
District of Lantzville

REPORT TO CHIEF ADMINISTRATIVE OFFICER

Meeting Date: January 15, 2025

SUBJECT: Draft 2025 – 2029 Financial Plan including Reserve and Surplus Policy/Projections & Capital Budget Considerations

PURPOSE

The purpose of this report is to update Council on the status of the District's Draft 2025 – 2029 Financial Plan (Financial Plan), to present a Reserve and Surplus Policy (Policy) for Council's consideration, and to show the impact of the approved reserve restructuring, as reflected in the Policy, on the District's Financial Plan. In addition, a proposed funding plan for the Draft 2025 – 2029 Capital Financial Plan is discussed including potential options for funding those capital projects which are not currently in the Financial Plan. The goal is to move forward with a Financial Plan, including any proposed property tax and utility rate increases, that can be presented to the public for feedback purposes.

RECOMMENDATIONS

THAT the Reserve and Surplus Policy attached to the report titled "Reserve and Surplus Policy/Projections & Capital Budget Considerations" and dated January 15, 2025 be approved;

THAT Council provide direction as to any changes to the Draft 2025 – 2029 Capital Plan (Plan), including any additional capital items that should be added to the Plan (see Draft 2025 – 2029 Capital Plan section in this report);

THAT Council provide direction as to the budget scenario(s) (see attached Appendix "D") to be presented to the public for feedback purposes, including any operating spending packages (see attached Appendix "E") to be included in the chosen budget scenario(s);

AND THAT Council provide direction as to their preferred forums or methods of communication, and messaging, for seeking budget feedback.

ALTERNATIVES AND IMPLICATIONS

By not proceeding with the Policy, there will continue to be ambiguity around District's Surplus, Reserve and Deferred Revenue accounts, and the buildup of Reserves to meet the District's long term financial goals may not be realized.

BACKGROUND/RELEVANT HISTORY

Council previously approved the recommendations shown in Appendix "A" to facilitate a reserve restructuring. A Policy is now being presented for Council's consideration pursuant to the following approved motion (see Motion 1. in Appendix "A") which is central to the restructuring:

THAT Council bring forward a Reserves Funds, Surpluses & Deferred Revenue Policy for Council's consideration, which includes the rationale and bases for all the District of Lantzville's Reserve, Surplus and Deferred Revenue accounts including minimal and optimal monetary levels, as applicable, for each.

The District is also involved in budget deliberations and the reserve restructuring impacts the Draft 2025 – 2029 Capital Financial Plan; therefore, a proposed capital funding strategy based on the new reserve regime is discussed, as well as funding for new or unbudgeted capital projects. Based on this information, a discussion around capital budget priorities is warranted.

ANALYSIS/RATIONALE

Reserve & Surplus Policy

The Draft Reserve & Surplus Policy is provided in attached Appendix “B”. The Policy includes all of the approved changes shown in Appendix “A”. The Policy serves as a one stop source of information for all of the District’s reserve and surplus accounts and provides minimal and optimal monetary target levels for some of the reserves/surpluses. It should be noted that many of the minimal and optimal monetary values shown in the Policy are preliminary at this point as many of these values will need to be updated based on the results from Asset Management Plan update, which will in part identify sustainable funding levels.

Reserve Changes

The tables below show the connection between the existing reserves and the new reserves, as well as those reserves which are unchanged or substantially unchanged (see highlighted rows). The changes are cross referenced to the approved Council motions in attached Appendix “A”.

| General Fund Reserves | | | |
|---|--|---|--|
| Existing | 2024 Opening Balances Existing Reserves | New | 2024 Opening Balances under New Reserve Structure |
| Municipal Facilities Reserve | \$1,901,338 Motion 2B. | General Capital Reserve Motion 2A. | \$1,951,019 |
| Administration Capital Equipment Reserve | \$49,681 Motion 2C | | |
| Lantzville Winter Road Maintenance Operating Reserve (Restricted Surplus) | \$99,051 Motion 3B | Financial Stabilization Reserve Motion 3A. | \$99,051 |
| Growing Communities Reserve | \$1,967,551 | No change | \$1,967,551 |
| N/A | N/A | Legal & Insurance Reserve Motion 4. | Funding to be allocated |
| Tax Stabilization (Restricted Surplus or Reserve Account) | \$57,413 | No substantial change. Report to be forwarded to clarify purpose and goal Motion 5. | \$57,413 |
| Accumulated General Operating Surplus Reserve Fund | \$0 | Bylaw to be repealed Motion 6. | N/A |
| Roads Infrastructure Capital Reserve | \$2,020,714 Motion 7B. | Transportation Infrastructure Reserve Motion 7A. | \$2,020,714 |

| General Fund Reserves (continued) | | | |
|---|---|---|--|
| Existing | 2024 Opening Balances Existing Reserves | New | 2024 Opening Balances under New Reserve Structure |
| Public Works Vehicle & Capital Equipment Reserve | \$153,743 Motion 8B. | Vehicle & Equipment Reserve Motion 8A. | \$706,304 |
| Fire Department Vehicle & Capital Equipment Reserve | \$552,561 Motion 8C. | | |
| Waterfront Parkland Acquisition Reserve | \$60,957 Funds to be divided as per legislative requirements | Land Sale Reserve Fund Motion 9. | To be determined |
| | | Parkland Acquisition Reserve Fund Motion 10. | To be determined |
| Property Acquisition Reserve | \$46,030 | No substantial change. Update terms based on establishment of Land Sale Reserve Fund Motion 11. | \$46,030 |
| Parkland Capital Reserve | \$10,458 Motion 12B. | Parkland Capital Infrastructure Reserve Fund Motion 12A. | \$14,976 |
| Parkland Infrastructure Reserve Fund | \$4,518 Motion 12A. | | |

| Sewer & Water Funds Reserves | | | |
|---|--|---|--|
| Existing | 2024 Opening Balances Existing Reserves | New | 2024 Opening Balances under New Reserve Structure |
| Sewer Infrastructure Capital Equipment Reserve | \$709,997 Motion 13A. | Sewer Capital Reserve Fund Motion 13A. | \$1,151,914 |
| Phase III Sanitary Sewer Collection System Debt Reserve | \$441,917 Motion 13B. | | |
| Water Infrastructure Capital Equipment Reserve | \$730,593 Motion 14. | Water Capital Reserve Fund Motion 14. | \$730,593 |
| Lantzville / Nanaimo Water Agreement, Lower Lantzville (Lower Pressure Zone) and Non-Agreement Committed Water Connection Reserve | \$1,197,990 | No Change | \$1,197,990 |
| Community Water Expansion Reserve | \$51,532 Motion 15. | No substantial change. New name to be determined – with updated terms Motion 15. | \$51,532 |

| Other Reserves & Deferred Revenue | | | |
|---|---------------------------------------|---|--|
| Existing | 2024 Opening Balances Existing | New | 2024 Opening Balances under New Reserve Structure |
| Community Amenity Contributions | \$216,595 | No substantial change. Community Amenities Reserve – new reserve to be created Motion 16. | \$216,595 |
| Community Works Funds – Deferred Revenue | \$1,470,485 | No substantial change. Community Works Funds Reserve – will now be treated as a reserve Motion 17. | \$1,470,485 |
| Climate Action Plan Funds (Restricted Surplus or Reserve Account) | \$134,164 | No substantial change. Climate Action Plan Funds will now be treated as Deferred Revenue | \$134,164 |
| One-Time Projects (Restricted Surplus or Reserve Account) | \$101,647 | No change | \$101,647 |

Reserve Allocations

As part of the reserve restructuring, we need to consider changes to the 2024 budgeted reserve contributions based on the new reserves. Percentage allocations based on the new reserves are shown below. The 2024 year-end reserve contributions will be dependent upon net revenues/expenses at year-end and the intent is to allocate the available funds according to the percentage allocations noted, after allocating interest based on average reserve fund balances for the year.

| 2024 Descriptions | 2024 Budget | 2024 Proposed | % Allocations |
|--|------------------|---|-----------------------------------|
| CONTRIBUTION TO ADMIN EQUIPMENT RES | 10,200 | Contribution to General Capital Reserve | |
| CONTRIBUTION TO FIRE HALL RES | 45,400 | Contribution to General Capital Reserve | |
| CONTRIBUTION TO COSTIN HALL RES | 30,400 | Contribution to General Capital Reserve | |
| CONTRIBUTION TO HERITAGE CHURCH RES | 21,600 | Contribution to General Capital Reserve | |
| CONTRIBUTION TO MUNICIPAL HALL RES | 21,600 | Contribution to General Capital Reserve | 129,200 12.3% |
| CONTRIBUTION TO ROADS RES | 680,000 | Contribution to Transportation Infrastructure Reserve | 680,000 64.5% |
| CONTRIBUTION TO RESERVE (Fire Dept) | 80,000 | Contribution to Vehicle & Equipment Reserve | |
| CONTRIBUTION TO PW TRUCKS & EQUIP RES | 25,000 | Contribution to Vehicle & Equipment Reserve | 105,000 10.0% |
| CONTRIBUTION TO PARKLAND CAPITAL RES | 10,000 | Contribution to Parkland Capital Reserve | 10,000 0.9% |
| CONTRIBUTION TO PROPERTY ACQUISITION RES | 1,600 | Contribution to Property Acquisition Reserve | 1,600 0.2% |
| CONTRIBUTION TO TAX STABILIZATION RES | 20,000 | Contribution to Tax Stabilization (Reserve Account) | 20,000 1.9% |
| CONTRIBUTION TO ONE TIME PROJECTS RES | 107,400 | Contribution to One-Time Projects (Reserve Account) | 107,400 10.2% |
| Totals | 1,053,200 | | 1,053,200 100.0% |

