



Financial Plan Presentation

For the 2023-2027 Draft Financial Plan

Agenda

Purpose of Financial Plan/Budget

Budget Process and Approach

- a) Budget Process
- b) Budget Guidelines
- c) Public Consultation

2023 Draft Budget

- a) Operating Budget
- b) Capital Budget
- c) Consolidated Budget
- d) Property Taxation Trends and Drivers
- e) Summary

Questions





The purpose of local government

Local governments are created to provide a broad range of localized services for the betterment of the quality of life of its residents; local government exists to provide services and have been granted powers to collect revenue to pay for those services through property taxes and user fees.

What does a budget do?

The annual budget ensures continuous service delivery to meet expectations.

Provides financial commitment to moving towards the Saanich Vision and implementing Council's strategic goals.



Council's role

The services Saanich provides and the level at which they are provided have been collectively developed and agreed upon over the past 117 years by Councils acting in the best interests of the citizens who elected them.

This Council continues that forward movement with the 2023 Budget and 2023 – 2027 Financial Plan in consideration of current circumstances and priorities.



Purpose of budget meetings

The services Saanich will provide to the community now and into the future must be balanced between

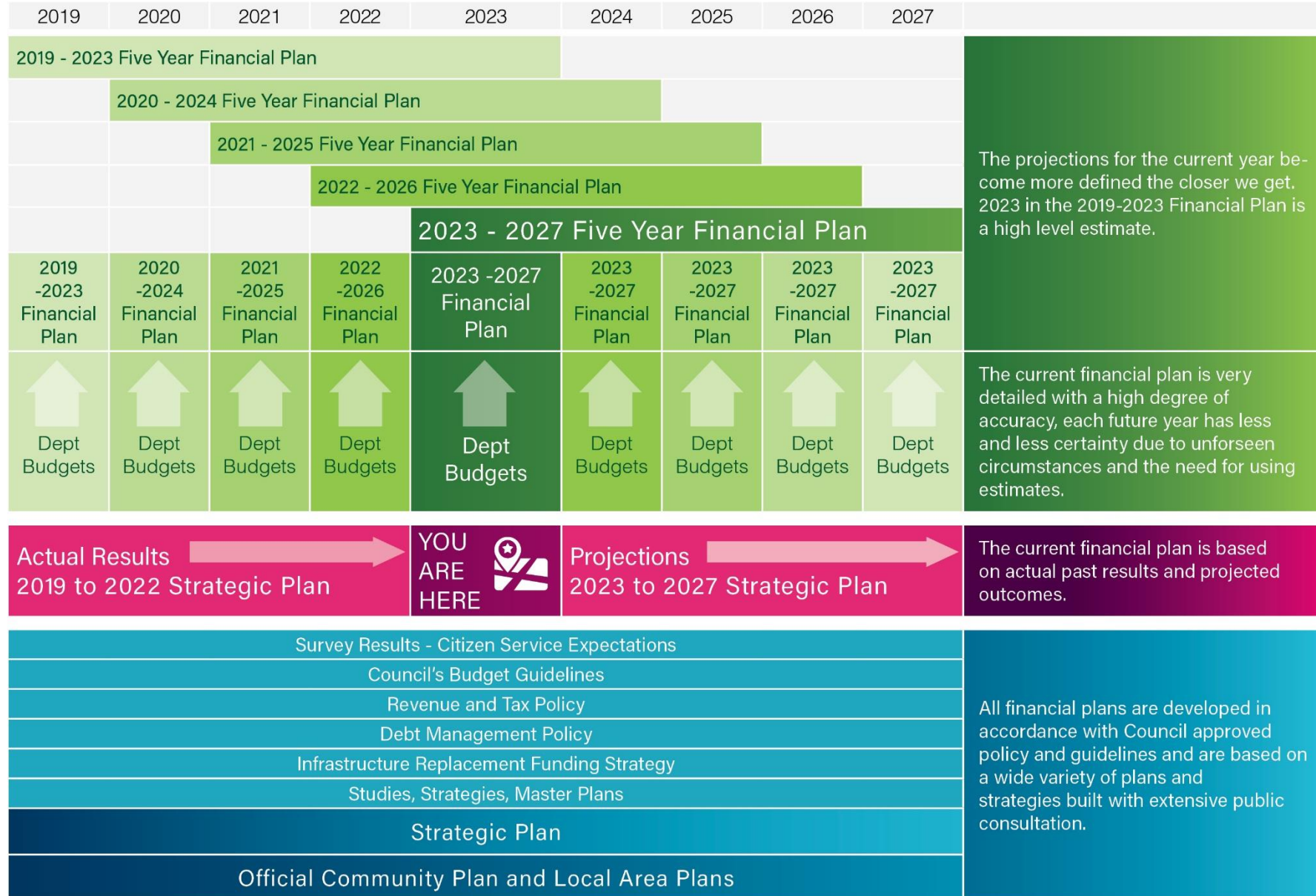
- Expected (or desired) level of services
- Willingness and ability to pay

The purpose of council is to make decisions about service delivery in the best interest of the whole community taking these competing goals into consideration.

The budget process allows Council to evaluate the levels of service and the cost to provide those levels of service to ensure the municipality can meet community expectations.



Financial Planning Framework

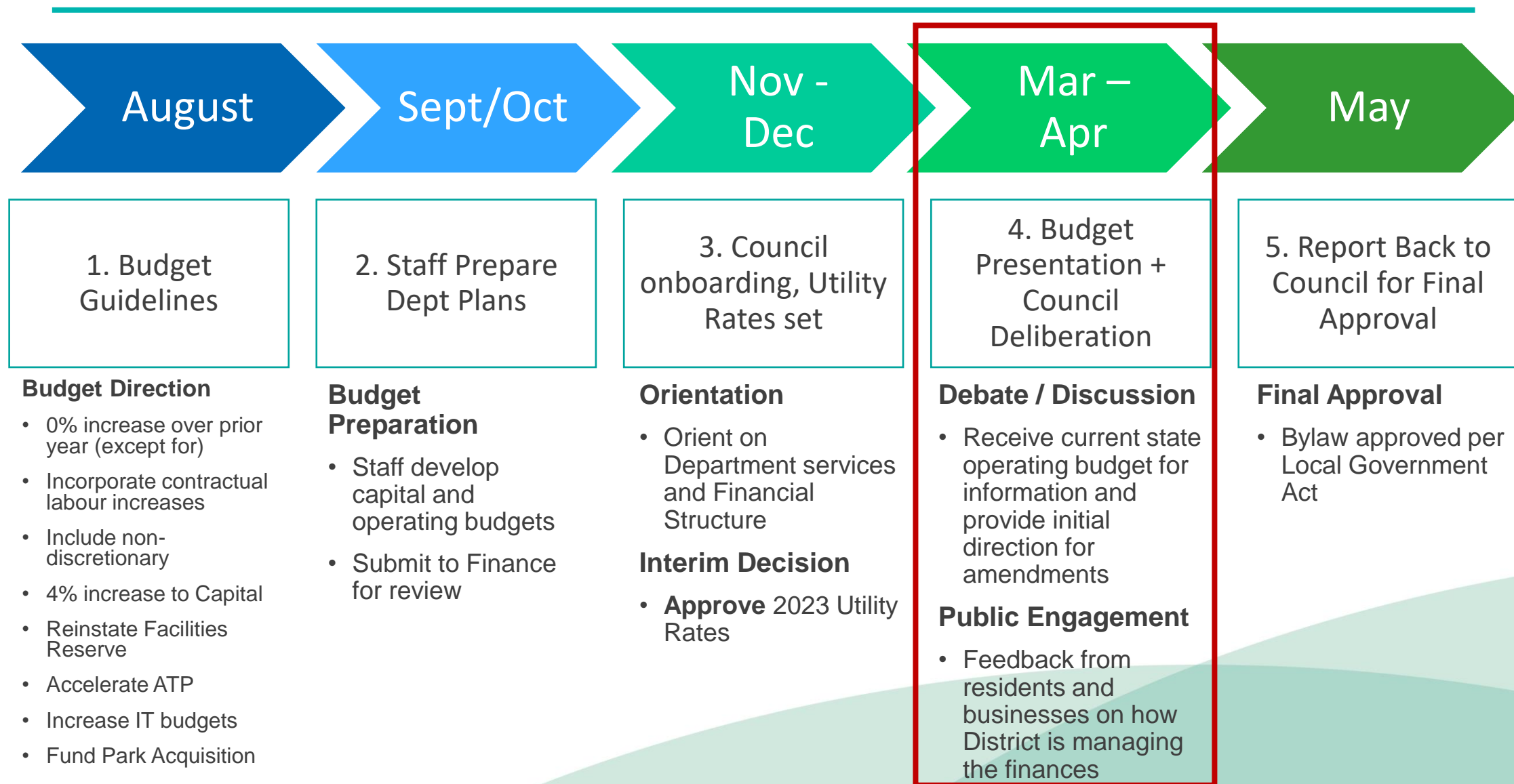


Budget Process

Financial Plan Overview

- The Community Charter requires that local governments approve a Five Year Financial Plan bylaw by May 15th each year prior to the adoption of the annual property tax bylaw
- Year 2 of the 2022-2026 bylaw is the current legal authority to spend to continue municipal operations
- Key feature of a municipal budget:
 - The Financial Plan must be balanced – identified revenue sources for all expenditures
 - Can not budget for a deficit or borrow for operating expense

Budget Process



Budget Guidelines




Budget Guidelines

- Draft budget was developed based on the “Budget Guidelines” adopted by Council in August 2022. Guidelines are the Council direction provided to staff that set the parameters for budget development.
- Guidelines were discussed in an open meeting of Council with public input opportunity.

