contract contingency not yet charged to account.
- Fiscal Services (75% spent)* - Debt payments in line with last year. Transferred excess debt servicing budget to IT Replacement Reserve.
- Emergency Program (59% spent)* - Training and other expenditure budgets are underspent due to COVID.
- Engineering & Public Works (58% spent)* - Seasonal work with higher costs occurs later in the year.
- Recreation (51% spent)* - Lower program cost due to temporary closure of Recreation Centres and phasing in of business resumption.
- Cultural (73% spent)* - GVPL is paid one month in advance as per agreement. There will be no payment in December.
- Water Utility Expenditure (60% spent)* - Operating costs in line with last year except for lower emergency repairs.
- Sewer Utility Expenditure (86% spent)* - Operating costs in line with last year. Payment to CRD constitutes 71% of budget and occurred late July.
- Capital Program (99% spent)* - Majority of the budget is transfer of funds for capital infrastructure funding which occurs after budget approval.

Use of COVID Contingency

Total expenditures funded from the COVID Contingency as at September 30th are approximately \$650,000. September purchasing card charges are not yet posted resulting in the estimated value. There are several larger expenditures planned for the coming months to provide for additional needs during the winter months. Outside staff who have been able to take advantage of the summer weather will require safe distanced spaces inside or in sheltered locations for breaks and mustering.

Recreation and Community Services

1. Actual Results

Recreation Revenue and Expenditure

Year to Date Comparison - August 30

Total revenues are down by \$4.991 million over the period. The offsetting reduction in expenditures of \$3.248 million results in a net loss of \$1.744 million, down from \$2.011 million at the end of July.

	2020 Aug YTD (000s)	2019 Aug YTD (000s)	Variance (000s)
Revenues:			
Program Revenue	(1,913)	(4,115)	(2,202)
Pass Sales	(2,119)	(3,639)	(1,520)
Rentals	(667)	(1,240)	(573)
Miscellaneous	(486)	(1,183)	(697)
Total Revenues:	(5,186)	(10,178)	(4,991)
Expenses:			
Salaries/Benefits	6,412	6,354	(58)
Wages/Benefits:	2,938	5,143	2,205
Other Compensation	(225)	(362)	(136)
Total Wages and benefits	9,125	11,135	2,011
Contracting Services	661	1,263	602
Utilities	699	981	282
Operations	554	821	267
Equipment and Supplies	463	496	33
Building Maintenance/Repairs	830	781	(49) Note 1
COGS	96	307	210
Transfers	(111)	(219)	(109)
Total Other Expenses:	3,192	4,428	1,237
2020 YTD Net Expenditure:	7,130	5,386	(1,744)

Note 1 - Repairs normally completed during fall shutdown were completed during the COVID-19 closures which has front ended some of the expenditures

2. Year End Projection

Year end projections developed in early September indicate an overall deficit of less than \$1.5 million. These projections will be updated at the end of October when more data on actual use is available.

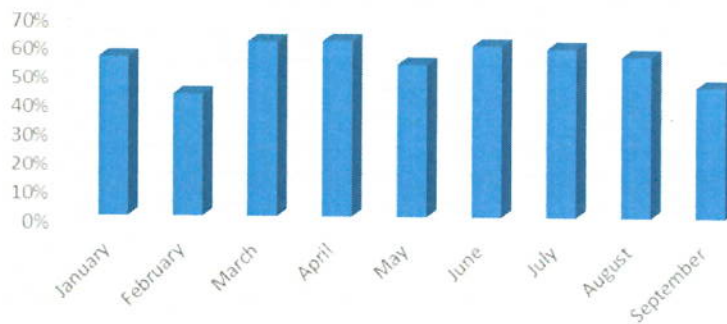
Property Tax Collection

2020 property tax collection is over 90% at September 30th. There are no outstanding concerns with the 2020 property tax season.

Utility Bill Payments

Utility bill payments continue to be in line with previous years.

Utility Billing
% of Billings Paid by Month



Total receipt of payments has remained consistent with a slight drop through April and May, but remaining strong from June forward.

Utility Billing
Payments Received by Month





District of Saanich

2nd Trimester Results Report

January 1, 2020 to August 31, 2020

Results reporting is prepared on a trimester basis by the District of Saanich as a means of providing the community, council and the organization with regular information on the strategic and financial performance of the municipality.

The Trimester Results Report provides information on:

1. Operational Results
2. Capital Program Results
3. Investment Analysis
 - Diversity
 - Liquidity
 - Return
4. Procurement Results
 - % of procurement processes with more than one bidder
 - Procurement
5. Building Permit Statistics



Operational Results

District of Saanich - 2020 2nd Trimester Performance Report Operating Budget Results - January 1 to August 31 (Represents 2/3 or 66% of the year)

Overall results for the period are encouraging, with most revenues reaching budgeted targets with the exception of recreation centres due to closures and water usage which picks up in the fall billing. Expenditures are in line with expectations except for recreation which is impacted by COVID-19.

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Capital Program Results

District of Saanich - 2020 2nd Trimester Performance Report Capital Program Results upto August 31

Projects budgeted over \$1,000,000

Capital Project	Fund	Duration	Original 2020 Budget	Budget Transfers	Revised 2020 Budget	Actual	Percent Spent	Schedule Status	Budget Status	
Mann Ave. Vanalman Ave. & Parkridge	Water	One time	1,039,500	0	1,039,500	0	0%			2
Water - Detailed Design	Water	Annual	1,070,226	0	1,070,226	176,577	16%			
Desktop Environment Refresh	IT	One time	1,196,800	0	1,196,800	59,448	5%			2
Sanitary Sewer - Detailed Design	Sewer	Annual	1,286,302	0	1,286,302	372,283	29%			
Fire Hall #3 - Building Renovation	Facilities	Multiyear	1,334,120	(47,102)	1,287,018	839,977	65%			
Storm Drain - Detailed Design	Drainage	Annual	1,372,932	0	1,372,932	456,460	33%			
Pump Station Design	Sewer	One time	1,400,000	0	1,400,000	35,175	3%			
Gorge-Albina Sewer Sinkhole	Sewer	Multiyear	1,574,470	0	1,574,470	1,064,809	68%			
Finnerty Rd (McKenzie-Arbutus)	Transportation	One time	1,590,490	0	1,590,490	1,567,908	99%			
Fire Hall #2 - Project Planning	Facilities	Multiyear	1,660,000	0	1,660,000	582,017	35%			
Jamaica, Parkside, Winchester	Water	One time	1,664,600	0	1,664,600	1,631,192	98%			
IT Infrastructure Upgrades	IT	Multiyear	1,730,651	0	1,730,651	1,431,148	83%			3
Sanitary Sewer CIPP Lining	Sewer	Annual	1,797,000	0	1,797,000	136,623	8%			
Tempest Conversion and Upgrade	IT	One time	1,825,500	0	1,825,500	132,410	7%			3
West Saanich Rd Streetscape	Transportation	One time	1,920,000	0	1,920,000	1,139,685	59%			
Pavement Renewal Program	Transportation	Annual	2,000,000	0	2,000,000	724,225	36%			
3500 Blanshard St. Renovation	Facilities	One time	2,100,000	0	2,100,000	467,284	22%			1
Parkes - Ice Slab Remediation	Facilities	Multiyear	2,140,000	0	2,140,000	16,167	1%			
SCP - Mechanical Upgrades	Facilities	Multiyear	2,347,069	0	2,347,069	337,669	14%			
Sims Avenue	Various	Multiyear	2,470,573	0	2,470,573	1,847,671	75%			
Regina Avenue	Various	One time	2,520,000	0	2,520,000	534,133	21%			3
West Saanich/Prospect Lk/Sparton Rd	Transportation	One time	2,824,550	31200	2,855,750	215,727	8%			
Gorge Drainage Improvements Phases 1&2	Drainage	Multiyear	3,025,000	0	3,025,000	-	0%			3
Sidewalk Installation Program	Transportation	Annual	5,254,469	56580	5,311,049	973,831	18%			2
Shelbourne Street Improvement Project	Various	Multiyear	29,088,097	0	29,088,097	2,660,052	9%			3

1 Procurement start date was delayed due to resources

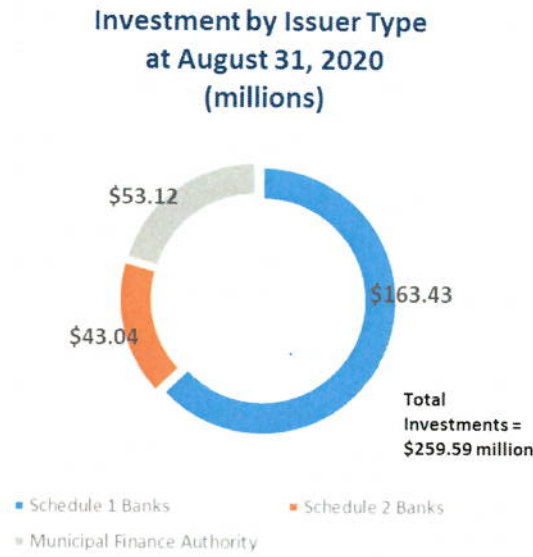
2 Program start date was delayed due to resources; further delay expected due to procurement resources

3 Original 2020 budgets were adjusted for various reasons including the combining of related projects or design work

	On target
	Caution
	Delayed

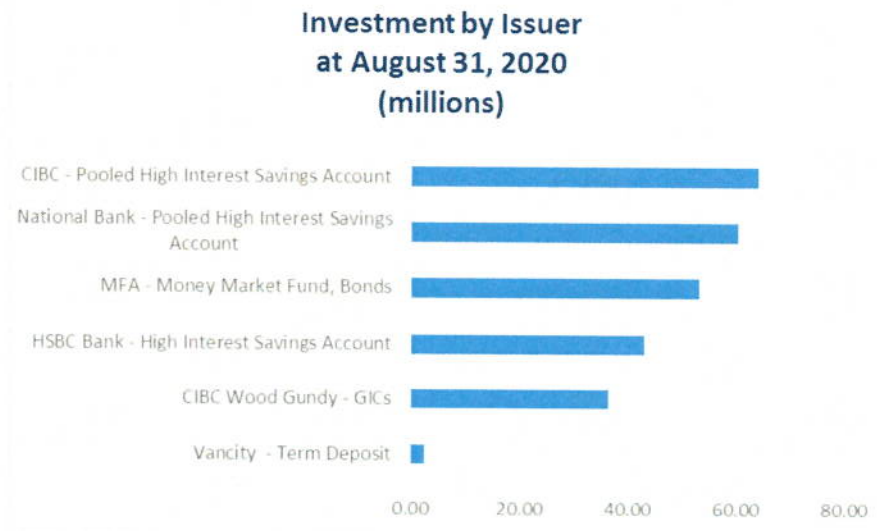
Investment Analysis

The District of Saanich invests public funds in a prudent manner in accordance with the Council Investment Policy. The investment portfolio is currently valued at \$259.59 million of which \$46.90 million is for school taxes that have to be remitted to the Province by mid-January 2021. Most of these funds are either held for specific capital programs or are invested until needed to pay current operating expenses.



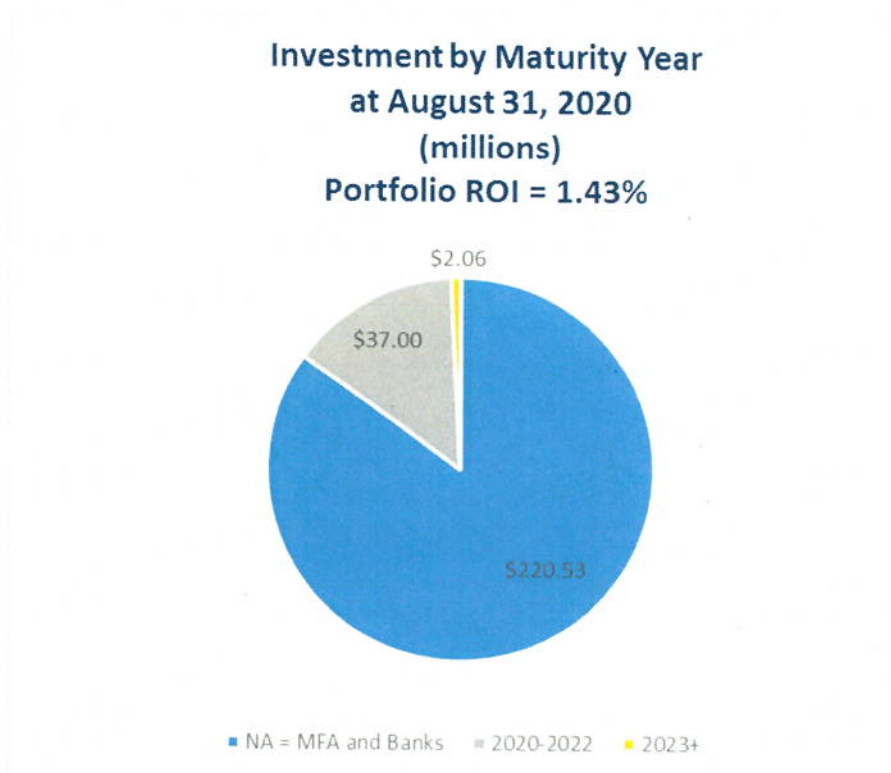
Diversification

In order to reduce overall portfolio risk, Saanich diversifies its investment holdings across a range of security types and financial institutions.



