



**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

infrastructure replacement gap.

| Municipal Property Tax Increase |              | Impact on the Avg. Residence |                   |
|---------------------------------|--------------|------------------------------|-------------------|
| Municipal Operations            | (1.55%)      | Average Home                 | Y:Y<br>\$17 1.36% |
| Infrastructure Funding          | 2.52%        |                              |                   |
| <b>Total</b>                    | <b>0.97%</b> |                              |                   |
| Increase to residential         | 1.36%        |                              |                   |
| Increase to business            | 0.0%         |                              |                   |

\*Based on an average residential assessed value of \$876,000

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 one-time 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.

## Tax Impact - Major Drivers

### 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 Reimbursement  | 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%        |
| <b>Total</b>  | <b>\$ 97,400</b> | <b>0.97%</b> |
| <b>Total tax increase</b>                                 | <b>\$ 97,400</b> | <b>0.97%</b> |

## 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%        |
|   | <b>\$ 128,400</b> | <b>1.28%</b> |
| <b>Impact on taxes if prior year's surplus not used</b>             | <b>\$ 128,400</b> | <b>1.28%</b> |
| <b>Total tax increase if surplus not used</b>                       | <b>\$ 225,800</b> | <b>2.25%</b> |
| 2017 Projects funded from 2016 surplus and carried forward to 2018: |                   |              |
| Housing Strategy Project  | \$ 30,000         |              |
| Regional Growth Strategy  | \$ 36,400         |              |
| 2018 Projects funded from 2017 surplus                              | <u>\$ 128,400</u> |              |
| Total funding from surplus  | <u>\$ 194,800</u> |              |