



Committee of the Whole Report

For the Meeting of November 15, 2018

To: Committee of the Whole **Date:** November 5, 2018
From: Susanne Thompson, Deputy City Manager and Chief Financial Officer
Subject: 2019-2023 Draft Financial Plan

RECOMMENDATION

That Council receive this report for information and further consideration on December 7, 2018.

EXECUTIVE SUMMARY

Each year, Council sets services levels and allocates funding for the City's approximately 200 services and numerous capital projects through the financial planning process. Staff bring forward for Council's consideration and deliberation, a draft financial plan based on previous Council direction that maintains current services at current service levels. In the spirit of continuous improvement, staff incorporate efficiencies achieved as a matter of course; examples are outlined starting on page 4 of this report. Council has the opportunity to make changes to the draft financial plan during this process. Three sessions have been scheduled (November 26, 27 and December 7) where staff will provide detailed budget presentations and answer any questions Council may have. On December 7, 2018, Council direction will be sought on new property tax revenue from new development, 2018 surplus, utility rate increases, supplementary requests, and direct-award grants.

Staff recognize that strategic planning for this term of Council has just begun and acknowledge that additional initiatives are likely to be identified through that process. Once direction from the strategic planning process has been given, staff can assess the resource implications for the various initiatives and report back on implementation options, including timelines and any additional resource requirements.

Council's direction for the 2019 financial plan was provided in May 2018 to maintain existing services and service levels. In addition, due to the introduction of the Provincial Government's employer health tax, Council directed staff to bring forward two options for Council's consideration as follows:

1. A draft budget with a maximum tax increase of inflation plus 1%, plus the impact of the employer health tax
2. A draft budget with a maximum tax increase of inflation plus 1% with options for how to address the employer health tax within this maximum

The most recently published Consumer Price Index for Victoria (September) is 2.4% resulting in a maximum tax increase of 3.4%. The draft financial plan introduced today totals approximately

\$242.7 million for operating and \$118 million for capital. The proposed budget would result in a tax increase of 2.85% (0.80% for operating, 0.75% for capital, 0.08% for the Greater Victoria Public Library, and 1.22% for VicPD) plus the impact of the employer health tax of 1.45% (inclusive of the City's share of VicPD) for a total tax increase of 4.3%, which fits within Council's first requested option, but exceeds the second. The impact of the employer health tax is significant and the largest cost driver overall for 2019. However, since the draft plan excluding the new tax is lower than the maximum target set by Council, there is room to fund approximately half of this new tax while remaining within Council's maximum tax increase target. Absorbing the additional cost would not be possible without reducing service levels or planned capital investment unless Council considers using new tax revenue from new development. The very early estimate of new tax revenue from new construction is \$2.5 million. This revenue can also be used to fund Strategic Plan initiatives, supplementary requests and initiatives related to previous Council motions. Staff recommend increasing taxes by 4.3% to accommodate the new employer health tax.

Although Council direction relates to tax increases only, the draft financial plan also outlines user fee increases and clearly shows the impact to households and businesses for both utility fees and property taxes. Including utility user fees, the proposed total increase is 2.57% for the average residential property and 2.72% for the typical business, excluding the employer health tax.

In addition to the overarching Council direction, a number of resolutions were passed directing staff to bring forward items for consideration during this year's process. Those are outlined in Appendix A and staff will report back with further details upon completion of public consultation. Staff are also bringing forward supplementary request in support of corporate-wide initiatives intended to improve efficiency and effectiveness in a number of areas. These are outlined in Appendix B.

New this year, staff engaged with neighbourhoods ahead of the development of the draft plan. The focus of this pre-budget engagement intended to increase public understanding of the City's financial planning process, and reviewed transportation capital projects to gather local insights and emerging needs. A summary report is included in Appendix C.

Following Council deliberation and adjustments, first reading of the Financial Plan Bylaw is tentatively scheduled to take place on December 13. This first reading signals that Council is satisfied that the plan is ready to receive public input. The consultation period will launch immediately thereafter, ending with a Town Hall/e-Town Hall meeting proposed to be scheduled in the latter part of January 2019. Subject to Council direction, and in alignment with the process four years ago, the Strategic Plan could also be part of this consultation should Council wish. Upon completion of the public consultation, Council will have an opportunity to consider the feedback and make changes to the financial plan before giving final approval prior to May 15 as required by legislation. A summary of the public input will be included in the final financial plan itself. Tax notices will be sent out once the financial plan and tax rate bylaws have been adopted by Council.

