2022 – 2026 Financial Plan

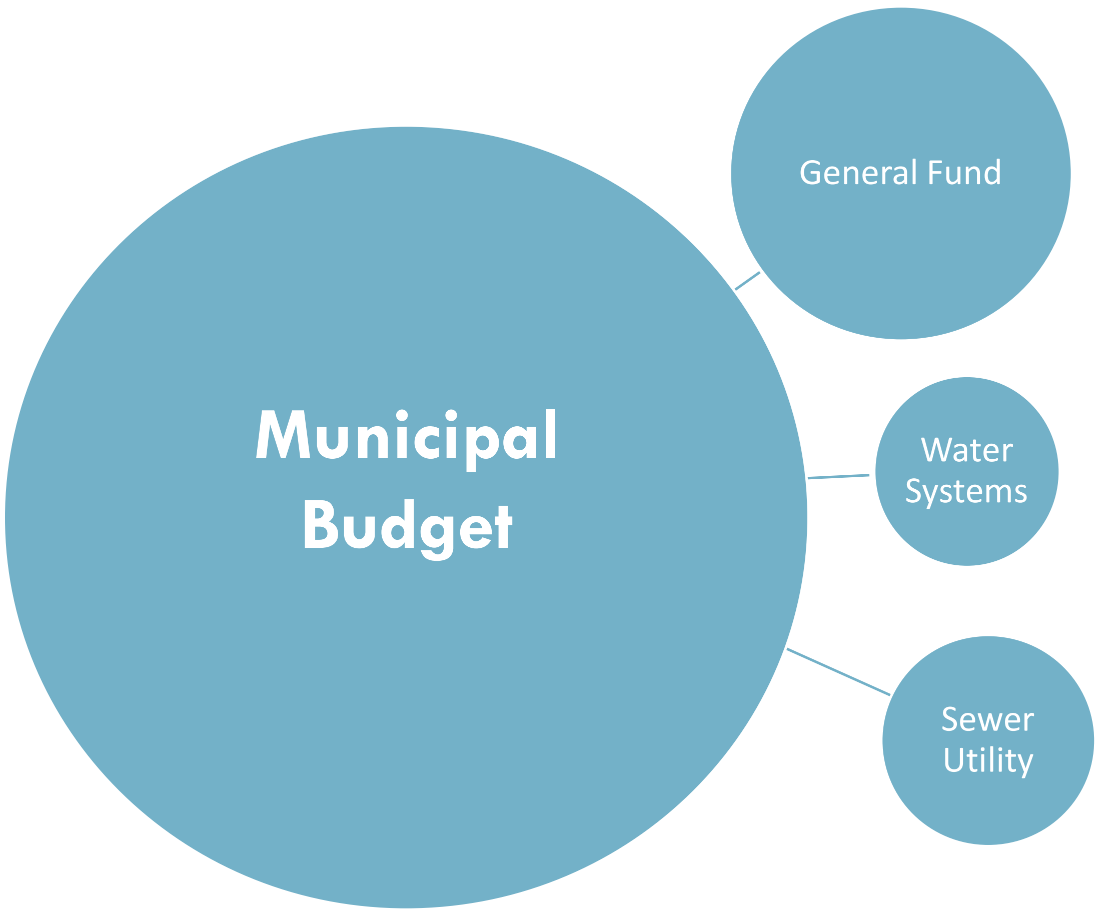
Presentation to Council

October 13, 2021 Special Council Meeting 6:00pm

Agenda

- Overview of Financial Planning Process
- Lantzville – Challenges
  - Residential Tax Base
- 2022 Budget Summary
  - Asset Management Infrastructure Funding Deficit
  - Impact on Average House
  - Water, Sewer, Garbage User Fees
- Capital Projects
- Next Steps