In regards to the 2025 budgeted reserve allocations, as noted at the budget meeting held on November 27, 2024, interest will be allocated based on the average balances in each of the reserves beginning in the 2024 fiscal year. We now need to consider the allocations for the non-interest, general operating fund transfers or contributions to reserves which have been budgeted at \$533,555 in the Draft 2025 Budget, as well as the planned allocations for 2026 –2029. The recommended 2025 allocations are shown below, together with the rationale for each contribution. In addition, the allocations recommended over the entire 5-year planning period are shown, based on the new reserve structure. These contributions are very much dependent on the capital plan and the sources of funding for the various projects. The capital plan is discussed further on in this report together with the 5-year projections for all of the reserves based on the capital spending programs and the noted reserve contributions.

| Reserve Descriptions | Recommended Contributions | | Rationale |
|--|---------------------------|---------------|--|
| | 2025 | % Allocations | |
| Financial Stabilization Reserve Fund | 53,355 | 10% | Need to build up capacity for emergent expenditures, including one-off projects, and to offset unrealized revenues |
| General Capital Reserve Fund | 80,033 | 15% | To set aside funds for building & facility improvements |
| Legal & Insurance Reserve Fund | 80,033 | 15% | No funds currently in this new reserve; needs to be built up |
| Transportation Infrastructure Reserve Fund | 160,067 | 30% | To set aside funds for major roads projects |
| Vehicle & Equipment Capital Reserve Fund | 160,067 | 30% | To prepare for larger value fire apparatus replacement and partially offset unexpected dump truck purchase |
| | 533,555 | 100% | |

| | 2025 Draft | | | | |
|---|----------------|----------------|----------------|----------------|----------------|
| | Budget | 2026 Plan | 2027 Plan | 2028 Plan | 2029 Plan |
| Budgeted Non-Interest Reserves to Allocate | 533,555 | 535,249 | 536,873 | 539,268 | 541,650 |
| %'s | | | | | |
| Financial Stabilization Reserve Fund | 10% | 7% | 7% | 7% | 7% |
| General Capital Reserve Fund | 15% | 15% | 15% | 15% | 15% |
| Legal & Insurance Reserve Fund | 15% | 5% | 5% | 5% | 5% |
| Parkland Infrastructure Reserve | 0% | 3% | 3% | 3% | 3% |
| Property Acquisition Reserve | 0% | 5% | 5% | 5% | 5% |
| Transportation Infrastructure Reserve Fund | 30% | 30% | 30% | 30% | 30% |
| Vehicle & Equipment Capital Reserve Fund | 30% | 25% | 25% | 25% | 25% |
| Tax Stabilization (Reserve Account) | 0% | 5% | 5% | 5% | 5% |
| One-Time Projects (Reserve Account) | 0% | 5% | 5% | 5% | 5% |
| | 100% | 100% | 100% | 100% | 100% |
| \$'s | | | | | |
| Financial Stabilization Reserve Fund | 53,355 | 37,470 | 37,580 | 37,751 | 37,912 |
| General Capital Reserve Fund | 80,033 | 80,287 | 80,531 | 80,890 | 81,248 |
| Legal & Insurance Reserve Fund | 80,033 | 26,762 | 26,844 | 26,963 | 27,083 |
| Parkland Infrastructure Reserve | 0 | 16,057 | 16,106 | 16,178 | 16,250 |
| Property Acquisition Reserve | 0 | 26,762 | 26,844 | 26,963 | 27,083 |
| Transportation Infrastructure Reserve Fund | 160,067 | 160,575 | 161,062 | 161,780 | 162,495 |
| Vehicle & Equipment Capital Reserve Fund | 160,067 | 133,812 | 134,218 | 134,817 | 135,413 |
| Tax Stabilization (Reserve Account) | 0 | 26,762 | 26,844 | 26,963 | 27,083 |
| One-Time Projects (Reserve Account) | 0 | 26,762 | 26,844 | 26,963 | 27,083 |
| | 533,555 | 535,249 | 536,873 | 539,268 | 541,650 |

Draft 2025 – 2029 Capital Plan

The Draft 2025 – 2029 Capital Plan is shown in attached Appendix “C” together with the 2024 capital spending/carryforwards and related funding sources. The final 2024 carryforwards will be based on unspent capital budget funding from 2024. The 2024 capital funding is based on the new reserves as outlined in the reserve restructuring. Funding for the recently approved dump truck purchase has been factored into the 2024 capital program.

Other capital items which were discussed at the budget meeting held on November 27, 2024 and have not yet been factored into the capital plan are shown below, together with recommended actions. Should other capital priorities emerge the District’s Financial Plan can always be amended to include these items; however, the consequences of funding new priorities should always be provided by the Finance Department, including the impact on reserve projections (see below), before proceeding.

- Asset Management Plan including Natural Assets – staff recommend budgeting \$100,000 for this project with 50% grant funding and 50% of the funding coming from the Community Works Reserve Fund. **Recommendation – include in 2025 Capital Budget as 50% grant funded project, with the balance of the funding coming from the Community Works Reserve Fund. The project would be subject to securing the grant funding.**
- New Protective Gear for Fire Department – shown in 2026 capital plan as Wildfire Protective Equipment for \$10,000. The Fire Chief has indicated that the cost of this protective gear would be much higher at about \$50,000 and could be staggered over 2 years. **Recommendation - include in the 2025 and 2026 Capital Plans (\$25,000 in each year) with funding coming from the General Capital Reserve Fund.**
- Harper Beach Road End – currently in capital spending packages without any dollar value. The scope and related budget for this project needs to be determined. It would be worthwhile to allocate some funds for determining the project scope and budget if it is a priority. **Recommendation - include in the 2025 Capital Plan for a project scoping and design at preliminary amount of \$50,000 with funding coming from the Growing Communities Reserve Fund.**

- Church Building Rehabilitation – currently listed is 2025 capital budget at a budgeted cost of \$100,000. Other numbers have been provided for this project including \$300,000. The scope and total estimated cost for this project needs to be determined. The \$100,000 should be more than enough to determine the scope and related budget to complete the project. **Recommendation - proceed with current funding level in the 2025 Capital Plan with further funding to be allocated based on results from initial investigative phase.**
- North Road – funds are needed to undertake geotechnical work and engineering for this project. The Director of Public Works has indicated a budget of \$100,000 for this initial phase. **Recommendation – add to 2025 Capital Plan for \$100,000 for initial phase with funding coming from the Growing Communities Reserve Fund**
- Traffic Safety Studies – funds need to be set aside for traffic safety studies. Staff recommend including \$25,000 in the capital budget as a placeholder these traffic studies. Staff will then come forward with a report at a later date that identifies total project costs and will obtain approval to undertake the necessary work. **Recommendation – include \$25,000 in 2025 Capital Plan as a place holder for these studies with funding coming from the Transportation Infrastructure Reserve Fund.**

The Growing Communities Reserve Fund has been used for the purchase of two properties with the goal of paying back the Reserve with any proceeds from potential development of the properties and/or sale of any portions of the properties. The cost of developing these properties and/or determining the portions which could be developed has not been factored into the District’s capital plan. A budget for these costs should be determined and brought forward as a budget amendment.

There are some capital spending packages in the Budget Document, with the highest priorities being Dickinson Road Replacement Phase 2 (Lantzville Rd to Oar Rd) at \$2.3 million and Dickinson Road Replacement Phase 3 (Oar Rd to Schook Road) at \$2.6 million. These projects together with any other major emerging capital spending projects will be kept on an Unfunded Capital List until a funding strategy can be worked out. Any funds created through property development as noted above, which would be repaid to the Growing Communities Reserve Fund, would provide a potential funding source for these major projects. It is recognized that the timing of the Dickenson Road Culvert Replacement, the cost of which has not been determined, is also related the Dickenson Road Rehabilitation.

Reserve, Surplus & Deferred Revenue Projections

Reserve, Surplus and Deferred Revenue Projections based on the current Draft 2025 – 2029 Capital Plan and the 2024 capital spending/carry forwards are shown in the table below. These projections **do not** include the aforementioned recommended additions to the 2025 capital plan and are reflective of the new reserves as outlined and approved in the reserve restructuring report. These projections are based on the previously outlined reserve contributions into the new reserves. Development Cost Charges are also included in the projections along with Deferred Revenue. Total Reserve, Surplus and Deferred Revenue amounts are projected to grow from approximately \$16.3 million to \$20.7 million over the next 5 years based on the current Financial Plan and the capital spending levels in the Plan.