Liquidity

Saanich ensures that the investment portfolio remains sufficiently liquid in order to meet all reasonably anticipated operating and capital cash flow requirements. In 2020, financial concerns related to the COVID-19 pandemic will result in high levels of liquid assets to ensure the District can manage any cash flow challenges.



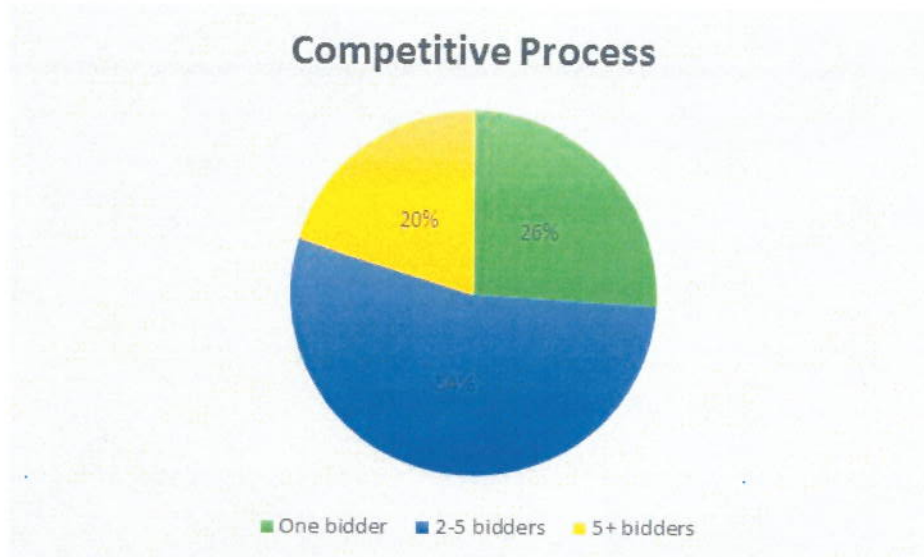
Return on Investment

Saanich's investment portfolio is currently earning a combined rate of approximately 1.43% (1st trimester 1.36%) while maintaining the investment security established in the Investment Policy. The return on investment has decreased from the December 31, 2019 return of 2.23% due to the effects of the COVID-19 virus and the resulting downturn in the markets. The markets have rebounded in June of 2020 and though not quite to the pre-COVID levels, there is still uncertainty about how the rest of the year will materialize. Interest revenue is anticipated to come in below budgeted levels at the end of the fiscal year.

Procurement Results

Competitive Process

74% of procurement processes in the trimester had more than one bidder.



Procurement

Procurement Description	Value \$200,000+			Supplier
	Value	Years		
Microsoft Licensing Solution	\$ 1,800,000	3		Compugen
Concrete Manholes and Products	\$ 1,343,682	3		Lombard PreCast
Traffic Control Services	\$ 1,336,800	4		Western Traffic Ltd
2018 Storm and Sanitary CIPP Lining	\$ 1,107,294			Insituform Technologies Limited
3500 Blanshard Refit	\$ 897,000			Century Group Inc.
One (1) - Aerial Truck	\$ 279,554			Altec Industries Ltd
Consulting Services for Pearkes Gold Arena Slab Replacement	\$ 227,210			Carscadden Stokes McDonald Architects Inc.
PVC Fittings	\$ 207,759	3		Four Star Waterworks Ltd. Fred Surridge Ltd.

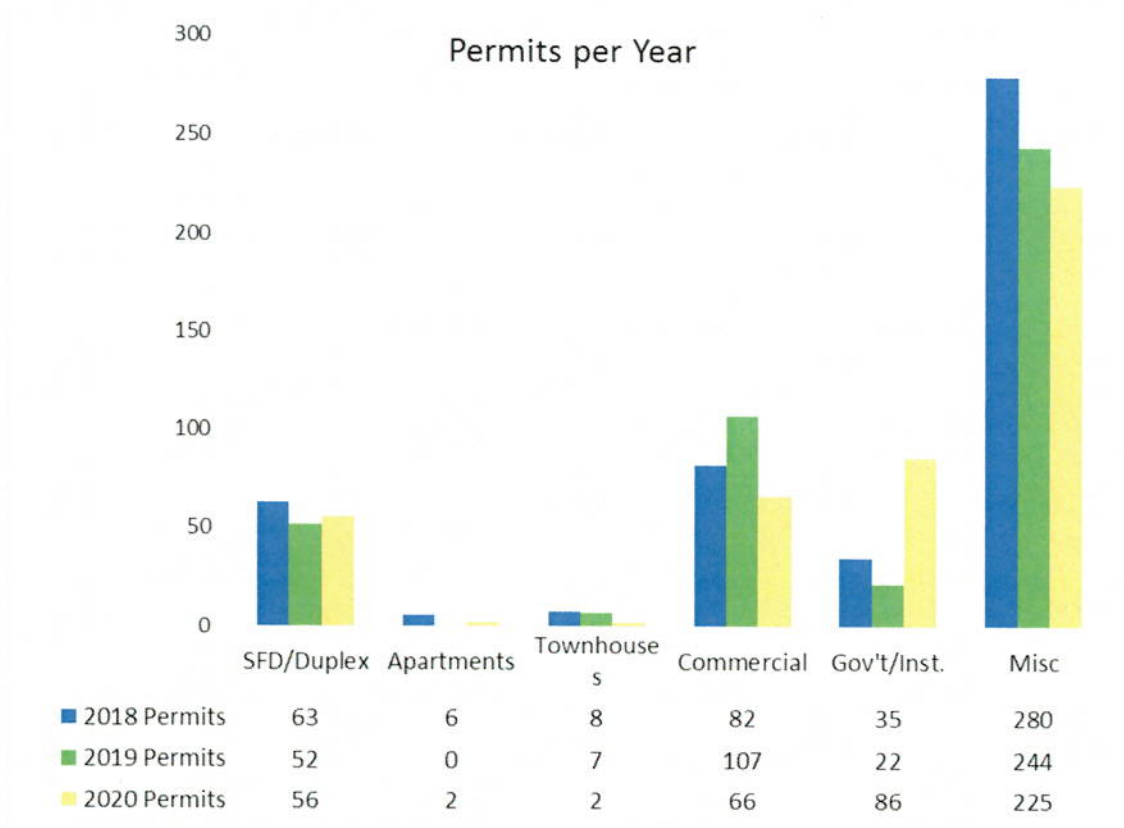
Procurement

Value \$75,000 to \$200,000			
Procurement Description	Value	Years	Supplier
Supply & Delivery of First Aid and Safety Supplies	\$ 160,000	4	Columbia Fire & Safety Ltd
Diamond Saw Blades	\$ 150,000	3	United Rentals Inc.
Supply & Delivery of Compound Water Meters and Strainers	\$ 135,000	3	Fred Surridge Ltd.
Vehicles Two (2) Only - Hybrid Ford Utility Interceptors	\$ 105,592		Suburban Motors
Vehicles Two (2) Only - Gas Engine Ford Utility Interceptors	\$ 97,102		Suburban Motors
VFA FAMIS - Capital Planning Software	\$ 85,585		Accruent
Pearkes Arenas - Below Floor Heat Exchanger System	\$ 79,115		Accent Refrigeration Systems

In addition there were 48 procurement processes with value less than \$75,000

Building Permit Statistics

Year to Date	No. of Permits		Dwelling Units		Construction Value (millions)	
	2019	2020	2019	2020	2019	2020
Permit Type	2019	2020	2019	2020	2019	2020
SFD/Duplex	52	56	70	64	40.2	33.4
Apartments	0	2	0	50	0.0	24.5
Townhouses	7	2	30	5	10.1	3.0
Commercial	107	66	0	0	20.3	20.7
Gov't/Inst.	22	86	0	0	39.0	152.9
Miscellaneous	244	225	40	22	21.1	17.4
Totals	432	437	140	141	\$ 130.7	\$ 251.9





The Corporation of the District of Saanich

Report

To: Finance and Governance Committee
From: Valla Tinney, Director of Finance
Date: September 29, 2020
Subject: FINANCE AND BUDGET DOCUMENTS FOR PUBLIC INFORMATION

RECOMMENDATION

That the Committee receive the report for information.

PURPOSE

To provide the committee with the Finance at a Glance and other pertinent budget documents for review.

BACKGROUND

At the July 20, 2020 Finance and Governance Standing Committee Meeting, the following motion was passed:

"That the Finance and Governance Standing Committee review the 'Finance at a Glance' document and other pertinent budget documents at the next scheduled meeting of the Committee.

DISCUSSION

The following documents are provided as requested for review:

1. 2019 Financial Results at a Glance
2. Shaping Saanich Fact Sheets
 - a. Understanding how property assessments relate to property taxes
 - b. Understanding how financial planning works in Saanich
 - c. Saanich service delivery – where your tax dollars go
3. 2020 Budget in Brief
4. Municipal Budget Process

Prepared by



Valla Tinney
Director of Finance

ADMINISTRATOR'S COMMENTS:

I endorse the recommendation of the Director of Finance.



Paul Thorkelsson, Administrator

District of Saanich

2019 Financial Results at a Glance

Summary

The purpose of this document is to provide a high level overview of our financial statements and make understanding them a bit easier. The financial results for 2019 were largely as planned. We built up our reserve funds so we can pay for the large facility projects coming up in the next few years. We also continued to pay down our existing debt which is already quite low. We invested in new capital assets by replacing end of life infrastructure and doing major repairs on our roadways and underground infrastructure (water, sewer, drainage). Our operations were consistent with plans established in the budget except we had more interest, permit and recreation revenue than we expected and some departments spent less than their budgets largely due to staff vacancies. Where departments went over budget it was due to emergency related work such as waterline repairs or snow related road maintenance.

Statement of Financial Position (000s)	2019	2018	Change
This chart describes the 2019 year end balances and changes to Saanich's assets and liabilities from last year.			
Total cash and investments			
Saanich's cash and investments increase as we set money aside in reserves to manage large expenditures that are coming up. Also remember that we collect property taxes in June and July, so we need funds to hold us over until then.	\$ 226,212	\$ 199,387	\$ 26,825
Receivables			
There was a small change in receivables from last year. Receivables are a combination of interest earned on investments that hasn't been received yet and utility bills that have been sent out to customers but haven't been paid at the end of the year. It can also include grants payments that we are waiting for senior governments to send us.	\$ 16,813	\$ 16,778	\$ 35
Accounts payable and accrued liabilities			
The increase in amounts owing at the end of the year compared to last year is due to future retroactive wages for Police Department personnel and an accrual for the risk to roll assessment due to appeals of 2018 and 2019 assessments.	\$ 15,495	\$ 11,908	\$ 3,586
Accrued employee benefits obligations			
These amounts represent an estimation of the benefits that the District is obligated to pay employees upon retirement. Accounting rules require that we base the calculation on current value of expected payout upon retirement for all employees. The increase is due to the continuation of benefits to disabled employees, an increase in the number of disabled employees, and a decrease in the discount rate which has the impact of increasing the liability calculation.	\$ 19,245	\$ 18,045	\$ 1,199
Debt			
The increase in debt is attributed to debt authorized for the Kings Road land purchase and engineering and parks projects. While this new debt was incurred, we also paid down \$2.8M of the debt principal.	\$ 44,189	\$ 34,015	\$ 10,174
Deferred Revenue			
Deferred revenues are monies received for a specific service that will be provided in the future. Common deferred revenues are recreation registration fees, passes and rentals as well as permit revenue received in 2019 for 2020. In addition, accounting rules require that Development Cost Charges (DCC) and Sub-regional Park Reserves (SPR) be reported as deferred revenue. The balance of DCCs increased by \$1M and SPR increased by \$65,000 over last year. Additional information is available in note 6 of the Financial Statements.	\$ 22,853	\$ 21,280	\$ 1,573

District of Saanich

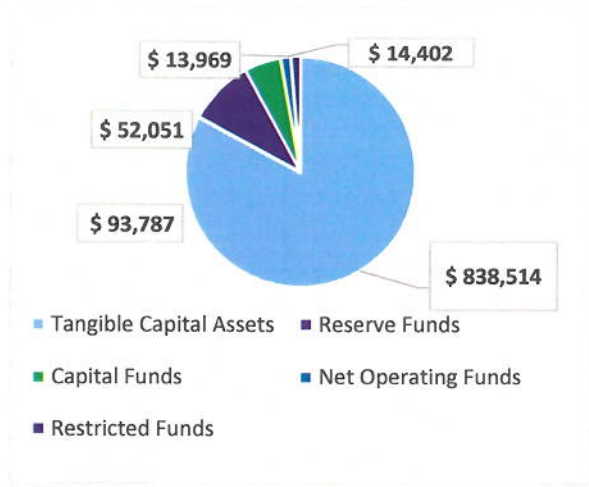
2019 Financial Results at at Glance

Deposits and prepayments	2019	2018	Change
Deposits are funds paid to the District as a promise to get specific work done, such as promise to plant trees in a development; The deposit is returned to the depositor once that work is performed. Deposits decreased by \$260K over last year for subdivision related work and we also collected \$432K in 2020 property tax prepayments between August and December of 2019.	\$ 14,956	\$ 14,770	\$ 186

Tangible Capital Assets	2019	2018	Change
The total addition to capital infrastructure, buildings and equipment is around \$33M which was offset by \$17M in depreciation. The largest additions were for roads, water and sewer infrastructure and vehicles, machinery and equipment. Additional information is available in note 9 of the Financial Statements.	\$ 881,945	\$ 865,964	\$ 15,981

Accumulated Surplus	2019	2018	Change
The accumulated surplus reported in the financial statements is often thought to be money on hand. However, this is not the case. The majority of the balance is the value of assets that have been acquired or built. There is a portion that is money that is invested in reserve funds, but these funds are set aside for very specific uses and cannot be accessed to pay for operations. The breakdown is shown below.	\$ 1,012,723	\$ 985,934	\$ 26,789

Accumulated surplus detail	(\$000s)
Tangible Capital Assets	838,514
Reserve Funds	93,787
Capital Funds	52,051
Net Operating Funds	14,402
Restricted Funds	13,969
	<u>1,012,723</u>



Statement of Operations and Accumulated Surplus

This table describes the difference between the annual surplus shown in the financial statements and the operating surplus which reflects the results of actual revenue and expenditures that relate to the annual budget.

