

# DISTRICT OF LANTZVILLE

## 2016-2020 FINANCIAL PLAN

April 4, 2016

# Presentation Overview

- Budget Process
- Non-Core Budget Additions
- Upcoming Capital Projects
- Proposed 2016 rates



# Overview

- Prior year starting point
- Detailed review with CAO/Director of Financial Services
- Non status-quo items shown as non-core
- Incorporation of the Strategic Plan
- Received community input throughout the process
- Prepared with Council Direction



# Budget Review

- Budget has been prepared with a Core Budget – with no change to service levels
- Non-Core items have been shown separately for Council consideration
- 3 Funds – General, Sewer and Water.
  - Each fund much balance in the budget. Revenue = Expense
- The Financial Plan Bylaw and Tax Rate Bylaw are scheduled to be adopted on April 25, 2016



# 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 15<sup>th</sup>)
  - Be for a 5 year period (2016-2020)
  - 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



# 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 or 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 \$440K 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



# 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



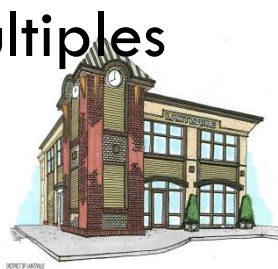
# Property Tax Classes

- 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



# 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



# Property Taxes Collected

Type	% Total Revenue (2015)
General Municipal	34%
School District	40%
Nanaimo Regional District - General	13%
Nanaimo Regional District - Hospital	4%
Library	4%
Policing	4%
BC Assessment Authority	1%
Municipal Finance Authority	0%



# Core Budget

- No change to the level of service
- Council Discretionary of \$10,000/year eliminated. Administrative Contingency available should Council require.
- Council reduction of Grant in Aid 2016 budget from \$2,500 to \$750 (amount granted)



# Non-Core Budget





# General Government

Project	2016	2017	2018	2019	2020
Admin Legal	10,000				
Public Education - Water Conservation	1,000				
Branding	25,000				
Economic Development Strategy	7,500	50,000			
OCP - Terms of Reference	60,000	55,000			
OCP - Reserve Contribution			15,000	15,000	15,000
Village Plan		10,000			
DCC Review	7,500				
Respectful Workplace Training	3,000	3,000	3,000	3,000	3,000
Asset Management Consultants	9,850				



# General Government

Project	2016	2017	2018	2019	2020
Costin Hall Mtce	7,000	7,000	7,000	7,000	7,000
Service Capacity Review		40,000			
AV Operating	850	850	850	850	850
Winter Road Maintenance	21,463				
	<b>151,163</b>	<b>165,850</b>	<b>25,850</b>	<b>25,850</b>	<b>25,850</b>



# Planning

Project	2016	2017	2018	2019	2020
Secondary Suite Public Consultation	2,000				
	<b>2,000</b>				



# Fire Services

Project	2016	2017	2018	2019	2020
P/T Fire Chief	55,800	56,920	58,060	59,220	60,400
Deputy Fire Chief Honorarium Increase	4,000	8,000	8,000	8,000	8,000
Fire - Education & Training	5,000	5,000	5,000	5,000	5,000
Fire - New printer & computers	1,100				
Fire - Compressor	-	4,500			
Fire - Defibrillator	2,600				
	<b>68,500</b>	<b>74,420</b>	<b>71,060</b>	<b>72,220</b>	<b>73,400</b>



# Recreation & Culture

Project	2016	2017	2018	2019	2020
WoodLot trails	7,500				
Wilson Road Phase 1	1,200				
Interpretative Signage	4,000				
Safety Railing at Benwaldun Beach Access	5,000				
2016 Kids` Road Safety Course	1,000				
Public Information re: Parks & Trails	3,118				
	<b>21,818</b>	-	-	-	-



# Sewer

Project	2016	2017	2018	2019	2020
Sewer Phase 3 Grant Application	10,000				
Ph3 Sewer Debt (Interest & Principal)	1,875	27,500	146,510	146,510	146,510
	<b>11,875</b>	<b>27,500</b>	<b>146,510</b>	<b>146,510</b>	<b>146,510</b>



# Water

Project	2016	2017	2018	2019	2020
Water Master Plan	100,000				
	<b>100,000</b>	-	-	-	-



# 2016-2020 Capital Budget

- Tangible Capital Assets (TCA)
  - Are held for use in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other tangible capital assets;
  - Have useful economic lives extending beyond an accounting period; (1 year)
  - Are to be used on a continuing basis; and
  - Are not for sale in the ordinary course of operations.





