



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.



Interesting Facts:

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.



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

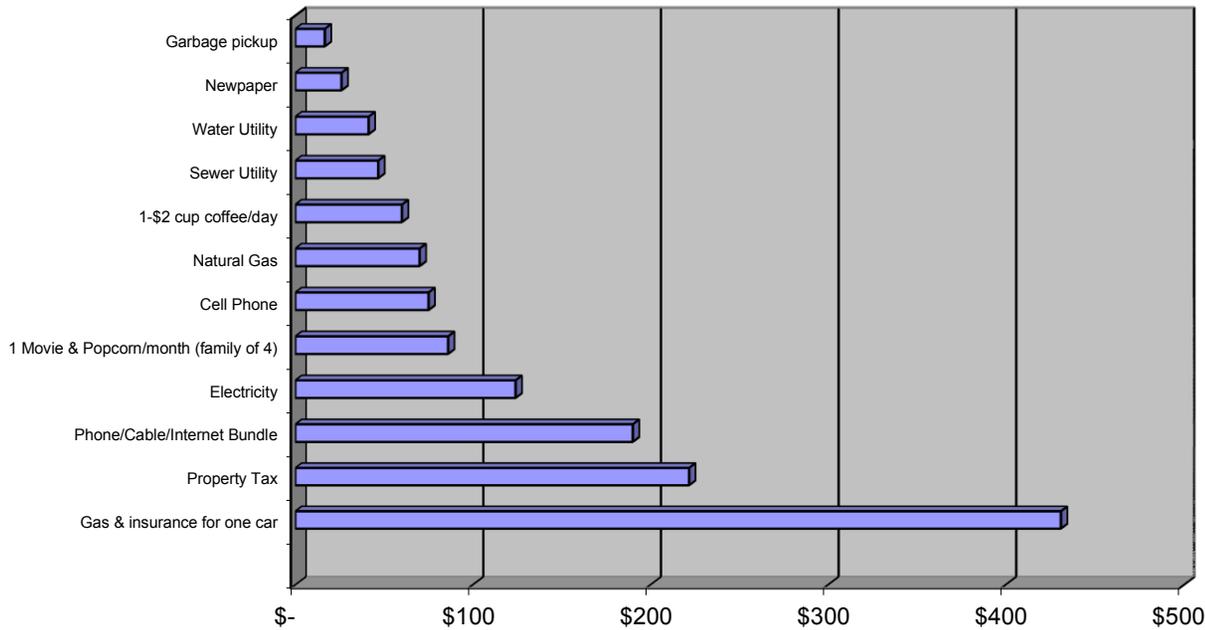


Comparison

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.



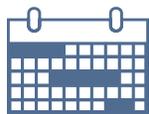
Budget Meetings

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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