Budget Guidelines – Key Components

- 2023 departmental net budget totals will be limited to a 0% increase over 2022 - exclusive of:
 - existing personnel costs
 - core capital increases
 - non-discretionary increases

This is considered “status quo” budget where staff structure stays the same and any increase in budget is for maintain existing service levels.



Budget Guidelines – Key Components

Guidelines associated with capital funding to address specific capital issues.

- Capital expenditures funded from current taxation revenue (Core Capital) be increased by 4%;
- Provision will be made for an addition of \$327,000 to commence reinstating the Facilities Reserve Fund transfer that was reduced in the 2020 budget;
- A minimum of \$250,000 to support major repair work to Saanich facilities;
- Provision will be made for Corporate Information Technology replacement with the annual addition of \$750,000 until such time as annual sustained funding is achieved;
- Provision will be made for an addition of \$150,000 annually for five years dedicated to debt servicing or direct acquisition of land identified for park use.

Budget Guidelines – Key Components

Guidelines associated with additional resourcing to advance Council's strategic plan:

- Resource requests for additional operating budgets (including one-time resource projects) and new tax funded personnel only be considered for critical capacity issues or where upfront investment will result in longer term savings;
- Council will consider outstanding resourcing needs for strategic initiatives from the 2019-2023 Strategic Plan;
- Council will consider resourcing needs for the long term staffing plan; and
- Council will consider resourcing needs to continue implementation of the Climate Action Plan

Budget Guidelines – Key Components


Guidelines associated with budget reductions:

- Council will consider budget reduction scenarios of 1% and 2% of the proposed tax increase;


Public Consultation



Charter Requirement

- Community Charter requires that Council undertake a process of public consultation regarding the proposed financial plan before it is adopted.
 - 2023 processes are similar to 2022.
- 

Public Input - Opportunities

- The public can obtain the presentation slides on the website and hear the additional information provided in person or through webcasting
 - Public input opportunities are provided at each Financial Plan meeting
 - Online budget tool is available for the fourth year – similar robust social media campaign to last year to obtain greater participation
- 

Public Input - Opportunities

Ways to participate:

- Attend the meetings virtually and provide input by phone or through teams meeting platform
- Watch the webcast in real time or at your convenience
- Email your comments or questions to: budget@Saanich.ca
- Use the online budget tool: [Saanich.ethelo.net](https://saanich.ethelo.net)
- Engage with us on Social Media

2023 Draft Budget



Key Messages

Significant inflationary pressures

Backlog in demand due to COVID-19 and global supply chain disruptions created significant cost increases to goods and services

Labour increases

Bargaining contracts across the region increased to match inflationary pressures

New 2022 positions

Half year salaries from approved positions in 2022 added to the 2023 budget

Increasing costs of public safety

Fire Master Plan identified the need of additional staffing resources to meet increasing population and density demands

Investment in capital replacement and new

Continued inflationary increase of construction costs and resident support for new accessible and active transportation infrastructure


Capital Regional District flow through costs

Increase in rates at the CRD for utilities and other initiatives flowing through Saanich to be collected

Operating Budget

Considerations Used to Offset Expenses

Steps taken to land the current budget

1. Internal Dept efficiencies used to offset budget pressures
 2. Increased user fees to account for market and inflationary pressures
 3. Leveraging alternative procurement strategies to receive best value for money
 4. Hiring internal vs. higher external contracted services
 5. Other revenue increases where historical results and market conditions are supportive
- 

Guideline Budget

Saanich 2023 Budget Projection (estimates)	Budget Increase \$	Tax Increase %
Operating Increases		
Existing personnel costs - municipal	\$ 5,145,841	3.43%
Provincial Employer Health Tax	105,000	0.07%
Federal CPP Enhancement	245,870	0.16%
Worksafe Premiums	427,708	0.29%
Non-discretionary increases	1,250,070	0.83%
Police Board estimated budget	1,813,768	1.21%
Greater Victoria Public Library	180,584	0.12%
Other revenue increases	(570,000)	-0.38%
Tax revenue from new sources	(749,650)	-0.50%
Total Status Quo Operating Increase	\$ 7,849,191	5.24%
Capital Increases		
Core Capital	\$ 586,820	0.39%
Corporate IT Program Funding	750,000	0.50%
Facilities Major Repair Funding	250,000	0.17%
Reinstate Facilities Reserve Transfer	327,000	0.22%
Active Transportation Plan shift from debt to taxation	500,000	0.33%
Total Recommended Capital Increase	\$ 2,413,820	1.61%
Net Increase to Existing Taxpayers	\$ 10,263,011	6.85%
Parkland Acquisition Funding	\$ 150,000	0.10%
CUPE Contract Incease	1,574,265	1.05%
Total Projected Increase to Existing Taxpayers	\$ 11,987,276	8.00%

