

DISTRICT OF LANTZVILLE

2018-2022 FINANCIAL PLAN

October 16, 2017

Overview

- New process this year
- Goal to follow new Budget Guidelines and also have a maximum core increase of 3%
- 2018 contains one-time budget reductions to obtain 3%
- The complete 2018-2022 Financial Plan Bylaw and Property Tax Distribution will be distributed to Council at a later date, once the District receives preview roll assessment information the first week in November.
- The Completed Roll will be released by December 31st, and the Revised Roll by March 31st which would reflect any successful appeals.



Overview

- Non status-quo items shown as non-core including Strategic Plan items
- Budget to be amended once direction received from Council
 - Council may provide direction at any time.
- The Financial Plan contains more estimations than in prior years with the earlier timing. Budget figures are subject to change.



Legislative Requirement

- Financial Plan – Section 165 and 166 of the *Community Charter*
 - Be adopted annually by bylaw, before the annual tax rate bylaw is adopted (before May 15th)
 - Be for a 5-year period (2018-2022)
 - For each year, set out the proposed expenditures, funding sources and transfers to or between funds
 - Set out the municipality's revenue and tax policies and objectives



No Deficit Rule

- Section 165 (5) and (9) of the *Community Charter*
 - The total of the proposed expenditures and transfers to other funds for a year must not exceed the total of the proposed funding sources and transfers from other funds for the year
 - If actual expenditures and transfers to other funds for a year exceed actual revenues and transfers from other funds for the year, the resulting deficiency must be included in the next year's financial plan as an expenditure in that year
 - Simply put, no deficits are permitted



No Surplus Rule

- Per the Ministry, municipalities should not purposefully budget for a surplus. Revenue should only be collected if there is an associated expense in the Financial Plan
- Simply put, the Financial Plan should balance (net to \$0)



Revenue

- Property Taxes
 - Based on assessed value
- Parcel Taxes
 - Based on area of land or a flat amount per parcel
- User Fees
 - Based on service used
- Utility 1%
 - Based on 1% of prior years' income (Telus, Shaw, Fortis, Hydro)



Revenue Continued

- PILT (Payment in Lieu of Tax)
 - Government & crown corporations exempt from paying tax under Section 125 of the *Constitution Act, 1867*
 - PILT is a way of making a payment to municipal governments for services it receives
 - Lantzville has one PILT from Hydro
- Grants
 - Small Community Works Fund
 - Around \$442K per year
 - Gas Tax
 - As funds are restricted not recognized into revenue until a capital project takes place. Around \$200k/year



Revenue Continued

- Other
 - ▣ Penalties
 - ▣ Interest (arrear, delinquent, cash)
 - ▣ Donations (park bench contribution, developers)
 - ▣ Application fees (DVP, subdivision, etc.)
 - ▣ Inventory sales (garbage tags, bins)
 - ▣ Fire Suppression agreement (Nanoose First Nations)
 - ▣ Contribution from surplus



Surplus

- The difference between Revenue and Expense each year is transferred into surplus
- Many revenues are tied to specific expenses and only recognized when the expense takes place
- Surplus is mainly the difference between tax funds received and tax funded expenses



Use of Surplus

- Interest earned on surplus reduces the amount of tax required each year
- Surplus can be “internally borrowed” in lieu of borrowing from a bank for Revenue Anticipation
 - Tax revenue is received in June/July but relates to the entire year. May need additional cash in the first half of the year
- Reduces risk by providing funding in case of emergencies
- Funding option for one-time expenditures



Operating Funds

- The District has three funds that operate as if they were distinct entities
 - ▣ General
 - ▣ Sewer
 - ▣ Water
- Revenues and expenditures should balance within each fund



Property Tax Classes

- Class 1 – Residential
- Class 2 – Utilities (capped rate)
- Class 5 – Light Industry
- Class 6 – Business
- Class 7 – Forest
- Class 8 – Recreation/Non-Profit
- Class 9 – Farm