RESERVE, SURPLUS & DEFERRED REVENUE PROJECTIONS

(Based on draft financial plan)

| ALL OF THE DISTRICT'S RESERVES, SURPLUSES & DEFERRED REVENUE ACCOUNTS | Projected Balances at End of Each Year | | | | | |
|---|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 |
| GENERAL FUND | | | | | | |
| <u>Non-Statutory Reserve Funds (may have)</u> | | | | | | |
| Community Amenities Reserve Fund | 228,319 | 262,952 | 298,970 | 336,429 | 375,386 | 415,901 |
| Community Works Reserve Fund | 716,546 | 767,866 | 173,539 | 75,118 | 329,760 | 237,587 |
| Financial Stabilization Reserve Fund | 101,032 | 158,542 | 200,682 | 243,779 | 287,916 | 333,103 |
| General Capital Reserve Fund | 1,676,966 | 1,458,580 | 1,546,286 | 1,588,279 | 1,707,798 | 1,838,583 |
| Growing Communities Fund | 766,384 | 797,039 | 828,921 | 862,078 | 896,561 | 932,423 |
| Legal & Insurance Reserve Fund | - | 83,234 | 112,731 | 142,903 | 173,803 | 205,445 |
| Parkland Infrastructure Reserve Fund | 35,505 | 58,542 | 84,271 | 112,890 | 144,606 | 179,641 |
| Property Acquisition Reserve Fund | 47,871 | 49,786 | 51,777 | 53,848 | 56,002 | 58,242 |
| Transportation Infrastructure Reserve Fund | 2,790,561 | 2,555,452 | 2,464,457 | 2,217,319 | 1,884,527 | 1,732,953 |
| Vehicle & Equipment Reserve Fund | 625,630 | 804,612 | 940,489 | 486,886 | 636,833 | 169,219 |
| Subtotal Non-Statutory Reserve Funds | \$ 6,988,814 | \$ 6,996,605 | \$ 6,702,123 | \$ 6,119,529 | \$ 6,493,192 | \$ 6,103,097 |
| <u>Statutory Reserve Funds (must have)</u> | | | | | | |
| Land Sale Reserve Fund | - | - | - | - | - | - |
| Parkland Acquisition Reserve Fund | 63,395 | 65,931 | 68,568 | 71,311 | 74,163 | 58,242 |
| Subtotal Statutory Reserve Funds | \$ 63,395 | \$ 65,931 | \$ 68,568 | \$ 71,311 | \$ 74,163 | \$ 58,242 |
| <u>Unrestricted & Restricted Funds</u> | | | | | | |
| Tax Stabilization (Reserve Account) | 77,413 | 77,413 | 104,175 | 131,019 | 157,982 | 185,065 |
| One-Time Projects (Reserve Account) | 179,047 | 179,047 | 205,809 | 232,653 | 259,616 | 286,699 |
| Unrestricted General Operating Fund Surplus | 1,761,229 | 1,761,229 | 1,761,229 | 1,761,229 | 1,761,229 | 1,761,229 |
| Subtotal Unrestricted & Restricted Accumulated Surplus | \$ 2,017,689 | \$ 2,017,689 | \$ 2,071,213 | \$ 2,124,901 | \$ 2,178,827 | \$ 2,232,993 |
| <u>Development Cost Charges (Deferred Revenue)</u> | | | | | | |
| Drainage Development Cost Charges | 811,765 | 883,968 | 961,046 | 1,043,293 | 1,131,020 | 1,224,556 |
| Highway Development Cost Charges | 300,810 | 366,860 | 438,253 | 515,337 | 598,482 | 688,079 |
| Parkland Development Cost Charges | 508,637 | 550,992 | 595,465 | 642,162 | 691,194 | 742,678 |
| Subtotal General Development Cost Charges | \$ 1,621,212 | \$ 1,801,820 | \$ 1,994,764 | \$ 2,200,792 | \$ 2,420,696 | \$ 2,655,313 |
| <u>Other Deferred Revenue</u> | | | | | | |
| Climate Action Plan Plan | 129,719 | - | - | - | - | - |
| Next Generation 911 | 45,000 | - | - | - | - | - |
| Provincial Housing Initiatives | 119,933 | - | - | - | - | - |
| Subtotal Other Deferred Revenue | \$ 294,652 | \$ - | \$ - | \$ - | \$ - | \$ - |
| GENERAL FUND TOTALS | \$ 10,985,762 | \$ 10,882,045 | \$ 10,836,668 | \$ 10,516,533 | \$ 11,166,878 | \$ 11,049,645 |
| SEWER UTILITY FUND | | | | | | |
| <u>Reserve Fund</u> | | | | | | |
| Sewer Capital Reserve Fund | \$ 1,473,296 | \$ 1,798,516 | \$ 2,135,348 | \$ 2,487,409 | \$ 2,855,163 | \$ 3,239,082 |
| <u>Unrestricted Accumulated Surplus</u> | | | | | | |
| Unrestricted Water Operating Fund Surplus | To be determined | To be determined | To be determined | To be determined | To be determined | To be determined |
| <u>Development Cost Charges (Deferred Revenue)</u> | | | | | | |
| Sewer Development Cost Charges | \$ 651,253 | \$ 704,239 | \$ 760,691 | \$ 820,815 | \$ 884,829 | \$ 952,963 |
| SEWER UTILITY FUND TOTALS | \$ 2,124,549 | \$ 2,502,755 | \$ 2,896,039 | \$ 3,308,224 | \$ 3,739,992 | \$ 4,192,045 |
| WATER UTILITY FUND | | | | | | |
| <u>Reserve Funds</u> | | | | | | |
| Water Capital Reserve Fund | 869,509 | 649,911 | 739,212 | 387,776 | 720,982 | 729,222 |
| Community Water Expansion Reserve Fund | 53,593 | 55,737 | 57,966 | 60,285 | 62,696 | 65,204 |
| Lantzville/Nanaimo Water Agreement & Non-Agreement Connection Fees | 1,378,581 | 1,554,329 | 1,737,107 | 1,927,196 | 2,124,889 | 2,330,489 |
| Subtotal Non-Statutory Reserve Funds | \$ 2,301,683 | \$ 2,259,977 | \$ 2,534,285 | \$ 2,375,257 | \$ 2,908,567 | \$ 3,124,915 |
| <u>Unrestricted Accumulated Surplus</u> | | | | | | |
| Unrestricted Water Operating Fund Surplus | To be determined | To be determined | To be determined | To be determined | To be determined | To be determined |
| <u>Development Cost Charges (Deferred Revenue)</u> | | | | | | |
| Water Development Cost Charges | \$ 913,400 | \$ 1,162,369 | \$ 1,431,918 | \$ 1,723,402 | \$ 2,038,256 | \$ 2,378,000 |
| WATER UTILITY FUND TOTALS | \$ 3,215,083 | \$ 3,422,346 | \$ 3,966,203 | \$ 4,098,659 | \$ 4,946,823 | \$ 5,502,915 |
| GRAND TOTAL ALL RESERVES AND SURPLUSES | \$ 16,325,394 | \$ 16,807,146 | \$17,698,910 | \$ 17,923,416 | \$ 19,853,693 | \$ 20,744,605 |
| RESERVES & SURPLUSES SUMMARY - ALL FUNDS: | | | | | | |
| Reserve Funds | 10,827,188 | 11,121,029 | 11,440,324 | 11,053,506 | 12,331,085 | 12,525,336 |
| Unrestricted & Restricted Accumulated Surpluses | 2,017,689 | 2,017,689 | 2,071,213 | 2,124,901 | 2,178,827 | 2,232,993 |
| Development Cost Charges (Deferred Revenue) | 3,185,865 | 3,668,428 | 4,187,373 | 4,745,009 | 5,343,781 | 5,986,276 |
| Other Deferred Revenue | 294,652 | 0 | 0 | 0 | 0 | 0 |
| Total Reserves & Surpluses | 16,325,394 | 16,807,146 | 17,698,910 | 17,923,416 | 19,853,693 | 20,744,605 |

Next Steps

After approval of the Draft Reserve & Surplus Policy and any further changes to the District’s 2025 – 2029 Draft Financial Plan, including any capital budget changes, staff need direction from Council as to which property tax and utility rate increase scenario(s) (see attached Appendix “D”) to present to the public for feedback purposes. Council may want to select a base scenario to present and to show how further or additional tax increases could fund priority items as identified by Council, such as specific funding packages (see attached Appendix “E”) and/or additional reserve transfers.

FINANCIAL IMPLICATIONS

The financial implications have been outlined in this report.

ATTACHMENTS

1. Appendix “A” – Approved Council Motions for Reserve Restructuring
2. Appendix “B” – Draft Reserve & Surplus Policy
3. Appendix “C” – Draft 2025 – 2029 Capital Plan & 2024 Capital Spending/Carryforwards
4. Appendix “D” – 2025 Budget Scenarios
5. Appendix “E” – Operating Spending Packages

Prepared by:

Approved for submission to Council:




Ken Bjorgaard
 Interim Director of Financial Services

Sundance Topham
 Interim Chief Administrative Officer

Date: January 7, 2025

Date: January 7, 2025

| 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 Budget Meeting | January 15, 2025 | |
| Closed (In-Camera) | | |