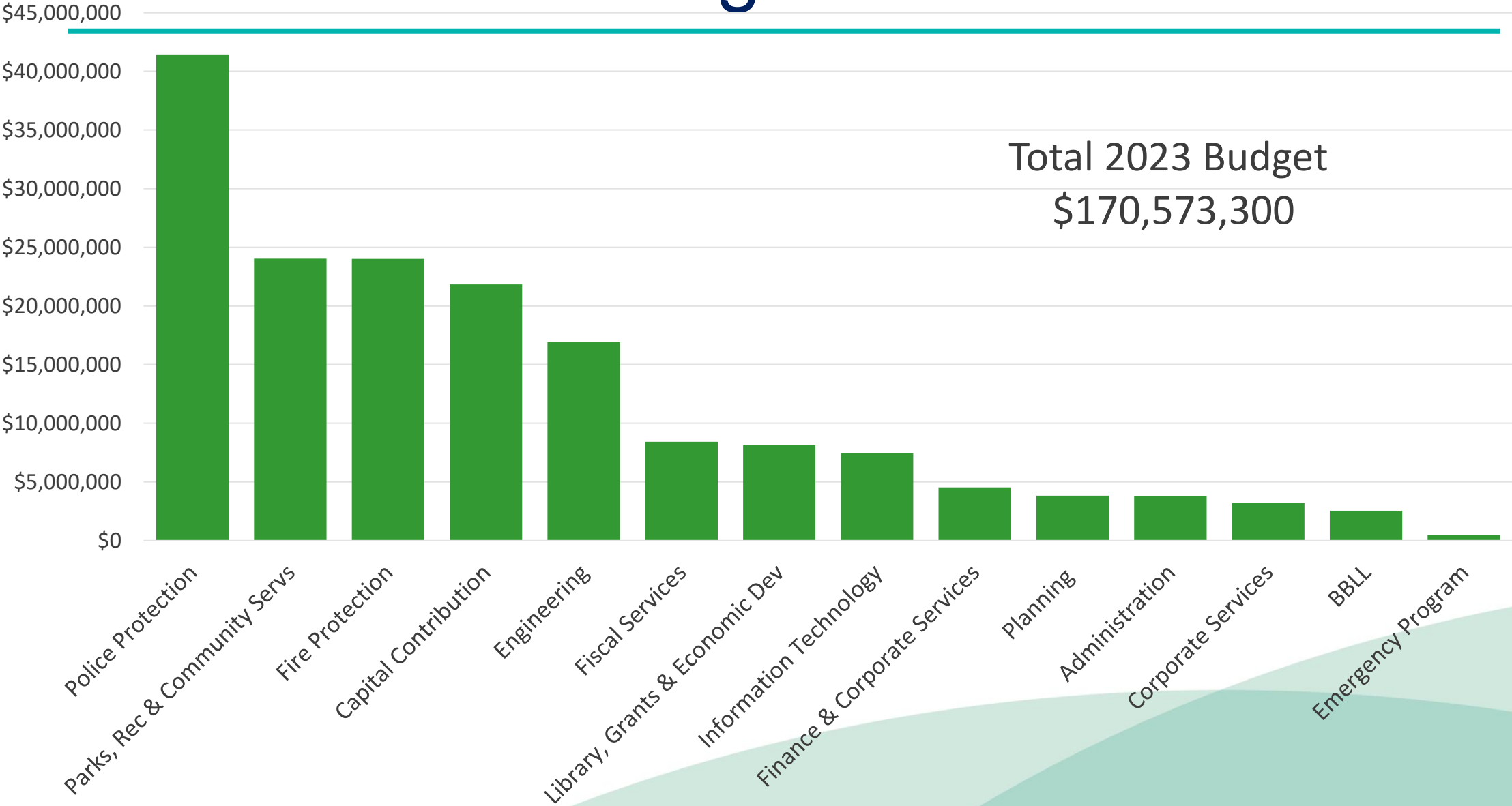
Draft Budget

Saanich 2023 Draft Financial Plan	Budget Increase \$	Tax Increase %
Operating Increases		
Core budget		
Existing personnel costs - municipal	5,341,000	3.56%
New positions approved in the prior year	1,512,800	1.01%
Non-discretionary increases	<u>2,396,300</u>	<u>1.60%</u>
General Municipal Core Operating Increase	\$ 9,250,100	6.17%
Increase in non-tax revenue	(2,813,500)	-1.87%
Tax revenue from new sources	<u>(1,199,400)</u>	<u>-0.80%</u>
Core Operating Increase to Existing Taxpayers	\$ 5,237,200	3.50%
Increase for Capital Infrastructure	<u>2,566,200</u>	<u>1.71%</u>
Total General Municipal Increase	\$ 7,803,400	5.21%
Police Board Budget Submission	\$ 2,041,600	1.36%
Greater Victoria Public Library	\$ 352,700	0.23%
General Municipal, Police and Library	\$ 10,197,700	6.80%

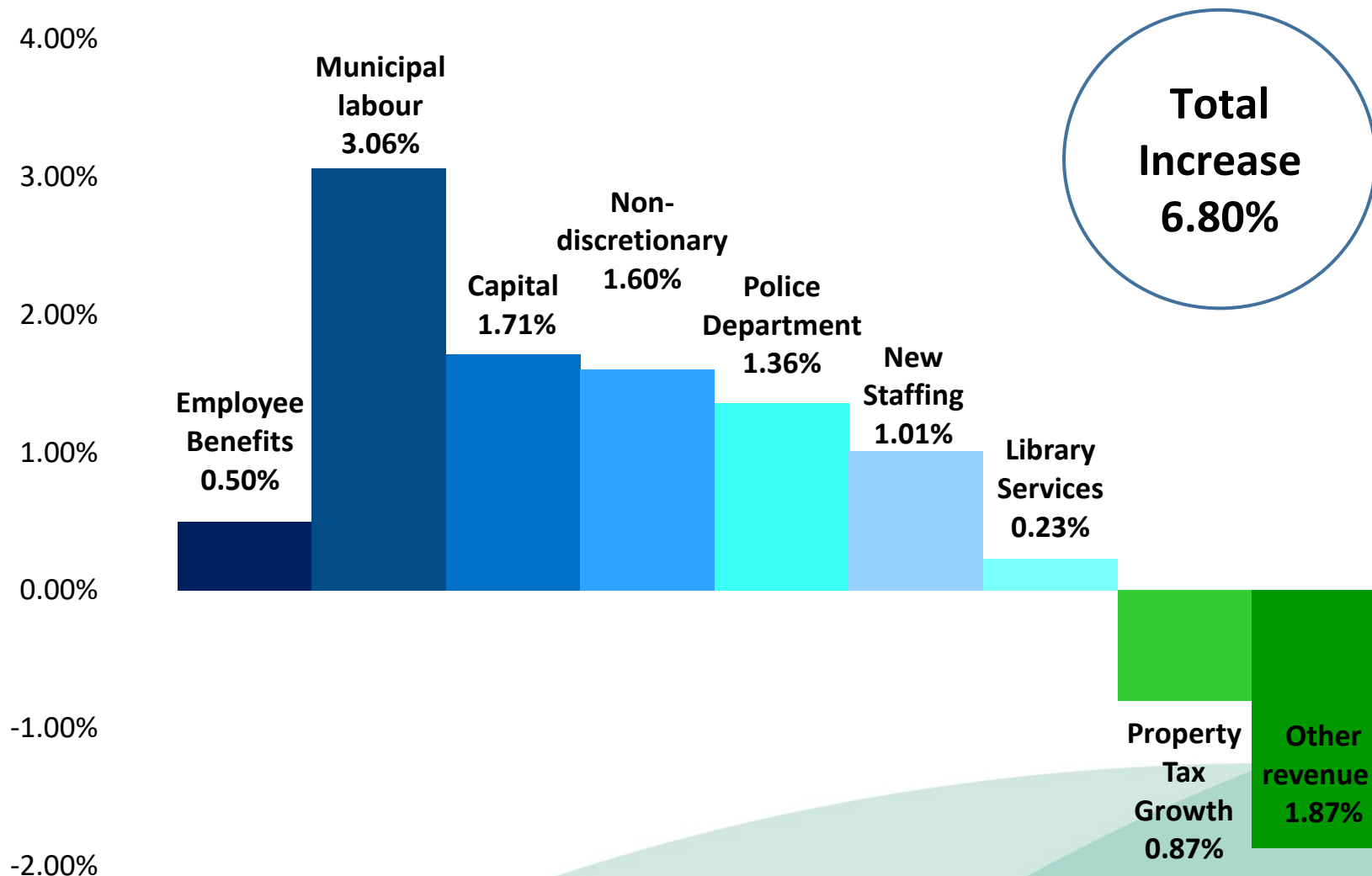
Difference between Guideline and Draft Budget

	Budget Guideline \$	Draft Budget \$	Difference \$
Personnel costs	5,926,100	5,341,000	(585,100)
New positions approved in the prior year	1,572,600	1,512,800	(59,800)
Non-discretionary increases	1,250,100	2,396,300	1,146,200
Police Board budget	1,813,800	2,041,600	227,800
Greater Victoria Public Library	180,600	352,700	172,100
Increase in non-tax revenue	(570,000)	(2,813,500)	(2,243,500)
Tax revenue from new sources	(749,700)	(1,199,400)	(449,700)
Capital Increases	2,563,800	2,566,200	2,400
Total projected increase in taxes	11,987,300	10,197,700	(1,789,600)
Projected tax increase	8.00%	6.80%	-1.20%

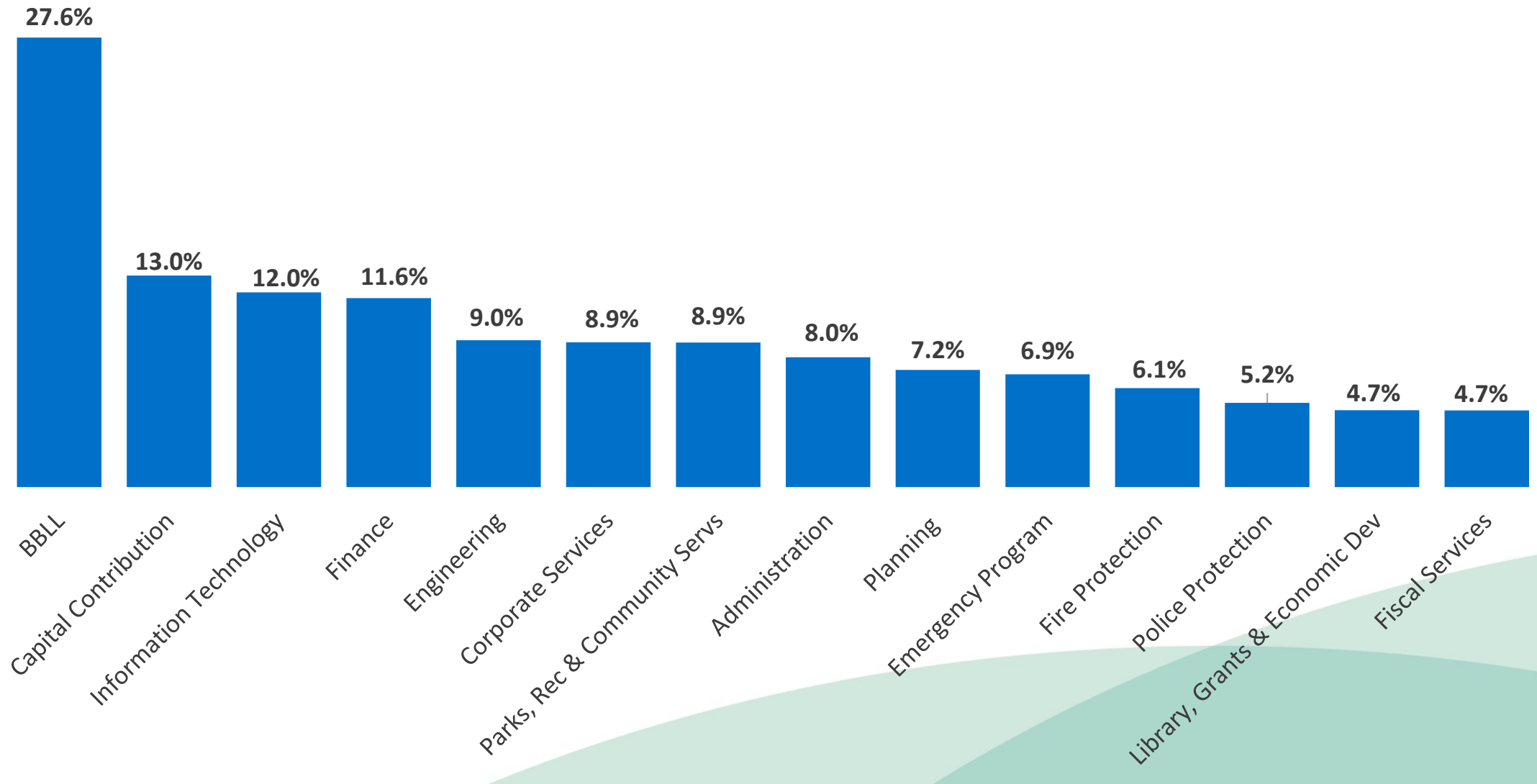
2023 Budget Allocation



2023 Property Tax Allocation



2023 Budget Year Over Year Change



Capital Budget



Capital Budget Summary

2023-27 Capital Plan **\$548M**

2023 Capital Budget **\$95M**

Reflects the Districts commitment to be stewards of our assets.

