

February 2, 2016

# 2016-2020

## Draft Financial Plan



# Agenda

- First of 2 scheduled meetings for departmental presentations (Feb 2nd and 23rd)
- Financial Plan Overview
- GHG Reduction Presentation
- Departmental Presentations
  - Council and Administration
  - Corporate Services (HR, IT, Safety and Communications)
  - Finance/Fiscal Services
  - Legislative Services (Lands, Legal, Legislative, Risk and Strategic Planning)
  - Planning (Planning, Inspections and Bylaw Enforcement)
  - Fire and Emergency Program

# Financial Plan Overview

- The Community Charter requires that local governments approve a Five Year Financial Plan bylaw each year prior to the adoption of the annual property tax bylaw
- Key feature of a municipal budget
  - The Financial Plan must be balanced – identified revenue sources for all expenditures

# Budget Process

- July – Budget Guidelines reviewed by Council
- August to October – staff prepare departmental plans; develop budgets and submit to Finance
- November to January – Finance staff review all submissions and compile the budget document - reviewed by Finance Director and CAO
- February to April – Budget deliberation by Council
- May – Bylaw adoption

# The Big Picture

1. Environmental scan
2. Overarching principles
3. Public input via surveys
4. Taxation and CPI
5. Other revenue impacts
6. Budget Guidelines
7. Budget Details



# 1. Environmental Scan

- Tax sensitivity
- Revenue pressures
- Infrastructure deficit
- New infrastructure demands
- Increasing overall costs
- Aging population
- Growing range of responsibilities and legislated requirements

# 2. Overarching Principles

## Long Term Financial Sustainability

1. Ensure adequate funding for services and infrastructure
2. Access diversified sources of revenue
3. Manage expenditures; contain costs; be efficient
4. Provide for contingencies; manage business risks; operate prudently
5. Maintain reserves for the future
6. Use debt strategically

# 3. Public Input

## Citizen and Business Surveys

- Public consultation tool Saanich currently utilizes to obtain feedback on satisfaction with the level of services Saanich provides.
- A total of 603 interviews were conducted in January 2015, each approximately 20 minutes in length.
- The margin of error is +/-3.9, at the 95% confidence level.



# 3. Public Input

## Citizen Survey – Value for tax dollars

### Do residents feel they receive good value for their tax dollars?

- A strong majority of Saanich residents (89%) either strongly or somewhat agree that they receive good value for their tax dollars (27% and 62% respectively).
- Only 11% of residents either somewhat or strongly disagree (7% and 4% respectively).
- The proportion of residents who strongly agree is rising:

2006 =	20%
2009 and 2012 =	23%
2015 =	27%

# 3. Public Input

## Citizen Survey - Services

Strong majority prefer to maintain service levels:

- 74% - same level of municipal services with taxes unchanged
- 11% - improve municipal services with higher taxes
- 12% - reduce services with lower taxes

# 4. Property Tax Increases and CPI

Detailed information provided at public Council meeting addressed:

Why are property tax increases higher than CPI increases?

- #1 – Basket of goods is completely different
- #2 – Labour contracts – higher than CPI (IAFF 2016 = 2.5%  
Police 2015 = 2.5%; CUPE 2015 = 2%)
- #3 – Addressing the infrastructure deficit  
(Capital increase = .87% tax increase)
- #4 – Public Safety costs (e.g. new DNA testing costs)
- #5 – New services (e.g. Youth Strategy, Regional Economic Development, Webcasting)

# 5. Other Revenue Impacts

- New construction has experienced modest uptake from 2015 – still uncertainty in long term stability
- New Fortis revenues – supports infrastructure replacement program (less tax dollars required for capital increase)
- No new funding from senior levels of government is expected for operational budgets

# 6. Budget Guideline

Proposed budget is developed based on the draft “Budget Guideline” considered by Council in July 2015.