Financial Plan - Overview



- Operating Budget
- Capital Budget

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- Capital Budget

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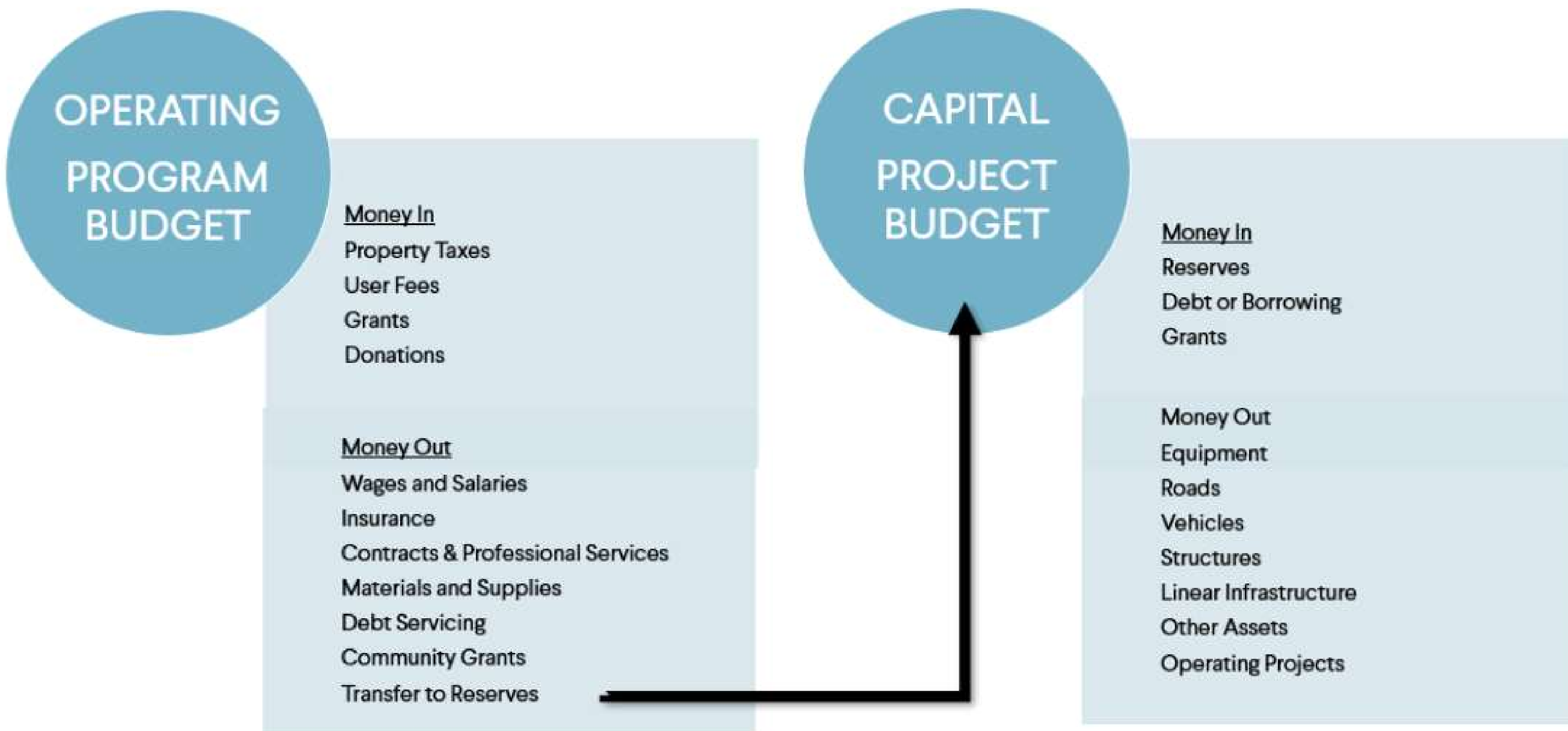
Financial Plan - Overview