2019 Annual Surplus as per Financial Statements (page 8)		26,789,023
<u>Remove transfers recorded as revenue</u>		
Reserve fund revenues (Gas Tax, transfer from DCC)	(11,911,721)	
Transfers to reserves funds established in the budget	(11,910,495)	(23,822,216)
<u>Remove net capital transactions included in annual surplus</u>		
Revenue for capital purposes - grants, developer contributions	(4,138,268)	
Capital expenses (not capitalized as assets)	7,749,494	
Amortization (non cash)	20,600,856	
Funding provided for capital	(28,273,976)	(4,061,894)
<u>Add back</u>		
Funds set aside for commitments and one time resource requests	1,610,619	
Change in accrued employee benefits	1,062,868	2,673,487
2019 Operating Surplus (see page 3 - Revenues minus Expenditures)		1,578,400

District of Saanich 2019 Financial Results at a Glance



Operating Budget Results

Revenues:	2018 Actual	2019 Actual	Annual Budget 2019	2019 Budget Remaining	% Revenue Collected
Property Taxation	(120,641,800)	(125,099,800)	(127,814,700)	(2,714,900)	98%
Utility Tax and Other	(1,680,200)	(1,938,800)	(1,641,000)	297,800	118% 1
Water Utility Revenue	(21,736,900)	(21,814,800)	(22,438,900)	(624,100)	97%
Sewer Utility Revenue	(21,392,900)	(24,058,500)	(23,641,700)	416,800	102%
Solid Waste Revenue	(6,376,300)	(6,673,300)	(6,658,200)	15,100	100%
Business License & Inspection Revenues	(3,309,500)	(3,447,300)	(2,997,600)	449,700	115% 2
Recreation Revenues	(13,526,500)	(14,390,800)	(13,179,600)	1,211,200	109% 3
Grants In Lieu	(2,572,100)	(2,747,200)	(2,655,900)	91,300	103%
Provincial Grants	(1,500,000)	(1,500,000)	(1,500,000)	0	100%
Interest and Penalties	(2,449,900)	(3,076,600)	(2,057,900)	1,018,700	150% 4
Surplus Appropriations	(350,000)	(250,000)	(400,000)	(150,000)	63% 5
Other Revenues	(480,600)	(470,900)	(299,400)	171,500	157% 6
Total Revenue	(196,016,700)	(205,468,000)	(205,284,900)	183,100	100%

Expenditures:	2018 Actual	2019 Actual	Annual Budget 2019	2019 Budget Remaining	% Expenditure Spent
Administration	2,285,400	2,459,000	2,465,300	6,300	100%
Finance - Departmental	3,380,100	3,475,800	3,841,100	365,300	90% 1
Finance - Corporate	23,200	799,700	932,600	132,900	86% 2
Fiscal Services	7,295,900	7,734,500	7,734,800	300	100%
Corporate Services	5,631,600	6,104,900	7,736,300	1,631,400	79% 3
Building, Bylaw, Licensing & Legal	4,354,600	4,465,300	4,181,800	(283,500)	107% 4
Police Protection	35,074,800	35,618,100	36,265,200	647,100	98%
Fire Protection	18,315,000	18,898,200	19,026,700	128,500	99%
Emergency Program	417,500	408,400	438,900	30,500	93% 5
Planning	2,468,800	2,824,900	2,884,300	59,400	98%
Engineering and Public Works	18,918,800	19,674,400	19,512,300	(162,100)	101%
Parks	6,807,100	7,482,800	7,422,900	(59,900)	101%
Recreation	22,822,700	24,191,600	23,676,300	(515,300)	102%
Cultural	7,344,200	7,808,700	7,459,200	(349,500)	105% 6
Water Utility Expenditure	14,309,200	15,523,600	14,769,300	(754,300)	105% 7
Sewer Utility Expenditure	16,436,300	17,761,100	18,281,700	520,600	97%
Capital Program (tax and fee funded only)	27,050,300	28,658,600	28,656,200	(2,400)	100%
Total Expenditures	192,935,500	203,889,600	205,284,900	1,395,300	99%
Revenues minus Expenditures	(3,081,200)	(1,578,400)	-	1,578,400	

Explanatory notes for variances over 5%

REVENUES:

- 1 *Utility Tax and Other (118% collected)* – Hotel tax (MRD tax) is much higher due to addition of online accommodations collecting this tax.
- 2 *Business Licensing & Inspection Revenues (115% collected)* – Higher than estimated development; permit revenue estimates are conservative.
- 3 *Recreation Revenues (109% collected)* – Revenues exceeded budget due to higher program registrations and higher green fees at the golf course.
- 4 *Interest and Penalties (150% collected)* – Investments higher than budgeted due to higher rates and implementation of the investment policy.
- 5 *Surplus Appropriations (63% collected)* – Utilized only as needed to manage revenue shortfall or overexpenditure.
- 6 *Other Revenues (157% collected)* – Miscellaneous revenues that cannot be closely estimated.

EXPENSES:

- 1 *Finance - Departmental (90% spent)* – Vacancies in Purchasing, Accounting and ERP sections.
- 2 *Finance - Corporate (86% spent)* – Includes general contingency for emergent issues of \$700,000 which is used as needed.
- 3 *Corporate Services (79% spent)* – Under spending in IT license/maintenance costs due to timing of projects; vacancies in all divisions.
- 4 *Building, Bylaw, Licensing & Legal (107% spent)* – Higher claims and related legal costs.
- 5 *Emergency Program (93% spent)* – Training program subsidized through one time grant funding in 2019.
- 6 *Cultural (105% spent)* – Higher payments to Destination Victoria due to higher revenues from hotel tax.
- 7 *Water Utility Expenditure (105% spent)* – Waterline repairs and water purchases higher than budgeted.

Understanding how property assessments relate to property taxes

Shaping
Saanich

I've received my annual assessment from BC Assessment – What do I need to know?

If you recently received a property assessment notice from BC Assessment you may have questions about how this impacts your 2020 Saanich property taxes. The simple answer? It's too early to tell. Property taxes are determined by the District of Saanich prior to notices being sent in May.

The increase in property tax each year is influenced by two factors:

- The total municipal tax increase %
- The change in your assessed value compared to everyone else's change

Many people think a big change in your assessed value will result in a big change in your property taxes. For example if your assessment goes up 20%, your taxes will go up 20%. However this isn't always the case.

The most important factor is **not how much your assessed value has changed**, but how your assessed value has changed **relative to the average change for your property class in Saanich**.

Plan ahead – How to Pay Your Saanich Property Taxes

- [Online banking](#)
- [Through your mortgage company](#)
- [At your bank](#)
- [By credit card via third party provider](#)
- [In person at the Municipal Hall](#)
- [Drop box at the Municipal Hall](#)
- [By mail](#)



Lower than average change

Taxes increase **LESS THAN AVERAGE**



Similar to the average change

Taxes increase **BY THE AVERAGE**



Higher than the average change

Taxes increase **MORE THAN THE AVERAGE**

To find your property class and the average change for your property class visit BC Assessment:

<https://info.bcassessment.ca/propertytax>

How much tax will you pay this year?

Your Saanich property tax bill (sent out in May) represents your portion of the property taxes required by the municipality to provide a wide variety of services. Your portion is established according to the assessed value of the property you own.

How are your taxes calculated?

$$\frac{\text{Assessed Value}}{1,000} \times \text{Tax Rate} = \text{Tax Owing}$$

In addition to municipal taxes Saanich collects funds for:

- BC Assessment
- BC Government (School Districts)
- BC Transit
- Capital Regional District
- Capital Regional Hospital District
- Municipal Finance Authority

These tax rates are established by each agency. Saanich collects the funds and passes them on.

Key Facts at a Glance

- BC Assessment is the authority that assesses property values in BC.
- Every January, BC Assessment determines the assessed value of properties (based on market values at July 1 of the previous year) and mails property owners a Property Assessment Notice.
- Property owners have until January 31 to challenge that assessment.
- Saanich property owners receive their tax notice by the end of May in the mail.
- Tax payment and home owner grant claims or deferral applications are due by July 2, 2020.

Questions about Property Taxes?

Contact Saanich Property Tax staff:
250-475-5454

Questions about how Saanich takes shape and decisions are made?

Contact strategicplan@saanich.ca
or budget@saanich.ca

For a full range of assessment answers, examples and resources please visit the source – BC Assessment.

Links:

www.bcassessment.ca
www.saanich.ca/EN/main/community/property-taxes.html
www.saanich.ca/EN/property-taxes/paying-your-taxes.html

Understanding how financial planning works in Saanich

Shaping Saanich

Residents tell us they need more understandable and accessible information about our financial planning processes. This “at a glance” overview helps show how important financial decisions are made year-round.

Financial planning happens all year

The *Community Charter* requires that all municipalities create a five-year Financial Plan. Each year during the financial planning process Saanich focuses on the first year of this five-year plan. The plan starts with the adoption of budget guidelines each summer and continues to the following May, when the plan is adopted by Council. The Annual Report then provides a synopsis of the previous year’s strategic, financial and operational progress.

Public input is welcome throughout the year



Jan-Feb
Senior management review

Mar-April
Public financial planning meetings

April
New draft Financial Plan submitted with changes as directed by Council.



May
Financial Plan and Tax Rates Bylaw adopted

Mid-May
Property tax notices sent out

June
Annual Report published



Jun-July
Council adopts budget guidelines or “goalposts”

Aug-Oct
Departments compile budgets based on approved guidelines

Nov-Jan
Finance department compiles draft Financial Plan

View a copy of our [annual report](#).

[See schedule of financial plan meetings](#)

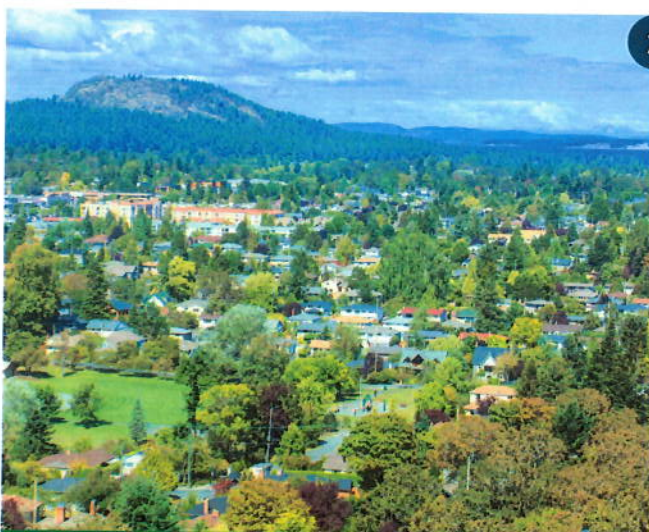
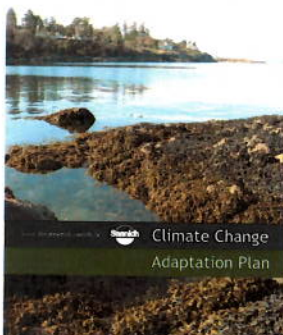
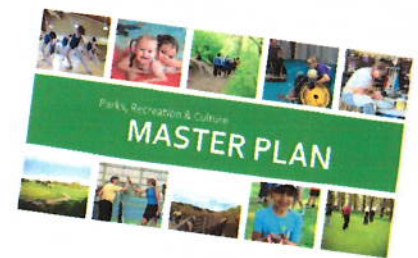


What informs financial planning?

1 Strategies, plans, and studies

Saanich has done a lot of work over recent years to determine the needs and desires of the community. Many plans and strategies which outline key goals or community improvements have been developed with your help through extensive public participation. Council makes decisions and approves these proposed plans based on alignment with the Saanich vision, achievement of the strategic planning goals and available funding.