## 6. Budget Guidelines – Key Components

- 2016 departmental net budget totals will be limited to a 0% increase over 2015 (exclusive of personnel costs, capital expenditure policy increases)
- Capital expenditures (infrastructure replacement):
  - Core Capital - 2% increase plus additional 0.75% per year property tax
- 0.10% tax increase for operating costs from new infrastructure (approx. \$106K)
- Requests for additional operating budgets considered where critical capacity issues can be clearly demonstrated or where upfront investment will result in longer term savings

# 7. Budget Details

# Proposed budget - 2016

The proposed budget is based on:

A municipal property tax increase to existing taxpayers of 3.25% or \$75.86

- 1.66% (\$38.80) for core operations
- 0.87% (\$20.28) capital funding
- 0.58% (\$13.52) for resource requests
- 0.14% (\$3.26) for Greater Victoria Public Library



# Proposed Budget - 2016

BUDGET ITEM	Budget Increase \$	Tax Increase %
General Municipal Core Operating Increase	\$ 2,149,360	2.01%
Police Service Core Increase	\$ 920,000	0.86%
Tax Revenue from new sources	\$ (1,300,000)	<u>-1.22%</u>
<b>Core Increase to Existing Taxpayers</b>		<b>1.66%</b>
Additional Increase for Capital Infrastructure	\$ 932,900	0.87%
Resource Requests	\$ 621,150	0.58%
<b>Total Municipal Increase</b>		<b><u>3.11%</u></b>
Greater Victoria Public Library	\$ 145,840	0.14%
<b>Net Increase to Existing Taxpayers</b>		<b><u>3.25%</u></b>

# Consolidated budget - 2016

Water, sewer and garbage rates  
approved in December 2015

Increases for the average homeowner:

	<u>2015</u>	<u>2016</u>	<u>Increase</u>
Property Taxes	\$ 2,349	\$ 2,411	\$ 76
Sewer	405	437	32
Water	508	513	5
Refuse Collection	<u>170</u>	<u>173</u>	<u>3</u>
	<u>\$ 3,432</u>	<u>\$ 3,534</u>	<u>\$ 116</u>

# Taxation History

## Property Tax Increase History

Overall Tax Revenue Increase				Operating (Municipal and Library)		Capital		Resource Requests		Total to Existing Taxpayers		New Tax
<b>2016</b>	<b>111,498,700</b>	<b>106,729,000</b>	<b>4.47%</b>	<b>1.80%</b>	<b>42.06</b>	<b>0.87%</b>	<b>20.28</b>	<b>0.58%</b>	<b>13.52</b>	<b>3.25%</b>	<b>75.86</b>	<b>1.22%</b>
2015	106,729,000	102,011,300	4.62%	2.32%	51.50	1.32%	29.30	0.70%	15.55	4.34%	96.35	0.39%
2014	102,011,300	98,120,800	3.97%	1.16%	24.98	1.27%	27.34	0.35%	7.54	2.78%	59.86	1.19%
2013	98,120,700	93,943,000	4.45%	1.24%	25.71	1.42%	29.45	0.59%	12.24	3.25%	67.40	1.20%
2012	93,943,000	89,781,900	4.63%	1.73%	34.80	1.18%	23.74	0.34%	6.84	3.25%	65.38	1.38%
2011	89,805,900	84,950,800	5.72%	2.08%	40.27	1.42%	27.49	0.10%	1.93	3.60%	69.69	2.12%
2010	85,013,800	81,123,100	4.80%	2.31%	41.07	1.29%	22.93			3.60%	64.00	1.20%
2009	81,123,100	77,041,800	5.30%	3.19%	51.17	1.61%	25.83			4.80%	77.00	0.50%
2008	77,041,800	72,738,700	5.92%	3.08%	48.85	1.46%	23.15			4.54%	72.00	1.38%
2007	72,739,300	69,274,800	5.00%							3.90%		1.10%
Average	\$ 4,316,322		4.89%	2.10%	39.79	1.32%	26.15	0.44%	8.82	3.73%	71.95	1.17%

# Additional capital funding

## Policy:

- Core capital (tax funded) 2% increase = \$200K
- Additional infrastructure replacement = .75% of taxation = \$800K
  - partially funded by new Fortis revenues – net impact on taxes is .46%)
- Debt servicing for capital projects = \$250K

Total capital funding addition = \$1.243 million

# Resource Requests

2016 ONGOING RESOURCE REQUESTS		Budget Requirement				
Resource Request	Description	2016	2017 Estimate	2018 Estimate	2019 Estimate	2020 Estimate
<b>Police Services</b>						
4 Police Patrol Officers	Maintain effective front-line service delivery	\$108,500	\$ 333,638	\$ 341,978	\$ 350,528	\$ 359,291
Police Civilian Member	Civilian support to the Staff Development and Professional Standards Divisions.	\$ 17,600	\$ 72,468	\$ 74,279	\$ 76,136	\$ 78,040