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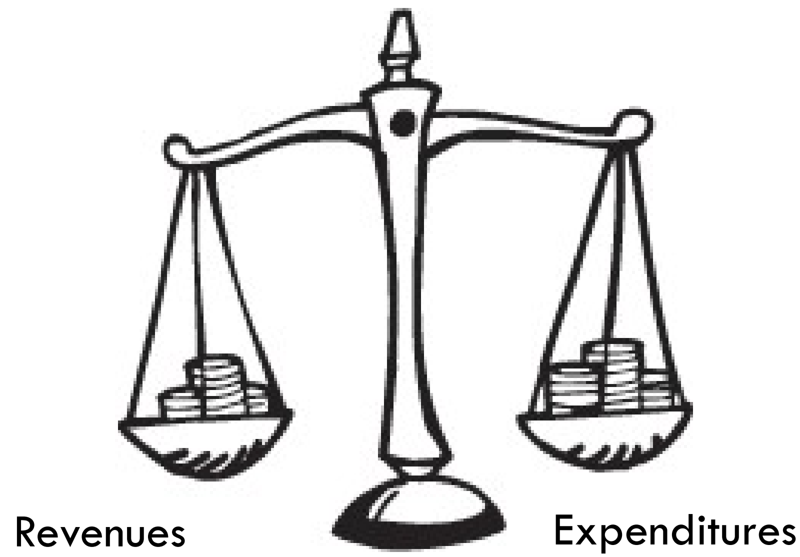
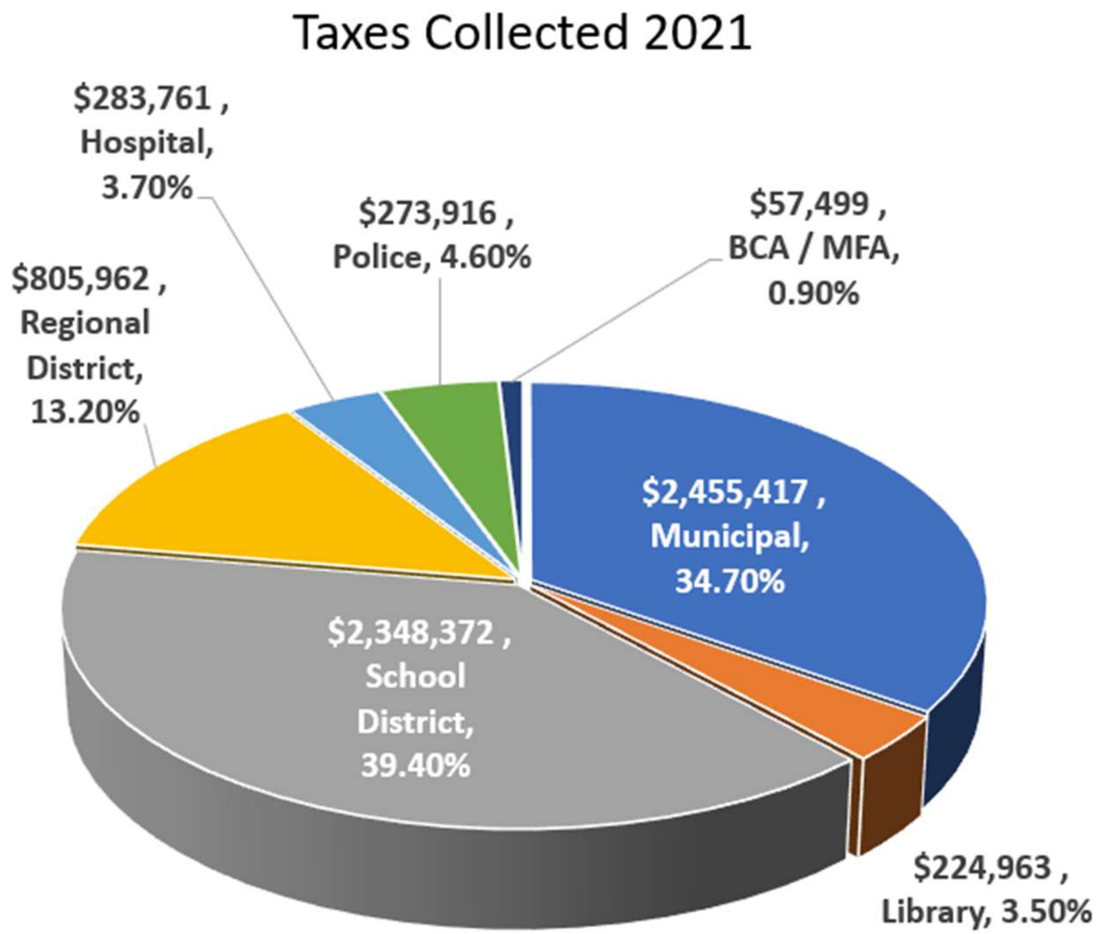
Legislative Requirements