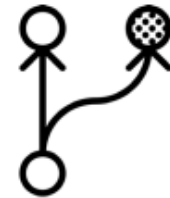
Capital Planning Goals



Renew existing aging infrastructure & amenities



Build new/expanded infrastructure & amenities to serve population & employment growth



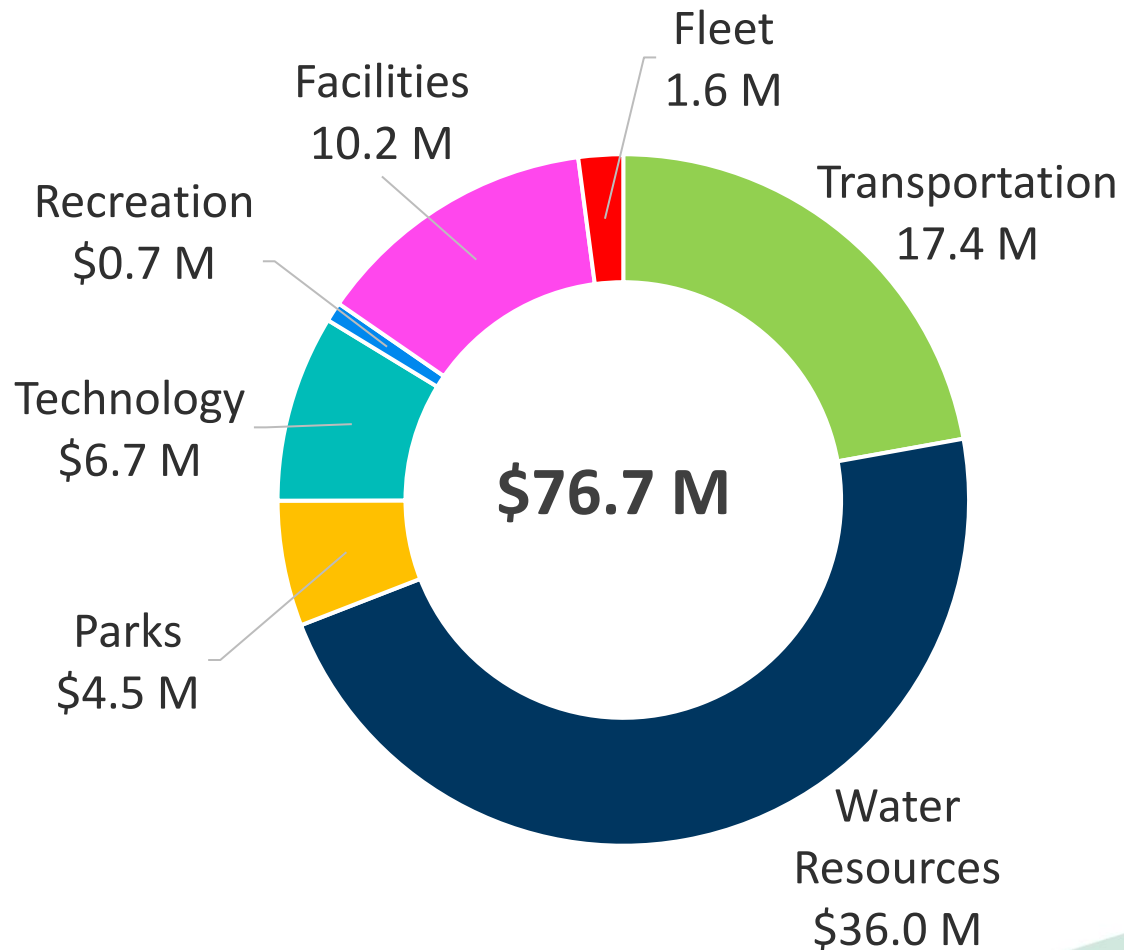
Evolve infrastructure & amenities to address emerging needs, policies, and service delivery models / partnerships

Increases to General Capital Funding

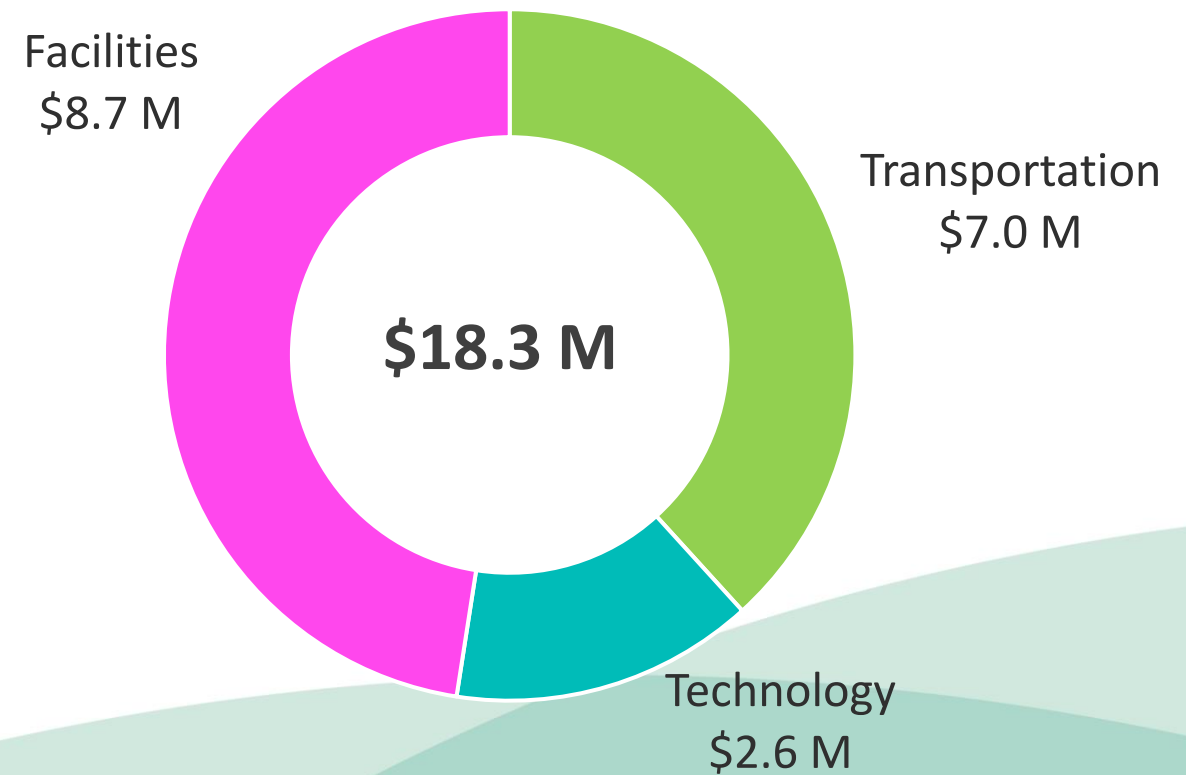
General Capital Funding	Increase	Tax Impact
Repalcement		
Core Capital Increase 4%	589,240	
Reinstate Facility Reserve Fund transfers	327,000	
Increase funding for Facility Major Repairs	250,000	
Increase funding for IT Capital Replacement	750,000	
Total	\$ 1,916,240	1.28%
New		
ATP transition from debt to taxation	500,000	
Parks Acquisition Funding	150,000	
Total	\$ 650,000	0.43%
Total	\$ 2,566,240	1.71%