Assessment

- Completed Roll (December 31st)
- Revised Roll (March 31st)
- NMC = Non Market Change or New Assessment
 - Calculation process – exclude NMC to obtain same taxes as prior year
 - Apply rate to NMC
 - Adjust all rates/multiples for additional taxes as required
 - Review distribution among classes. Adjust per Council policy/direction
 - Average Single Family = 2018 unknown at this time
\$536,265 (2017)



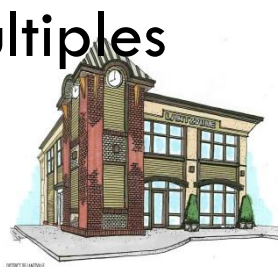
Property Taxes - Continued

- ❑ Completed Roll will not be available until December 31st and the Revised roll will not be available until March 31st.
- ❑ NMC estimated at this time with margin for change.



Property Taxes - Continued

- Tax Rates are set per \$1,000/assessment
- Tax Multiple (also known as the Tax Ratio) is the ratio between the Residential Tax Rate and the Tax Rate of another class
- Section 197 (3) (b) allows separate rates for revenue to be raised for different purposes, but the ratio between classes must remain the same for all purposes
 - General and Library taxes must use the same multiples



Property Taxes - Others

- The District collects and remits taxes on behalf of other taxing authorities. The tax amounts and rates are set external to the District and are entirely out of the District's control.
 - RDN (general and hospital taxes)
 - School (SD68 and 69) on behalf of the Province
 - Policing on behalf of the Province
 - BC Assessment Authority
 - Municipal Finance Authority
 - Regional Library



Property Taxes Collected

Type	% Total Revenue (2017)
General Municipal	35%
School District	39%
Nanaimo Regional District - General	13%
Nanaimo Regional District - Hospital	4%
Library	4%
Policing	4%
BC Assessment Authority	1%
Municipal Finance Authority	0%



Comparative Data

- Comparative data for regional municipalities can be found under Tab 2
- Additional information is provided by the Ministry of Community, Sport & Cultural Development at http://www.cscd.gov.bc.ca/lgd/infra/statistics_index.htm
- Note: Levels of service, cost, financial health, ways of charging and other items may vary between municipalities



Questions?



Core vs. Non-Core

- The Core budget was established to leave current service levels as the status quo.
- At the direction of Council, service levels can be amended.
- Requests for service level changes and additional expenditures, including expenditures per the Strategic Plan are listed as Non-Core. (Tab 3)
 - The decision to include non-core items in the Financial Plan rests entirely with Council.



Starting Point

- The budget as presented includes:
 - Property Tax
 - 2018 Core – 3.00%
 - 2018 Non-Core – 2.59%
 - 2018 Total – 5.59%
 - Sewer User Fee
 - 2018 – 10.8% (large estimated increase to treatment)
 - Water
 - 2018 User Fee – (1.29)% (reduction in permits & licensing)
 - 2018 Parcel Tax – 0.00%
 - Only a starting point – will be adjusted with direction from Council



Questions?



Non-Core Overview

- At any point in time Council may make a motion to approve any non-core items.
- Similar to last year, all Non-Core and Capital items will be put forward to Council for a decision.
Currently tentatively planned for October 17th
COW



Non-Core - General Government

- Economic Development Strategy & Branding - \$70,000
- DCC Review - \$7,000
- Increase to Legal - \$17,000
- Costin & Heritage Hall Plan - \$10,000
- Service Capacity Review - \$25,000
- Council Chamber Conference Phone - \$1,280
- 12-month Deputy Director of Financial Services - \$111,720 (total cost)



Non-Core - General Government

- ❑ OCP Completion - \$10,000
- ❑ Fire Association Fireworks Funding - \$4,500 (ongoing request)
- ❑ Grant-in-Aid - \$2,500
- ❑ Increase to Admin Casual Hours - \$9,828 (ongoing request)
- ❑ Director of Corporate Admin Vacation Coverage - \$7,875 (ongoing request)
- ❑ eHOG Software - \$6,000



Non-Core - Planning

- Zoning Bylaw Review - \$22,000
- Development Application Review - \$2,000



Non-Core - Parks & Recreation

- Copley Ridge Recreation (Woodlot) Trail - \$4,000
- Interpretive Signage - \$3,500
- Fernmar Road to Andrea Cres via Copley Park Trail - \$5,500



Non-Core - Transportation

- Mobile Radio Installation - \$540 (funding in Sewer/Water as well)
- Roads Master Plan - \$100,000 (2022)



Non-Core - Sewer

- Mobile Radio Installation (funding in General and Water as well)



Non-Core - Water

- Mobile Radio Installation (funding in General and Sewer as well)



Questions?