- No Surplus or Deficit
- Reserve Contributions
- Financial Plan must balance (net $0)



Municipal Property Tax



Financial Plan Process

Staff Budget Development → Council Presentation → Public Consultation → Bylaw Development & Adoption

Jul - Oct
- Operating Budgets
- Capital Budgets

Oct
- Recommendations to Council

Nov
- Virtual Presentation

Dec
- Council Deliberation
- Bylaw Adoption

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Lantzville – Financial Challenges

- Limited Tax Base (97% Residential)
- Little Opportunity to Increase Non-Taxation Revenue
- Asset Replacement – Need to address Infrastructure Funding Deficit
- Small Community Grant used to Balance Budget
- No Funding for Council Initiatives/Operating Projects
- No Contingency in Budget for unforeseen expenditures

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Residential Tax Base Comparison

Municipalities	Population Estimate	2021 Average Residential Assessment	2021 General Municipal Taxes	Percentage Assessed Value RESIDENTIAL
Duncan	5,124	399,305	1,408	77%
Port McNeill	2,416	225,954	1,161	80%
Tofino	2,522	1,106,047	2,845	80%
Cumberland	4,558	510,441	1,651	81%
Port Hardy	4,421	212,169	1,189	81%
Port Alberni	19,060	330,911	1,997	85%
Ucluelet	1,941	519,112	1,655	85%
Courtenay	28,862	510,671	1,611	87%
Nanaimo	101,336	544,227	2,390	87%
Parksville	13,685	529,355	1,884	89%
Campbell River	36,167	483,444	2,000	90%
Highlands	2,451	889,007	2,041	93%
Ladysmith	9,036	483,347	1,827	93%
Comox	15,182	593,809	1,517	95%
Lake Cowichan	3,651	411,143	1,409	95%
Qualicum Beach	9,233	688,660	2,111	96%
Lantzville	3,816	754,076	1,406	97%

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High Residential Class Community Comparison to Higher Commercial/Industry Based Tax Class Community

Municipality	Residential Class	Property Tax Avg Residence	Per Avg Residence Other Classes	Total Property Tax per Res Property	Total Property Tax Revenue
Duncan	77%	$1,408	$987	$2,395	$4,653,100
Lantzville	97%	$1,406	$267	$1,673	$2,737,300