# Resource Requests

2016 ONGOING RESOURCE REQUESTS		Budget Requirement				
Resource Request	Description	2016	2017 Estimate	2018 Estimate	2019 Estimate	2020 Estimate
<b>Municipal Staffing</b>						
Fire Department Administrative Support	Address reporting requirements for OHS, WorkSafeBC, return to work programs, records management and FOIPP.	\$ 16,300	\$ 33,428	\$ 34,264	\$ 35,121	\$ 35,999
Financial Analyst	Provide support to departments in budget preparation, analysis and efficiency identification.	\$ 27,000	\$ 82,000	\$ 84,050	\$ 86,151	\$ 88,305
Storeskeeper at Public Works/Parks Yard	Improvements to operations to maximize efficiency of stores function.	\$ 32,200	\$ 33,005	\$ 33,830	\$ 34,676	\$ 35,543
4 Youth Leaders	Implementation of the Youth Development Strategy approved by Council on December 14, 2015.	\$ 37,000	\$ 59,143	\$ 60,621	\$ 62,137	\$ 63,690
Cedar Hill Rec Centre - Building Service Worker hours	Maintain building cleaning and repair standards.	\$ 47,800	\$ 48,995	\$ 50,220	\$ 51,475	\$ 52,762

# Resource Requests

2016 ONGOING RESOURCE REQUESTS		Budget Requirement				
Resource Request	Description	2016	2017	2018	2019	2020
<b>Operational</b>						
Network maintenance		\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
IT Consulting services		\$ 13,000	\$ 13,000	\$ 13,000	\$ 13,000	\$ 13,000
Microfilming of historical building files		\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
Webcasting hosting and maintenance		\$ 30,000	\$ 56,000	\$ 56,000	\$ 56,000	\$ 56,000
Health & Wellness professional services		\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
Offsite (secondary) storage		\$ 57,600	\$ 57,600	\$ 57,600	\$ 57,600	\$ 57,600
Regional Economic Development Strategy		\$ 79,150	\$ 154,462	\$ 154,462	\$ 154,462	\$ 154,462
General legal services		\$100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000

# Overview

Additional information will be provided during the departmental presentations

Opportunity for Council to ask questions of each Director as they present

Resource requests will be presented in detail at February 23<sup>rd</sup> meeting.