After the detailed presentations have concluded on December 7, 2018, staff will recommend that Council:

1. Direct staff to include the employer health tax with funding from a tax increase (1.45%)
2. Direct staff to bring forward the Five-year Financial Plan Bylaw, 2019 to the December 13, 2018 Council meeting for consideration of first reading prior to commencing public consultation.
3. Direct staff to bring forward bylaws outlining solid waste, sewer utility, water utility and stormwater utility user fee increases to a December 7, 2018 Special Council meeting for consideration of first, second and third readings and subsequently to the December 13, 2018 Council meeting for adoption to authorize implementation of new rates on January 1, 2019.

4. Approve the following allocations of new property tax revenue from new development:
 - a. \$500,000 to the Buildings and Infrastructure Reserve as per the Financial Sustainability Policy
 - b. Direct staff to bring forward options for the use of the remainder upon completion of public consultation
5. Direct staff to bring forward options for the use of 2018 surplus upon completion of public consultation.
6. Direct staff to bring forward options for funding items Council previously referred to the 2019 financial planning process outlined in Appendix A upon completion of public consultation.
7. Direct staff to bring forward options for funding supplementary budget requests upon completion of public consultation.
8. Approve the direct-award grants as outlined in this report.
9. Direct staff to bring forward options for funding increased grant requests upon completion of public consultation.
10. Approve adding 0.5 FTE utility position to address new regulations funded through existing budgets.

PURPOSE

The purpose of this report is to introduce the draft 2019-2023 Financial Plan for Council's review and discussion prior to consideration of first reading of the 2019 Five Year Financial Plan Bylaw to initiate public consultation.

BACKGROUND

Section 165 of the *Community Charter* requires that a financial plan be approved annually following public consultation as required by section 166. The financial plan must be approved before the tax rate bylaw is approved, and before May 15 as required by section 197.

Three policies guide the financial planning process: Financial Sustainability Policy; Reserve Fund Policy; and Revenue and Tax Policy.

On May 17, 2018 Council provided direction for the 2019 financial planning process as follows:

That Council direct staff to:

1. Prepare a draft 2019 Financial Plan for Council's consideration that:
 - a. maintains existing services and service levels
 - b. continues the in-progress initiatives within the 2015-2018 Strategic Plan
 - c. factors in \$200,000 in savings from the reduction in 2018 Medical Services Plan premiums to fund a portion of the premiums in 2019
2. Develop two options:
 - a. One that keeps the tax increase to no more than inflation plus 1% including police
 - b. A second that keeps the tax increase to no more than inflation plus 1% including police plus an additional tax increase to accommodate the impact of the new health tax increase which at this point is planned to be imposed by the Province
3. Bring forward the draft 2019 Financial Plan in the late fall 2018 to accommodate Council's orientation and strategic planning sessions

This is the fifth year of the implementation of a new financial planning process moving from an expense based budget that focused primarily on the dollars allocated to each department toward one with an emphasis on priorities and outcomes, outlining services and capital projects including costs, revenues and benefits of each. The new format enables the City to better demonstrate the value tax and rate payers receive for their dollars. Greater emphasis is also being placed on staff and community involvement in the planning process. Approximately 70 staff from across the organization continued to be involved in compiling the information for the financial plan and detailed reviews of all departmental budget submissions have been completed by staff.

Continuous Improvement and Streamlining

The City's budget process is one of continuous improvement and requires departments to explore efficiencies to provide better value and service to the community. Each year staff are asked to engage in open dialogue to encourage a "better is possible" mindset, question current processes and seek ways to make improvements, including exploring reallocation of resources and collaboration with other departments to maximize efficiencies. The following table outlines a number of streamlining and cost savings initiatives:

