



2014-2018 Financial Plan

March 12, 2014

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What's to come:

Information Session

- **Budget process & purpose**
- **Budget overview**
- **General Fund Operating Budget**
- **Utility Funds Operating Budgets**
- **Capital Budget – All funds**
- **What does the budget mean to the rate payer?**



What's to come:

Council comments

Question and Comment Period With Council

- In person during the meeting
- Electronically or by phone from those watching from home:
 - E-mail: budgetfeedback@squamish.ca
 - Twitter: [@Squamishtown](https://twitter.com/Squamishtown)
 - Facebook: Facebook.com/districtofsquamish
 - Online: Squamish.ca/budget
 - Phone: 604.892.5217



Reference Materials

- **Budget 2014: Explained (*brochure*)**
- **2014-2018 Draft Financial Plan Report (*booklet*)**
- **Information from throughout the process is also on our website at www.squamish.ca/budget**



The Budget Process

Looking Back

- Budget initiated internally - July 2013
- First presented to Council/Public – November 2013
- Over 40 hours of workshops Nov-Feb reviewing various budget options



The Budget Process

- **Various budget options included:**
 - Service cuts to achieve a 0% tax revenue increase (\$1.3M reduction)
 - Existing service level budget (6.2% tax change)
 - Management recommended budget (7.7% tax change)
 - Other programs requested but not recommended by Management this year (13.9% tax change)
 - Other initiatives introduced by Council
- **As of today: property tax revenue change is 5.14%**



The Budget Process

Public Input

- The District has been seeking input since November
- Comments received to date have shaped where we are
- It is true we are nearing budget completion

BUT... This is not a “done deal”

- Budget is final only when the 2014-2018 Financial Plan Bylaw is adopted
- Council will consider feedback received tonight and over the next week before adopting (or amending) that bylaw



Why is the Five Year Financial Plan Important?

- **Legally required: adopted by bylaw following public consultation**
- **Provides authority to spend public funds and draw from financial holdings of the Municipality**
- **First year of the plan is the basis for setting property tax rates**
- **Future years are intended to signal emerging issues and facilitate the smoothing of rate increases**



Budget Overview



2014 Budget Overview

The 2014 Budget is comprised of four operating funds:

Fund	Portion of Expenditure * Budget	Expenditure * Budget Amount (M)	Default Revenue Source
General Fund	72.1%	\$29.3	Property Tax
Solid Waste	5.7%	\$2.3	Collection & Landfill Tipping Fees
Water Utility	10.2%	\$4.1	Water Utility Fees
Sewer Utility	12.0%	\$4.9	Sewer Utility Fees
Total	100.0%	\$40.6	

**Expenditure for this table Includes principal payments and transfers to capital fund and capital reserves*

2014 Budget Overview

The General Fund breaks down further

Fund	Portion of Expenditure* Budget	Expenditure* Budget Amount (M)
General Government	20.6%	\$6.0
Protective Services	26.4%	\$7.7
Transportation & Transit	13.2%	\$3.9
Economic & Community Development	6.9%	\$2.0
Recreation Parks & Trails	12.7%	\$3.7
Public Health & Cemetery	.3%	\$.1
Debt Servicing (incl. principal)	10.5%	\$3.1
Contribution to Capital Program	9.4%	\$2.8
Total	100.0%	\$29.3

**Expenditure for this table Includes principal payments and transfers to capital fund and capital reserves*

2014 Budget Overview

There is also a capital plan:

Functional Areas	Proportion of Capital Plan	Capital Expenditures (M)
General Fund	5.6%	\$0.7
Protective Services	7.7%	\$0.9
Transportation & Transit	34.1%	\$4.1
Recreation, Parks & Trails	4.2%	\$0.5
Solid Waste	9.9%	\$1.2
Water Utility	19.6%	\$2.3
Sewer Utility	18.8%	\$2.2
Total	100.0%	\$11.9



2014 Budget Overview

Goals achieved:

- **Reduced tax increase from 2013 budget forecast for 2014 (5.14% vs. 11.36% tax increase)**
- **Annual special project envelope to reduce reliance on savings and help stabilize rates in future**
- **More realistic capital plan that reduced annual borrowing for capital**
- **Increased contributions to general fund capital reserves**



2014 Budget Overview

Trade offs:

- **Service reductions and user fee increases required to reduce the tax impact**
- **Little progress made this year on a financial policy goal to eliminate borrowing for capital projects under \$1M**
- **Capital program fits within financial and human resource limits but is not sufficient to accomplish long term replacement requirements**



