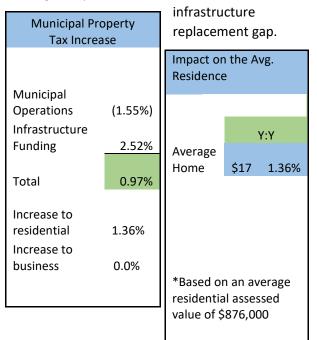


Introduction

Budget in Brief

The 2018 Budget includes an overall property tax increase of **0.97%**, which includes a 2.52% increase towards infrastructure replacement, and an offsetting 1.55% decrease in the municipal operations budget. The District continues its strategy to look for efficiencies and cost savings in operations and prioritize the funding of capital reserves to close the



The 2018 Budget also includes \$6.3 million of new capital works which maintains and replaces existing assets, creates a strong foundation for future change and facilitates improvements to public amenities such as parks, roads, underground utilities, municipal buildings and bike lanes.

Capital Infrastructure Improvements: The 2018 Budget continues the practice of closing the infrastructure funding gap, as tax funded capital reaches \$1.7 million, or 17% of tax revenue. The District's administration continues to develop asset specific plans which inform the extent and timing of asset replacement and align with the long term financial and strategic planning directions of Council. The District's 2018 Capital Projects include the continuation of the proposed bike lane network, an upgrade to the Scoter Trail, the Sandown Stormwater Upgrade and replacement of recommended sections of the water and sewer infrastructure.

Utilities: The 2018 Budget includes a **4.1%** increase in the water rate and a **0.76%** change in the annual sewer rate.

Components of the 2018-2022 Budget

• Supplemental Requests

These requests are described as changes to existing staffing levels, services, contributions, or onetime projects or studies that cannot be funded through existing budgets. These items are listed on page 3, along with the impact on the budget. Please note that the cost of the supplemental requests are reflected in the budget increase.

• Reserve Funds and Infrastructure Replacement

The District continues its commitment to its 1% increase strategy of funding its infrastructure replacement reserves and moving towards the goal of funding its depreciation expense on an annual basis. Asset management continues to remain a high priority for the District and in 2018 the District will continue to collect data on its drainage system and municipal buildings, which in turn will guide the condition assessment, maintenance and replacement schedules of these significant asset classes.

• Surplus Funding

The District continues to utilize prior year surplus funds in the 2018 – 2022 budget to fund special projects, initiatives and one-time expenses. The level of surplus funding used for 2018 is \$128,400 and the approved expenditures are detailed on page 4. Use of surplus is an effective means to reduce tax increases related to items that are not embedded in the ongoing operations of the municipality.

• Growth in the Tax Base (Non-Market Change)

An additional factor that assists in keeping the tax increase down is the growth in the tax base, or Non-Market Change. This type of growth is not related to assessment increases in existing properties, but predominantly from new construction which results in additional property taxes. The tax revenue from growth is used first and foremost to offset budget increases in the year, and the tax revenue from growth in 2018 will be approximately \$513,500.

Growth resulting from the Sandown commercial property is included in the total Growth. In the 2018 budget, 50% of total tax revenues (approx. \$50,000) generated from the Sandown commercial lands have been transferred to the Sandown Agricultural Reserve Fund. Growth revenues are budgeted conservatively for years 2019-2022 in the budget and development trends and growth projections will be monitored over the course of the year.

• Tax Increase

The budget includes a total increase of \$597,050 in property tax revenues. This includes \$513,500 in tax revenues from new growth, which reduces the amount required from taxpayers to \$97,400. This equates to a net impact of 0.97%, which has been distributed as follows: 0% tax rate increase to business class properties, 1.36% tax rate increase to residential and all other class properties. A 1.36% increase represents approximately \$17 in municipal taxes for the average residence per year.

Projected tax increases for years 2019-2022 range from 0.6% to 2.7% and average 1.2% over the five year budget. These projected increases include the continuation of the District's 1% infrastructure funding strategy. The figures and projected increases in years 2019-2022 are based on the best estimates and information available at this time.

Major Drivers:

Operating Expenses		
Salaries/Wages/Benefits	120,400	1.20%
Inflation increases	123,900	1.23%
Chamber of Commerce Visitor Centre	(25,000)	-0.25%
Committees	3,150	0.03%
Increase in other grants, Flavour Trail contribution	20,000	0.20%
Library levy	67,100	0.67%
Other misc.	28,300	0.28%
	\$ 337,850	3.36%
Operating Revenues		
Non-market change	(513,500)	-5.11%
1% Grant in lieu	(8,450)	-0.08%
Grants in lieu of taxes	20,000	0.20%
Building, plumbing permits and dev. variance applications	(148,000)	-1.47%
Cell Tower revenue	(73,900)	-0.74%
Interest revenue	(42,700)	-0.42%
Other misc.	29,300	0.29%
	\$ (737,250)	-7.34%
Project funding envelopes		
1% Infrastructure increase strategy	\$ 105,000	1.04%
Transfer to Sandown Agricultural Reserve Fund	\$ 70,000	0.70%
Transfer to General Infrastructure Replacement Reserve	\$ 78,000	0.78%
	\$ 253,000	2.52%
Supplemental Requests Included in Budget		
0.4 FTE Bylaw Inspector Position - Planning & Community	27,000	0.27%
Fiber internet to Municipal Hall and Fire Hall	27,000	0.27%
Volunteer Fire Fighter On-Call and Mileage Reimbursment	37,200	0.37%
Volunteer Fire Fighter Training	20,000	0.20%
Fire Safety Equipment	18,000	0.18%
Human Resources position (half year)	50,000	0.50%
Records Management Filing/Cleanup	64,600	0.64%
	\$ 243,800	2.43%
Total	\$ 97,400	0.97%
Total tax increase	\$ 97,400	0.97%

Use of Surplus

Use of 2017 (Prior Years) Surplus

2018 Projects		Total	Impact
Records Management Project - Filing Room		69,200	0.69%
Sandown Transition Project		27,200	0.27%
Climate Change Consulting - Sea Level Rise		5,000	0.05%
Municipal Hall Bike Racks		2,000	0.02%
Saanich Peninsula Chamber of Commerce 2018 Funding	_	25,000	0.25%
	\$	128,400	1.28%
Impact on taxes if prior year's surplus not used	\$	128,400	1.28%
Total tax increase if surplus not used	\$	225,800	2.25%
2017 Projects funded from 2016 surplus and carried forward to 2018:			
Housing Stategy Project	\$	30,000	
Regional Growth Strategy	\$	36,400	
2018 Projects funded from 2017 surplus	\$	128,400	
Total funding from surplus	\$	194,800	