All of the work contained in these plans and initiatives —the [Official Community Plan \(Sustainable Saanich\)](#), [Local Area Plans](#), [Active Transportation Plan](#), the Water, Sewer and Drain Master Plans and numerous studies on [Parks and Recreation services](#), among many others — contributes to our financial planning process.



2 Ensuring a consistent level of services

Saanich is over 100 years old. Over the decades our community has evolved through thousands of financial decisions made by Councils. The result is an organization that provides services for a healthy, safe and vibrant community.

Some of these services are essential and obvious: water, sewer and road systems; some are choices for highly-valued services such as fire suppression, parks, and recreation facilities. Each year, departments assess their budgets by examining what is needed in order to maintain established service levels.

3 Non-discretionary increases

While Council sets the budget guidelines to have a 'zero' increase in operating expenses, non-discretionary increases do occur. We report out to the public exactly what the increases are and the impacts to your taxes and fees.

Examples of non-discretionary increases include the wage increases as determined through collective bargaining processes, the insurance on fleet vehicles, the licensing and maintenance of information technology, and increases to the cost of asphalt, hydro and gas.

4 New choices to consider

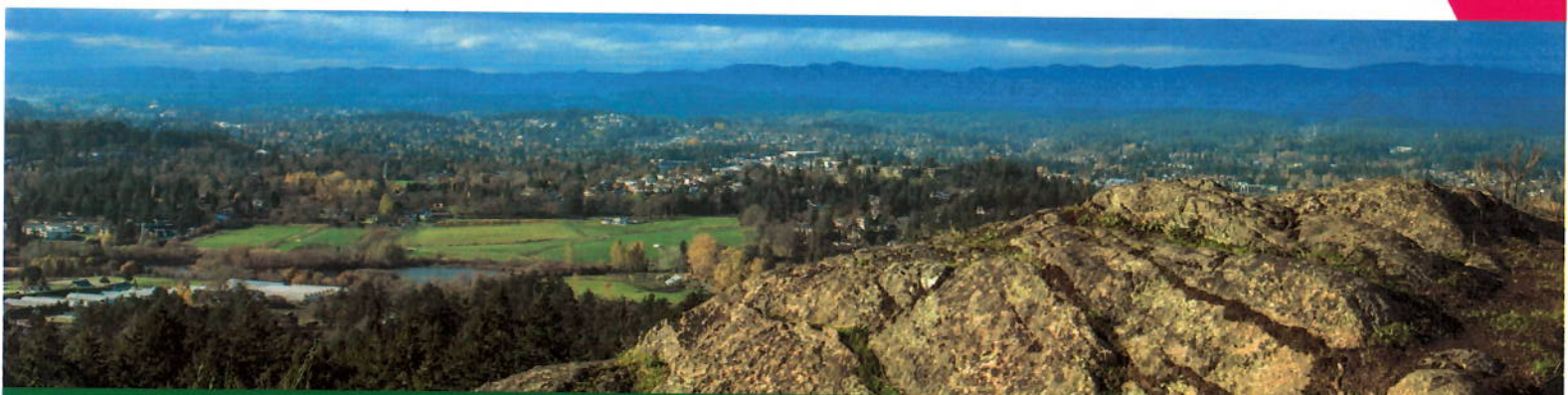
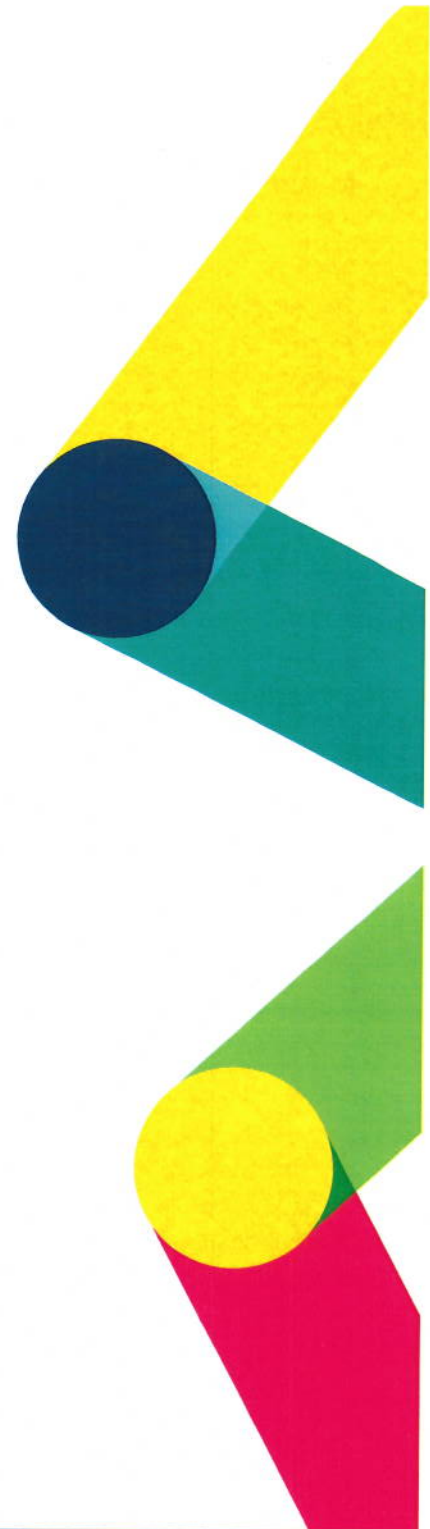
Every year Council considers whether to improve certain services based on input from the public. [The Youth Strategy](#) and [Older Adult Strategy](#) are just two examples. Council considers these "resource requests" and decides whether to increase taxes or fees to provide these services. It is a Council choice, but their decision is always based on information obtained from community input and guided by the goal of working toward the best interests of the whole community.

5 Change = The one constant in financial planning

As our world continues to evolve, many factors impact how the municipality delivers services. A few examples are:

- Improved rules to keep workers safe;
- Climate change; and
- Cyber security needs.

We assess and consider all factors for their financial impact, risk to the organization and how they fit into the current (and future) strategic plans.





6

YOU! The public

There are many opportunities to provide input to Saanich financial planning processes:

- Join us at Council meetings;
- Respond to our citizen and business surveys;
- Participate in conversations with our elected officials;
- Engage in the extensive public participation processes when plans and strategies are being developed; and
- Provide input during the council guidelines setting and financial plan meetings.

Remember: You can contact us anytime at budget@saanich.ca.

When Council discusses and approves budget guidelines in the summer there is an opportunity for any member of the public to provide input.

View [upcoming meeting dates and information](#).

Does Council just “rubber-stamp” a staff driven financial plan? Not at all.

Citizens wonder if Council can really change the financial plan once it’s been prepared by staff. Understanding the financial planning cycle can help answer that question. (See page one)

1. Council discusses and approves budget guidelines in the summer before staff prepare department budgets. This is the opportunity for Council to set a change in direction if desired, and provide “goal posts” for staff. Council discusses the guidelines in a public meeting where there is an opportunity for the public to provide input.
2. Results from the citizen and business surveys show Saanich residents are highly satisfied with the services they receive and feel they get good value for tax dollars. As a result, Councils have adopted budget guidelines that call for staff to develop status quo budgets to keep service levels the same or better.
3. The draft budget reflects the budget guidelines Council established. Changes to the draft budget are made by Council during February to April meetings to ensure funding for new or strategic plan items or to enhance, reduce or alter a service that is currently provided.



How do we know we've got it right?

Councillors hear face-to-face from many residents throughout the year about what is important to them. Saanich also conducts citizen and business surveys to understand how residents feel about the services they receive and Saanich's direction. This information is all carefully reviewed to ensure that decisions take us down the right path.

It is important to understand that a diverse community holds diverse views. There will never be complete agreement on most issues. However, Council has taken an oath to make decisions that are in the best interest of the community as a whole.

Links for further study:

[Saanich Strategic and Financial Planning](#)

[Saanich Budget](#)

[Financial Plan 2019-2023](#)

Additional plans that inform financial planning:

[Active Transportation Plan "Moving Forward"](#)

[Climate Action and Adaptation Plan](#)

[Local Area Plans](#)

[Official Community Plan](#)

[Parks, Recreation and Culture Master Plan](#)



SAANICH OATH

"I will faithfully perform the duties of my office for the betterment of my community and my conduct in public affairs will be lawful and of the highest integrity."

Questions about the financial planning process?

Contact the Finance Department at 250-475-5415 or budget@saanich.ca



Saanich service delivery



Where do my tax dollars go?

Canada's federal, provincial and municipal governments all share a responsibility to ensure a high quality of life for Canadians but it is the municipal level of government that is most accessible and closest to citizens. Saanich provides an extensive array of services ranging from legislated and traditional services that we consider essential, to discretionary services—those that serve the needs and desires of Saanich citizens.

Did you know?

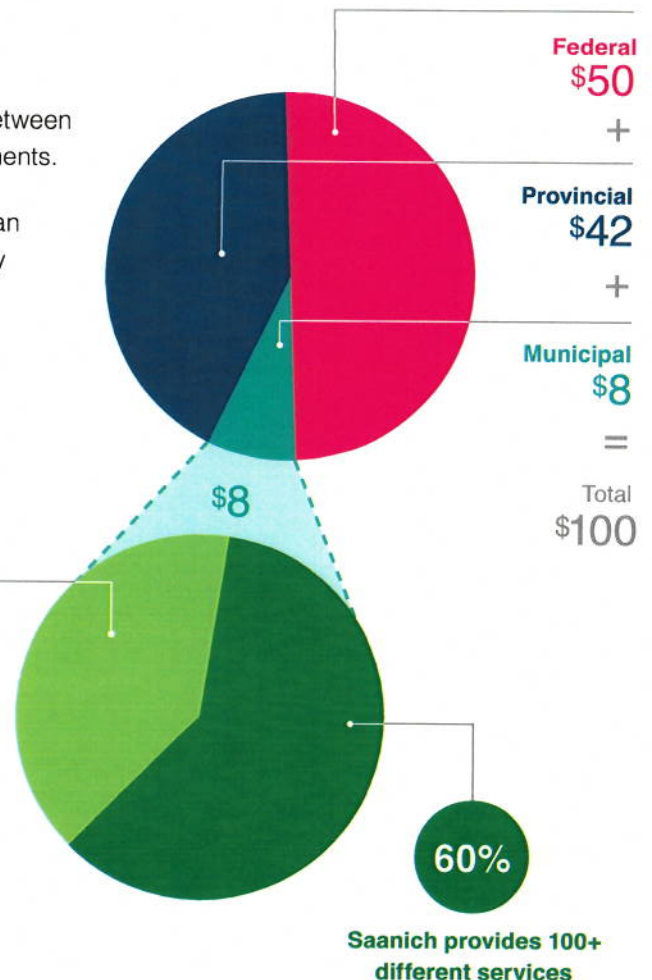
Every **\$100** the average household pays in taxes is divided between the federal (**\$50**), provincial (**\$42**) and municipal (**\$8**) governments.

- 60% of property tax that you pay to Saanich is for more than 100 different services provided directly by the municipality
- 40% is collected on behalf of other levels of government and organizations such as school districts, transit and the Capital Regional District (CRD).

How do your municipal property taxes get distributed?

