

DISTRICT OF LANTZVILLE

2017-2021 FINANCIAL PLAN

March 20, 2017

Outstanding Items

- Snow Removal Operating Budget
 - See report dated March 20, 2017
 - This winter has seen 4 times the average cost
 - Recommendation to increase the 2017 budget by \$100,000 (to \$150,000) funded by the balance in the Winter Road Maintenance Reserve (\$17,525) and General Surplus (\$82,475)



Presentation Overview

- Budget Process
- Non-Core Budget Additions
- Upcoming Capital Projects
- Proposed 2017 rates



Overview

- Prior year starting point
- Detailed review by Management
- Non status-quo items shown as non-core
- Incorporation of outstanding Strategic Plan Projects
- 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 must be adopted before *May 15, 2017*



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 (2017-2021)
 - 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



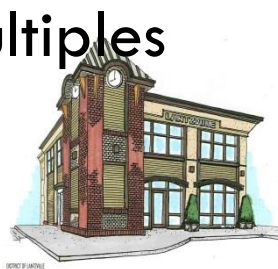
Class 2: Utilities

- B.C. Reg. 329/96 Taxation Rate Cap for Class 2 Property Regulation
 - ▣ Class 2 must not exceed the greater of
 - \$40 for each \$1,000 of assessed value, and
 - 2.5 times the rate applicable to class 6 property for general municipal purposes in the municipality for the same taxation year.



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 (2016)
General Municipal	33%
School District	40%
Nanaimo Regional District - General	14%
Nanaimo Regional District - Hospital	4%
Library	4%
Policing	4%
BC Assessment Authority	1%
Municipal Finance Authority	0%



Non-Core Budget



General Government

Project	2017	2018	2019	2020	2021
Branding	25,000				
Insurance Appraisal	8,000				
Economic Development Strategy	57,500				
OCP Review	55,000				
OCP - Reserve Contribution			15,000	15,000	15,000
Village Plan	5,000				
DCC Review	10,000				
Costin & Heritage Hall Plan		10,000			
Costin Hall & Heritage Church Mtce	20,200				
Service Capacity Review	40,000				
	220,700	10,000	15,000	15,000	15,000



Planning

Project	2017	2018	2019	2020	2021
Zoning Bylaw Review	10,000	10,000			
Secondary Suite Public Consultation	2,000				
	12,000	10,000			



Fire Services

Project	2017	2018	2019	2020	2021
Public Education & Life Safety	3,500	4,000	4,500	4,500	4,500
Small Tools & Equipment (Gas Calibration)	2,500				
Firefighter Appreciation Event	3,000	3,000	3,000	3,000	3,000
Firefighter Christmas Party	1,000	1,000	1,000	1,000	1,000
	10,000	8,000	8,500	8,500	8,500



Recreation & Culture

Project	2017	2018	2019	2020	2021
WoodLot trails	8,000				
Interpretative Signage	6,000				
Public Information re: Parks & Trails	2,818				
	16,818	-	-	-	-



Transportation

Project	2017	2018	2019	2020	2021
P/W Labourer Full Time	6,600				
	6,600	-	-	-	-



Sewer

Project	2017	2018	2019	2020	2021
Ph3 Sewer Debt (Interest & Principal)	1,875	27,500	146,510	146,510	146,510
	1,875	27,500	146,510	146,510	146,510



Water

Project	2017	2018	2019	2020	2021
Water Master Plan	36,225				
	36,225	-	-	-	-



2017-2021 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.



2017-2021 Capital Budget

□ Tangible Capital Assets (TCA)

■ Are not:

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



2017-2021 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



2017-2021 Capital Budget

□ Tangible Capital Assets (TCA)

■ Amortization

- Straight line over useful life of asset
- \$500,000 fire truck – 25 year life
- \$500,000 included in the Financial Plan as capital expenditure. Not included in the Financial Statements
- \$20,000 ($\$500,000/25$ 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. (2017 - \$887,225)



2017 Reserve Contributions

□ General Fund	\$631,788
□ Capital Works	\$453,500
□ Asset Replacement	\$48,425
□ Fire Vehicle Replacement	\$100,000
□ Winter Rd Maintenance	\$5,000
□ Sewer Fund	\$40,000
□ Water Fund	\$236,300
□ Total 2017 Contribution	\$887,225