Appendix “A” - Approved Council Motions for Reserve Restructuring

1. THAT Council bring forward a Reserves Funds, Surpluses & Deferred Revenue Policy for Council's consideration, which includes the rationale and bases for all the District of Lantzville's Reserve, Surplus and Deferred Revenue accounts including minimal and optimal monetary levels, as applicable, for each.
- 2A. THAT Council establish a General Capital Reserve Fund bylaw to be brought forward for Council's consideration.
- 2B. THAT Council transfer the Municipal Facilities Life Cycle Reserve balance to the General Capital Reserve Fund, once adopted; AND FURTHER, THAT that the Municipal Facilities Life Cycle Reserve bylaw be repealed.
- 2C. THAT Council transfer the Administration Capital Equipment Reserve balance to the General Capital Reserve Fund, once established; AND FURTHER, THAT the Administration Capital Equipment Reserve bylaw be repealed.
- 3A. THAT Council establish a Financial Stabilization Reserve Fund bylaw to be brought forward for Council's consideration.
- 3B. THAT Council discontinue the Lantzville Winter Road Maintenance Operating Reserve Fund (Reserve Account) with the monetary balance in the Reserve being transferred to the Financial Stabilization Reserve Fund, once adopted.
4. THAT Council establish a Legal & Insurance Reserve Fund bylaw to be brought forward for Council's consideration.
5. THAT Council request staff to bring forward a report to rationalize the intent or purpose of the Tax Stabilization Reserve (Reserve Account), and to seek Council's guidance as to next steps related to this Reserve.
6. THAT Council repeal the Accumulated General Operating Surplus Reserve Fund bylaw.
- 7A. THAT Council establish a Transportation Infrastructure Reserve Fund bylaw to be brought forward for Council's consideration.
- 7B. THAT Council transfer the Roads Infrastructure Capital Reserve balance to the Transportation Infrastructure Reserve Fund, once adopted; AND FURTHER, THAT the Road Infrastructure Capital Reserve bylaw be repealed.
- 8A. THAT Council establish a Vehicle and Equipment Reserve Fund bylaw to be brought forward for Council's consideration.
- 8B. THAT Council transfer the Public Works Vehicle and Capital Equipment balance to the Vehicle and Equipment Reserve Fund, once adopted; AND FURTHER, THAT that the Public Works Vehicle and Capital Equipment Reserve establishment bylaw be repealed.
- 8C. THAT Council transfer the Fire Department Vehicle and Capital Equipment balance to the Vehicle and Equipment Reserve; once adopted; AND FURTHER, THAT that the Fire Department Vehicle and Capital Equipment Reserve bylaw be repealed.
9. THAT Council establish a Land Sale Reserve Fund bylaw to be brought forward for Council's consideration, pursuant to the requirement for such a Reserve in the Community Charter; AND FURTHER, THAT that any monies received from the sale of land and improvements to date, including estimated earnings thereon, be transferred into this Reserve Fund.

10. THAT Council establish a Park Land Acquisition Reserve Fund bylaw to be brought forward for Council's consideration, pursuant to the requirement for such a Reserve in the Community Charter, and that any monies received for parkland to date, including estimated earnings thereon, as per the Community Charter, be transferred into this Reserve Fund.
11. THAT Council update the terms for the Property Acquisition Reserve Fund bylaw.
- 12A. THAT Council update the Parkland Capital Infrastructure Reserve Fund bylaw to establish that specific, annual monetary contributions are not specified and additionally that it should include the allocation of annual interest in the earnings from the Parkland Development Cost Charge (DCC) account.
- 12B. THAT Council transfer the monies in the Parkland Capital Reserve Fund to the Parkland Capital Infrastructure Reserve fund.
- 13A. THAT Council repeal the Sewer Infrastructure Capital Equipment bylaw; AND FURTHER, THAT a new bylaw titled "Sewer Capital Reserve Fund" be brought forward for Council's consideration.
- 13B. THAT Council transfer the Phase III Sanitary Sewer Collection System Debt Reserve Fund balance to the Sewer Capital Reserve Fund, once adopted; AND FURTHER, THAT the Phase III Sanitary Sewer Collection System Debt Reserve bylaw be repealed.
14. THAT Council repeal the Water Infrastructure Capital Equipment Reserve bylaw; AND FURTHER, THAT a new bylaw titled "Water Capital Reserve Fund" be brought forward for Council's consideration.
15. THAT Council repeal the Community Water Expansion Reserve bylaw; AND FURTHER, THAT a similarly named establishment bylaw, with updated terms, be brought forward for Council's consideration.
16. THAT Council bring forward for Council's consideration a Reserve Fund bylaw regarding Community Amenity Contributions; AND FURTHER, THAT the District's Community Amenity Contributions policy be reviewed in light of new provincial legislation for Amenity Cost Charges (ACCs).
17. THAT Council bring forward for Council's consideration a Community Works Funds Reserve bylaw.

Appendix "B" – Draft Reserve & Surplus Policy



District of Lantzville

Policy No.:

Date of Implementation:

Council Resolution:

Amended:

Council Resolution:

NAME: Reserve & Surplus Policy

TABLE OF CONTENTS

| | |
|--|----|
| 1. PURPOSE..... | 3 |
| 2. DEFINITIONS..... | 3 |
| 3. PHILOSOPHY AND GUIDING PRINCIPLES..... | 4 |
| 4. NON-STATUTORY RESERVE FUNDS..... | 5 |
| 5. STATUTORY RESERVE FUNDS | 8 |
| 6. UNRESTRICTED ACCUMULATED SURPLUSES..... | 8 |
| 7. RESTRICTED ACCUMULATED SURPLUSES (RESERVE ACCOUNTS) | 9 |
| 8. ADMINISTRATION..... | 9 |
| Schedule "A" – Reserve/Surplus Summary | 11 |

1. PURPOSE

This Reserve and Surplus Policy (Policy) outlines the District of Lantzville's philosophy, guiding principles and objectives, in terms of its various reserves and surpluses. By reaching a clear understanding of its reserve/surplus objectives, and by continually measuring progress towards achieving those objectives, the District aims to attain greater financial stability and prosperity.

2. DEFINITIONS

"Accumulated Surplus" means the accumulated excess of revenues over expenditures from prior years.

"Annual Surplus" means the accumulated excess of revenues over expenditures for the current year.

"Non-Statutory Reserves" means those Reserves that may be established by bylaw if Council so desires, pursuant to the *Community Charter*.

"Reserve Fund(s) or Reserve(s)" means all of the District's Statutory and Non-Statutory Reserve Funds that have been set aside by bylaws for specified purposes by Council pursuant to legislation.

"Restricted or Appropriated Accumulated Surplus" means funds set aside from Unrestricted Accumulated Surplus for designated, future expenditures. These are sometimes also referred to as Reserve Accounts as they are not established by bylaw.

"Restricted Revenue" means revenues or receipts which are restricted by legislation, or that contain stipulations that create a liability, and which are deferred. Restricted Revenue is recognized as revenue in the period in which the qualifying expenses are incurred and/or the stipulations are met. Certain Statutory Reserve Funds, e.g. Parkland Acquisition Reserve Funds and Development Cost Charges Reserve Funds, are classified as Restricted Revenues for financial accounting and reporting purposes.

"Statutory Reserve Funds" means funds received from specific sources that are set aside for specified purposes as required by legislation. If monies are received from specific sources, certain Reserve Funds must be established for administering these funds. These Reserves are non-discretionary or mandatory.

"Unrestricted Accumulated Surplus" means the Accumulated Surplus amounts built up in the District's various operating funds that have not been designated for specific uses or purposes like Restricted Surplus.

3. PHILOSOPHY AND GUIDING PRINCIPLES

3.1 Reserve/Surplus Philosophy

The District's reserve/surplus philosophy represents its rationale for establishing reserve and surplus monetary balances.

The District believes that it is financially prudent to set aside funds in Non-Statutory Reserves, in addition to those Statutory Reserves required under legislation, for the following reasons:

- The use of reserves to pay for one-time capital and/or operating expenses reduces the need to fund these expenses from taxation, user fees, debt, etc. Use of reserve funding also minimizes debt and related interest costs which have an ongoing budget impact;
- Funding non-reoccurring, one-time capital and/or operating expenses through operating budgets, as opposed to reserves, results in unnecessary fluctuations in property taxes and/or user fees;
- The establishment of regular, stable and incremental operating budget contributions to reserves results in reserve balances that can be used to fund one-time capital and/or operating expenses. These contributions then have predictable impact on property taxes and/or user fees;
- Budgeting "closer to the line" within operating budgets is possible when reserves are in place to fund operating irregularities or spikes. The reserves thus serve as a safety net;
- Having to set aside funds annually in reserves for major, future one-time costs reinforces the need to think, plan and save ahead of time for longer term expenditures; and
- Once reserves are built up to a certain level the interest earnings on these funds can be used to partially fund one-time capital and/or operating project costs which results in less pressure on operating budgets and related taxation and user fees.

The District believes that it is necessary to set aside funds in Unrestricted Accumulated Surplus accounts for the following reasons:

- Unrestricted Accumulated Surpluses can be used to pay for operating expenses before property taxes, user fees and/or other revenues are collected, which allows one to avoid borrowing and related interest costs for operating purposes; and
- Having Unrestricted Accumulated Surplus funds in place allows the District to respond to unforeseen emergencies which safeguards the organization and the community.

3.2 Guiding Principles

The following guiding principles, which have shaped this Policy, build upon the District's reserve/surplus philosophy:

- Healthy reserve/surplus levels are important in achieving community goals including financial health and stability;
- The District will strive to be a leader, among local governments, in terms of financial health and stability;
- Reserve/surplus goals need to be consistent with and supportive of realistic longer-term financial plans;
- Reserve/surplus appropriations need to conform to the statutory/legal requirements of the *Local Government Act* and the *Community Charter*, generally accepted accounting principles (GAAP) and public sector accounting board (PSAB) recommendations.

4. NON-STATUTORY RESERVE FUNDS

Pursuant to subsection 188 (1) of the *Community Charter*, Council may, by bylaw, establish a Reserve Fund for a specified purpose and direct that money be placed to the credit of the Reserve Fund. The following Reserve Funds have been established under this legislation for the purpose(s) indicated:

4.1 Community Amenities Reserve Fund

The Community Amenities Reserve Fund has been established to account for the contributions received from developers pursuant to the District's Community Amenity Contributions Policy. The funds are to be used for the projects or expenditures outlined in the Policy.

4.2 Community Works Reserve Fund

The Community Works Reserve Fund has been established to account for funds received and used pursuant to the Administrative Agreement on the Canada Community-Building Fund (CCBF). Funds in this Reserve may only be used for projects or expenditures allowed for under the Community CCBF Agreement.

4.3 Financial Stabilization Reserve Fund

The Financial Stabilization Reserve Fund has been established for the following purposes:

For Emergent Operating Issues - the District is exposed to non-reoccurring costs related to various emergency events or situations, e.g. inclement weather, environmental hazards, etc. It is not possible to anticipate or budget for these emergent situations and it is not feasible to absorb the cost of such events in other budget areas in any given year.