Capital Investments

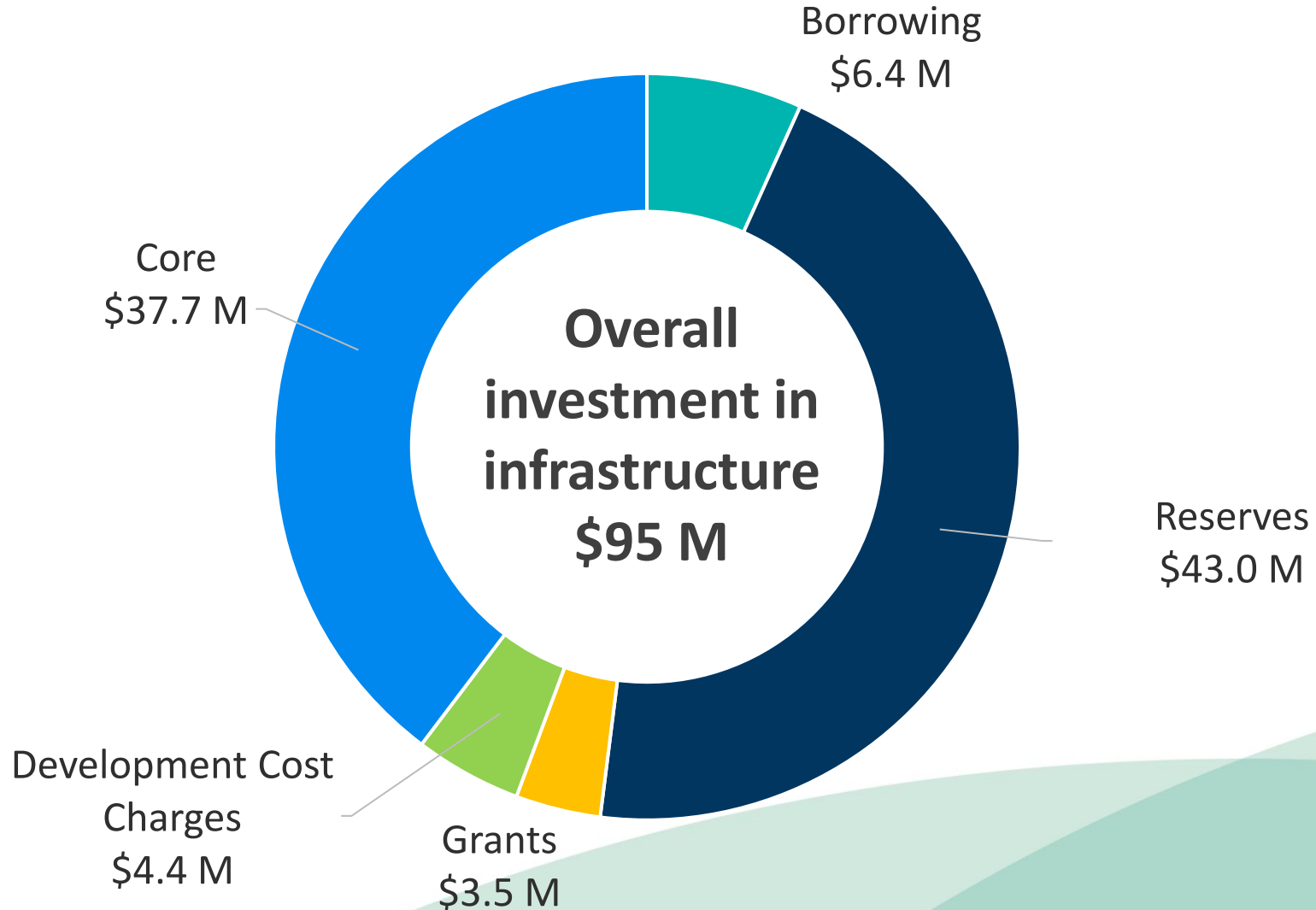
RENEWAL



NEW



Capital Investments



Capital Investments



Facilities



Transportation



Water Resources



Parks & Trail
Structures



Information
Technology



Tools &
Equipment



Municipal Facilities

2023 Capital	2023 Budget Allocation				
	Core	Grants	Borrowing	DCC	Reserves
\$18.9M	\$4.8M	\$3.5M	-	-	\$10.6M

Highlights:

Major Facility Repairs

\$2.9M

- Building interior and exterior repairs
- Electrical replacement

Energy Retrofits

\$4.9M

- Mechanical upgrades to heating and cooling plants
- Lighting Upgrades

Building Enhancements

\$9.0M

- Facilities replacement
- Building expansion

Future Replacement Reserve

\$2.1M



Recreation Facilities

2023 Capital	2023 Budget Allocation				
	Core	Grants	Borrowing	DCC	Reserves
\$690k	\$690k	-	-	-	-

Highlights:

Facility Program Upgrades

\$435k

- Construction of new programmable space
- Improvements to client-facing areas

Design and Minor Facility Improvements

\$165k

- Lobbies and lighting
- Covered bike shelters

Capital Project Coordination

\$90k



Transportation

2023 Capital	2023 Budget Allocation				
	Core	Grants	Borrowing	DCC	Reserves
\$24.0M	\$4.6M	-	\$2.9M	\$3.9	\$12.6M

Highlights:

Roads, Transit Stops and Bridges

\$3.9M

- Repaving streets
- Upgrading transit stops
- Replacing and upgrading bridges

Walking

\$10.2M

- Building new sidewalks
- Implementing Safe Routes to School plans

Cycling

\$8.9M

- Building new and upgrading bike routes

Streetlights and Traffic Signals

\$1.0M



Water Resources

2023 Capital	2023 Budget Allocation				
	Core	Grants	Borrowing	DCC	Reserves
\$36.0M	\$20.4M	-	\$2.6M	\$0.2M	\$12.8M

Highlights:

Drainage System Renewal

\$14.4M

- Main, services, catch basins, manholes and waterways

Water System Renewal

\$14.3M

- Main, services, hydrants and valves
- Pump Stations
- Meters (Residential Meter Replacement Program)

Sanitary Sewer System Renewal

\$7.3M

- Main, services and manholes
- Lift Stations



Parks, Trails and Natural Areas

2023 Capital	2023 Budget Allocation				
	Core	Grants	Borrowing	DCC	Reserves
\$4.5M	\$2.7M	-	\$0.9M	\$0.3M	\$0.6M

Highlights:

• Playground Program	\$80k
• Washroom Strategy	\$370k
• Natural Area and Urban Forestry Enhancements	\$970k
• Trails and Bridges Renewal	\$390k
• Park Renewals	\$1.39M
• Furnishings and Signage	\$590k
• Horticulture	\$111k
• Sports Facility Improvements	\$590k



Information Technology

2023 Capital	2023 Budget Allocation				
	Core	Grants	Borrowing	DCC	Reserves
\$9.3M	\$2.9M	-	-	-	\$6.4M

Highlights:

Capital Maintenance of Existing Business Systems

\$2.2M

- Planning and design
- Procurement of computer software
- Vendor implementation services
- Capital project management

Core IT Infrastructure

\$4.5M

- Continued upgrades to capacity, speed and resiliency
- Computers, printers, hardware and software, network and servers
- Vendor implementation services
- Security improvements

New Business Capability

\$2.6M

- Planning and design
- Procurement of computer software
- Vendor implementation services
- Capital project management



Vehicles, Equipment & Park Land

2023 Capital	2023 Budget Allocation			
	Core	Grants	Borrowing	Reserve
\$7.4M	\$1.5M	-	-	\$5.9M

Highlights:

Police

\$1.6M

- Fleet Replacement
- Computer Hardware/Software Replacement
- Public Safety Equipment Replacement