Capital

- 2017 - \$5,509,698
- 2018 - \$6,092,500
- 2019 - \$1,079,419
- 2020 - \$897,220
- 2021 - \$1,926,454



General Government

Project	2017	2018	2019	2020	2021
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
Church Upgrades			146,000		
Council Chamber AC	10,000				
Fire Proof Cabinet	7,000				
IT Server (approved end of 2016)	14,500				
General Government Total	31,500	22,500	243,000	11,220	10,000



Protective Services

Project	2017	2018	2019	2020	2021
Radio Repeater	9,000				
Fire Hall – Additional Office	15,000	60,000			
Fire Hall – New Kitchen			25,000		
Duty Truck Replacement			45,000		
Replace Engine-6		400,000			
Protective Services Total	24,000	460,000	70,000	-	-



Transportation - Roads

Project	2017	2018	2019	2020	2021
Manhattan / Bayview Park Drive Road Replacement (work began in 2016)	245,000				
Peterson Road	304,298				
Portion of Aulds Road East End and Metro Road Replacement		400,000			
Harper Road Replacement				326,000	
Clark Cres, Alger Road, Joy Way asphalt replacement					500,000



Transportation – Storm Drain/PW

Project	2017	2018	2019	2020	2021
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		
Rumming Road Drainage	450,000				
Culvert Replacement Dickinson Road Bloods Creek		25,000			
Replace Half Ton Truck		55,000			
Replace 3 Ton Dump Truck			85,000		
Backhoe Replacement					132,000
Dodge 2500 Replacement				60,000	
Transportation Total	999,298	680,000	285,000	386,000	982,000



Parks & Recreation

Project	2017	2018	2019	2020	2021
Mountain Bike Skills Park	42,900				
Copley Park Upgrades		50,000			
Huddleston Upgrades			50,000		
E&N Trail Portion From Ware Road to Phillip Road Along Railway				500,000	
E&N Trail Portion From Ware Road to Phillip Road Along Railway					500,000
Parks Total	42,900	50,000	50,000	500,000	500,000



Sewer Fund

Project	2017	2018	2019	2020	2021
Sewer Phase 3	2,000,000	4,880,000			
Sewer Total	2,000,000	4,880,000			



Water Fund

Project	2017	2018	2019	2020	2021
Aulds Rd Reservoir Replacement (2017-Design)	1,286,000				
Well #6 Replacement	20,000				
Nanaimo Water Interconnection	736,000				
Water Main Replacement Peterson Road, Lynn To Lantzville Road	280,000				
Well #12 Redevelopment	40,000				