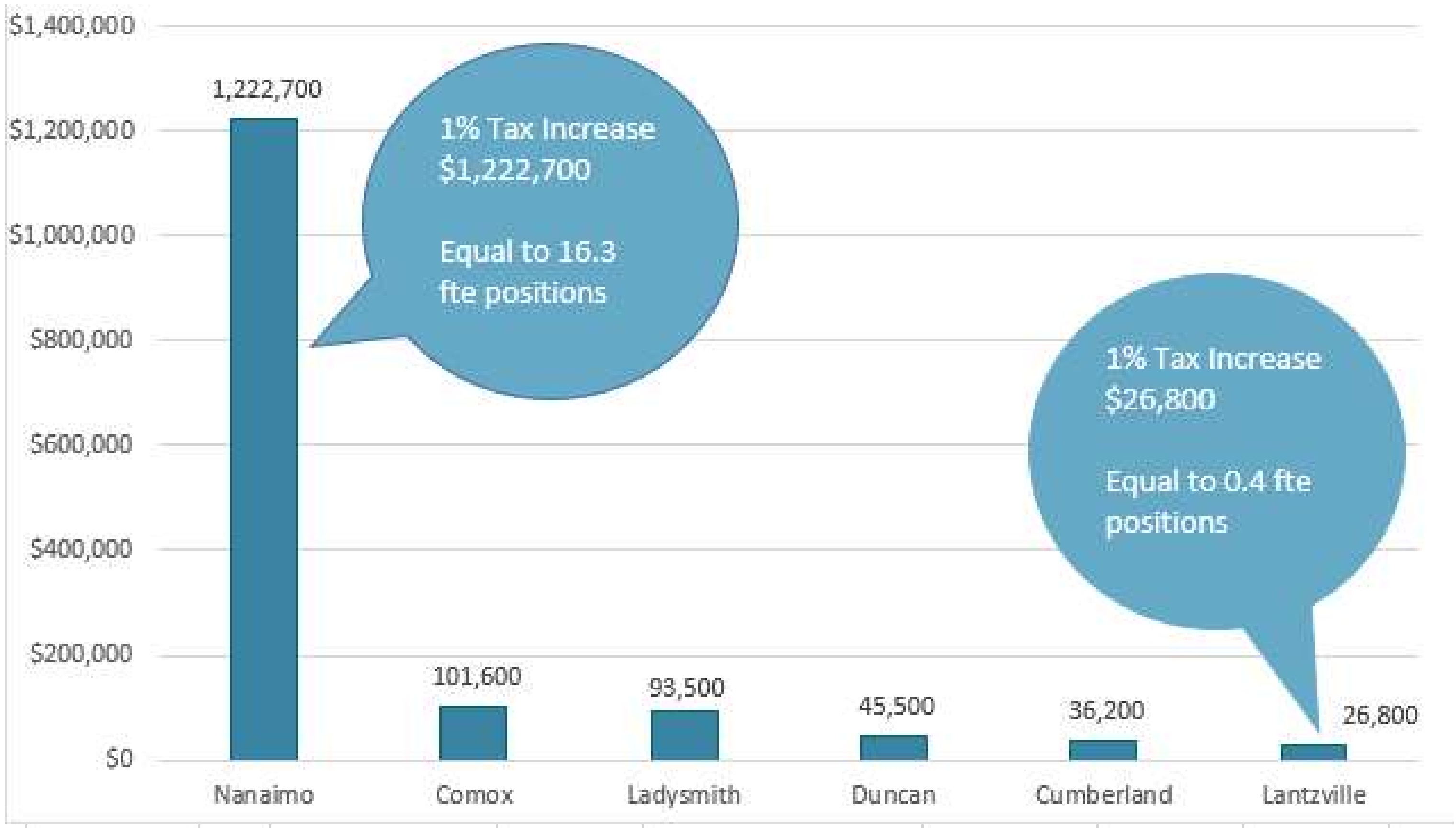
Less Industry and More Residential

= Higher Property Taxes

Cost of Keeping Taxes Comparatively Low

= Less funding for Services

Comparisons 1% Tax Levy Increase

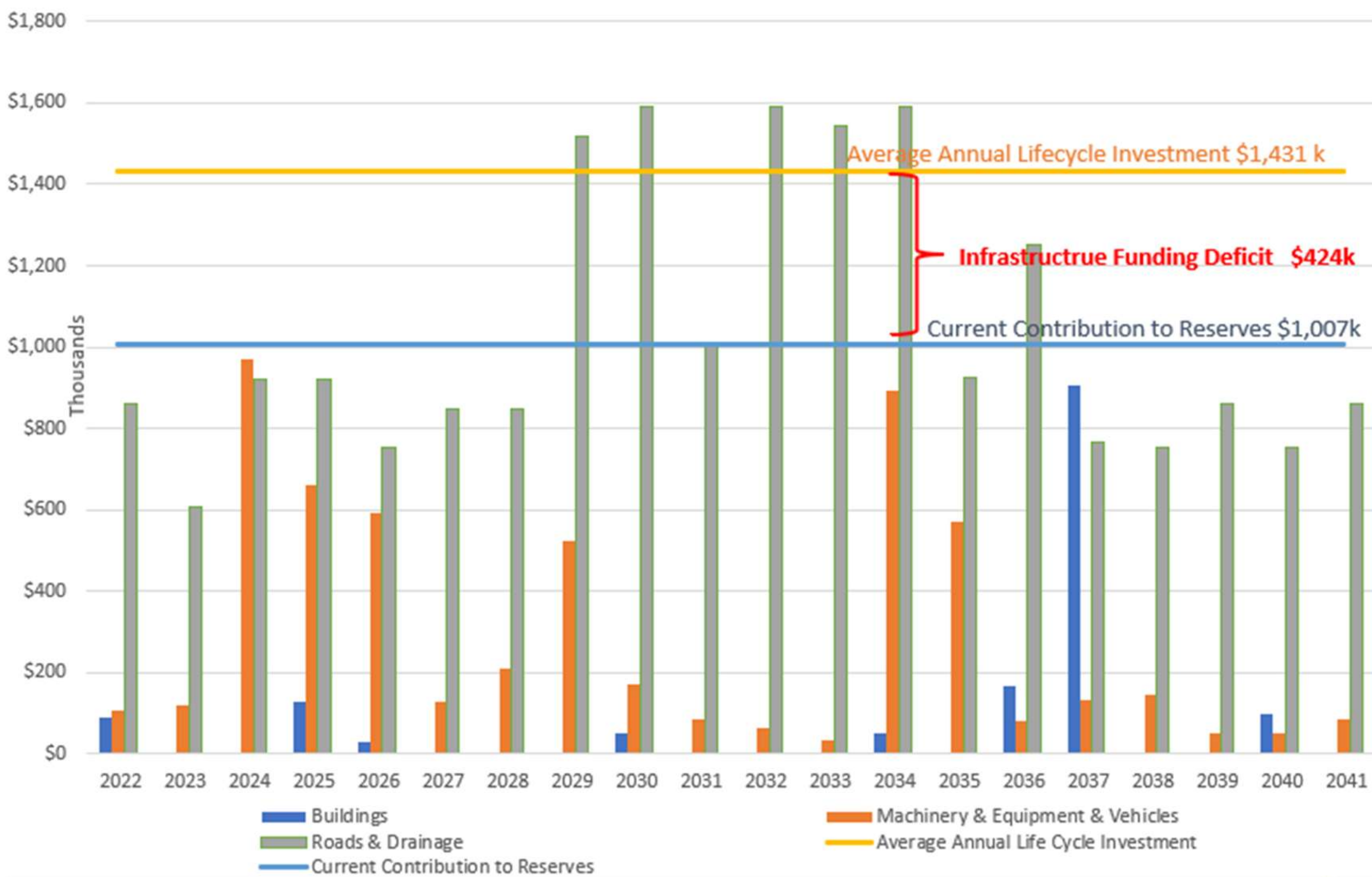


2022 Budget Provisions

Asset Management – Infrastructure Funding Deficit **$312,200**

- *2021 – funded from COVID Restart Grant*
- *Temporary Relief from Property Tax 2021*
- *Deferred Tax Pressure to 2022*
- *Keep contribution to asset reserves at same level as 2021*
- *Still leaves infrastructure funding deficit of $424k per year*

Asset Management Annual Average Lifecycle Investment and Infrastructure Funding Deficit



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2022 Budget Provisions

Operating Budget - Service Level Expectations $204,000

- **Planning & Development – New Planner**
- **Public Works – Maintenance of Existing & Additional Infrastructure**
- **Protective Services – Fair Compensation to Volunteers, Fire Chief**
- **General Government**
  - **Deferred Tax Pressure COVID Restart Grant Funds used to balance 2021 expenditure budget.**
  - **Collective Agreement & CPI driven compensation adjustments**
  - **Inflation**
  - **One time Projects Budget Provision**

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Impact on Average House

Impact to Average Single Family House, $754,100*	2021	2022
Residential Mill Rate	1.7081	2.0685
Municipal Property Taxes	$1,287	$1,560
Dollar value increase (annual)		$ 273
Dollar value increase (monthly)		$ 23

*2021 based on 2021 Tax Rate Bylaw and BC Assessment Data

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Current Financial Plan

Sewer User Fee

- No increase in user fees required
- Additional Revenue from newly connected properties
  - Covers anticipated increase to expenditures and contribution to reserves.
  - Quarterly base charge - $128

Water User Fee

- 10% increase in user fees required
  - Anticipated increase in bulk water purchases from Nanaimo
  - Quarterly base charge $73 (2021) to $79 (2022)