Engineering

\$500k

- Fleet Replacement
- Equipment Replacement

Parks, Recreation and Community Services

\$570k


- Parks and Golf Course Equipment Replacement
- Fitness Equipment Replacement

Park and Land Acquisition

\$4.7M

Capital Funding Levels

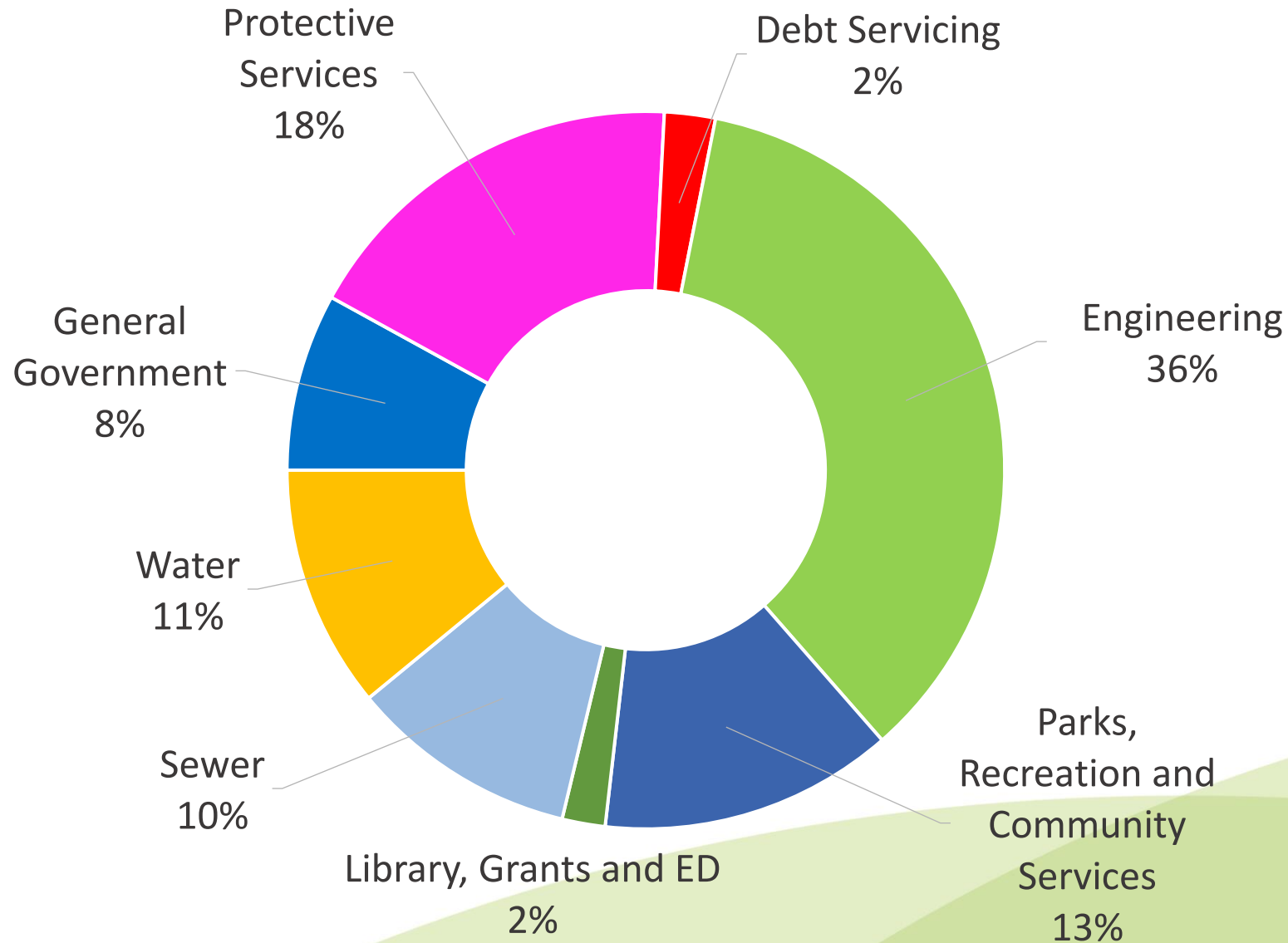
What is the path forward

- Known deficiencies in annual funding for the corporate technology plan and facility major repair – 4 year plan to address
 - Construction cost pressures will continue
 - Replacement values need to be updated
 - Replacement of “like for like” is unrealistic – funding for current standards (eg playgrounds, facilities – fire halls, SOC)
 - Need for increased use of debt financing for facilities
- 