40% Other service providers:

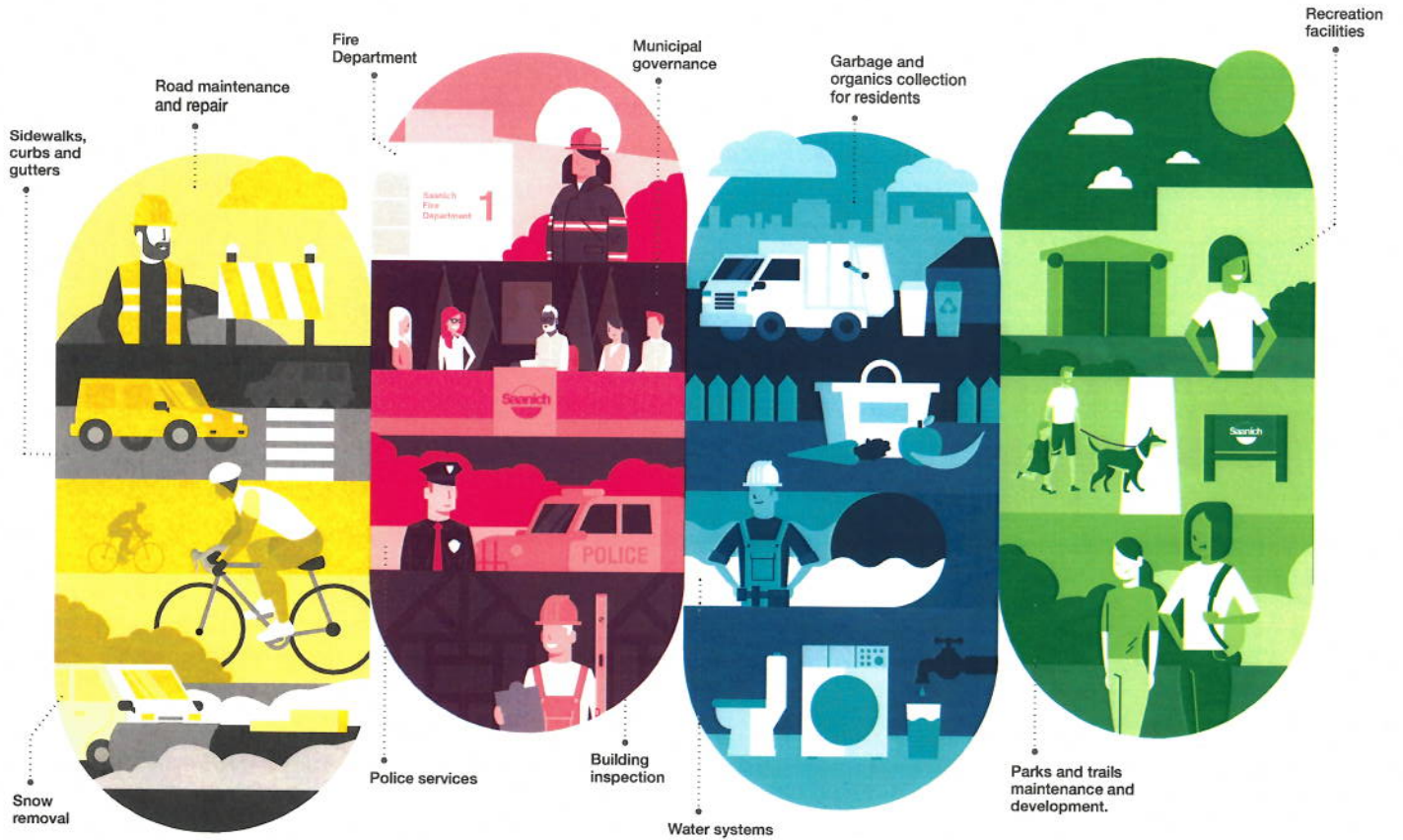
- BC Assessment Authority
- B.C. Government (School District)
- BC Transit
- Capital Regional Hospital District
- CRD
 - Affordable housing
 - Regional parks (such as Elk-Beaver Lake)
 - Regional trails (such as Galloping Goose)
 - Regional recycling and the Hartland landfill



Delivering services in Saanich

Services Saanich provides

A municipality plays an essential role in helping citizens and businesses enjoy and contribute to a vibrant, livable and sustainable region. This means providing the right level of services at the right cost for a diverse and growing region. These include:



Saanich provides these services to a diverse community including:



- Homeowners
- Renters
- Developers
- Business owners
- Older adults
- Youth
- Children & families



Legislated, traditional and discretionary services

Municipalities are required to provide many "legislated" services under the Community Charter, Labour Code, WorkSafe BC or other statutes. Some of the services Saanich provides are "traditional" – services that are generally provided by municipalities because there is public expectation they will be provided. Others are "discretionary" – services Saanich has chosen to provide which may or may not be commonly provided by local government.

Legislated services

- Employee services (labour relations, payroll, disability and injury management, WorkSafe compliance and training)
- Property and utility tax collection
- Budgeting, accounting and financial reporting
- Purchasing
- Council meetings and minutes
- Records management and FOI
- Land and risk management
- Fire inspections
- Emergency Preparedness
- Community and current planning
- Development servicing
- Parks, trails and open spaces

Traditional services

- Policing
- Fire services
- Recreation centres
- GIS services
- Building inspections
- Bylaw enforcement
- Website

Discretionary services

- Golf course
- Public engagement
- Environmental services
- Social media
- Sustainability planning



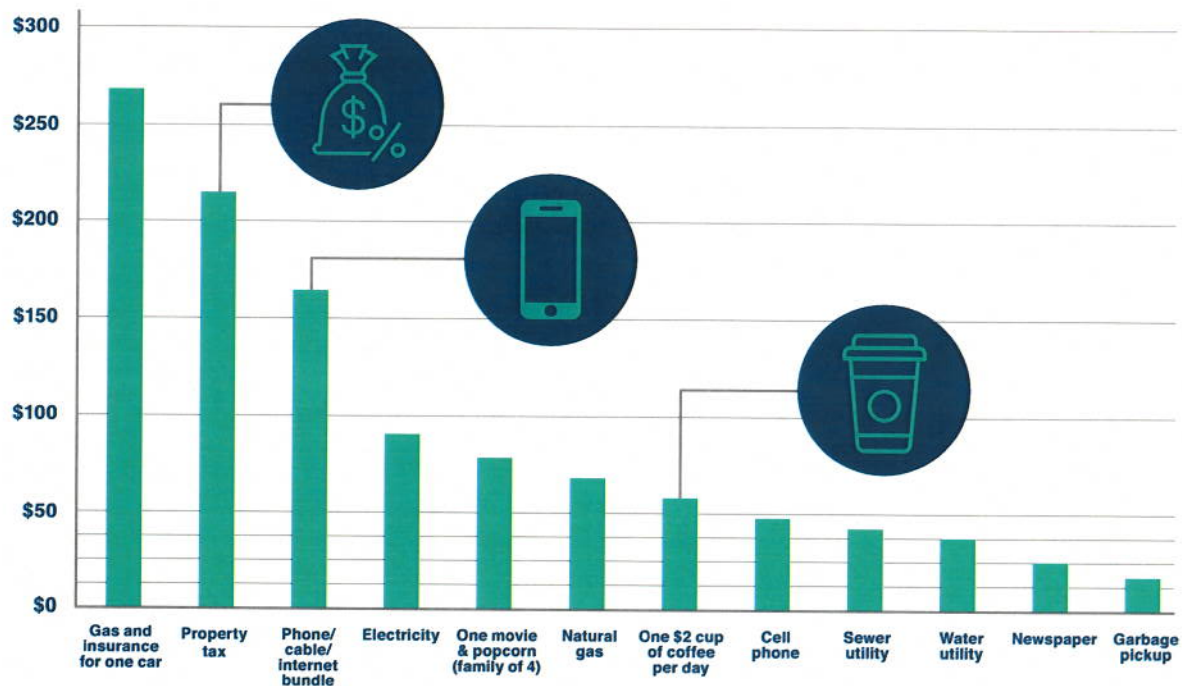


Getting great value for your money

Saanich is a vibrant municipality where tax dollars help create an active, inclusive and safe community; a strong economy; a clean, healthy environment; and resilient, well-managed infrastructure. In Saanich, 99% of residents say their quality of life is good or very good and 89% say they receive good value for their taxes. Similarly 98% of businesses say their quality of life is good or very good, 94% of business owners indicate that Saanich is a good or very good place to operate a business and 83% say they receive good value for their taxes (2019 Saanich survey results).

When considering value for money, remember that many municipal services are available 24/7. Municipal employees are always on call to deal with a wide variety of emergencies from fires and accidents to blocked drains and fallen trees.

Typical monthly household costs



It's all about balance

Saanich Council and staff must balance the need to provide services, facilities, and infrastructure with the need to keep property tax and utility rate increases at manageable levels for businesses and residents.



Dealing with rising costs

Each year, costs increase due to internal and external factors. Saanich must be able to cover increased costs to maintain the current level of services provided to residents. Some rising costs are beyond our control and are similar to what you experience in your own home: the cost of electricity, gas, phone and internet connections.

For the municipality, these costs also include wage increases for staff, the cost of asphalt for paving roads, computer system licensing and insurance for fleet vehicles. Our biggest challenge is striving to provide services in a fiscally responsible way leading to financial stability for Saanich over the long term.

Taking care of assets

We need to continually invest in assets to support service delivery.



Existing infrastructure maintenance and upgrades

New capital projects

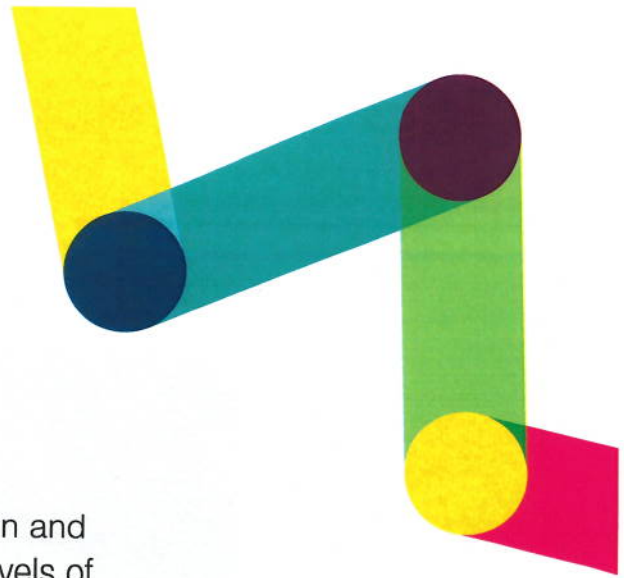


Saanich's unique services

Services and features unique to Saanich include:

- More than 170 parks—from neighbourhood parks to multi-sport athletic parks to natural areas and open spaces—cover over 820 hectares with more than 100 kilometres of trails to explore.
- Signature parks known throughout the region and beyond include: Mount Douglas, Mount Tolmie, Gorge, Cuthbert Holmes, Cedar Hill, Prospect Lake and Swan Lake.
- Local area plans – 12 neighbourhood plans developed with extensive community consultation
- Public engagement – many opportunities for citizens to get involved on matters and projects that affect them and their community
- Village centres rather than a main downtown
- Urban containment boundary – specific council decisions made over the years not to expand the urban into the rural and to keep Saanich's unique blend of urban and rural lands
- Variety in our recreation facilities – four full-service community recreation centres and an 18-hole golf course





There are many services and activities that happen in and around Saanich that are the responsibility of other levels of government. In some cases, the initiatives that Saanich wants to achieve are impacted by the decisions or actions of these organizations. Saanich Council and staff participate and collaborate with other levels of government to ensure that these services and activities align with the Saanich Strategic Plan and add to the quality of life of Saanich residents. Some of our partners and their services include:

Public transit

BC Transit

Education

Province of B.C.
and School Districts

Health care

Province of B.C.

Highways

Province of B.C.

Recycling

CRD

Regional water supply

CRD

Solid waste

(Garbage/Hartland)

CRD

Wastewater treatment

CRD

Housing

(providing affordable rental units)

Province of B.C. and CRD

911 services

Province of B.C. and CRD



Questions about the services that we deliver?

Contact us at 250-475-5419, email strategicplan@saanich.ca or visit saanich.ca

View our [Financial Plan 2019-2023](#)

Published February 20, 2019



2020 Budget In Brief

Saanich Council has finalized the 2020 Budget.

Take a look at the plans the District of Saanich has for the coming year and how taxes and fees you pay will maintain and improve the services you enjoy every day.





Saanich's strategic priorities

OUR PROCESS

The **Saanich Vision** points which way to go, but not how to get there.

The **Official Community Plan (OCP)** provides the framework.

The **Strategic Plan** gives the road map, focusing energy on what is most important.

The **Budget** provides the funding for planned activities and ongoing operations.

The **Annual Report** provides a synopsis of the previous year's strategic, financial and operational progress.

How COVID-19 affects the budget

The District of Saanich is facing unusual circumstances that require different approaches to financial matters. Faced with the COVID-19 pandemic and recognizing these extraordinary times, Council has directed staff to create a budget that allows the municipality to continue base operations.

"The COVID-19 pandemic affects each and every one of us and it's so important that we do our part now," said Mayor Fred Haynes. "We will concentrate on continuing our current service levels and we also recognize that expanding our services is not realistic right now. Saanich is committed to protecting our residents, both owners and renters, as well as businesses from financial impacts wherever possible, and that's why we will limit the property tax increase to only support the basic municipal services."

Saanich's basic operations include more than 100 services. The core budget includes many of Council's priorities including previously directed work on environmental protection, active transportation and response to climate change. Council and staff will still be able to make progress on many of the priorities included in the 2019 to 2023 Strategic Plan with this budget. The restriction on public gatherings due to COVID-19 has impacted the timing of initiatives that require public engagement

Saanich's strategic priorities are aligned with the Official Community Plan

The Strategic Plan is Saanich's road map that guides the activities during Council's four-year term in office and beyond. The Strategic Plan goals, initiatives and actions will move Saanich toward its future vision as outlined in the Official Community Plan (OCP).

The OCP provides direction, focus and guidance on how to manage future growth and change in our community. Our OCP places emphasis on three themes:

- **environmental integrity**
- **social well-being**
- **economic vibrancy**

Through the Strategic Plan, Council defines the municipality's priorities, processes, and short and long term plans. Council ensures that the five-year financial plan and annual budget processes allocate funds and resources used to achieve our goals.