LED Streetlights	Replacement of over 6500 streetlights with efficient LEDs has reduced power consumption by over 50%, and greatly reduced maintenance frequency and overall replacement costs.
Diagnostic Tools	Purchase and use of sewer and drain diagnostic tool has improved the time to examining mains condition and requirements for flushing & cleaning, based on a simple, inexpensive scan. This condition based maintenance routine will ensure resources are only deployed in those areas that require it most.
Electric Vehicles	Investment in electric vehicles (EVs) is reducing the City's cost and reliance on fossil fuels, creating less air pollutants, and are far less costly to maintain.
Asphalt Paver	Leasing a small asphalt paver in 2018 has increased productivity and the quality of asphalt repairs.
Water Main Rehabilitation	Implementation of a new project delivery method for water main rehabilitation works enables the City to act as both contract administrator and prime contractor, which has significantly decreased overall contracted project costs.
Street Cleaning	Introduction of new street cleaning vehicles to enable a higher volume and quality of street and sidewalk cleaning per each unit of manpower.
Water and Sewer Main Lining	Continuation of water and sewer main synthetic lining installations to extend the life and improve the structural integrity of the older pipes, while removing the requirement for extensive excavations and disruption to the public, at an overall cost savings.
Pavement Condition Analysis	Piloting of a rapid pavement condition analysis tool in late 2018 will help the City to save resources and time to ascertain accurate and detailed condition assessments and priority repair planning.
Fleet Purchasing Process	Standardization of Requests for Proposal (RFP) for vehicles has eliminated the need for multiple RFPs saving staff time and shortening lead time for purchases.
Job Applications	Completed the transition to paperless on-line Applicant Tracking System for all job postings in June 2018, which streamlined recruitment processes and significantly reduced paper use.

Document Management System	In 2018 Legal Services, with the assistance of IT, implemented a new document management system for Legal Services. This system stores and manages all documents created or received by Legal Services allowing for quick and easy access to all file related documents. More importantly, it allows for easy access to precedents and templates, as well as previous opinions and advice, greatly improving efficiency of Legal Services staff in preparing new documents or providing advice to Council or City staff. The document management systems also provides better version control and other tools that allow for more efficient and effective collaboration by the in-house legal team. These efficiencies are expected to increase as more documents are created or transferred from the previous data storage.												
Process Improvements	Increasing efficiency in Permits and Inspections through process improvements, digital plan review and e-Apply implementation.												
Cross Training	Combining and cross-training plumbing and building inspection to support greater flexibility and staffing efficiency.												
Resource Reallocation	Shifting staffing from Permits and Inspections (through attrition) to Development Services to address staffing shortages there.												
On-line Recreation System	<p>The City launched a new web-based registration and reservation program in Q4 2017. The improved interface is easier to navigate and offers increased convenience, as customers now have the ability to review and register for programs at any time from any device. In addition, the increased volume of on-line service is anticipated to decrease customer wait times at the Crystal Pool and Fitness Centre. Staff are projecting a shift of 50% of registrations to the new web-based system, by 2020.</p> <table><tr><td></td><td>2016</td><td>2017</td><td>2018 (Projected)</td></tr><tr><td>% Of Registration Revenue On-line</td><td>17%</td><td>19%</td><td>32%</td></tr><tr><td>% Of Participants Registering On-line</td><td>16%</td><td>19%</td><td>26%</td></tr></table>		2016	2017	2018 (Projected)	% Of Registration Revenue On-line	17%	19%	32%	% Of Participants Registering On-line	16%	19%	26%
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Fire Underwriter's Survey	The City's Public Fire Protection Classification (PFPC) was upgraded to a three from a four, which contributes to reduction in commercial insurance for the community.												
Technical High Angle Rope Rescue Program (THARRP)	Funding for training and equipment, Confined Space Rescue Service Agreement - Annual Fee, CRD Regional Hazmat Training Reimbursement.												
Fire Mechanical Division	Regional "Fee for Service" Fleet Maintenance Centre for specialized fire apparatus - service, pump testing, repair and Commercial Vehicle Inspections for other fire departments.												
Cost Recovery	Fire Prevention and Regulation Bylaw, False Alarm Bylaw, and Fuel Equipment and Storage Bylaw - Recovery for fire investigations over 90 minutes in duration, post incident fire watch, equipment standby, contamination turnout gear cleaning, 3rd party billing for City Staff to secure												