Capital Budgets

- Capital Project Overview
- Council's budget
 - Projects may be approved as is, moved between years, modified, or removed from the budget



General Government

Project	2018	2019	2020	2021	2022
Costin Hall Upgrades		97,000			
Men's Washroom – Costin Hall			11,220		
Heat Pump – Costin Hall	10,000				
Flat Roof – Costin Hall		12,500			
Drop Ceiling – Costin Hall				10,000	
Community Use Building B (<i>aka heritage church</i>) Upgrades		146,000			
Website Upgrade	15,000				
Phone System	30,000				
General Government Total	55,000	255,500	11,220	10,000	-



Protective Services

Project	2018	2019	2020	2021	2022
Fire Hall – Additional Office		75,000			
Fire Hall – New Kitchen		25,000			
Duty Truck Replacement			45,000		
Replace Engine-6	400,000				
Replace Engine-3					300,000
Protective Services Total	400,000	100,000	45,000	-	300,000



Transportation - Roads

Project	2018	2019	2020	2021	2022
Peterson Road	279,298				
Portion of Aulds Road Replacement	200,000				
Harper Road Replacement			326,000		
Venture Road Replacement					250,000
Clark Cres				245,000	
Alger Road Asphalt Replacement				230,000	



Transportation – Storm Drain/PW

Project	2018	2019	2020	2021	2022
Clark Alger Road Crossing of Bloods Creek.				350,000	
Installation of Piping Along Huddleston Road		200,000	200,000		
Rumming Road Drainage	425,000				
Lantzville Road Culvert Crossing @ 7502 Lantzville Road	175,000				
Culvert Replacement Dickinson Road Bloods Creek Head Wall		25,000			
Replace Half Ton Truck		55,000			
Replace 3 Ton Dump Truck				85,000	
Backhoe Replacement			132,000		
Dodge 2500 Replacement					70,000
Transportation Total	1,079,298	280,000	658,000	910,000	320,000

Rumming Road



Rumming Road



Culvert Outlet – 7502 Lantzville Rd



Culvert Outlet – 7502 Lantzville Rd



Parks & Recreation

Project	2018	2019	2020	2021	2022
Copley Park Upgrades		80,000			
Huddleston Upgrades	142,000				
E&N Trail Portion From Ware Road to Phillip Road Along Railway				500,000	500,000
Parks Total	142,000	80,000	-	500,000	500,000



Sewer Fund

Project	2018	2019	2020	2021	2022
Sewer Phase 3	3,000,000	3,000,000	780,000		
Sewer Total	3,000,000	3,000,000	780,000		



Water Fund

Project	2018	2019	2020	2021	2022
Aulds Rd Reservoir Replacement	1,789,000				
Water Main Replacement Peterson Road, Lynn To Lantzville Road	320,000				
Well #5 Rehabilitation	50,000				
Metro and Mart Roads and Lantzville Road Watermain	343,919				
Industrial Road				434,454	
SCADA Upgrade		87,500			
Water Total	2,499,919	87,500	-	434,454	-



Questions?



Next Steps

October 17, 2017 – 6pm	Council Decisions on Non-Core and Capital	Committee of the Whole
October 30, 2017 – 6pm	Staff to present amended Budgets to Council	Committee of the Whole
November 6, 2017 – 7pm	1 st 2 readings of Financial Plan Bylaw, public input session	Council
November 20, 2017 – 7pm	3 rd reading of Financial Plan Bylaw	Special Council
December 11, 2017 – 7pm	Adoption of Financial Plan Bylaw	Council

Tax Rate Distribution & Bylaw to be considered in spring 2018 when required data is available.