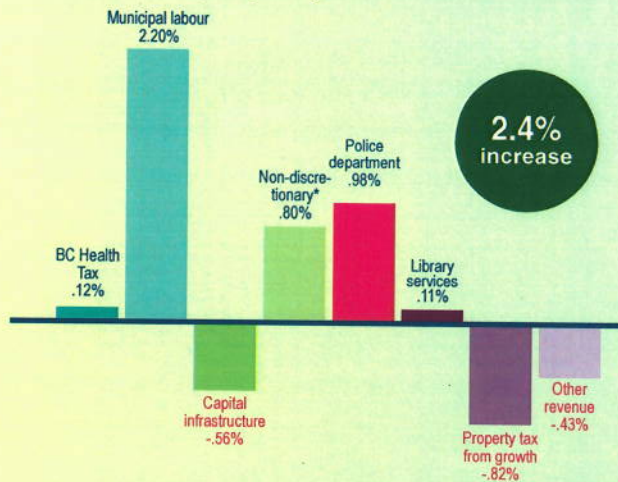
In 2020 we continue to work on initiatives and actions included in the budget to achieve our Strategic Plan goals:

- **Community well-being**
- **Affordable housing, land use and infrastructure management**
- **Organizational excellence**
- **Economic diversification**
- **Climate action and environmental leadership**

Why did Saanich property tax increase by 2.4%?

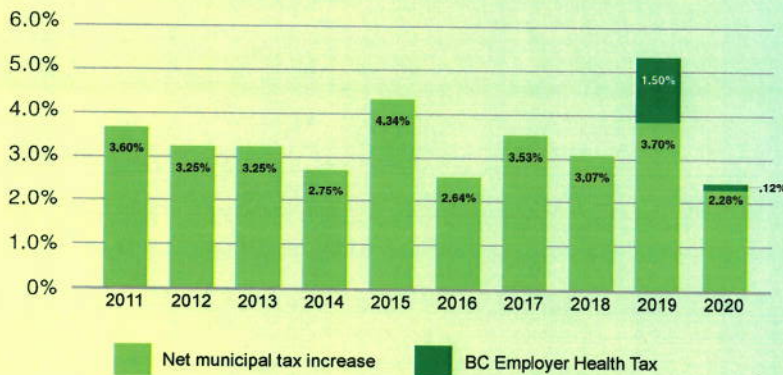
The Saanich budget saw an overall net increase in property tax of 2.4%. This increase came from a variety of investments in everyday services you and your neighbours enjoy and also for the repair and replacement of the assets that support delivery of those services.

Municipal property tax increase 2020



*Non-discretionary – includes increases to utilities, contracts, insurance, fuel and other costs that are impacted by factors outside of Saanich's control.

Annual property tax increases

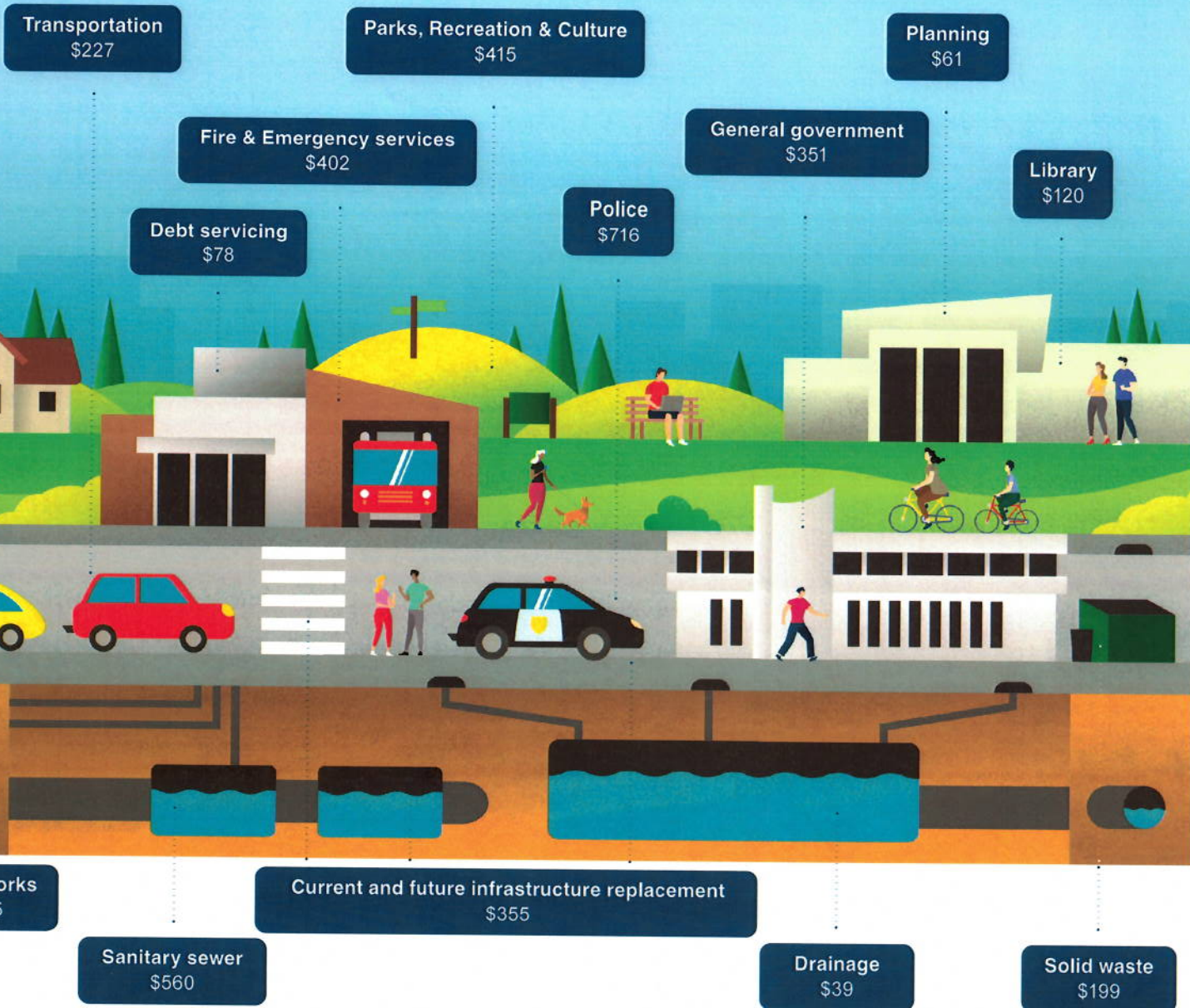


External senior government-related increases

- New Provincial Employer Health Tax** – the transition from BC Medical Service Plan premiums to an employer health tax means that a portion of your property tax now fund provincial health services. The transition is complete in 2020.
- The Federal Government** is implementing an [Enhanced CPP Program](#) designed to help increase retirement income for working Canadians and their families. Saanich must pay this increased contribution rate for all its employees.

What services does the budget support?

The taxes and fees you pay fund a wide variety of municipal services.



Total taxes and fees of \$4,018:

- Taxes are based on 2020 budgeted municipal taxes for an average homeowner with a property assessment of \$897,000.
- Sanitary sewer fees are based on the 2019 average homeowner's usage of 163 cubic metres.
- Solid waste fees are based on cart sizes of 120 litres each for garbage and organic per household.
- General government includes administration, finance, human resources, information technology, safety, communications, bylaw and inspections services.
- Waterworks fees are based on the 2019 average homeowner's consumption of 270 cubic metres.

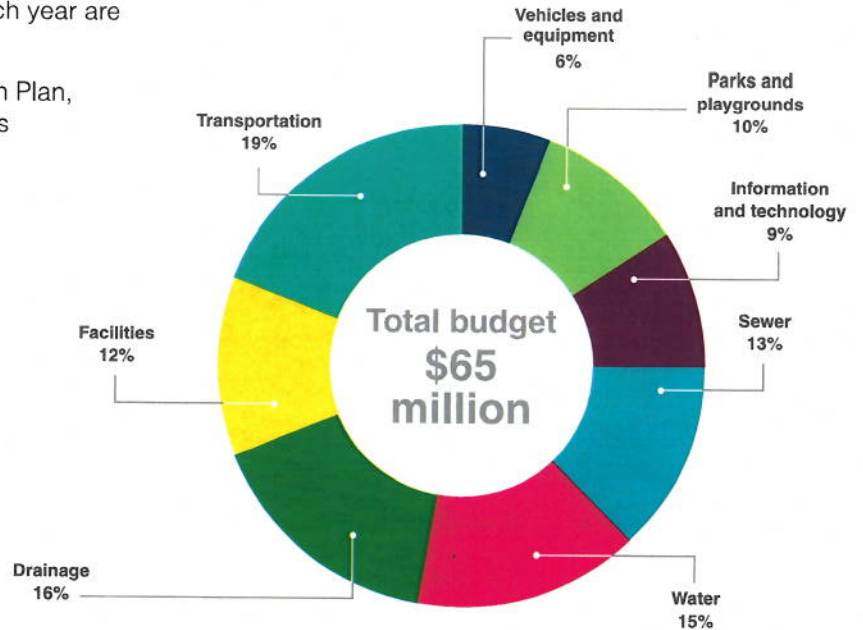
2020 Capital budget

How are the capital projects for the year determined?

Saanich is committed to taking care of the assets we all own, from sewer and water lines to roads, trails, parks, buildings, and vehicles. Proper stewardship means ensuring appropriate funding is available to keep them in good working order and replace them when their useful life is over.

To accomplish that, we establish how much we need to be funding this repair and replacement on an annual basis. The specific projects to be completed each year are determined by considering:

- **Master plans** (The Active Transportation Plan, Shelbourne Valley Action Plan and Parks Management plans, to name a few)
- **Condition assessments**
- **Health and safety**
- **Maintenance history**
- **Risk assessments**
- **Efficiency and coordination** with other capital projects.



Key 2020 projects

- **Shelbourne Street improvement project**
Phase 1 & 2 – \$16M for road, water, sewer and drain improvements
- **Sidewalk Installation Program** – \$2.4M
- **Fleet, IT & Other Capital Replacement for Protective Services** – \$1.4M
- **Horner Park Renewal** – \$650K
- **Pearkes Ice Remediation** – \$1.44M
- **Tree and Trails Programs** – \$658K

For detail on more capital projects go to the [Capital Projects Guide 2020](#)

Horner Park



Shelbourne Street improvement project



G.R. Pearkes Recreation Centre

2020 Saanich utilities

Saanich builds, maintains and operates three underground systems.

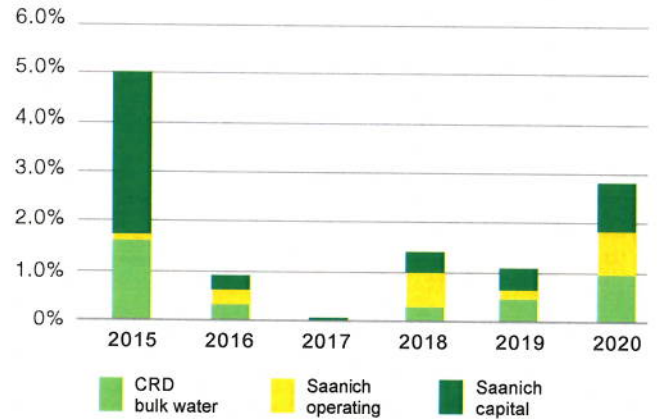
Water and sanitary sewer are utilities funded through user fees and storm drainage is funded through your tax dollars. These underground systems require daily operational repair and maintenance (operating budget) and major repair and replacement (capital budget).

Working together

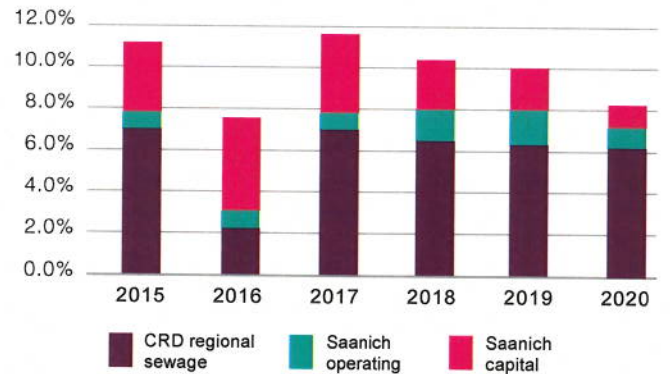
Saanich works in collaboration with the Capital Regional District (CRD) to provide underground services. The CRD is responsible for treating, disinfecting and supplying drinking water from a large trunk watermain network that distributes water to all of the municipalities in the region. It is also responsible for the treatment of sewage and implementation of the regional sewage treatment infrastructure. The fees for the CRD portion of the system are collected when you pay your Saanich utility bill, and we pass the money on to them. This streamlines the revenue collection into one bill. Saanich is responsible for the distribution of safe and reliable drinking water, collection of sanitary wastewater and stormwater management services.

Over time: a look at water and sewer rate increases

Water rate increases



Sewer rate increases



Significant 2020 capital projects

WATER

Investing close to \$9.9 million in major repair and replacement in the 2020 budget

- Foul Bay Road water main improvement
- Fernie pressure reducing valve replacement
- Asbestos, cement and cast iron main replacement at over 8 locations

STORM DRAIN

Investing close to \$10.4 million in major repair and replacement in the 2020 budget

- Gorge Road storm drain improvements
- Wood stave and substandard replacement at over 11 locations
- Regina, Tillicum–Wascana Road drain improvements

SANITARY SEWER

Investing over \$8.2 million in major repair and replacement in the 2020 budget

- Asbestos cement sewer main replacement at over 7 locations
- Construction of Portage Pump Station

Making decisions with public consultation and support

Our *Community Charter* requires that Council undertake a process of public consultation regarding the proposed financial plan before it is adopted. Each year, Council follows a “Financial Plan – Public Consultation Policy”. In 2019, an additional public engagement campaign focused on strategic and financial planning gathered feedback from the community that helped inform Saanich’s 2019 processes and policies. In 2019 an online budget tool was launched and in 2020–2021 Saanich will develop more opportunities for consultation on the financial planning process.