	buildings, property search fees, Fire Safety Plan Reviews, false alarm fees for 4th and subsequent false alarm, Oil Tank and Burner Permits.
Scott Self Contained Breathing Apparatus (SCBA)	In-house Testing and Repair Center - Use internal staff for repairs and annual testing of Department and Crystal Pool SCBA - reduces costs related to external contractors.
Fit Testing	Fire Department Techs provide annual Fit Testing for Fire, Engineering and Public Works, Crystal Pool and other staff required to wear respiratory protection reducing costs for annual testing through a third party contracts.
Canadian Red Cross ESS Pilot	A service agreement with the Canadian Red Cross to provide emergency social services response for the City of Victoria from the onset of the emergency through to the recovery phase. Partnering with the Red Cross in this "pilot" project allows staff to maintain a close working relationship from the beginning of the emergency right through to the recovery process, helping to ensure people have access to seamless care and necessities such as food, shelter, clothing, emotional support, and family reunification. This agreement will enable EM Staff to re-allocate this time to City Emergency Management programming.
Flex-firefighters	Flex-firefighters for vacancies and "on-duty" officers to conduct minor fire investigations. Flex-fire fighters are floaters that are used to cover shift shortages with no requirement of notice and do not incur overtime costs, just rescheduling of their hours within a defined timeframe. Increased training of "on-duty" officers to conduct minor fire investigations reducing the need to call in "off-duty" fire investigator.
FDM Software	Enhancing staff knowledge related to FDM Software. Fire Department staff attended FDM Administrator training to increase efficiencies for in-house maintenance, updates and improvements to the program.

All efficiencies are incorporated into the draft financial plan.

ISSUES & ANALYSIS

Operating Budget

Overview

The draft 2019 operating budget totals \$242.7 million, excluding the impact of the Provincial employer health tax, which represents a proposed overall increase in property taxes of \$3.73 million or 2.85%. Including utility user fees, the proposed increase is 2.57% for residential and 2.72% for business.

As outlined in the draft Financial Plan, the City delivers approximately 200 services, and over 200 capital projects are included.

Highlights of City Services



For 2019, Council directed staff to bring forward two options for the tax increase: 1) maximum inflation plus 1% plus the provincial employer health tax and 2) maximum inflation plus 1%. The most recently posted inflation is 2.4% for Victoria (September).

The draft financial plan maintains services at current services levels. The main cost drivers are salary increases, capital investment, fuel and hydro costs, and software maintenance agreements. These increases have been offset in part by increased revenues from the Victoria Conference Centre, building and electrical permit revenue, and lease revenue.

The following table summarizes the budget cost drivers and proposed property tax increase for 2019:

Property Tax Impact	Tax Increase	
	Dollars \$	Percentage %
City		
<u>Cost Drivers</u>		
Salaries and Benefits	1,594,000	1.22%
Fuel	165,000	0.13%
BC Hydro	101,000	0.08%
Software Licencing	65,000	0.05%
Council Benefits	34,000	0.03%
Insurance	24,000	0.02%
Grants - Inflation Growth	19,000	0.01%
<u>Expense Savings</u>		
Elections	(211,000)	-0.16%
VCC Marketing	(83,000)	-0.06%
VCC Technology Transfer to In House	(54,000)	-0.04%
EFAP Program	(20,000)	-0.02%
<u>Revenue Increase</u>		
Building and Electrical Permits	(150,000)	-0.11%
Rezoning Applications	(30,000)	-0.02%
VCC Parking	(179,000)	-0.14%
VCC Revenue	(108,000)	-0.08%
Lease Rentals	(45,000)	-0.03%
PILT Revenue	(20,000)	-0.02%
<u>Revenue Decrease</u>		
Fortis Franchise Fee	124,000	0.09%
<u>Operating Impacts from Capital Projects</u>		
Cecilia Ravine and DFHP JSB Underpass	54,000	0.04%
<u>Capital Investment</u>		
Street Upgrades	975,000	0.75%
Building and Infrastructure	739,000	0.57%
New Property Tax Revenue due to NMC	(739,000)	(0.57%)
Other Changes	(231,368)	(0.18%)
City Total	2,023,632	1.55%
Police	1,699,493	1.30%
Police - Traffic Fine Revenue	(100,000)	(0.08%)
Police Total	1,599,493	1.22%
Greater Victoria Library	106,900	0.08%
Employer Health Tax	1,900,000	1.45%
Total Property Tax	5,630,025	4.30%

The following table outlines the full-time equivalent (FTE) position count:

	2017 FTE	2018 FTE	Draft 2019 FTE	2018 to 2019 Change
Business and Community Relations				
Arts, Culture and Events	7.29	7.29	7.29	0.00
Economic Development	2.00	2.00	2.00	0.00
Neighbourhoods	3.00	3.00	3.00	0.00
Victoria Conference Centre	13.62	13.62	13.62	0.00
Bylaw Services	9.00	10.00	10.00	0.00
City Manager's Office	5.00	7.00	7.00	0.00
Deputy City Manager	1.00	1.00	1.00	0.00
Engagement	12.00	12.00	12.00	0.00
Engineering and Public Works	273.72	279.72	279.72	0.00
Finance	102.26	102.26	102.26	0.00
Human Resources	11.00	11.00	11.00	0.00
Legal Services	4.00	4.00	4.00	0.00
Legislative Services	12.88	12.88	12.88	0.00
Parks, Recreation and Facilities	176.81	179.74	179.74	0.00
Real Estate	3.00	3.00	3.00	0.00
Sustainable Planning and Community Developme	43.43	43.43	43.43	0.00
Victoria Fire Department	123.09	124.09	124.09	0.00
Total	803.10	816.03	816.03	0.00

In 2018, Council approved adding a bylaw officer, a correspondence coordinator, a graphic designer, two staff for the concrete section, a transportation planner, a sustainable waste management engineer, a street occupancy permit inspector, staff to support parks natural areas, a building project administrator, a parks planner, a fire prevention officer, and one carpenter position.

The current full-time employee equivalent count, excluding VicPD, is 816.03. The City has numerous part-time and casual employees in addition to those who are full-time, resulting in a headcount of approximately 1,000.

For 2019, due to increased regulations, it is proposed that 0.5 FTE utility technician position be added with funding from existing budgets. Should Council approve any supplementary requests, additional FTEs would be added.

It is anticipated that future years will require additional resources as a result of additional inventory related to capital projects, developer amenity contributions, as well as expected growth. Through the improved quarterly reporting process to Council, staff will be able to regularly provide better metrics to highlight resource needs in a structured way, which will inform Council's decision-making in regards to resource allocation.

Utilities

The major cost driver for the City's utilities is salaries, savings in reserves, CRD bulk water, tipping fees and the provincial employer health tax. Staff are proposing to bring forward bylaws for rate increases to a December 7 Special Council meeting for consideration of first, second and third readings followed by adoption at the December 13 Council meeting. Bringing the bylaws forward in this manner will authorize the increases to come into effect on January 1, 2019. Further details for each utility is provided below.

The proposed Water Utility budget results in a user fee revenue increase of \$344,528 or 1.73% as outlined in the following table:

Water Cost Driver	Dollars \$	Percentage %
CRD Bulk Water	\$ 179,677	0.90%
Salaries, materials & equipment	127,498	0.64%
Provincial Health Tax	37,353	0.19%
Total	\$ 344,528	1.73%

For the sewer utility, no revenue increase is proposed for 2019 other than as a result of the employer health tax. Additional capital projects are proposed for 2019 with funding from the sewer utility reserve, which has been accumulating funding for these projects pending the CRD decision for the sewage treatment facility. Having transferred funding into reserve has enabled smoothing out the impact of these projects. The proposed Sewer Utility budget results in a user fee revenue increase of 37,353 or 0.47% as outlined in the following table:

Sewer Cost Driver	Dollars \$	Percentage %
Salaries, materials & equipment	\$ 122,157	1.55%
Transfer to Reserve	(122,157)	-1.55%
Provincial Health Tax	37,353	0.47%
Total	\$ 37,353	0.47%

The Solid Waste program proposes a user fee revenue increase of \$101,223 or 3.22% as outlined in the following table:

Solid Waste Cost Driver	Dollars \$	Percentage %
Tipping Fees - garbage/organics	\$ 27,750	0.88%
Salaries, materials & equipment	52,551	1.67%
Provincial Health Tax	20,922	0.67%
Total	\$ 101,223	3.22%

The proposed Stormwater Utility budget results in a revenue increase of \$267,249 or 4.04% as outlined in the following table:

Stormwater Cost Driver	Dollars \$	Percentage %
Salaries, materials & equipment	\$ 129,896	1.96%
Transfer to Reserve	100,000	1.51%
Provincial Health Tax	37,353	0.56%
Total	\$ 267,249	4.04%

Greater Victoria Public Library (GVPL)

The City's share of the GVPL's operating and facility maintenance budget request, is \$5.45 million, which is an increase of approximately \$107,000. The operating costs for the new branch in James Bay are incorporated into the budget. The capital costs were borrowed from the Buildings and Infrastructure Reserve, to be paid back over time using the new tax revenue from this development. The draft 2019 budget includes \$239,000 to be repaid to the reserve from the new tax revenue. The Library Board approved the 2019 budget on October 16, 2018.