For One-Time and Intermittent Projects - the District undertakes certain one-time and/or limited duration projects that are larger in terms of costs. Funding these projects from property taxation would result in annual spikes and subsequent declines in taxation; therefore, it is not prudent to fund these projects from on-going property taxation revenue.

To Offset Unrealized Revenues - some of the District's revenue sources, e.g. development fees, building permits, and subdivision inspection fees, are cyclical in nature and thus are subject to downturns in the economy. The District tries to anticipate economic downturns by

budgeting for a base dollar amount of these revenues in its general operations. Despite its best efforts, the District is exposed to the possibility of unrealized revenues and/or declines in base revenues from year to year. One cannot always count on budgetary savings or other revenues to offset these revenue shortfalls.

4.4 General Capital Reserve Fund

The General Capital Reserve Fund has been established to fund new facilities and/or upgrades to existing facilities or buildings as well as general capital projects that are not specifically funded from other established reserves, including any associated debt repayments incurred as a result of borrowing for such projects.

4.5 Growing Communities Reserve Fund

The Growing Communities Reserve Fund has been established to account for the Growing Communities Fund Grant monies received from the Province of BC, which are to be used to pay for one-off infrastructure and amenity costs as detailed by the Province of BC.

4.6 Legal and Insurance Reserve Fund

The Insurance and Legal Reserve Fund has been established to pay for extraordinary and/or excessive legal and insurance costs (including associated deductibles) that cannot otherwise be paid for within existing legal and insurance budget allocations.

4.7 Parkland Infrastructure Reserve Fund

The Parkland Infrastructure Reserve Fund has been established to accumulate funds for general park improvements including related capital infrastructure. Interest from the Parkland Development Cost Charge account may also be credited to this Reserve Fund pursuant to subsection 567 (6) of the *Local Government Act* which states “Despite section 566 (2) [use of money in development cost charge reserve fund], interest earned on money in the park land development cost charge reserve fund may be used by the local government to provide for fencing, landscaping, drainage and irrigation, trails, restrooms and changing rooms, playground and playing field equipment on park land owned by the local government or owned by the Crown and managed by the local government”. Thus, interest earnings from the Parkland Development Cost Charge account can be used for general park improvements throughout the community.

4.8 Property Acquisition Reserve Fund

The Property Acquisition Reserve Fund has been established for the purchase of real property, i.e. land and/or improvements, as directed by Council.

4.9 Transportation Infrastructure Reserve Fund

The Transportation Infrastructure Reserve Fund has been established for transportation infrastructure improvements, renewals and maintenance, including those related to roads, trails and pathways, as well as any associated debt repayments incurred as a result of borrowing for such projects.

4.10 Vehicle and Equipment Reserve Fund

The Vehicle and Equipment Reserve Fund has been established to purchase municipal vehicles and equipment, including fire/rescue apparatus, and any associated debt repayments incurred as a result of borrowing for such vehicles and equipment. The equipment purchases are related to those which are attached to or part of the fleet vehicles, and/or any capital equipment used in the public works and fire/rescue departments.

4.11 Sewer Capital Reserve Fund

The Sewer Capital Reserve has been established for sewer utility capital projects including sewer conveyance system projects, and any capital equipment/systems required for sewer operations, including any associated debt repayments.

4.12 Water Capital Reserve Fund

The Water Capital Reserve Fund has been established for water utility capital projects including water treatment, conveyance and storage projects, water distribution system projects and any capital equipment/systems required for water operations, including any associated debt repayments.

4.13 Community Water Expansion Reserve Fund

The Community Water Expansion Reserve Fund has been established for capital expenditures related to the expansion of the Lantzville Water System.

4.14 District of Lantzville /Nanaimo Agreement & Non-Agreement Water Connection Reserve Fund

The District of Lantzville /Nanaimo Agreement & Non-Agreement Water Connection Reserve Fund will be used for accumulating water connection fees that are intended to be used for:

- a) Payment to the City of Nanaimo to expand the Lantzville/Nanaimo Water Agreement to include Lantzville (Lower Pressure Zone) as directed by Council, and
- b) The District of Lantzville's water distribution system capital repairs, replacement and maintenance.

In the event the City of Nanaimo or the District of Lantzville decide not to expand the Lantzville/Nanaimo Water Agreement to include Lower Lantzville, any funds in this reserve plus interest earned shall be credited to the Waterworks Replacement Reserve Fund, e.g. Water Capital Reserve Fund and/or the Community Water Expansion Reserve Fund, as directed by Council.

5. STATUTORY RESERVE FUNDS

Pursuant to legislation, Council must establish certain Reserve Funds, if funds are received from specific sources. The District has established the following Statutory Reserve Funds as required by legislation:

5.1 Development Cost Charge (DCC) Reserve Funds (Restricted Revenue)

Per subsection 188 (2) (a) of the *Community Charter*, separate DCC Reserves need to be established for DCC collections and uses in accordance with section 566 of the *Local Government Act*. The following DCC Reserves have been established pursuant to the District's DCC bylaw and the related legislation:

Drainage DCC
Highway DCC
Parkland DCC
Sewer DCC
Water System DCC

5.2 Land Sale Reserve Fund

Per subsection 188 (2) (e) of the *Community Charter*, funds received from the sale of land and improvements must be set aside to pay for any debt remaining in relation to the property and for acquiring land, improvements and other assets of a capital nature. The Land Sale Reserve Fund has been established for accumulating and expending monies as per this requirement.

5.3 Parkland Acquisition Reserve Fund (Restricted Revenue)

Per subsection 188 (2) (b) of the *Community Charter*, funds received from the sale or disposal of parkland as well as funds received pursuant to section 510 of the *Local Government Act* (cash received in-lieu of parkland funds upon subdivision) must be set aside in a Reserve Fund and must be used exclusively to purchase parkland. The Parkland Acquisition Reserve Fund has been established for accumulating and expending monies as per this requirement.

6. UNRESTRICTED ACCUMULATED SURPLUSES

The District needs to maintain Unrestricted Accumulated Surplus balances in its three operating funds (the General Operating Fund, the Sewer Operating Fund, the Water Operating Fund) for working capital purposes, i.e. to provide for operating expenditures before property taxes, user fees or other revenues are collected. Maintaining minimum working capital levels eliminates or reduces the need to borrow externally and/or internally for operations.

The District may also require emergency funds from time to time, from any one of its Unrestricted Accumulated Surplus balances, for unforeseen costs. When this occurs, the District needs to rely upon sufficient balances being available in the applicable Unrestricted Accumulated Surplus Fund.

7. RESTRICTED ACCUMULATED SURPLUSES (RESERVE ACCOUNTS)

The District has set aside funds from its Unrestricted General Operating Fund Accumulated Surplus for the purposes defined below. These funds are known as Restricted Accumulated Surplus Funds or Reserve Accounts.

7.1 One-Time Projects Reserve Account

Funds in the One-Time Projects Reserve Account will be used for Council designated projects as approved by Council motions.

7.2 Tax Stabilization Reserve Account

The Tax Stabilization Reserve Account shall be used to accumulate funds to offset the tax impacts associated with new services or programs such as policing.

8. ADMINISTRATION

8.1 Reserve Contributions

Annual and/or periodic contributions to Reserve Funds shall be specific to each reserve, as approved by Council through the District's annual financial planning/budgeting process and/or through the year-end process.

8.2 Minimum and Optimal Reserve Balances

Minimum and optimal balances have been established for some of the District's Reserves Funds and for its Unrestricted Accumulated Surpluses, as shown in Schedule "A". These balances serve as guidelines. This schedule also shows the purpose of each Reserve Fund and Unrestricted Accumulated Surplus and the source(s) of funding applicable to each. The minimum balances ensure that the respective reserves are not depleted to the point where those balances are no longer able to serve their intended purpose(s). The optimal balances ensure that the District's guiding principles are achieved and that the respective balances do not grow beyond their intended purpose(s), creating idle assets that could be otherwise utilized for other corporate priorities. A formal review of actual, minimum and optimal fund balances shall be undertaken annually.

8.3 Internal Borrowing

Internal borrowing from specific Reserve Fund and Unrestricted Accumulated Surplus accounts shall be permissible as allowed for by legislation, if a clearly defined and attainable payback plan, including payment of foregone interest, is in place, as internal borrowing allows for more flexibility in terms of payback amounts and loan duration than that of external borrowing. Paybacks shall be executed according to the plan.

8.4 Year-End

At the end of each fiscal year, the District will review its Unrestricted Accumulated Surplus and Reserve Fund balances to determine whether there should be an allocation of Unrestricted Accumulated Surplus funds to specific Reserves to meet the District's reserve and surplus objectives including attaining or maintaining the optimal balances.

8.5 District versus Departmental Surpluses

The District will not generally set aside specific departmental surpluses achieved in a particular year by a department for the use of the department that generated the surplus, as the District operates as an overall corporate body whereby the overall operating surplus is allocated on the basis of the greatest need(s) within the organization. Departmental surpluses in any year may also be needed to offset other departmental deficits, so that the overall organization remains in a surplus position. However, funds may be set aside as Restricted Surplus to complete certain priority departmental projects (see Section 7 above).

8.6 Responsibilities

The District's Director of Financial Services shall be responsible for:

- Recommending the necessary contributions and transfers so that the District's Reserve Funds and Unrestricted and Restricted Accumulated Surpluses are maintained in accordance with this Policy;
- Conducting an annual review of all Reserve Fund and Unrestricted and Restricted Accumulated Surplus balances including comparing actual levels with the established minimum and optimal levels within this Policy, and reporting the results of such a review to Council;
- Recommending changes to the minimum and optimal balance guidelines shown in this Policy; and,
- Recommending any revisions or amendments to this Policy, as may be required from time to time, as a result of changes in applicable statutes, accounting standards, economic conditions, etc.