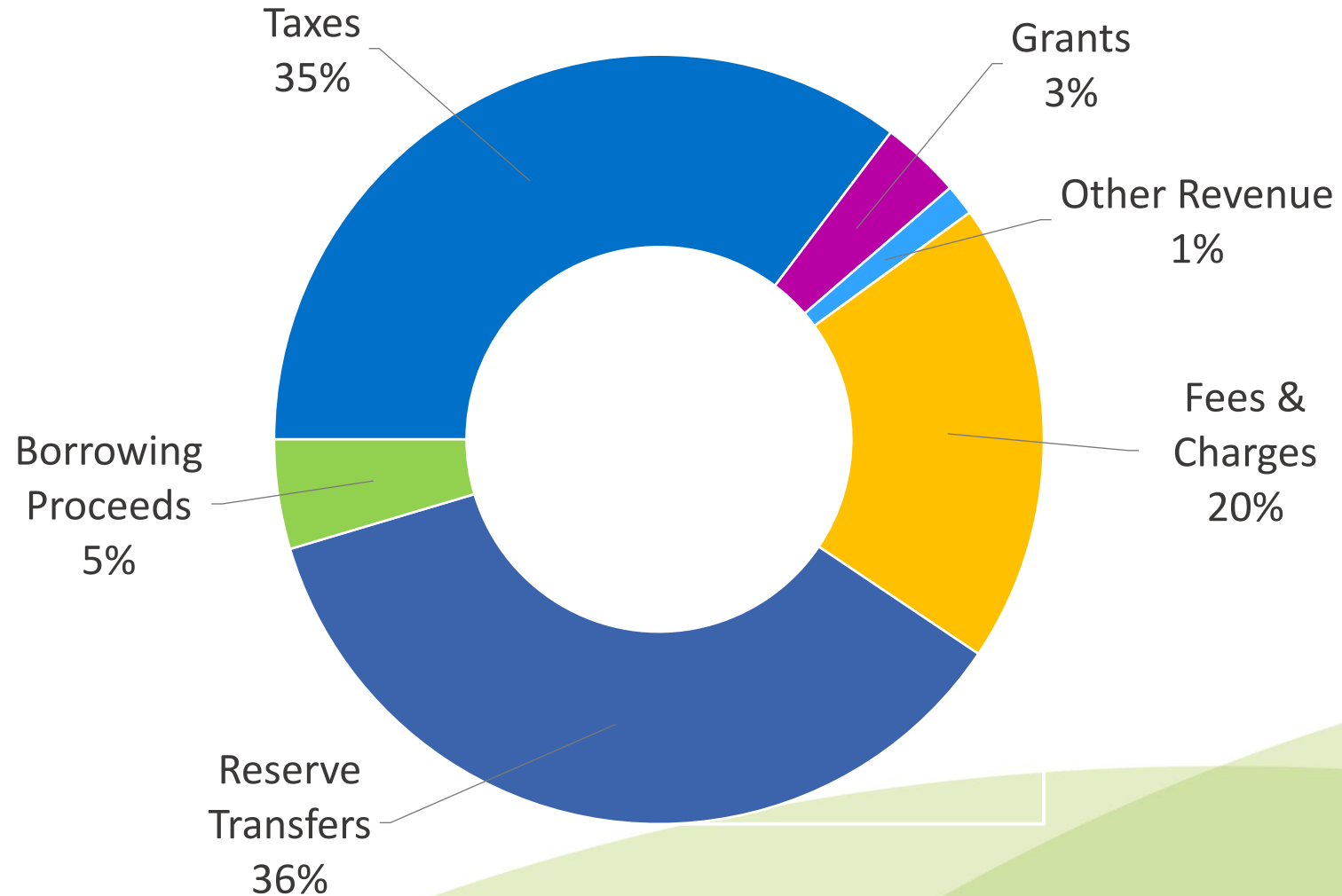
Consolidated Budget



Consolidated Expenditure



Consolidated Revenue



Property Taxation Trends



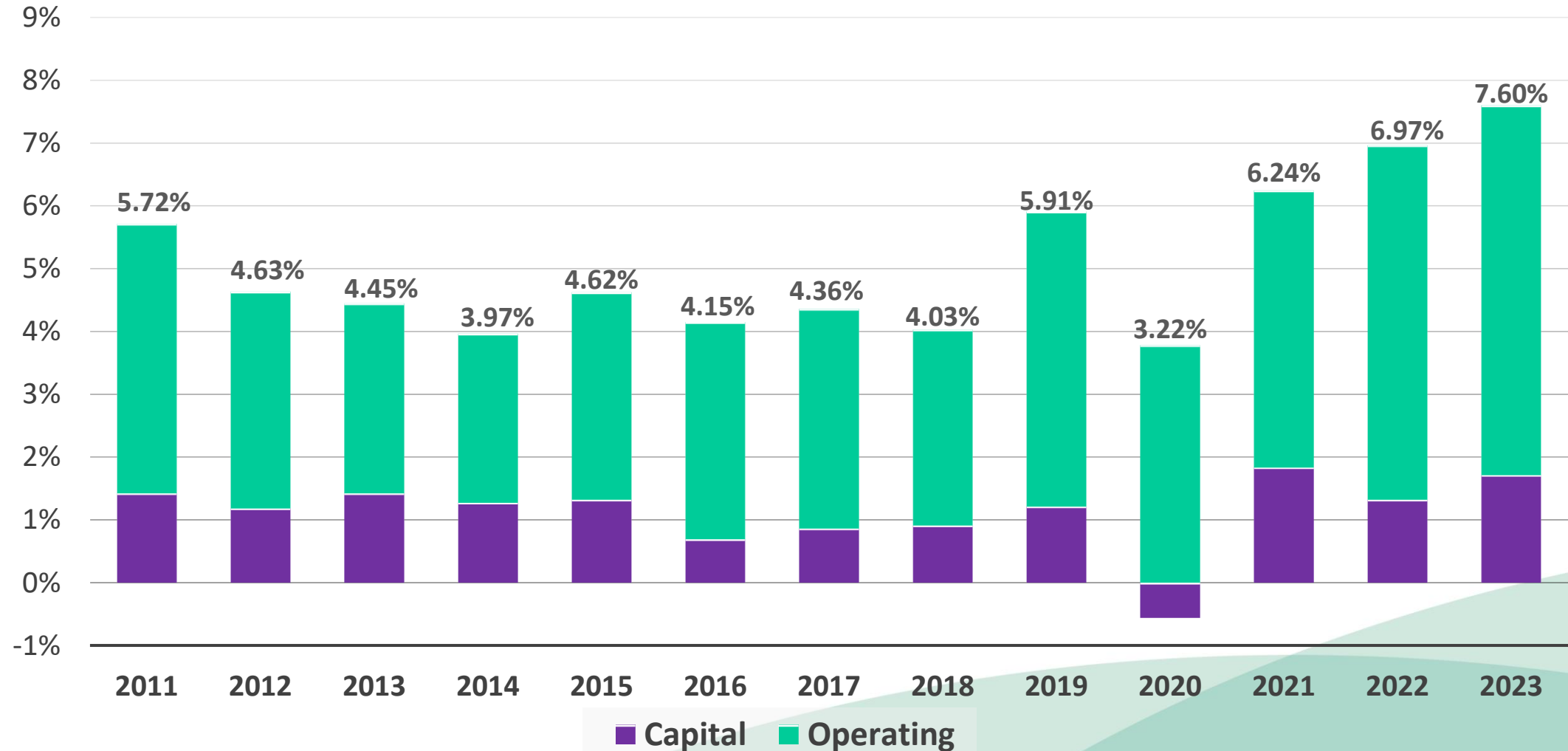
Property Tax Rates

To establish the District's tax rates, Council first determines the total property tax levy that is required to support District's operating budget, then divides the property tax levy by the assessment base provided by BC Assessment.

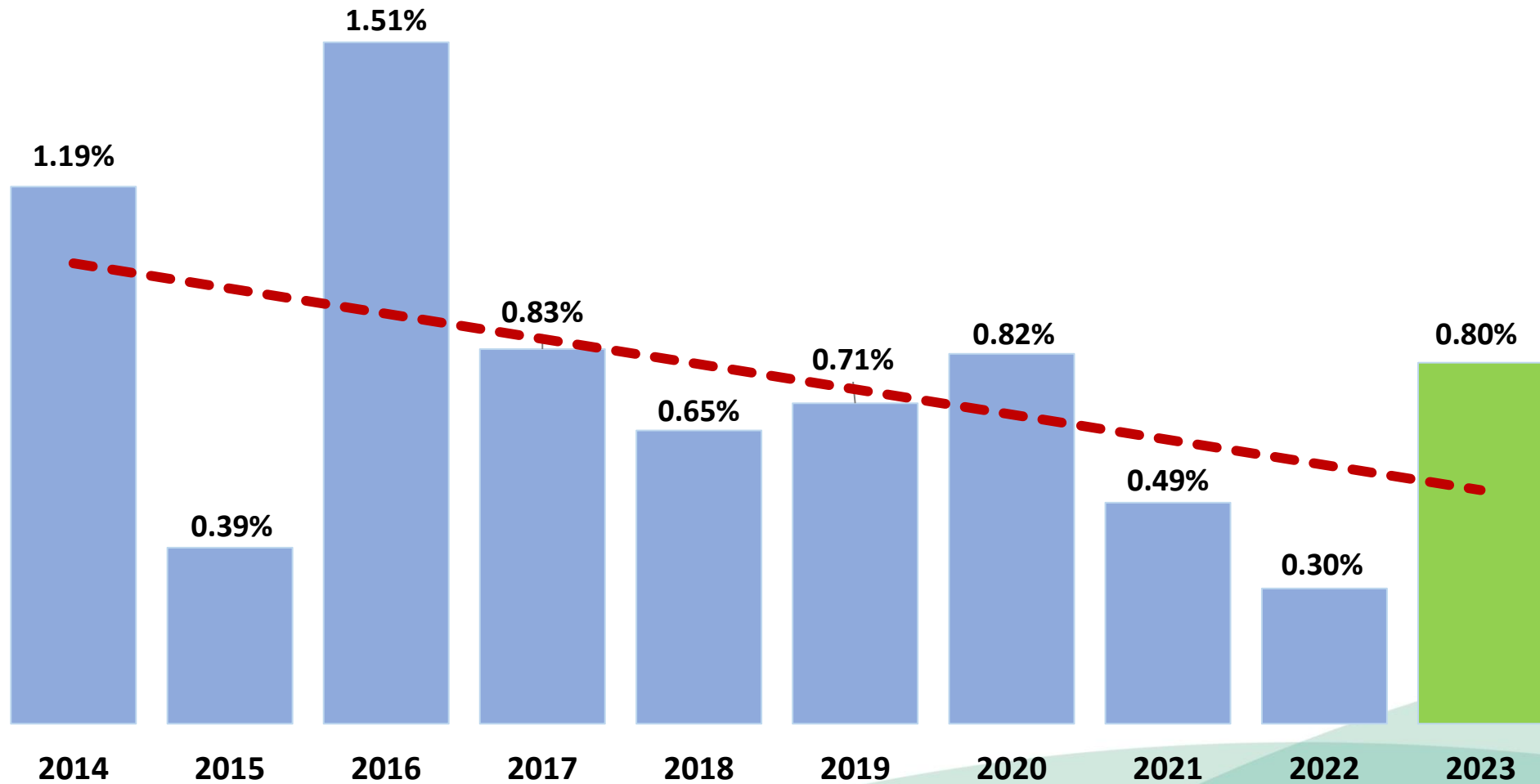
The District does not generate higher property tax revenues as a result of rising property values.



Gross Tax Increases – Operating & Capital




New Tax Increases



Average homeowner

Definition:

A residential property owner whose single family home is assessed at \$1,306,800 in 2023 and their assessment increased by 11.49% over 2022.



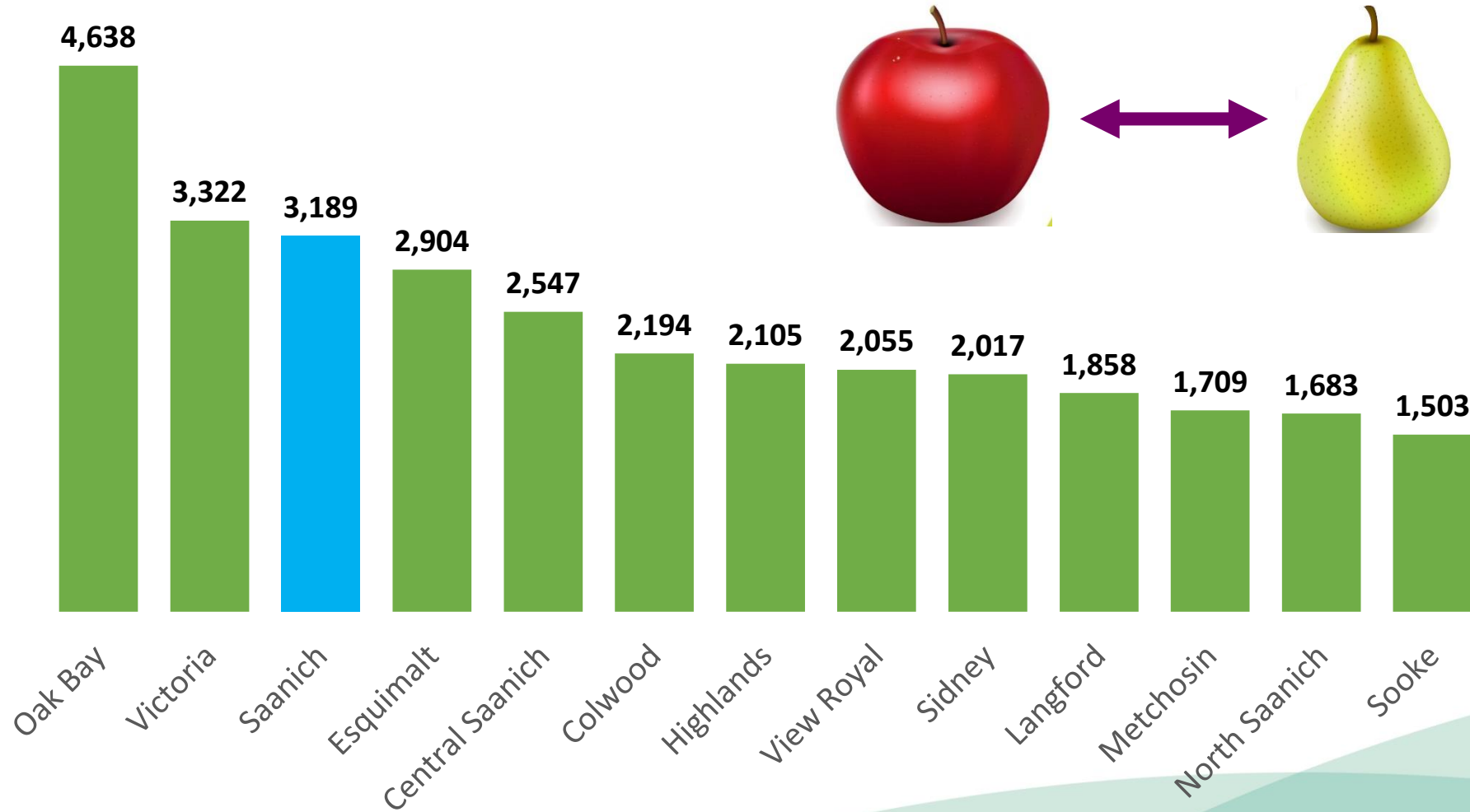
Impact to the “average taxpayer”

The draft general budget developed in accordance with Council guidelines results in:

A municipal property tax increase to existing taxpayers of 6.80% or \$217 to the average residential homeowner.