Citizen and business surveys tell us what’s important to you

Traditionally, a statistically valid survey is offered to both residents and businesses in Saanich, for a newly elected Council. Our most recent [surveys](#)—completed in January 2019—are Council’s best source of information and feedback. They assist Council in making important budget decisions by providing broad and representative engagement data.

A sample of what we heard in our 2019 survey results

Are residents pleased with the overall direction Saanich is taking?

YES 78%

Do Saanich residents feel the District of Saanich is doing a good job in general?

YES 90%

Do residents and businesses feel they receive good value for tax dollars?

88% Saanich business owners strongly or somewhat agree

81% Saanich residents strongly or somewhat agree

Input on taxation and service levels — helping Council make future financial decisions

Here’s what residents think about taxation and levels of service:

- 38%** Maintain same level of services with managed tax increases
- 20%** Reduce services with lower taxes
- 15%** Improve municipal services with higher taxes
- 15%** Introduce new user fees for some services that currently have none
- 12%** Increase user fees for municipal services that currently have fees

What is your biggest hope for the future? What’s the most important issue facing the District?

Here are the top three answers gathered from 2019 survey results:

BIGGEST HOPE FOR SAANICH:

- 16%** More affordable housing
- 15%** Protect nature and improve green spaces
- 11%** Improve infrastructure: roads, water, drainage

TOP ISSUES FOR COUNCIL’S ATTENTION:

- 22%** Housing issues
- 9%** Traffic and traffic congestion
- 9%** Environment and enhanced greenspaces



Your questions and feedback are always welcome. Contact the Finance Department at **250-475-5415** or [**budget@saanich.ca**](mailto:budget@saanich.ca)

More resources are available at [**saanich.ca/shapingsaanich**](http://saanich.ca/shapingsaanich)





District of Saanich Municipal Budgeting

Understanding the Budget Process



Overview

Each year the District of Saanich updates its Five Year Financial Plan, in accordance with the Community Charter. The Financial Plan includes operating and capital budgets for each year contained in the Plan. As the District embarks on the process to develop the 2019 to 2023 Plan, we have prepared this document to assist the public better understand the municipal budgeting process.

Each year Saanich is faced with the challenge of balancing the budget, as mandated for municipal governments by provincial legislation. While a municipality can incur debt to pay for large capital acquisitions, it cannot incur a deficit to fund day to day operations the same way senior levels of government can. This is a key difference as it means that we must identify revenue sources to cover off all anticipated expenditures. In order to balance the budget, a careful analysis must be done regarding the level of services required to meet the expectations of the community balanced against realistic taxation and user fees levels.



Saanich's Overall Principle

Long Term Financial Stability

- Ensure Adequate Funding for Services and Infrastructure
- Access Diversified Sources of Revenue
- Manage Expenditures
 - Contain Costs
 - Be Efficient
- Provide for Contingencies
 - Manage Business Risks
 - Operate Prudently
- Maintain Reserves for the Future
- Use Debt Strategically



Revenue

Municipalities

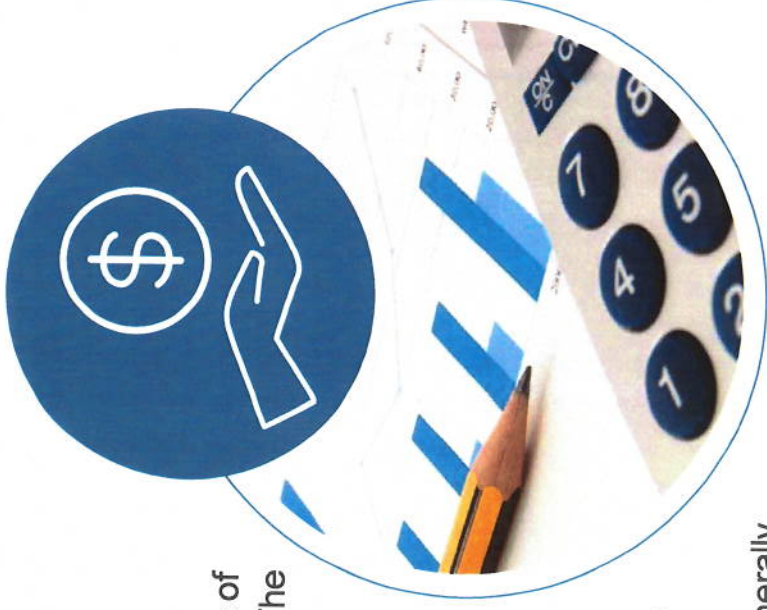
Municipalities use a variety of revenue sources to pay for a wide range of services that residents and businesses depend on and use regularly. The major revenue sources that are typically used to pay for day to day services include:

- Property tax
- Utility user fees (sewer and water charges)
- Other user fees (e.g. recreation passes/registration fees, connection fees, rezoning application fees)
- Permits and licencing fees (building permits, dog licences, business licences)

Municipalities also have access to other forms of funding which are generally used for capital projects:

- Grants from the Provincial and Federal governments and their agencies
- Proceeds from borrowing
- Reserve funds (funds saved up over time for large projects)

Part of Council's decision making process each year is to determine what levels of funding for services should come from the various sources of revenue.



Grants

Grants from other levels of government are usually targeted to very specific types of projects (predominately capital) that may or may not align with the priorities of the community. The only ongoing, government grant funding that is available to offset the cost of annual operations is the Traffic Fine Revenue Sharing Grant which must be specifically allocated to policing service programs.

Examples of capital grants that the District has received include:

- The Clean Water and Wastewater Fund provided by the federal government for investments on rehabilitation and modernization of drinking water, wastewater and stormwater infrastructure.
- The Strategic Priorities Fund provided by the federal government through the Union of BC Municipalities for strategic infrastructure and capacity building projects.

Interesting Facts:



Expenditures

Municipalities are service based organizations. Your local government provides a wide variety of services to an extremely varied client base. While not an exhaustive list, our customers include:



- Youth
- Families
- Seniors
- Pet owners
- Farmers
- Philanthropists
- Home owners



- Renters
- Business owners
- Workers/employees
- Pedestrians
- Cyclists
- Wheelchair/
- Scooter Drivers



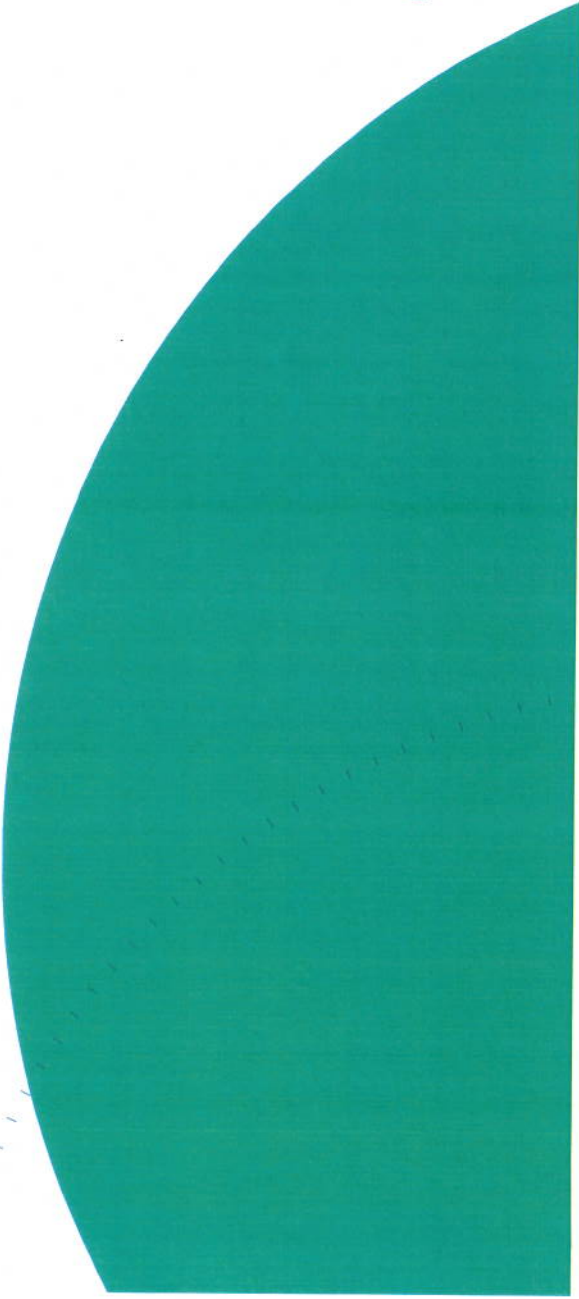
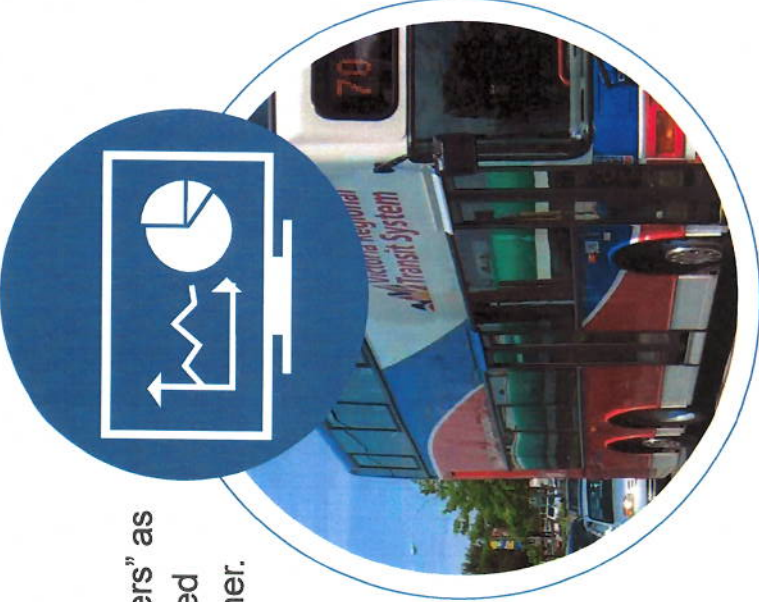
- Drivers
- Developers
- Retirees
- Workers
- Sports enthusiasts
- Walkers
- Artists



Our Challenge

Our challenge is striving to meet the needs of as many of our “customers” as possible in a fiscally responsible way. The process is further complicated where the needs and wants of our citizens are in conflict with one another.

There is frequently misperception about which services are under the control of the local government and which services are provided by other levels of government. While local governments collect revenues for the Province, BC Transit and the Regional District (among others) along with the annual municipal property tax payment, the funds are simply passed on. The reason for this approach is greater efficiency having one point of collection rather than having each organization bill separately.



Services Saanich provides

- Road maintenance, repair and snow removal
- Garbage and organics collection for residents
- Policing
- Fire protection
- Recreation Facilities
- Parks/Trails maintenance and development
- Sidewalks, curbs and gutters
- Drainage systems
- Sewer systems
- Water systems

Services Saanich contributes to

- Regional sewage treatment
- Affordable Housing
- Regional parks (eg. Elk-Beaver Lake)
- Regional Trails (eg. Galloping Goose)
- CREST (911)

Services Saanich doesn't provide

- Public Transit - BC Transit
- Education - Province and School Districts
- Health Care - Province
- Highways (Island Highway/Pat Bay Highway) - Province
- Recycling program - Capital Regional District
- Library operations - Greater Victoria Regional Library



When considering if you feel you are getting good value for the services provided, it can be helpful to consider that many of our services are available 24/7. Municipal employees are always on call to deal with a wide variety of emergencies, from fires and accidents to blocked drains and fallen trees that are obstructing roadways.