General Fund - Operating Budget

Property Tax Requirement 2013 To 2014

	\$ Change	% Change
2013 General Property Tax Requirement	\$ 21,439,246	
Labour Change (current and retroactive phased in over 3 years)	532,063	2.48%
2014 RCMP Contract Change (current & 70-90% phased in over 4 years)	249,354	1.16%
Transit Contract (net of revenue)	130,500	0.61%
Other Contract Changes and Adjustments	111,112	0.52%
Service Contractions and User Fee Increases	(660,229)	-3.08%
Service Increases	69,737	0.33%
Growth on Existing Service Level	26,679	0.12%
2013 Non-Recurring Items Removed	(376,265)	-1.76%
2014 Projects Funded From Taxation	502,071	2.34%
Change in Allocations To Other Funds	(101,678)	-0.47%
Change in Debt Service	246,255	1.15%
Change in Provision Contributions	(7,754)	-0.04%
Change in Other Reserve Contributions	37,039	0.17%
Change in Contribution to Capital	129,025	0.60%
Change in Contribution to Capital Rehabilitation Reserve	214,400	1.00%
2014 General Property Tax Requirement	\$ 22,541,555	5.14%

General Fund - Key Changes

Labour represents approximately \$13.1M of the total general fund operating budget

CHANGE IN LABOUR FROM 2013 TO 2014 BEFORE SERVICE ADJUSTMENTS		
Contracted Inflation & Step Changes	\$ 132,822	0.62%
2013 New Positions Annualized	99,646	0.46%
Merit Changes	81,302	0.38%
Existing Positions Understated in 2013	76,183	0.36%
Benefit Changes	68,025	0.32%
Subtotal	457,978	2.14%
Provision reduction for retroactive phase in	74,086	0.35%
Total	\$ 532,064	2.48%



General Fund - Key Changes

Other contractual changes (2.29%) included:

- **RCMP (\$249k)**
 - 2013 to 2014 contract change \$49k
 - Reduction in provision use to offset 70 to 90% lift in 2013 (\$200K)
- **Transit Contract (net \$131k)**
- **Other net contract changes (net \$111k)**



General Fund – Key Changes

32 service contractions and user fee increases (-3.08%)

Summary of changes directly impacting the Public:

- Development fee increases proposed (-\$201k)
- Community enhancement grants & contingency (-\$81k)
- Recreation community engagement (-\$71k)
- Sidewalk, bike lane and park maintenance (-\$58k)
- RCMP client service (-\$50k)
- Animal control and bylaw services (-\$25k)
- Library hours and programming (-\$24k)
- Fees and charges fire services (-\$20k)

Other internal service reductions (-\$130k)



General Fund – Key Changes

Contributions to Capital Program (2.92%)

- **Increase in annual debt service (\$246k)**
 - Total annual debt service for general fund \$3.1M
- **Increase in direct funding of capital projects (\$129k)**
 - Total annual \$1.6M (excl. carry forward prior year)
 - To address Long Term Financial Plan Guiding Principles



General Fund – Key Changes

- **Increase in contributions to capital reserves (\$251k)**
 - Total annual contribution from general fund \$924k
 - Capital rehabilitation reserve - 1% prior year tax revenue
 - Equipment reserve – per bylaw
 - To address Long Term Financial Plan Guiding Principles



General Fund – Key Changes

Why so much to capital and capital reserves?

- DOS has restrictions on borrowing and policies that replacements should be funded by reserve or from revenues
- Capital assets in the general fund originally cost \$154M
- Let's generously assume an average life span of 100 years
- \$1.5M needed per year to replace these assets
- As of 2014 we are putting away \$924k / year
- And...on average these assets are 25% through their useful life
- Reserves built to date should be \$37.5M but we have \$510k in general capital and \$4.7M in equipment reserve
- We have some ground to make up here



Utility Funds - Operating Budgets

Solid Waste

SOLID WASTE

2013 Contribution to Reserves	\$ (92,338)
10% Collection Fee Increase & Growth	(89,610)
Tipping Fee Adjustment	24,000
Change in Administrative Allocations	(657)
Insurance Reduction	(113)
Additional Landfill Diversion Costs	20,000
Sustainability Coordinator (.38 FTE)	30,064
Special Project – RFP for Collection Contract	30,000
Reduction in Post Closure Contribution	(420,000)
Changes in Debt Service	230,003
2014 Proposed Contribution to Reserves	\$ (268,651)

Water Utility

WATER

2013 Contribution to Reserves	\$ (638,677)
10% User Fee Increase & Growth	(307,022)
Labour Changes and Redistributions	(5,542)
Change in Administrative Allocations	29,880
Insurance Reduction	(6,943)
Increases for New Development	35,483
Operations Technician (.38 FTE)	37,346
Bench Marking Software & Conference	15,150
Remove Non-recurring Items	(190,000)
Special Projects – Unfunded	45,000
Change in Debt Service	235,726
Contribution to Equipment Reserve	9,250
Change in Contribution to Capital	1,286,425
2014 Proposed Draw from Reserves	\$ 546,076