# 2016-2020 Capital Budget

## □ Tangible Capital Assets (TCA)

### ■ Are not:

- Consumables
- Works of Art
- Historical Treasures
- Studies
- Preliminary design costs
- Non-purchased Crown land



# 2016-2020 Capital Budget

## □ Tangible Capital Assets (TCA)

### ■ Thresholds

- Benefit does not outweigh cost of tracking large quantity of small dollar assets (pens, staplers)
- Thresholds are used to determine at what dollar value capital items are capitalized (capital budget) vs. expensed (operating budget)
- \$10,000 for most assets
- <\$10,000 included in the operating budget



# 2016-2020 Capital Budget

## □ Tangible Capital Assets (TCA)

### ■ Amortization

- Straight line over useful life of asset
- \$250,000 fire truck – 25 year life
- \$250,000 included in the Financial Plan as capital expenditure. Not included in the Financial Statements
- \$10,000 ( $\$250,000/25$  years) included in the Financial Statements as amortization expense
- Amortization is not funded



# Funding Sources - Reserves

## □ Reserves

- Established under Section 188 of the *Community Charter*
- Set by Council Bylaw
- Can only be used for the purpose for which the fund was established
- Funds are transferred into reserves each year. (2016 - \$894,088)



# 2016 Reserve Contributions

□ General Fund	\$631,788
▣ Capital Works	\$456,900
▣ Asset Replacement	\$48,425
▣ Fire Vehicle Replacement	\$100,000
▣ Winter Rd Maintenance	\$26,463
□ Sewer Fund	\$26,000
□ Water Fund	\$236,300
□ Total 2016 Contribution	\$894,088



# Capital

- 2016 - \$1,424,500
- 2017 - \$7,794,694
- 2018 - \$3,642,000
- 2019 - \$946,716
- 2020 - \$1,670,000



# General Government

Project	2016	2017	2018	2019	2020
Costin Hall Upgrades			97,000		
Church Upgrades			150,000		
Council Meeting AV	15,000				
Asset Mgmt Software	21,400				
Fire Proof Cabinet		7,000			
IT Server					10,000
<b>General Government Total</b>	<b>36,400</b>	<b>7,000</b>	<b>247,000</b>	<b>-</b>	<b>10,000</b>



# Protective Services

Project	2016	2017	2018	2019	2020
Radio Repeater	9,000				
Thermal Camera	8,500				
Fire Hall Upgrades	16,300				
Duty Truck Replacement				45,000	
Replace Engine-6					400,000
<b>Protective Services Total</b>	<b>33,800</b>	<b>-</b>	<b>-</b>	<b>45,000</b>	<b>400,000</b>





# Transportation - Roads

Project	2016	2017	2018	2019	2020
Road Replacement - Patching on Lorenzen/Sebastion	36,000				
Manhattan / Bayview Park Drive Road Replacement	355,300				
Peterson Road		259,435			
Portion of Aulds Road East End and Metro Road Replacement			400,000		
Harper Road Replacement				326,716	
Venture Road Replacement					250,000



# Transportation – Storm Drain/PW

Project	2016	2017	2018	2019	2020
Clark Alger Road Crossing of Bloods Creek. Look at Arch Culvert Storm Drain		350,000			
Installation of Piping Along Huddleston Road			200,000	200,000	
Culvert Replacement Dickinson Road Bloods Creek					25,000
Replace Half Ton Truck		55,000			
Replace 3 Ton Dump Truck			85,000		
Dodge 2500 Replacement					60,000
<b>Transportation Total</b>	<b>391,300</b>	<b>665,435</b>	<b>685,000</b>	<b>526,716</b>	<b>335,000</b>