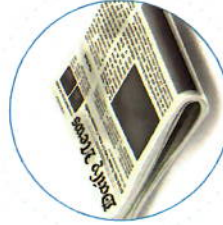
Some sample costs of running the District of Saanich are:

- The cost to purchase one fire engine for the fire department
\$1,200,000
- The cost of one new police recruit (Pay, uniforms, equipment, training and testing)
\$113,000
- The annual cost to insure the fleet of municipal vehicles
\$450,000
- The cost of one block of new sidewalk (including curb/gutters and driveway drops and retaining walls)
\$375,000
- The cost to resurface one km of residential road
\$205,000
- The cost to install traffic signals at one intersection
\$325,000

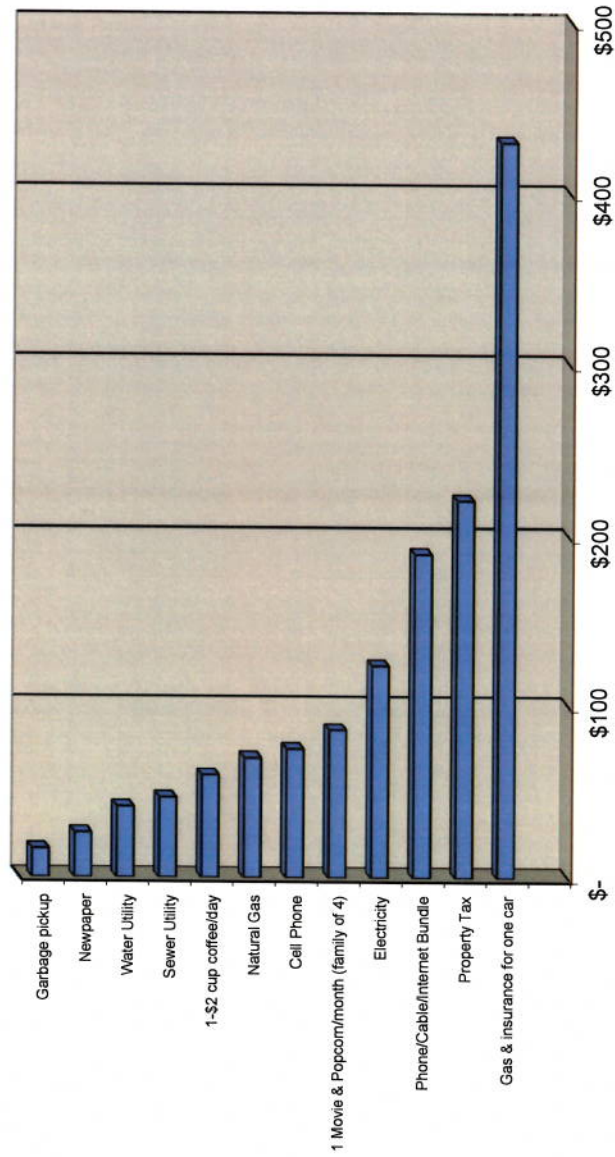


Comparison

Another way to consider value for money is to compare the cost of municipally provided services with other standard services households purchase, such as electricity, heating fuel and cable/internet service.



Typical Monthly Household Costs

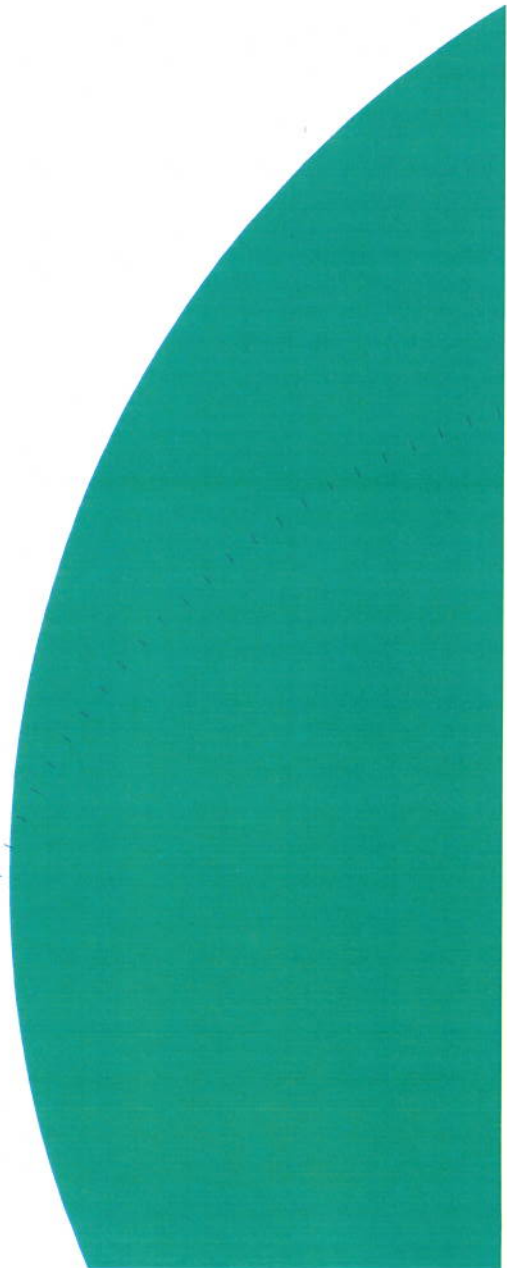
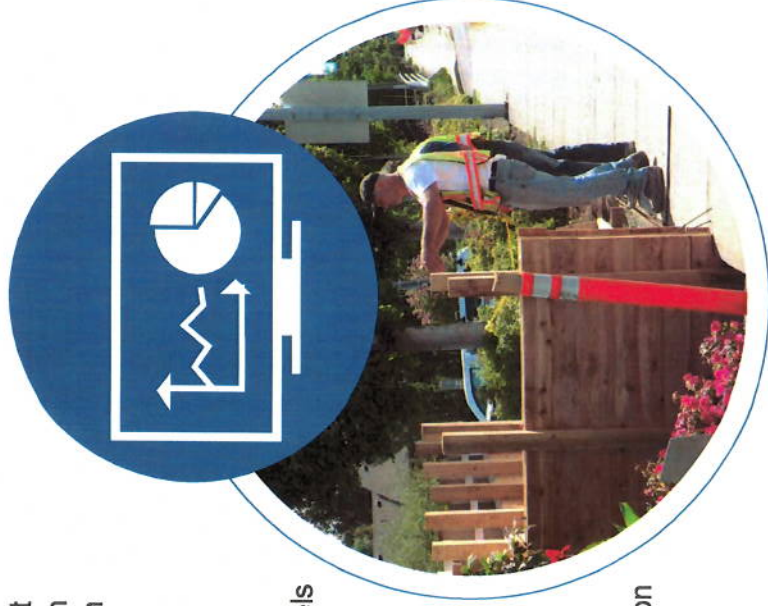


Each year Saanich must take into account “non-discretionary” increases in the cost of providing services. These are increases required to the budget for items Saanich cannot directly control. Some of these are similar to what we experience in our own homes – the cost of electricity, gas and phone/internet connections.

Saanich continues to build new infrastructure such as sidewalks, trails, bikeways, facilities and streetscaping. This infrastructure must be properly maintained and there is an additional ongoing cost to accomplish this.

In addition, Saanich is committed to increasing capital spending to sustainable levels to ensure the long term viability of our infrastructure. This will ensure that our extensive investment in infrastructure assets is sufficiently protected and that our transportation, parks, water, sewer, drainage and facilities will be appropriately maintained and replaced to support the current community and future generations.

Municipal tax increases are frequently compared with the increase in the Consumer Price Index (CPI). As we know, the CPI measures the change in the price of a “basket of goods” frequently purchased by consumers. However, municipal governments have their own spending patterns that are different than those of other sectors. The CPI calculates household spending patterns that focus on food, shelter, transportation, health/personal care, clothing/footwear and recreation; none of which are purchases typical of local governments.



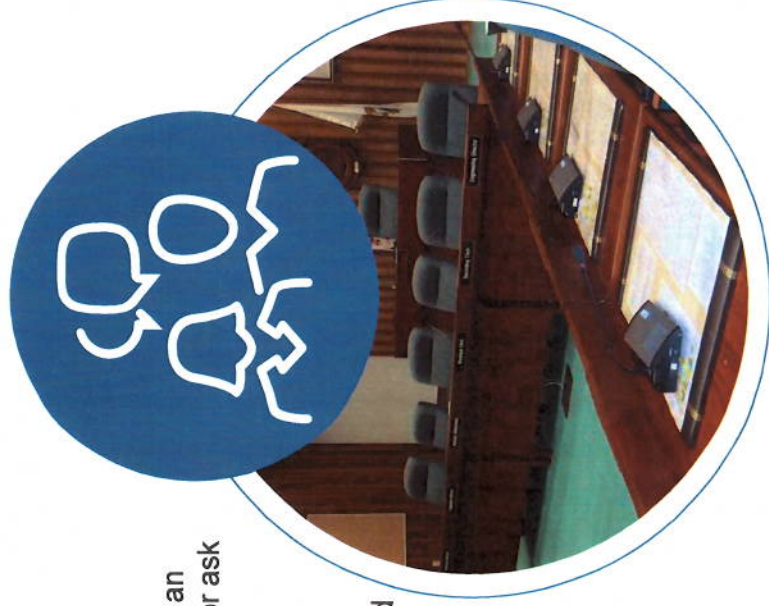
Budget Meetings

Budget meetings are held from February through April each year. These are open meetings held in “Committee of the Whole” style. This means that at each meeting an opportunity is available for the public to contribute their thoughts and suggestions or ask questions. The first budget meetings focus on departmental operations.

At the meetings, each department presents their budget in turn and highlights any particular pressures or opportunities they are facing in the current year.

Councillors will ask questions or seek clarification from staff. Meetings are also held to focus on budgets submitted from other organizations requiring Council approval (e.g Greater Victoria Public Library) and a separate meeting is held to hear presentations from organizations seeking Social Service and Community Grants.

The full suite of capital projects planned for inclusion in the 5 Year Financial Plan will also be presented on a separate night. Additional budget meetings are scheduled as required.



[2020 Draft Financial Plan Meeting Schedule](#)



[View Meeting schedules, Agendas, and Minutes](#)

Public Input

Saanich conducts regularly scheduled citizen and business surveys. These are comprehensive surveys designed to garner public input that can be used to inform the budget process. The surveys are a key method for public participation. Both surveys were conducted again in 2019 and the following key points have been factored into decision making about budget priorities:



2019 Citizen Survey

Service Delivery

Reliability and quality of drinking water received the highest satisfaction rating of all municipal services offered followed by fire service, recreation programs and services and school fire safety program.

The services highlighted as priorities for improving satisfaction were land use planning, building inspections and permits, provision of cycling infrastructure and design of streets, public spaces and boulevards.

Local Government

A strong majority of Saanich residents (81%) either strongly or somewhat agree that they receive good value for their tax dollars.

Residents ranked housing and cost of housing as the most important issues facing the Municipality.



[View the Complete Citizen Survey Results](#)

2019 Business Survey

Service Delivery

Reliability and quality of drinking water received the highest satisfaction rating by business followed by sanitary sewer collection system, business licensing processing, storm water drainage and flood control and website.

Roads and traffic control was ranked as the highest priority projects that Saanich should be engaged in followed closely by water distribution system, sanitary sewer system and environment protection and enhancement projects.

Local Government

A strong majority of businesses (93%) rated Saanich as good or very good place to operate a business with 84% either strongly or somewhat agree that they receive good value for their tax dollars.

Paying for Services

The highest response of 37% was for retaining the same level of services with a managed tax increase followed by 19% for reducing level of services with lower taxes. 25% want to introduce new user fees or increase user fees on services and only 8% want to improve municipal services with higher taxes.



[View the Complete Business Survey Results](#)

The Budget

Council establishes Budget Guidelines to instruct departments as they develop their budgets in the fall.

The key guidelines for the 2020 budget are:

- Preliminary 2020 departmental net budget totals will be limited to a 0.0 percent increase over the 2019 adopted net budget totals, exclusive of existing personnel costs, phased in funding for positions approved by Council in the prior year, core capital increases, and non-discretionary increases;
- Capital expenditures funded from current taxation revenue (Core Capital) will be increased by 2% plus a maximum 0.50% property tax increase to fund facility capital repairs and information technology;
- Resource requests for additional operating budgets (including one time projects) and new tax funded personnel will only be considered where critical capacity issues can be clearly demonstrated or where upfront investment will result in longer term savings as outlined in a business case.
- Strategy related budget reduction scenarios of 1.0% and 1.2% will be prepared;

A Departmental Budget Submission is the detailed action plan that supports the department's plans for the year. It is the "engine" to implement departmental strategy, and it:

- provides a narrative description of budget challenges for the previous year.
- communicates how departments will achieve their objectives.
- shows how departments plan to allocate resources to achieve priority departmental initiatives for the coming year.
- describes core services and the resources dedicated to those services.



Given the current economic uncertainty, the following significant factors continue to influence and challenge progress being made toward achieving an overall goal of long-term financial sustainability.

Infrastructure Construction Costs

Infrastructure construction costs have risen more than 5% in the last couple of years and are expected to stay at those levels in the near future. This requires increased annual funding to keep sustainable replacement funding for all municipal assets.

New Infrastructure Demand

Increasing demand for new infrastructure such as sidewalks comes at the same time that assets built during the last boom are reaching an age where their maintenance is becoming critical and more costly and infrastructure replacement funding is a priority.

Public Safety Costs

The cost to provide police and fire services in a more complex and demanding public safety environment continues to increase.

Aging Population

As the number of older residents increase, the demand for age-sensitive services and infrastructure also grows.

Growing Range of Responsibilities

The breadth of social and environmental issues that municipalities are expected to address continues to increase. Regional Transportation and Sewage Treatment also continue to be key cost drivers.

Implementation of Employer Health Tax

The province has implemented a new Employer Health Tax (EHT) that applies to all employee groups working for the District. The tax replaces the Medical Services Plan which was either cost shared or fully paid for by employees.



Links

Finance Documents

[2020-2024 Draft Budget](#)

General Documents

[Strategic Plan](#)

[Official Community Plan](#)

[Business & Citizen Surveys](#)



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