Sewer Utility

SEWER	
2013 Contribution to Reserves	\$ (483,893)
10% User Fee Increase & Growth	(437,942)
Labour Changes and Redistributions	9,471
Change in Administrative Allocations	29,592
Insurance Reduction	(31,778)
Operating Costs for WWTP Upgrade	18,000
Increases for New Development	13,237
Operations Technician (.38 FTE)	37,346
Bench Marking Software & Conference	15,150
Chief Operator Waste Water Collections (.75 FTE)	76,310
Remove Non-recurring Items - Special Projects	(96,663)
Special Projects – Unfunded	146,020
Change in Debt Service	113,306
Contribution to Equipment Reserve	42,727
Change in Contribution to Capital	10,456
2014 Proposed Contribution to Reserves	\$ (538,661)



Capital Budget



Capital Plan Highlights

Capital Funding Restrictions

- **Borrowing Limits**
- **Reserves (\$5.2M Equipment, \$5.2 Capital)**
- **Annual Contributions from Revenue (\$3.5)**

Capital Envelope Established (\$6.6M)

Budget Mangers had to prioritize and defer projects to remain within the funding envelopes



Capital Plan Key Drivers

- **Flood protection**
- **Roads, Bridges**
- **Water mains**
- **Bike commuter trails/lanes**
- **Landfill upgrade**
- **WWTP Centrifuge**
- **Fleet and Equipment Replacements**



Key Changes in Capital Plan

Revenues

- Borrowing reduced from \$8M to 5M - \$1M relates to new borrowing
- Change in direct utility funding from \$684K to \$2m
- Grant reductions – flood protection and landfill project were drivers in 2013 - change \$3.3M to \$1.2M
- DCC reduction due to fewer eligible projects \$1.4 to \$535K



Key Changes in Capital Plan

Expenditures reduced \$4.8M

- Transportation reduction (-\$2.3M) due to flood protection projects last year
- Solid Waste (-\$3M) due to landfill expansion project
- Sewer Utility (-\$1M) Gov't Road Trunk Sewer upgrade last year
- Protective Services increase (\$859K) for fire vehicle and seismic upgrade for fire hall starting in 2014



Impact on Rate Payers



Utility Rates

- **Solid Waste – 10% \$160 / residential unit**
- **Water – 10% \$351 / residential unit**
- **Sewer – 10% \$489 / residential unit**



Property Taxes

- **Property tax revenue increase is 5.14%**
- **BUT ...**
- **Each property class is impacted differently**
 - Legal caps: Utilities and Port
 - Policy caps:
 - Light industry on rate
 - Business, Forests and Farms by ratios
 - Residential absorbs the difference

By Class Tax Rate Review

Tax % of Burden - % of Assessment- Tax Rates & Ratios (Existing policy)

Property Tax % of Burden by Property Class			% of Assessment		\$ Tax Rates Comparison		Ratios	
Property Class	Squamish	*BC Average	Squamish	*BC Average	Squamish	*BC Average	Sq.	*BC Avg
Residential (1)	62.8%	61.8%	84.62%	82.4%	4.9948	4.3250	1.0	1.0
Utilities (2)	7.7%	4.1%	1.29%	1.4%	40.0000	31.1095	8.0	7.9
Supportive Housing (3)	0.0%	0.0%	0.00%	0.0%	0.0000	4.3371	0.0	1.0
Major Industry(Port) (4)	1.7%		0.40%		27.5000	30.1735	5.5	7.3
Major Industry	0.0%	9.4%	0.00%	2.9%	27.5000	30.1735	5.5	7.3
Light Industry (5)	1.8%	3.5%	0.67%	1.5%	17.7491	17.7491	3.6	4.0
Business (6)	25.5%	20.5%	12.61%	11.2%	13.6084	11.3119	2.7	2.7
Forests-managed (7)	0.1%	0.1%	0.05%	0.0%	16.3892	13.9837	3.3	3.3
Recreation/N.P. (8)	0.3%	0.3%	0.36%	0.2%	5.5880	6.2226	1.1	1.5
Farm (9)	0.0%	0.2%	0.00%	0.1%	10.9489	9.6589	2.2	2.2
Total	100%	99.9%	100%	99.7%				

* From 2013 BC Local Government Statistics (rate/ratio values exclude zero values and Oak Bay farm class)