8.7 Interest

Reserves Funds shall be paid and allocated interest based on their average annual balances and on the District's average rate of return on investments.

8.8 Guide and Transition

The minimum and optimal fund balance guidelines shown in this Policy serve as a guide in moving the District towards the goals or targets it wishes to attain, in terms of individual fund balances. The District's fund balances are not at the minimum or optimal levels at the time of enacting this Policy, however, the District is committed to transitioning towards its optimal targets.

Schedule "A" – Reserve/Surplus Summary

| Reserve Fund(s) | Purpose | Funding Source(s) | Minimum \$ Level | Optimum \$ Level | Rationale for \$ Levels Established and/or Comments |
|---|--|---|--|---|--|
| NON-STATUTORY RESERVE FUNDS | | | | | |
| 4.1 Community Amenities Reserve Fund | Amenity contributions received from developers pursuant the District’s Community Amenity Contributions Policy. The funds are to be used for the projects or expenditures outlined in the Policy. | <ul style="list-style-type: none"> ▪ Community Amenity fees received upon rezoning. | N/A | N/A | Amenity projects listed in the Community Amenities Policy will have to be prioritized and updated, so as to fully utilize the funds. |
| 4.2 Community Works Reserve Fund | To account for funds received and used pursuant to the Administrative Agreement on the Canada Community-Building Fund (CCBF). | <ul style="list-style-type: none"> ▪ Community Works Gas Tax funds distributed on a per capita basis through the UBCM. | N/A | N/A | The intent is to spend all funds received. |
| 4.3 Financial Stabilization Reserve Fund | For emergent operating issues, one-time or intermittent projects (operating or capital), and to offset unrealized revenues. | <ul style="list-style-type: none"> ▪ Annual budget allocations from the general operating fund as provided for in the financial plan. ▪ Transfer of any development/building revenues over and above established base amounts, if and when available. ▪ Other budgeted contributions from operations including any paybacks as a result of funds being advanced for specific projects. | \$113,000 2% of General Operating Fund budget revenues. | \$226,000 4% of General Operating Fund budgeted revenues. | The Stabilization Reserve in part funds emergent issues and offsets unrealized revenues which generally do not exceed a percentage of the General Operating Fund budget. |

| Reserve Fund(s) | Purpose | Funding Source(s) | Minimum \$ Level | Optimum \$ Level | Rationale for \$ Levels Established and/or Comments |
|--|--|---|--|---|--|
| NON-STATUTORY RESERVE FUNDS (continued) | | | | | |
| 4.4 General Capital Reserve | To fund new facilities and/or upgrades to existing facilities or buildings as well as general capital projects that are not specifically funded from other established reserves, including any associated debt repayments incurred as a result of borrowing for such projects. | <ul style="list-style-type: none"> Annual budget allocations from the general operating fund as provided for in the financial plan. | \$2,500,000 20% of historical value of General Capital assets. | \$5,000,000 40% of historical value of General Capital assets. | The District will have to eventually replace all of its general fund assets at future undeterminable costs, and it needs to accumulate funds to do so. Other new assets may also need to be purchased. |
| 4.5 Growing Communities Reserve Fund | To account for the growing Communities Fund Grant monies received from the Province of BC, which are to be used to pay for one-off infrastructure and amenity costs as detailed by the Province of BC. | <ul style="list-style-type: none"> Communities Fund Grant monies received from the Province of BC. | N/A | N/A | All funds received from Province will be utilized for authorized projects. |
| 4.6 Legal and Insurance Reserve | To pay for extraordinary and/or excessive legal and insurance costs (including associated deductibles) that cannot otherwise be paid for within existing legal and insurance budget allocations. | <ul style="list-style-type: none"> Annual budget allocations from the general operating fund, sewer operating fund, and/or water operating fund as provided for in the financial plan. | \$100,000 Approximately 2 liability insurance claim deductibles, 1 property claim deductible plus 30% of the legal services budget. | \$200,000 Approximately 3 liability insurance claim deductibles, 2 property claim deductibles plus 50% of the legal services budget. | The District's exposure is related to the level of the liability and property insurance deductibles and historical claims as well as and the level of the legal budget. |

| Reserve Fund(s) | Purpose | Funding Source(s) | Minimum \$ Level | Optimum \$ Level | Rationale for \$ Levels Established and/or Comments |
|--|---|---|---|---|---|
| NON-STATUTORY RESERVE FUNDS (continued) | | | | | |
| 4.7 Parkland Infrastructure Reserve Fund | For the purchase and installation of parks related capital infrastructure including upgrades and replacements thereof. | <ul style="list-style-type: none"> Any budgeted or designated allocations from the general operating fund and interest allocations from the Parkland DCC Reserve | To be determined | To be determined | Based on long-term plan for improvements. |
| 4.8 Property Acquisition Reserve Fund | For the purchase of real property. | <ul style="list-style-type: none"> Any budgeted or designated allocations from the general operating fund. | To be determined | To be determined | Based on planned acquisitions. |
| 4.9 Transportation Infrastructure Reserve | For transportation infrastructure improvements, renewals and maintenance, including those related to roads, trails and pathways, as well as any associated debt repayments. | <ul style="list-style-type: none"> Any budgeted or designated allocations from the general operating fund. | \$3,900,000 20% of historical value of Roads Infrastructure assets | \$5,850,000 30% of historical value of Roads Infrastructure assets | Need sufficient funds to pay for the ongoing replacement or rehabilitation of transportation infrastructure at future undeterminable costs. |

| | | | | | Rationale for \$ Levels Established and/or Comments | |
|--|---|---|---|---|---|--|
| Reserve Fund(s) | Purpose | Funding Source(s) | Minimum \$ Level | Optimum \$ Level | | |
| NON-STATUTORY RESERVE FUNDS (continued) | | | | | | |
| 4.10 Vehicle and Equipment Reserve | To purchase municipal vehicles and equipment, including fire/rescue apparatus, including any associated debt repayments. The equipment purchases are related to those which are attached to or part of the fleet vehicles, and/or any capital equipment used in the public works and fire/rescue departments. | <ul style="list-style-type: none"> Any budgeted or designated allocations from the general operating fund. | \$800,000 20% of historical value of Vehicle & Equipment assets | \$1,600,000 40% of historical value of Vehicle & Equipment assets | Need to fund vehicle, apparatus and equipment replacements without borrowing, as well as new units which will be added to fleet. | |
| 4.11 Sewer Capital Reserve | For sewer utility capital projects including sewer conveyance system projects, and any capital equipment/systems required for sewer operations, as well as any associated debt repayments. | <ul style="list-style-type: none"> Net revenue/expense transfer available from sewer operations after budgeted amounts transferred to sewer operating surplus and/or other reserves. | \$3,400,000 20% of historical value of Sewer Infrastructure assets | \$5,100,000 30% of historical value of Sewer Infrastructure assets | Replacement of sewer capital assets at future undeterminable costs. Borrowing should be avoided for the replacement of existing sewer infrastructure. | |

| Reserve Fund(s) | Purpose | Funding Source(s) | Minimum \$ Level | Optimum \$ Level | Reserve Fund(s) |
|---|---|---|---|---|---|
| NON-STATUTORY RESERVE FUNDS (continued) | | | | | |
| 4.12 Water Capital Reserve | For water utility capital projects including water treatment, conveyance and storage projects, water distribution system projects and any capital equipment/systems required for water operations, as well as any associated debt repayments. | <ul style="list-style-type: none"> Net revenue/expense transfer available from water operations after any budgeted amounts transferred to water operating surplus and/or other reserves. | \$3,600,000 20% of historical value of Water Infrastructure assets | \$5,400,000 30% of historical value of Water Infrastructure assets | Replacement of water capital assets at future undeterminable costs. Borrowing should be avoided for the replacement of existing water infrastructure. |
| 4.13 Community Water Expansion Reserve Fund | For capital expenditures related to expansion or extension of water system. | <ul style="list-style-type: none"> Annual budgeted allocation from the water operating fund. | To be determined | To be determined | Dependent upon planned water expansions. |
| 4.14 Lantzville/ Nanaimo Agreement & Non-Agreement Connection Fees | Agreement portion: To buy into the Nanaimo water system. Non-Agreement portion – for water capital projects. | <ul style="list-style-type: none"> Water connection fees from those hooking up to the water system | To be determined | To be determined | To be determined |

| Reserve Fund(s) | Purpose | Funding Source(s) | Minimum \$ Level | Optimum \$ Level | Rationale for \$ Levels Established and/or Comments |
|--|---|---|------------------|------------------|--|
| STATUTORY RESERVE FUNDS | | | | | |
| 5.1 Development Cost Charge (DCC) Reserves for: - Drainage DCC - Highway DCC - Parkland DCC - Sewer DCC - Water System DCC | Holding account(s) for levies from developers to be used for approved DCC program projects. | <ul style="list-style-type: none"> DCC collections and credits. | N/A | N/A | Spending is dependent upon actual DCC collections and credits. Borrowing should be avoided for DCC projects. |
| 5.2 Land Sale Reserve Fund | To acquire land and/or, improvements, or other assets of a capital nature. | <ul style="list-style-type: none"> Funds received from the sale of land and improvements. | N/A | N/A | Acquisitions are ultimately dependent upon land/property sales. |
| 5.3 Parkland Acquisition Reserve Fund | To purchase parkland pursuant to the requirements of the <i>Community Charter</i> . | <ul style="list-style-type: none"> Developer cash contributions as per the requirements under the <i>Local Government Act</i> cash-in-lieu option. | N/A | N/A | Acquisitions are dependent upon collections. |