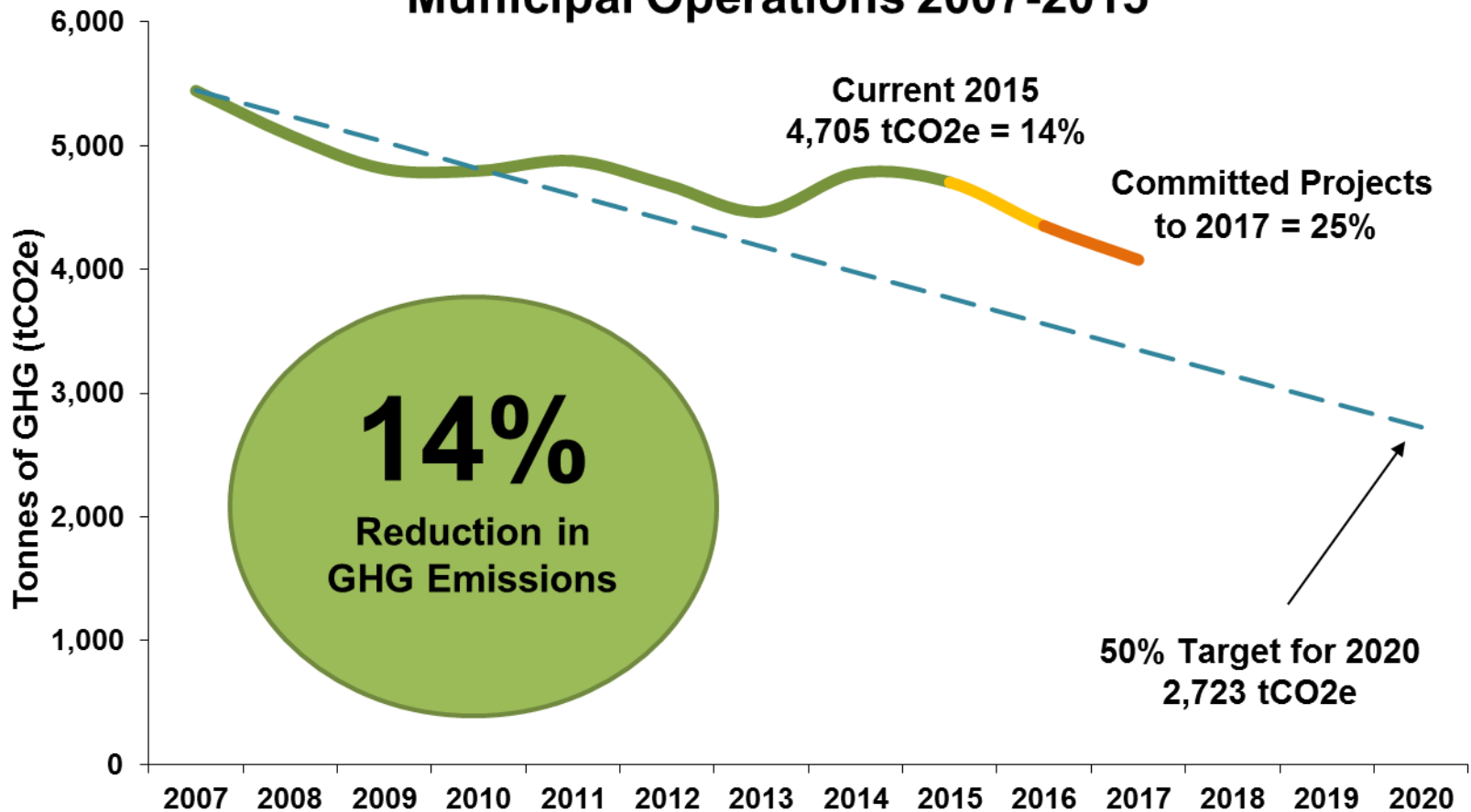
# District of Saanich

## 2015 Energy and GHG Inventory



# Municipal Operations: 2015 GHG Emissions Summary

## Saanich GHG Inventory for Municipal Operations 2007-2015



# Municipal Operations

## 2015 Energy and Emissions Highlights

**Fortis BC Natural Gas** - \$483,553 (2015)

*Rates reduced by 22%*

*Consumption reduced 3.6% or 75 tGHG*

*Costs reduced by 26% or \$169K*

**BC Hydro Electricity** - \$1,928,081 (2015)

*Rates increased by 6%*

*Consumption reduced by 4.5% which saved \$112K*

*Costs increased by 2% or \$54K*

**Compost Pick-Up** - First full year of fuel increase from new service

*Offset by 8,000 tonnes of compost diverted from landfill ~2,000 tGHG*

**Electric Vehicles** - Purchase of 4 EVs through joint purchase ~8 tGHG

*Vehicles arrive March 2016 for total of 9: Hall fleet (6), Parks (2), Police (1)*

**Safety Building Boiler** - Replacement following failure ~40 tGHG

**Pearkes Ice Plant Upgrade** - 20% Hydro electricity savings ~\$35K/yr

**Saanich recognized by BC Hydro as top 3 EM Program municipality**

*Projects since 2014 saved 750,000 kWh (3.75% of total consumption)*

# Municipal Operations

## *2016 Energy and Emissions Projects*

**Gordon Head Boiler** - Completion of upgrade in June (-450 tGHG)  
*No additional budget request. Combination of carbon fund, grant and GMF loan*

**Municipal Hall** - Boiler and LED lighting upgrade (-75 tGHG)  
*Financed by annual facilities budget and Carbon Fund*

**LED Street Lighting** - Complete 1<sup>st</sup> year of extensive implementation  
*Goal to install 1,000 lights in 2016, related Hydro costs increased \$33,000 in 2015*

**Saanich Commonwealth** - Detailed boiler replacement assessment  
*Boilers nearing end-of-life, performance issues continued in 2015*

**100% Renewable Energy** - Assess feasibility for municipal buildings  
*Strategic Plan action item, findings reported at the end of 2016*

# Presentation of Operating Budgets

- Council and Administration
- Corporate Services
- Finance
- Fiscal Services
- Legislative Services
- Planning and Inspections
- Fire and Emergency Program

# Next Meeting

- Tuesday, February 23rd at 7:00 pm
- Presentation of Operating Budgets for:
  - Parks and Recreation
  - Engineering
- Presentation of Capital Budgets