- 3.50% (\$ 112) for general municipal operations
- 1.71% (\$ 55) capital funding
- 1.36% (\$ 43) for Police Board Provisional 2023 Budget
- 0.23% (\$ 7) for Greater Victoria Public Library 2023 Budget

Comparison with Regional Municipalities



2022 Municipal Taxes for an Average Homeowner

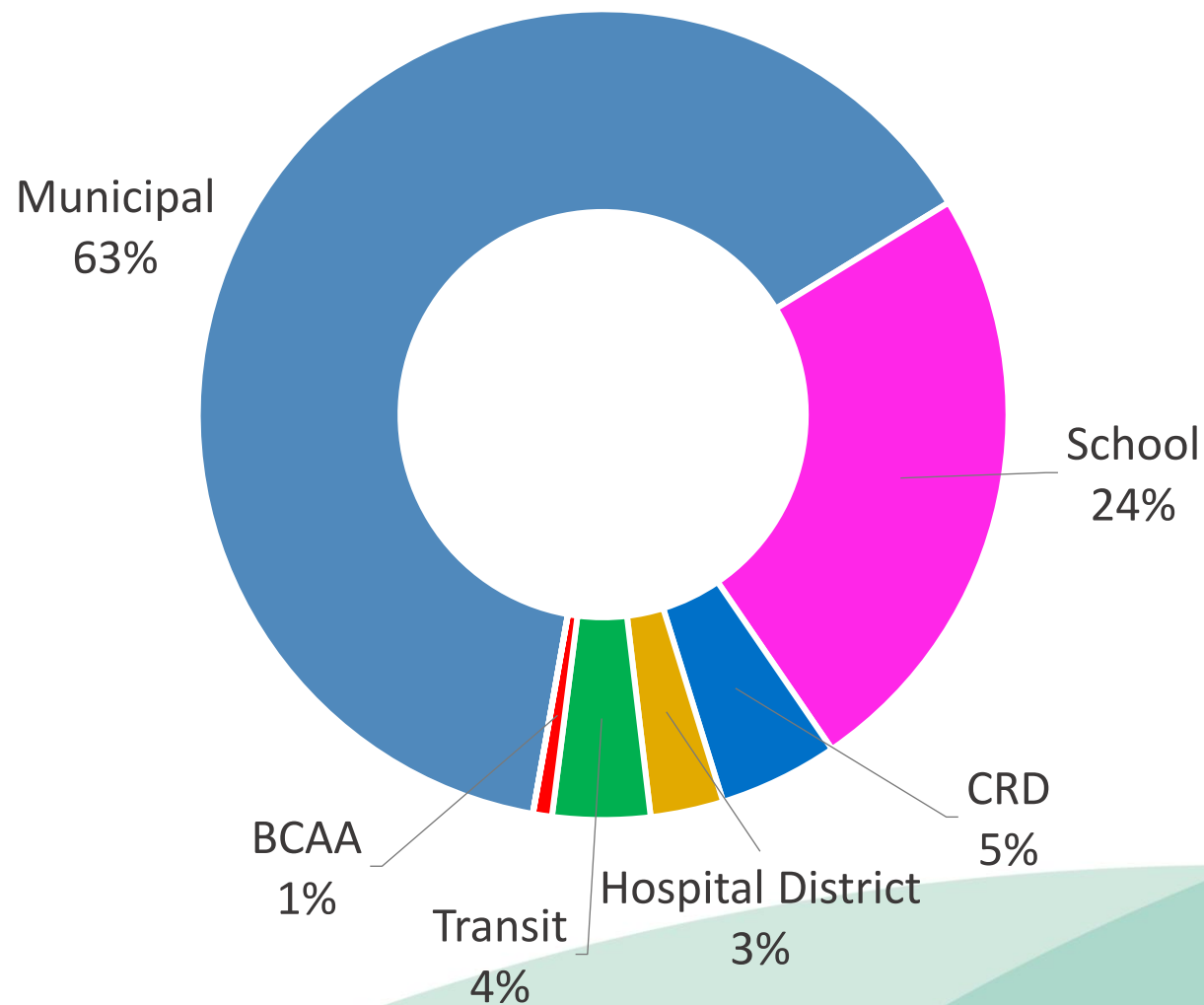
Total Taxes & Utilities - 2023

Water, sewer and garbage rates considered and approved by Council in December 2022

Increases for the average homeowner:

Impact to the average residential homeowner				
Revenue Source	2022	2023	Change \$	Change %
Total Property Tax	3,185	3,402	217	6.81%
Sewer Fees	684	710	26	3.80%
Water Fees	412	443	31	7.52%
Refuse Collection Fees	216	228	12	5.56%
	\$ 4,497	\$ 4,783	\$ 286	6.36%

Municipal & Other Taxing Authorities



Summary

Submitted Draft Budget

Saanich 2023 Draft Financial Plan	Budget Increase \$	Tax Increase %
Operating Increases		
Core budget		
Existing personnel costs - municipal	5,341,000	3.56%
New positions approved in the prior year	1,512,800	1.01%
Non-discretionary increases	<u>2,396,300</u>	<u>1.60%</u>
General Municipal Core Operating Increase	\$ 9,250,100	6.17%
Increase in non-tax revenue	(2,813,500)	-1.87%
Tax revenue from new sources	<u>(1,199,400)</u>	<u>-0.80%</u>
Core Operating Increase to Existing Taxpayers	\$ 5,237,200	3.50%
Increase for Capital Infrastructure	<u>2,566,200</u>	<u>1.71%</u>
Total General Municipal Increase	\$ 7,803,400	5.21%
Police Board Budget Submission	\$ 2,041,600	1.36%
Greater Victoria Public Library	\$ 352,700	0.23%
General Municipal, Police and Library	\$ 10,197,700	6.80%

Recommended Reduction Scenarios

Reduction scenarios	2023	Tax Reduction		2024 Annualized Reduction	Tax Reduction
Recommended					
Increase Vacancy Credit	300,000	0.20%		300,000	0.20%
Reduce Information Technology funding transition	250,000	0.17%		250,000	0.17%
Defer funding addtion for Park Acquisition	150,000	0.10%		150,000	0.10%
Delay AATP Capital Funding from Taxation	500,000	0.33%		500,000	0.33%
Total Recommended	1,200,000	0.80%		1,200,000	0.80%

Recommended Ongoing Resource Requests

2023 Ongoing Resource Requests - Recommended					
Dept	Request	2023	2024	2023 Tax Impact	2024 Tax Impact
CS	Graphic Designer - increase hours	17,240	35,680	0.01%	0.01%
CS	Print Room Technician - increase hours	6,490	13,420	0.00%	0.00%
CS	HR Advisor - Respectful Workplace Program Investigator	78,220	162,600	0.05%	0.05%
IT	Information Security Manager	93,210	205,540	0.06%	0.07%
IT	Financial Administrator - increase hours	28,110	60,190	0.02%	0.02%
Finance	Accounting Clerk - Project Funding and Grant Administration	68,460	135,200	0.05%	0.04%
PCRS	Parks Shop Service Person	58,110	137,440	0.04%	0.05%
CS	LinkedIn Employer Module	18,820	18,820	0.01%	0.00%
Admin	Sustainable Specialist	69,300	144,270	0.05%	0.05%
Finance	Property Tax Specialist	68,470	135,250	0.05%	0.04%
Planning	Senior Planning Technician - Development	69,530	133,460	0.05%	0.04%
Eng	Facilities Technical Services Supervisor - increase hours	7,660	15,850	0.01%	0.01%
PCRS	GIS Analyst - 0.6 FTE	33,870	71,200	0.02%	0.02%
PCRS	Natural Areas Parks Worker II	48,250	112,780	0.03%	0.04%
Increase - all requests		665,740	1,381,700	0.44%	0.45%

Total Recommended Budget Increase

Summary of 2023 Draft Budget	Budget Increase \$	Tax Increase %
Draft Budget Submitted	\$ 10,197,700	6.80%
Recommended Reduction Scenarios	\$ (1,200,000)	-0.80%
Recommended Ongoing Resource Requests	\$ 665,740	0.44%
Total Recommended Draft Budget	<u>\$ 9,663,440</u>	<u>6.44%</u>
Impact on the Average Homeowner		\$ 205.41

Overview

Questions?