| Surplus Fund(s) | Purpose | Funding Source(s) | Minimum \$ Level | Optimum \$ Level | Rationale for \$ Levels Established and/or Comments |
|--|---|--|---|---|---|
| UNRESTRICTED ACCUMULATED SURPLUSES | | | | | |
| 6. Unrestricted General Operating Fund Accumulated Surplus | For working capital purposes within the general operating fund and for unforeseen general operating emergency expenditures. | <ul style="list-style-type: none"> Any excess general operating fund revenues (including property taxes) over expenditures and transfers at the end of each fiscal year. | \$1,600,000 50% of general fund property tax revenue less regular non-property tax revenue (estimated at \$3.2 million). | \$2,400,000 75% of general fund property tax revenue less regular non-property tax revenue (estimated at \$3.2 million). | Need to fund operating expenses before collecting property taxes and other revenues, and in doing so avoid borrowing for general operations. Also need to provide a balance for general emergency expenses that could not be provided for through other general reserves. |
| 6. Unrestricted Sewer Operating Fund Accumulated Surplus | For working capital purposes within the sewer operating fund and for unforeseen sewer operating emergency expenditures. | <ul style="list-style-type: none"> Any excess sewer operating fund revenues (including user fees) over expenditures and transfers (including capital transfers) at the end of each fiscal year. | \$500,000 50% of 2 years of budgeted cash sewer operating expenses (estimated at \$1.0 million). | \$750,000 75% of 2 years of budgeted cash sewer operating fund expenses (estimated at \$1.0 million). | Need to avoid borrowing for sewer operations. Also need to provide a balance for sewer emergency expenses that could not be provided for through other sewer reserves. |
| 6. Unrestricted Water Operating Fund Accumulated Surplus | For working capital purposes within the water operating fund and for unforeseen water operating emergency expenditures. | <ul style="list-style-type: none"> Any excess water operating fund revenues (including user fees) over expenditures and transfers (including capital transfers) at the end of each fiscal year. | \$700,000 50% of 2 years of budgeted cash water operating expenses (estimated at \$1.4 million). | \$1,050,000 75% of 2 years of budgeted cash water operating expenses (estimated at \$1.4 million). | Need to avoid borrowing for water operations. Also need to provide a balance for water emergency expenses that could not be provided for through other water reserves. |

| Surplus Fund(s) | Purpose | Funding Source(s) | Minimum \$ Level | Optimum \$ Level | Rationale for \$ Levels Established and/or Comments |
|--|--|---|------------------|------------------|---|
| RESTRICTED ACCUMULATED SURPLUSES (RESERVE ACCOUNTS) | | | | | |
| 7.1 One-Time Projects Reserve Account | Funds in the One-Time Projects Reserve Account will be used for Council designated projects as approved by Council motions. | <ul style="list-style-type: none"> Any budgeted or designated allocations from the general operating fund. | To be determined | To be determined | To be determined |
| 7.2 Tax Stabilization Reserve Account | The Tax Stabilization Reserve Account shall be used to accumulate funds to offset the tax impacts associated with new services or programs such as policing. | <ul style="list-style-type: none"> Any budgeted or designated allocations from the general operating fund. | To be determined | To be determined | To be determined |

Appendix “C” – Draft 2025 – 2029 Capital Plan & 2024 Capital Spending/Carryforwards

| | | 2024 Capital Plan | | 5-Year (2025 - 2029) Capital Financial Plan | | | | | Total Capital 2025 - 2029 |
|---|-----------------|--------------------------------|---|---|-----------------|-----------------|-----------------|-----------------|------------------------------|
| | | Final & Amended Budget 2024 | Projected Year-End Expenditures (includes carry forwards) 2024 | Draft Budget 2025 | Plan 2026 | Plan 2027 | Plan 2028 | Plan 2029 | |
| Page 1 of 3 | Funding Sources | | | | | | | | |
| GENERAL CAPITAL | | | | | | | | | |
| General & Information Technology | | | | | | | | | |
| Website upgrade project (2018) | CRG | 7,000 | 7,600 | | | | | | - |
| Computer Replacements (as per SeatoSky) | CRG | 14,000 | 14,000 | 16,000 | 27,000 | 17,000 | 4,000 | 15,000 | 79,000 |
| Network & Peripherals | CRG | | | 8,000 | 2,000 | 5,000 | 4,000 | 5,000 | 24,000 |
| Storage Cabinet Corporate Administration | CRG | | | 8,400 | | | | | 8,400 |
| LAND PURCHASE 7099 LANTZVILLE RD | GCR | 929,000 | 928,659 | | | | | | - |
| LAND PURCHASE 6852 WILES RD | GCR | 327,000 | 326,115 | | | | | | - |
| CHURCH PEWS | OTP | 1,500 | 1,500 | | | | | | - |
| Subtotal General & Information Technology | | \$1,278,500 | \$1,277,874 | \$32,400 | \$29,000 | \$22,000 | \$8,000 | \$20,000 | 111,400 |
| Facilities | | | | | | | | | |
| Pierce Woods Marine Park - Safety Works (2021) | CRG | 170,000 | 170,000 | | | | | | - |
| Costin Hall Heating and Cooling Replacement | CRG | 12,000 | 11,131 | | | | | | - |
| Community use building B - Church Rehabilitation | CRG | | | 100,000 | | | | | 100,000 |
| Subtotal Facilities | | \$182,000 | \$181,131 | \$100,000 | \$0 | \$0 | \$0 | \$0 | \$100,000 |
| Heavy Duty Equipment & Fleet | | | | | | | | | |
| SCBA Air Compressor & Fill Station End of Useful Life | CRG | 90,000 | 67,313 | | | | | | - |
| Ladder Truck (Replace Engine 1 at the end of service life) | VER | 100,000 | 100,000 | | | | | | - |
| Replace Fire Chief's Duty Truck | VER | 100,000 | 100,000 | | | | | | - |
| Tires for Engine 2 | VER | | | | 9,000 | | | | 9,000 |
| Tires for Tender 4 | VER | | | | | | | 9,000 | 9,000 |
| Wildfire Personal Protective Equipment | VER | | | | 10,000 | | | | 10,000 |
| New Engine (First Payment) | VER | | | | | | | 600,000 | 600,000 |
| New Engine (Second Payment) | VER | | | | | 600,000 | | | 600,000 |
| Dodge Pick-up Replacement Public Works | CRG | | | 100,000 | | | | | 100,000 |
| Dump Truck | VER | 172,968 | | | | | | | - |
| Subtotal Heavy Duty Equipment & Fleet | | 462,968 | 267,313 | 100,000 | 19,000 | 600,000 | \$0 | 609,000 | \$1,328,000 |
| Equipment | | | | | | | | | |
| Fire hose and fire pumps (replace aging hose and add new pump) | CRG | | | 10,000 | | | | | 10,000 |
| Lifting Bags (end of useable life) | CRG | 50,000 | 50,000 | | | | | | - |
| Replace aging rescue tools (includes Jaws for Life) | CRG | | | 100,000 | | | | | 100,000 |
| Replace 6 radios each year | CRG | | | 7,500 | 7,500 | | | | 15,000 |
| An infra-red drone to assist with identifying hot spots during fire | CRG | 7,500 | 7,377 | | | | | | - |
| Decontamination washing machine | CRG | | | | | 75,000 | | | 75,000 |
| Drop Tank Fire Department | CRG | | | | | | 10,000 | | 10,000 |
| Electric Fan to remove harmful gases from structures | CRG | | | | | | 8,000 | | 8,000 |
| Electric Vehicle Fire blanket | CRG | | | 4,500 | | | | | 4,500 |
| Firehose & Nozzles | CRG | | | 5,500 | 15,000 | 3,000 | | | 23,500 |
| BRUSH CUTTING ATTACHMENT - PW | CRG | 14,779 | 14,779 | | | | | | - |
| Subtotal Equipment | | \$72,279 | \$72,156 | \$127,500 | \$22,500 | \$78,000 | \$18,000 | \$0 | \$246,000 |