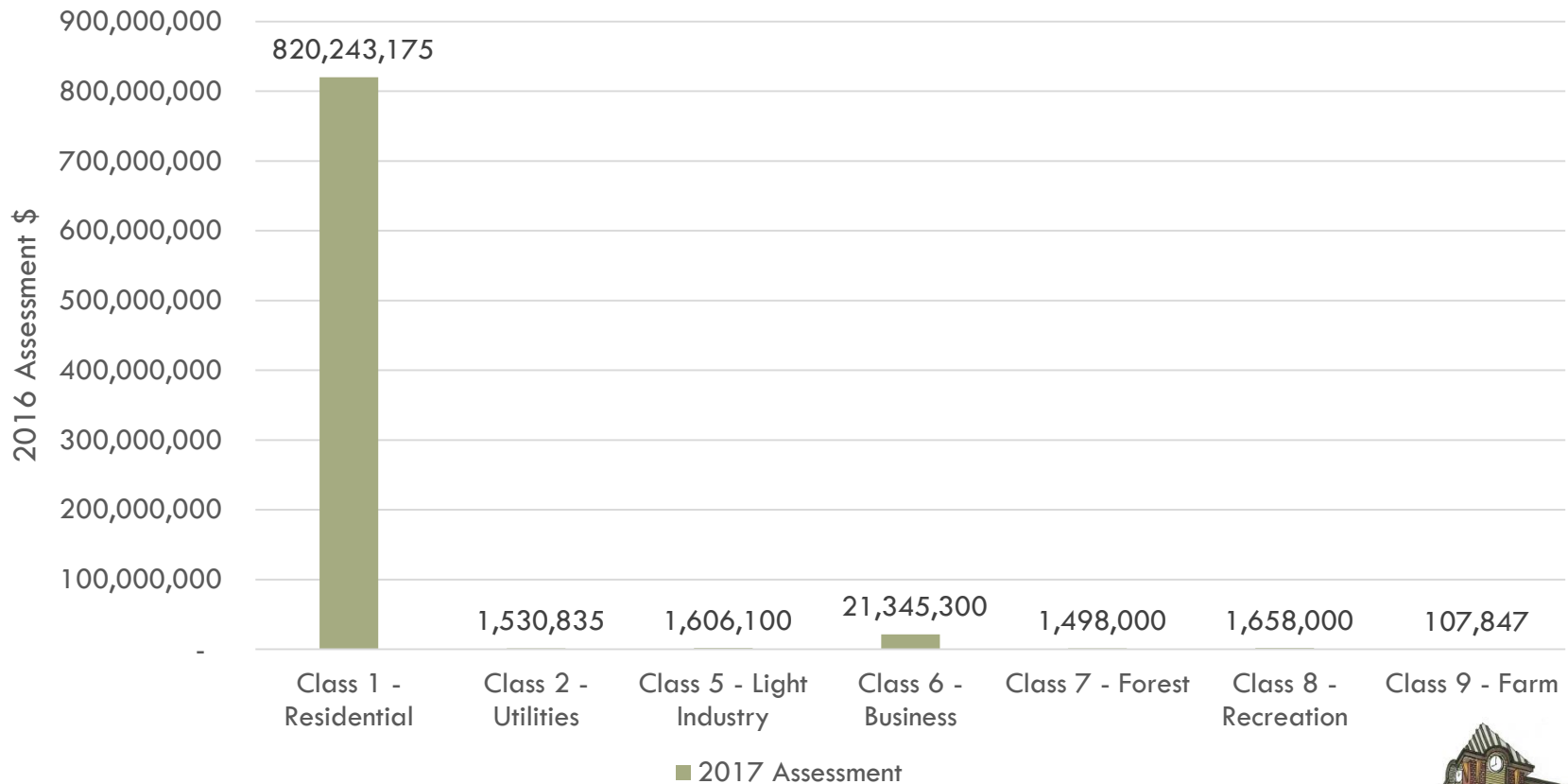
Water Fund - Continues

Project	2017	2018	2019	2020	2021
Well #4 Redevelopment	50,000				
Metro & Mart Rd & Lantzville Rd Watermain Replacement			343,919		
Industrial Road					434,454
SCADA Upgrade			87,500		
Water Total	2,412,000	-	431,419	-	434,454



2017 Property Assessment

2017 Assessment



Property Taxes

	2016 Tax Rate	2016 Total Taxes	2017 Tax Rate	2017 Total Taxes
Class 1 - Residential	1.8369	1,355,966	1.7274	1,416,863
Class 2 - Utilities	36.0985	53,564	36.1116	55,281
Class 5 - Light Industry	12.8585	18,525	12.0916	19,420
Class 6 - Business	7.3477	140,188	6.9095	147,485
Class 7 - Forest	6.8885	9,368	6.4776	9,703
Class 8 - Recreation	3.2146	5,330	3.0229	5,012
Class 9 - Farm	2.3880	242	2.2456	242
Total		1,583,184		1,654,006

4.29% Property Tax increase

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

Average SF Home

\$536,265 / \$1,000 * 1.7274 = \$926.33 (\$35 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



Summary

- The budget as presented includes:
 - Property Tax
 - 2017 Core – 3.24%
 - 2017 Non-Core – 1.05%
 - 2017 Total – 4.29%
 - Future Year's (2.29%, 1.41%, 2.03%, 2.61%)
 - Sewer User Fee (1.80%, 4.22%, 4.17%, 4.10%, 4.10%)
 - Water User Fee (5.03%, 1.73%, 1.70%, 1.70%, 1.72%)



Public Questions?



Council Questions?



Next Steps

April 10, 2017 – 7pm	1 st 3 readings Financial Plan Bylaw, Tax Rate Bylaw	Council
May 8, 2017 – 7pm	Bylaw adoption	Council

*The Director of Financial Services will be absent from the April 24th Council meeting. As such, it is recommended that first 3 readings occur on April 10th