Represents legislated rate caps



Average Property Owner Impacts

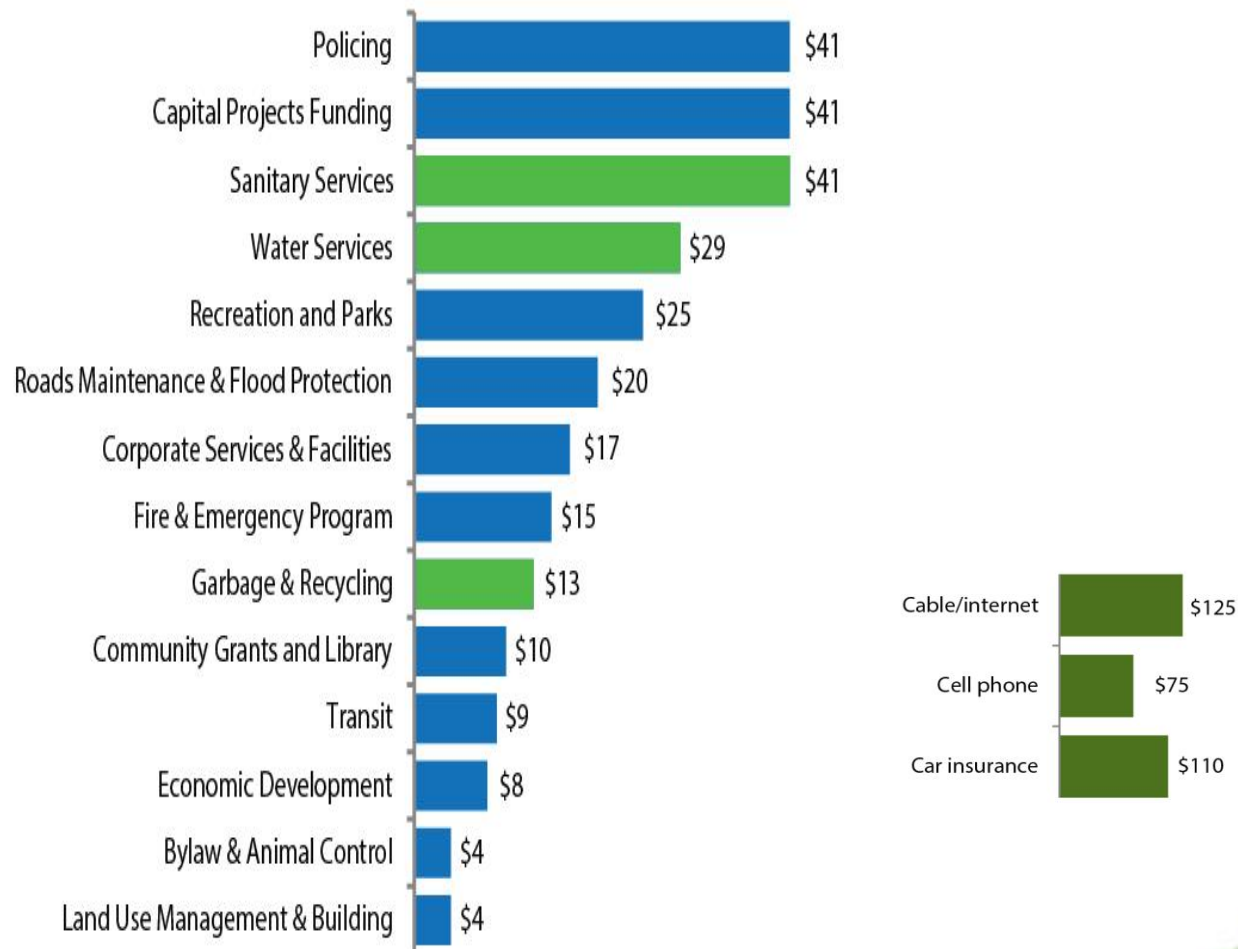
Single Family Resident:

- \$2,333 per year \$194/month
- 5.76% increase over 2013 average
- \$127 more than last year

Business/Commercial:

- \$6,212 per year \$518/month
- 4.44% increase over 2013 average
- \$264 more than last year

Municipal Tax and Utility Bills: Monthly Breakdown





Wrap Up

- We will be hearing from Council next
- Opening the floor for your comments, input and questions
- Reminder for those at home:
 - E-mail: budgetfeedback@squamish.ca
 - Twitter: [@Squamishtown](https://twitter.com/Squamishtown)
 - Facebook: [Facebook.com/districtofsquamish](https://facebook.com/districtofsquamish)
 - Online: [Squamish.ca/budget](https://squamish.ca/budget)
 - Phone: 604.892.5217

THANK YOU for taking the time to learn more about your
Community

