
District of Lantzville

REPORT TO CHIEF ADMINISTRATIVE OFFICER

Meeting Date: November 13, 2024

SUBJECT: Draft 2025 – 2029 Financial Plan

PURPOSE

The purpose of this report is to present the District's Draft 2025 – 2029 Financial Plan (includes 2025 Budget).

RECOMMENDATION

Different scenarios are provided for Council's consideration.

BACKGROUND/RELEVANT HISTORY

As per the *Community Charter* the District's 2025 – 2029 Financial Plan (includes the 2025 Budget) bylaw needs to be adopted before the Tax Rates bylaw which has a deadline of May 15th, 2025. The goal however is to adopt a 2025 – 2029 Financial Plan before or soon after the start of the 2025 calendar/fiscal year.

ANALYSIS/RATIONALE

The Process

Staff have prepared the attached Draft 2025 – 2029 Financial Plan Budget Document (Document) which provides a comprehensive view of the District's finances including the 2025 budget impacts. This Document includes a Draft 2025 Budget. This Document is also meant to facilitate informed decision making.

The following process and steps will be followed in terms of moving through our first budget planning meeting;

- Overview of District's financial picture including key 2025 budget impacts and trends– as presented by the Interim Director of Financial Services
- Departmental presentations of respective operating and capital budgets – as presented by Department Heads
- Presentation and discussion of operating and capital spending packages – as presented by the Interim Director of Financial Services and Department Heads
- Discussion of items referred to budget discussions by Council
- Discussion of draft utility rates including related options. Bylaw(s) would have to be adopted before the beginning of the upcoming fiscal year for any rate increases to be effective at the start of the year. Any rate increases can also come into effect after the first quarter of 2025
- Council deliberations and discussion of any other financial scenarios or information that are needed to facilitate budgetary decision making

Property Tax and Utility Rate Increase Scenarios

The following budget scenarios and their impact on an average assessed value home in Lantzville are presented for discussion purposes. New construction revenue from non-market change assessments has not been factored into the District's 2025 Draft Budget at this point, as these were not available at the time of writing this report. These will be forwarded to Council once available.

2025 Increases in Municipal Property Taxes, User Rates and Parcel Taxes Based on Different % Increases
 Based on Average Value Home in 2024 = 1,142,118

| FOR AVERAGE ASSESSED VALUE RESIDENTIAL CLASS PROPERTY | 2024 Actual | Scenario A - as reflected in Budget Document presented (0% increase in property taxes, 3% increase in water user rates, 6.9% increase in flat Sewer user rates - includes 3.9% increase for shift to sewer flat rates) | | | Scenario B (3% increase in property taxes, 5% increase in water user rates, 3.9% increase in flat Sewer user rates - for shift from variable to flat sewer rates) | | | Scenario C (5% increase in property taxes, 7% increase in water user rates, 0% increase in Sewer user rates - assumes no shift from variable to flat sewer rates) | | |
|-----------------------------------------------------------------------------------------------------------|--------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-------------|
| | | \$ Levies | % Increase | \$ Increase | \$ Levies | % Increase | \$ Increase | \$ Levies | % Increase | \$ Increase |
| For Homes Connected to Water & Sewer Systems | | | | | | | | | | |
| Municipal Property Taxes ¹ | 1,593 | 1,593 | 0.0% | 0 | 1,641 | 3.0% | 48 | 1,673 | 5.0% | 80 |
| Water User Fee (connected to water system) ² | 361 | 372 | 3.0% | 11 | 379 | 5.0% | 18 | 386 | 7.0% | 25 |
| Water Parcel Tax | 355 | 355 | 0.0% | 0 | 355 | 0.0% | 0 | 355 | 0.0% | 0 |
| Sewer User Fee (connected to sewer system) ² | 569 | 608 | 6.9% | 39 | 591 | 3.9% | 22 | 569 | 0.0% | 0 |
| Sewer Parcel Tax Phase 2 | 246 | 246 | 0.0% | 0 | 246 | 0.0% | 0 | 246 | 0.0% | 0 |
| Sewer Parcel Tax Phase 3 | 483 | 483 | 0.0% | 0 | 483 | 0.0% | 0 | 483 | 0.0% | 0 |
| Residential Collection (Garbage, Recyclables & Organics) ³ | 203 | 213 | 5.0% | 10 | 213 | 5.0% | 10 | 213 | 5.0% | 10 |
| Total Property Taxes, User Rates & Parcel Taxes (if not in Phase 2 or 3 Sewer Parcel Tax Area) | 3,081 | 3,141 | 1.9% | 60 | 3,179 | 3.2% | 98 | 3,196 | 3.7% | 115 |
| Total Property Taxes, User Rates & Parcel Taxes (if in Phase 2 Sewer) | 3,327 | 3,387 | 1.8% | 60 | 3,425 | 2.9% | 98 | 3,442 | 3.5% | 115 |
| Total Property Taxes, User Rates & Parcel Taxes (if in Phase 3 Sewer) | 3,564 | 3,624 | 1.7% | 60 | 3,662 | 2.7% | 98 | 3,679 | 3.2% | 115 |
| For Homes Not Connected to Water & Sewer Systems, but capable of connecting | | | | | | | | | | |
| Municipal Property Taxes ¹ | 1,593 | 1,593 | 0.0% | 0 | 1,641 | 3.0% | 48 | 1,673 | 5.0% | 80 |
| Water User Fee (not connected to water system) | 0 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Water Parcel Tax | 355 | 355 | 0.0% | 0 | 355 | 0.0% | 0 | 355 | 0.0% | 0 |
| Sewer User Fee (not connected to sewer system) | 0 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Sewer Parcel Tax Phase 2 | 246 | 246 | 0.0% | 0 | 246 | 0.0% | 0 | 246 | 0.0% | 0 |
| Sewer Parcel Tax Phase 3 | 483 | 483 | 0.0% | 0 | 483 | 0.0% | 0 | 483 | 0.0% | 0 |
| Residential Collection (Garbage, Recyclables & Organics) ³ | 203 | 213 | 5.0% | 10 | 213 | 5.0% | 10 | 213 | 5.0% | 10 |
| Total Property Taxes, User Rates & Parcel Taxes (if in Phase 2 Sewer) | 2,151 | 2,161 | 0.5% | 10 | 2,209 | 2.7% | 58 | 2,241 | 4.2% | 90 |
| Total Property Taxes, User Rates & Parcel Taxes (if in Phase 2 Sewer) | 2,397 | 2,407 | 0.4% | 10 | 2,455 | 2.4% | 58 | 2,487 | 3.8% | 90 |
| Total Property Taxes, User Rates & Parcel Taxes (if in Phase 3 Sewer) | 2,634 | 2,644 | 0.4% | 10 | 2,692 | 2.2% | 58 | 2,724 | 3.4% | 90 |