# Parks & Recreation

Project	2016	2017	2018	2019	2020
Rotary Park Playground Equipment	37,000				
Huddlestone Washroom	5,000				
Mountain Bike Skills Park	39,000				
Copley Park Upgrades, Huddlestone Upgrades			50,000	50,000	
E&N Trail Portion From Ware Road to Phillip Road Along Railway					500,000
<b>Parks Total</b>	<b>81,000</b>	<b>-</b>	<b>50,000</b>	<b>50,000</b>	<b>500,000</b>



# Sewer Fund

Project	2016	2017	2018	2019	2020
Sewer Phase 3	500,000	5,000,000	1,380,000		
<b>Sewer Total</b>	<b>500,000</b>	<b>5,000,000</b>	<b>1,380,000</b>		



# Water Fund

Project	2016	2017	2018	2019	2020
Aulds Rd Reservoir Replacement (2017-Design)		50,000	1,000,000		
Well #6 Replacement	250,000				
Nanaimo Water Interconnection	7,000	743,000			
Water Connection Buy-in		1,330,259			
Water Main Replacement Peterson Road, Lynn To Lantzville Road			280,000		
Water Main Replacement From Peterson Road To Huddleston Road				325,000	



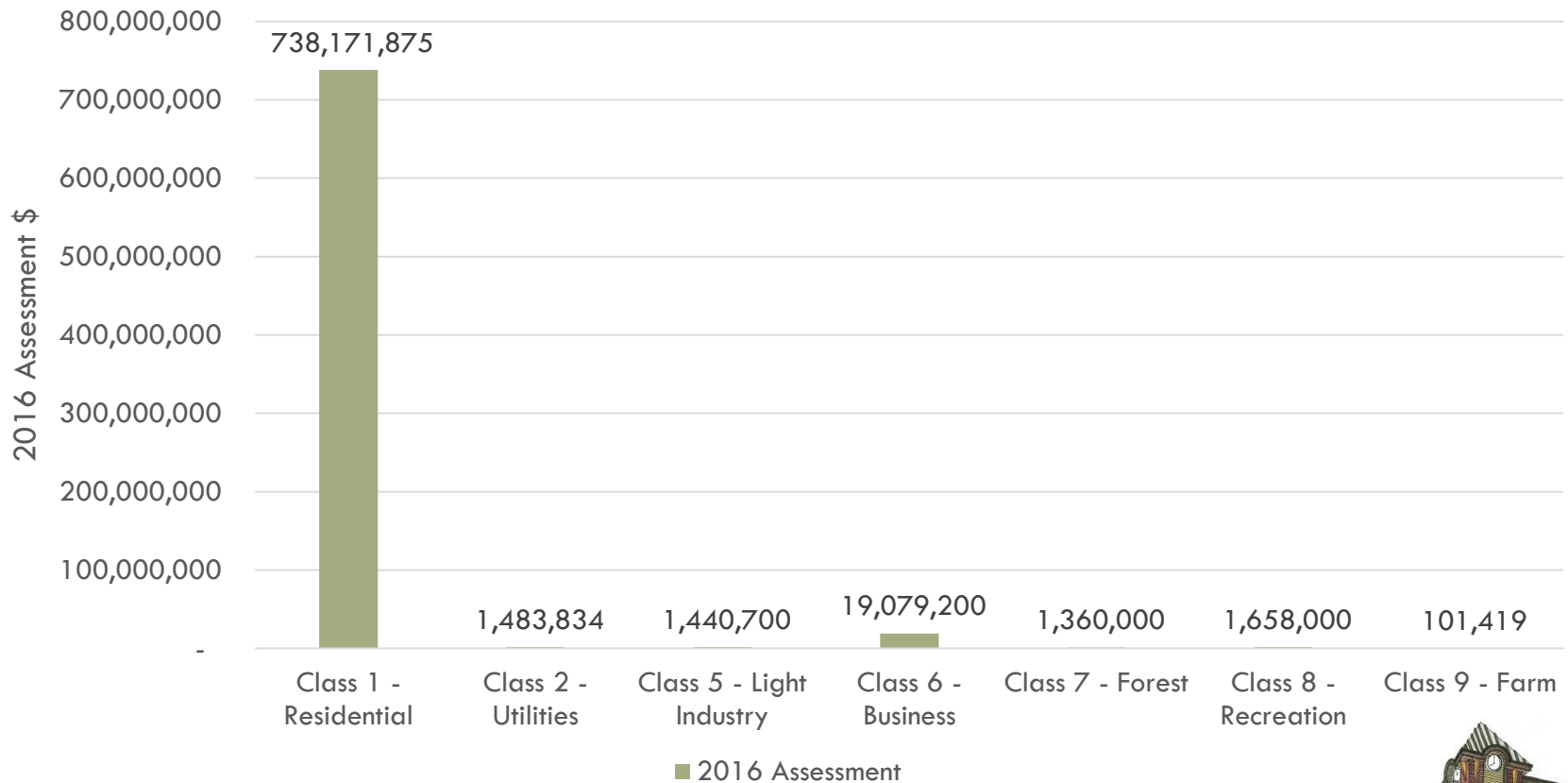
# Water Fund - Continues

Project	2016	2017	2018	2019	2020
Water Main Replacement Mart Road and Industrial Road					425,000
Well #12 Redevelopment	25,000				
Well #9 Redevelopment	50,000				
Well #4 Redevelopment	50,000				
<b>Water Total</b>	<b>382,000</b>	<b>2,123,259</b>	<b>1,280,000</b>	<b>325,000</b>	<b>425,000</b>



# 2016 Property Assessment

## 2016 Assessment



# Property Taxes

	2015 Tax Rate	2015 Taxes	2016 Tax Rate	2016 Total Taxes
Class 1 - Residential	1.9262	1,315,053	1.8369	1,355,966
Class 2 - Utilities	35.7857	52,220	36.0985	53,564
Class 5 - Light Industry	13.4837	19,412	12.8585	18,525
Class 6 - Business	7.7049	149,274	7.3477	140,188
Class 7 - Forest	7.2234	8,993	6.8885	9,368