Garbage Collection Fees

Garbage Collection Fees

- Automated collection began October 1, 2020
- Garbage, Recycling & Food Waste
- Annual Charge $160 (100 litre cart typical)
  - Billed Quarterly
- No increase anticipated in 2022

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Impact Municipal Taxes and Utilities Average House

Impact to Average Single Family House, $754,100*	**2021**	**2022**	**Change**
Municipal Property Taxes	$1,287	$1,560	$273
Water	292	316	$24
Sewer	512	512	-
Garbage	160	160	-
Annual Cost for Services	$2,251	$ 2,548	$297

*Based on the BC Assessment "2021 Folio Count and Average Value By Jurisdiction" Report

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Capital Program – General Fund 000's

Project Category	2022	2023	2024	2025	2026
General Government	127	10	10	10	10
Protective Services	315	7,060	64	74	57
Planning & Economic Development	650	-	-	-	-
Public Works – Equipment Renewal	140	70	-	-	-
Roads & Storm Drainage	2,421	450	1,468	1,118	475
General Government Total	**$3,653**	**7,590**	**1,542**	**1,202**	**542**

Significant Capital Projects (2022)

- Commercial Core Revitalization Phase II (Dickinson to Tweedhope)
- Dickinson Road Upgrade, Asphalt Replacement Alger Road
- Multi Use Path – Lantzville Road
- Dickinson Road Culvert Replacement
- Protective Services SCBA, Bottle Replacement and Small Equipment Replacement
- Replacement of Dump Truck
- Information Technology & Equipment Replacements and Server Room Relocation

Outer Years Capital Projects

- Fire Hall and Public Works Facility
- Aulds Road Upgrade, Asphalt Overlays Phantom, Fernmar, Lorenzen Lane
- Culvert Replacements – Dickinson Road, Alger Road
- Protective Services - Small Equipment Replacement
- Public Works – Vehicle Replacement
- Information Technology & Equipment Replacements

Capital Program Sewer Utility - 000's

Sewer Fund	2022	2023	2024	2025	2026
Sewer/Sanitary Master Plan	-	-	100	-	-

Capital Program Water Utility - 000's

Water Fund	2022	2023	2024	2025	2026
Winds Expansion	8,968				
Lantzville Rd (Peterson to Huddlestone Rd) Watermain Replacement	702				
Clark Drive Expansion		8,325			
Harby Rd East, Joy Way, Rossiter, Watermain Replacement		525			
Millard Lane, Lynn Drive & Lancewood Watermain Replacement			590		
Huddlestone Road Watermain replacement				200	
Forest Turn, Hall Rd, Saxon Cross					410
5 Year Water Fund Project Plan	**$9,670**	**8,850**	**590**	**200**	**410**

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Recap

2022 Budget Pressure	2022
2021 Asset Reserve Contribution Funded from COVID Reserve	$312,200
Operating Budget – (2 additional positions, compensation, inflation, one-time operating projects)	$ 204,000

Impact to Average Single Family House, $754,100*	2021	2022
Municipal Property Taxes	$1,287	$1,560
Dollar value increase (annual)		$ 273
Dollar value increase (monthly)		$ 23

Next Steps

October 27, 2021 – 6pm	Updates and Additional Information Requested by Council	Special Council Meeting
November 8, 2021 – 6pm	Further updates and Details to Financial Plan	Special Council Meeting
November 24, 2021 – 6pm	Public Input Session 1^{st} 2^{nd} 3^{rd} readings of Financial Plan Bylaw	Special Council Meeting
December 1, 2021 – 7pm	Adoption of Financial Plan Bylaw (if first three readings happen on Nov 24^{th})	Regular Council Meeting

Staff Recommendation

- That the 2022-2026 Financial Plan include a necessary $312,200 increase in property tax revenue to maintain asset reserve contributions at 2021 levels.

- That the operating budget pressures identified in the October 13 staff report be included in the 2022-2026 Financial Plan, reflecting a $204,000 increase in property tax revenue.

- That the Asset Management Policy be revised for Council consideration to include a strategy to address the asset infrastructure funding deficit.

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Questions?

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