¹ Property Taxes does not include amount collected on behalf of Library, Regional District of Nanaimo, Regional Hospital District, Municipal Finance Authority (MFA), BC Assessment Authority (BCAA), and Provincial School and Police

² Based on consumption of 300 cubic meter of water per year. Includes shift in sewer rates from 44% variable rates to 22% variable rates, with the revenue being made up in a increase in the minimum flat rate in Scenarios A & B

³ Residential Collection (Garbage, Recyclables & Organics) charges based average customer usage

Reserve, Deferred Revenue & Surplus Levels

The current and projected levels (over 5-year Financial Plan timeframe) for all of the District’s reserve, deferred revenue & surplus accounts are provided below based on the financial plan presented. Ultimately the level of property taxes and utility rates impacts the funds available for transfer to general, water and sewer reserves, which provide for future capital and operating expenditures or projects. Healthier reserve levels allow for greater financial flexibility including taking advantage of internal borrowing, as opposed to external borrowing, for larger dollar value projects. It is a case of finding a balance between the present and the future.

Sewer reserves are projected to increase substantially over the next 5 years as there are no sewer capital projects planned for. DCC reserves are also expected to increase substantially based on development projections.

| Projected Balances Based on Draft Financial Plan | | | | | | | |
|---------------------------------------------------------|-----------------------------|---------------------------------------------------|------------------------------|----------------------------|----------------------------|---------------------|-------------------|
| YEARS | UNRESTRICTED SURPLUS | RESTRICTED RESERVES & DEFERRED REVENUE | GENERAL FUND RESERVES | SEWER FUND RESERVES | WATER FUND RESERVES | DCC RESERVES | Totals |
| 2024 | 1,791,229 | 678,663 | 7,812,861 | 1,484,832 | 1,512,883 | 2,735,298 | 16,015,766 |
| 2025 | 1,791,229 | 513,730 | 7,871,012 | 1,831,075 | 1,278,594 | 5,044,908 | 18,330,548 |
| 2026 | 1,791,229 | 513,730 | 7,611,277 | 2,198,924 | 1,349,673 | 5,552,897 | 19,017,730 |
| 2027 | 1,791,229 | 513,730 | 7,087,070 | 2,592,686 | 974,378 | 6,076,127 | 19,035,220 |
| 2028 | 1,791,229 | 513,730 | 7,512,801 | 3,013,598 | 1,281,555 | 6,615,054 | 20,727,967 |
| 2029 | 1,791,229 | 513,730 | 7,179,279 | 3,462,942 | 1,266,902 | 7,170,148 | 21,384,230 |

The District does not currently have an asset management plan in place which would provide information as the sustainable level of funding which should be allocated to reserves and the monetary levels that the reserves should be achieving into the future. This makes planning for the future more difficult.

Public Budget Consultation

In order to move to budget consultation, we need to arrive at a budget or financial plan scenario which Council would like presented to the public for feedback purposes. In terms of a process for public consultation, there are many options including a separate, special budget consultation meeting or providing for public budget consultation as part of a regularly scheduled Council meeting agenda. Council’s feedback as to their preferred option would be helpful for staff.

Summary


As noted above, if any utility rate adjustments are going to come into effect before the beginning of the year we would need Council’s immediate direction. Staff look forward to working with Council to finalize the District’s 2025 operating and capital budgets and coming up with a budget scenario that can be presented to the public, with the goal of achieving a balance between the present and future.

ATTACHMENT(S)

1. Draft 2025 – 2029 Financial Plan Document

Prepared by:

Approved for submission to Council:

Ken Bjorgaard
 Interim Director of Financial Services

Sundance Topham
 Interim Chief Administrative Officer

Date: November 4, 2024

Date: November 4, 2024

| REVIEWED WITH: | | | |
|--------------------------------------------------------------|-------------------------------------------------|--------------------------------------------------------------|-------------------------------------|
| <input checked="" type="checkbox"/> Corporate Administration | <input checked="" type="checkbox"/> Fire Rescue | <input checked="" type="checkbox"/> Public Works/Engineering | <input type="checkbox"/> RCMP |
| <input checked="" type="checkbox"/> Financial Services | <input checked="" type="checkbox"/> Planning | <input type="checkbox"/> Solicitor | <input type="checkbox"/> Committee: |
| <input type="checkbox"/> Other: | | | |

| COUNCIL AGENDA INFORMATION: | | |
|------------------------------------|-------------------|----------------------|
| Meeting Type | Date | Agenda Item # |
| Regular | | |
| Special (COW) (In-Camera) | November 13, 2024 | |