Class 8 - Recreation	3.3709	5,892	3.2146	5,330
Class 9 - Farm	2.5041	254	2.3880	242
<b>Total</b>		<b>1,551,099</b>		<b>1,583,184</b>

1.56% Property Tax increase over 2015

Assessment / \$1,000 \* Tax Rate = Taxes per property

Average SF Home

\$488,088 / \$1,000 \* 1.8369 = \$896.58 (\$12 from increase in requisition)





# Parcel Taxes

- No change to parcel taxes
  - ▣ Water - \$355.00
  - ▣ Knarston Creek - \$976.00
  - ▣ Sewer Phase 1 - \$497.00 (\$1 68.00 with capital payout)
  - ▣ Sewer Phase 2 - \$573.00



# User Fees

	Sewer – Residential	Sewer – Commercial	Water – Residential	Water - Commercial
Minimum Consumption per quarter	\$94.42	\$94.42	\$64.63	\$82.36
76-100 cubic meters	\$1.63	\$2.35	\$1.41	\$2.19
101-125 cubic meters	\$1.74	\$2.35	\$1.72	\$2.19
126-150 cubic meters	\$1.84	\$2.35	\$2.29	\$2.19
151+ cubic meters	\$1.94	\$2.35	\$2.92	\$2.19



# Summary

- The budget as presented includes:
  - Property Tax
    - 2016 Core – (2.18%)
    - 2016 Non-Core – 3.75%
    - 2016 Total – 1.56%
      - Future Year's (3.07%, 4.17%, 0.20%, -0.15%)
  - Sewer User Fee (1.98%, 1.99%, 0%, 1.26%, 3.31%)
  - Water User Fee (0.88%, 2.86%, 1.20%, 1.22%, 1.24%)



# Public Questions?

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# Council Questions?



# Computer Maintenance

- 2016 Contract – Computer Mtce - \$34,180
  - \$17,544 IT Contractor (17hr/month)
  - \$850 AV Operating Cost
  - \$15,786 Other (all software maintenance costs, webhosting etc.)
  
- Council motion to amend budget?



# Next Steps

April 11, 2016 – 7pm	1 <sup>st</sup> 3 readings Financial Plan Bylaw, Tax Rate Bylaw	Council
April 25, 2016 – 7pm	Bylaw adoption	Council