| Funding Sources | 2024 Capital Plan | | 5-Year (2025 - 2029) Capital Financial Plan | | | | | | Total Capital 2025 - 2029 |
|--|------------------------|---|---|--------------------|--------------------|--------------------|------------------|--------------------|---------------------------|
| | Final & Amended Budget | Projected Year-End Expenditures (includes carry forwards) | Draft Budget | Plan | Plan | Plan | Plan | Plan | |
| | 2024 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | | |
| GENERAL CAPITAL | | | | | | | | | |
| Transportation Infrastructure | | | | | | | | | |
| Beach Road Ends (2021) - Bike Racks arrive mid Dec for Harper Road done by PW; cut shrub-big job -contract; small cut - PW | CRG | 37,690 | 37,690 | | | | | | |
| Commercial Core PH 2 Plaza Beautification - Legion (still need design for Bench, Water Fountain to be installed 2024, design to modify parking stalls) | CWR | 49,000 | 49,000 | | | | | | |
| PLAZA BEAUTIFICATION - LEGION | CWR | 73,765 | 73,765 | | | | | | |
| A multi-use path from Leland to Huddlestone RD AND that this path be on the south side Lantzville RD with the asphalt space to the right of the white line preserved so that it remains available to cyclist | CAP | 201,000 | 201,000 | | | | | | |
| Dickinson Road Replacement Phase 2 (Lantzville Rd to Oar Rd) | TIR | | | | | | | | |
| Dickinson Road Replacement Phase 3 (Oar Rd to Schook Road) | TIR | | | | | | | | |
| Eastwind Drive Asphalt Replacement | TIR | | | | | | | 385,000 | 385,000 |
| Lorenzen Lane Replacement | TIR | | | | | | 575,000 | | 575,000 |
| Alger Road Asphalt Replacement | TIR | | | | 350,000 | | | | 350,000 |
| Phantom - Chip seal removal and asphalt install | TIR | | | 500,000 | | | | | 500,000 |
| Lantzville Rd - Asphalt rehabilitation various sections | TIR | | | | | 500,000 | | | 500,000 |
| Blackjack Dr - Asphalt replacement | CWR | | | | 500,000 | | | | 500,000 |
| DICKINSON RD REPLACEMENT (2022) | TIR | | 4,492 | | | | | | |
| Subtotal Transportation Infrastructure | | 361,455 | \$365,947 | \$500,000 | \$850,000 | \$500,000 | \$575,000 | \$385,000 | \$2,810,000 |
| Storm Drainage | | | | | | | | | |
| Dickinson Road PH 1, near Jacks RD (Culvert/drainage assessment and replacement; will do roadway geotechnical report in 2024) (70% of Project Costs) (includes \$100K budget increase approved) | DCC | 220,500 | 220,500 | | | | | | |
| Dickinson Road PH 1, near Jacks RD (Culvert/drainage assessment and replacement; will do roadway geotechnical report in 2024) (30% of Project Costs) (includes \$100K budget increase approved) | CRG | 94,500 | 94,500 | | | | | | |
| Lantzville Road Bloods Creek Culvert Replacement | CWR | - | | | | 350,000 | | | 350,000 |
| Alger Road Culvert Replacement - not done - Clark Medd project | CWR | - | | | 350,000 | | | | 350,000 |
| Ware Road Culvert Replacement (holdback) | CWR | 5,000 | 339 | | | | | | |
| Dickinson Road Culvert Replacement at Bloods Creek | CWR | | | | | | | 350,000 | 350,000 |
| Culvert Repair Superior Rd (not done anything yet in 2023) | CWR | 30,000 | 30,000 | | | | | | |
| Culvert repair on Rumming Rd (WIP in 2023) only did Geotech, need a plan in 2024) | CWR | 15,000 | 55,718 | | | | | | |
| Culvert repair on Rumming Rd - additional geotech required to lead in final design, tendering and construction. (Construction are estimate only without doing final design) (40K eng/geo, 175K const) | CWR | | | | | | | | 215,000 |
| Subtotal Storm Drainage | | 365,000 | \$401,057 | \$215,000 | \$350,000 | \$350,000 | \$0 | \$350,000 | \$1,265,000 |
| Parks & Recreation | | | | | | | | | |
| Playground equipment for Huddlestone Park | GRT | 70,000 | 70,000 | | | | | | |
| Subtotal Parks & Recreation | | \$70,000 | \$70,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| TOTAL GENERAL CAPITAL | | \$2,792,202 | \$2,635,478 | \$1,074,900 | \$1,270,500 | \$1,550,000 | \$601,000 | \$1,364,000 | 5,860,400 |

| Funding Sources | 2024 Capital Plan | | 5-Year (2025 - 2029) Capital Financial Plan | | | | | | |
|--|------------------------|---|---|--------------------|--------------------|--------------------|------------------|--------------------|--------------------|
| | Final & Amended Budget | Projected Year-End Expenditures (includes carry forwards) | Draft Budget | Plan | Plan | Plan | Plan | Total Capital | |
| | 2024 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2025 - 2029 | |
| WATER CAPITAL | | | | | | | | | |
| Winds Residential Area Water System Expansion | GRT | 5,733,746 | - | | | | | | - |
| Winds Residential Area Water System Expansion | LTD | 2,727,311 | - | | | | | | - |
| Watermain Replacement-Harby to Joy to Rossiter | CWR | 825,000 | 825,000 | | | | | | - |
| Watermain Replacement-Harby to Joy to Rossiter (Developer Contribution) | DEV | | 40,000 | | | | | | - |
| Watermain Replacement-Millard, Lynn, Lantzville Rd | WCR | | | 600,000 | | | | | 600,000 |
| Watermain Replacement-Huddlestone-incr fire flows | WCR | | | | 300,000 | | | | 300,000 |
| Watermain Replacement and Drainage Improvements-Saxon Cross (old AC pipe) (re-budgeted 2029) | WCR | 410,000 | - | | | | | 410,000 | 410,000 |
| Updated Water and Sewer Map | WCR | 12,500 | 12,500 | | | | | | - |
| Automatic Transfer Switch for Wellfield | WCR | 35,000 | 35,000 | | | | | | - |
| Hydrant Replacement/Maintenance Program (Contract out) | WCR | 41,000 | 41,000 | 41,000 | 41,000 | 41,000 | 41,000 | 41,000 | 205,000 |
| Slip Gate Hydrant Replacement 6 x \$15,000 plus 10% | WCR | 90,000 | 90,000 | | | | | | - |
| Valve Replacement (replace old red-white valves and dead ends flush-out) | WCR | 75,000 | 75,000 | | | | | | - |
| Water Flushout Valve Repairs | WCR | 50,000 | 50,000 | | | | | | - |
| Andrea Cr and Elizabeth Way - AC pipe replacement | WCR | | | | | 750,000 | | | 750,000 |
| T-Valve install at Ware Rd Reservoir | WCR | | | | | | 75,000 | | 75,000 |
| TOTAL WATER CAPITAL | | \$9,999,557 | \$1,168,500 | \$641,000 | \$341,000 | \$791,000 | \$116,000 | \$451,000 | 2,340,000 |
| SEWER CAPITAL | | | | | | | | | |
| Updated Water and Sewer Map | SCR | 12,500 | 12,500 | | | | | | - |
| TOTAL SEWER CAPITAL | | \$12,500 | \$12,500 | \$0 | \$0 | \$0 | \$0 | \$0 | - |
| TOTAL CAPITAL EXPENDITURES - ALL FUNDS | | \$12,804,259 | \$3,816,478 | \$1,715,900 | \$1,611,500 | \$2,341,000 | \$717,000 | \$1,815,000 | \$8,200,400 |

FUNDING SOURCES

| | | | | | | | | | |
|--|-----|---------------------|--------------------|--------------------|--------------------|--------------------|------------------|--------------------|--------------------|
| Community Works Reserve Fund | CWR | 997,765 | 1,033,822 | 215,000 | 850,000 | 350,000 | - | 350,000 | 1,765,000 |
| General Capital Reserve Fund | CRG | 497,469 | 474,390 | 359,900 | 51,500 | 100,000 | 26,000 | 20,000 | 557,400 |
| Vehicle & Equipment Reserve Fund | VER | 372,968 | 200,000 | - | 19,000 | 600,000 | - | 609,000 | 1,228,000 |
| Transportation Infrastructure Reserve Fund | TIR | - | 4,492 | 500,000 | 350,000 | 500,000 | 575,000 | 385,000 | 2,310,000 |
| Growing Communities Reserve Fund | GCR | 1,256,000 | 1,254,774 | - | - | - | - | - | - |
| Water Capital Reserve Fund | WCR | 713,500 | 303,500 | 641,000 | 341,000 | 791,000 | 116,000 | 451,000 | 2,340,000 |
| Sewer Capital Reserve Fund | SCR | 12,500 | 12,500 | - | - | - | - | - | - |
| Climate Action Plan Deferred Revenue | CAP | 201,000 | 201,000 | - | - | - | - | - | - |
| Drainage DCC Reserve Fund | DCC | 220,500 | 220,500 | - | - | - | - | - | - |
| One-Time Project Reserve | OTP | 1,500 | 1,500 | | | | | | |
| Developer Contributions | DEV | - | 40,000 | | | | | | |
| Grants | GRT | 5,803,746 | 70,000 | - | - | - | - | - | - |
| Long-Term Debt | LTD | 2,727,311 | - | - | - | - | - | - | - |
| TOTAL FUNDING SOURCES | | \$12,804,259 | \$3,816,478 | \$1,715,900 | \$1,611,500 | \$2,341,000 | \$717,000 | \$1,815,000 | \$8,200,400 |

Appendix “D” – 2025 Budget Scenarios

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

Appendix “E” – Operating Spending Packages

| | Ongoing \$s | Equivalent % Tax & Rate Increases | Capital Costs |
|---|------------------|--|------------------|
| General Operating Spending Initiatives | | | |
| Increased level of service for Bylaw Services | \$50,000 | 1.58% | To be determined |
| New Full-Time Exempt Position in Administration | \$97,480 | 3.09% | \$3,850 |
| Introduce a new Parks Tech I position (90% - 10% allocated to Water) | \$72,450 | 2.29% | To be determined |
| Policy Planning Student – assists with residential OCP review, including drafting amendments and assisting with public engagement efforts | \$17,686 | N/A - Use of Provincial Capacity/Housing Initiatives Grant fund for temporary position | N/A |
| Parks Planning Student – assist with revising the Parks, Trails and Recreation Plan and Trails and Journeyways Strategy. Will also assist with public engagement events for the OCP review. | \$17,686 | N/A - Use of Provincial Capacity/Housing Initiatives Grant fund for temporary position | N/A |
| Total Impact on Taxation & Capital | \$255,301 | 6.96% | \$3,850 |
| Water Utility Operating Spending Initiative | | | |
| Introduce a new Parks Tech I position (10%) | \$8,050 | 1.32% | To be determined |