New Property Tax Revenue from New Development (Non-Market Change)

As per the Financial Sustainability Policy, the first \$500,000 of new property tax revenue resulting from new construction is transferred to reserve and as directed by Council, funding has been allocated to pay back the Buildings and Infrastructure Reserve for funds borrowed for the new library branch in James Bay (\$239,000.)

Any additional new property tax revenue from new development has not been factored into the draft 2019 Financial Plan. A conservative early estimate for total new property tax revenue from new development, based on information provided by BC Assessment, is \$2.5 million. However, this is based on incomplete information this early in the year and this amount will likely change before it is finalized in March 2019. BC Assessment will be providing a revised estimate before Council makes funding allocation decisions in late January/early February.

Over the last decade, Council has used the majority of the new tax revenue for capital investment (savings in reserves) and reducing the annual tax increase. Only a portion of this new revenue has been used to fund new services as illustrated in the graph below:



For 2019, Council could consider using this revenue to fund strategic plan items, fund supplementary requests, fund additional capital projects, address feedback from public consultation, transfer additional funds to reserve, or reduce taxes. The current reserve contribution to the Buildings and Infrastructure Reserve is \$6.7 million plus the proposed addition of \$500,000 for a total of \$7.2 million in 2019; the estimated unallocated balance at the end of 2018 is \$19 million taking the allocation for the Crystal Pool project into account.

The following table outlines the uses of assessment growth revenue for the last five years:

2014		2015		2016		2017		2018	
Reduce Property Tax Increase	\$868,845	Reduce Property Tax Increase	\$1,000,000	Real Estate Function	\$60,000	Police Budget	\$277,000	Buildings and Infrastructure Reserve	\$885,286
Buildings and infrastructure Reserve	\$500,000	Buildings and infrastructure Reserve	\$500,000	Buildings and infrastructure Reserve	\$365,000	Buildings and infrastructure Reserve	\$250,000	James Bay Library Operating	\$345,000
Total	\$1,368,845	Community Garden Volunteer Grants	\$36,000			Accessibility Reserve	\$250,000	James Bay Library Capital	\$198,000
		Interdisciplinary Team	\$300,000			Real Estate Function	\$135,000	Property Tax Decrease	\$197,234
		Downtown Community Centre Funding	\$50,000			Tree Care	\$128,000	Fire Prevention Officer	\$121,000
		Increase Community Centre Funding	\$100,000			Greening of Fleet	\$61,722	Police Civilians	\$114,814
		Solid Waste Garbage Collection and Waste Separation	\$55,000			New Gymnasium - 950 Kings Rd	\$49,000	Transportation Planner	\$104,000
		Village Centre Beautification (Banners)	\$10,000			Arts and Culture Support	\$25,000	Park Planner	\$103,000
		Traffic Calming	\$100,000			Community Garden Volunteer Coordinator	\$6,000	Building Project Administrator	\$99,000
		Sidewalk Maintenance Upgrades	\$80,000			Distribution of Mulch to Community Garden Operators	\$6,000	Sustainability Waste Management Engineer	\$99,000
		Real Estate Function	\$101,000			Victoria Heritage Foundation Grant	\$5,125	Correspondence Coordinator	\$87,000
		Total	\$2,332,000	Total	\$425,000	Victoria Civic Heritage Trust Grant	\$2,153	Graphic Design Support	\$81,000
						Medallion Challenge Trophy	\$500	Parks Natural Areas Support	\$63,000
						Total	\$1,195,500	Festival Investment Grant	\$50,000
								Community Garden Program	\$15,000
								Victoria Heritage Foundation	\$10,716
								Food Systems North Park Neighbourhood Association	\$6,000
								Victoria Heritage Trust	\$2,186
								Victoria Community Association Network Grant	\$900
								Community Garden Volunteer Coordinator Grants Inflation	\$864
								Total	\$ 2,583,000

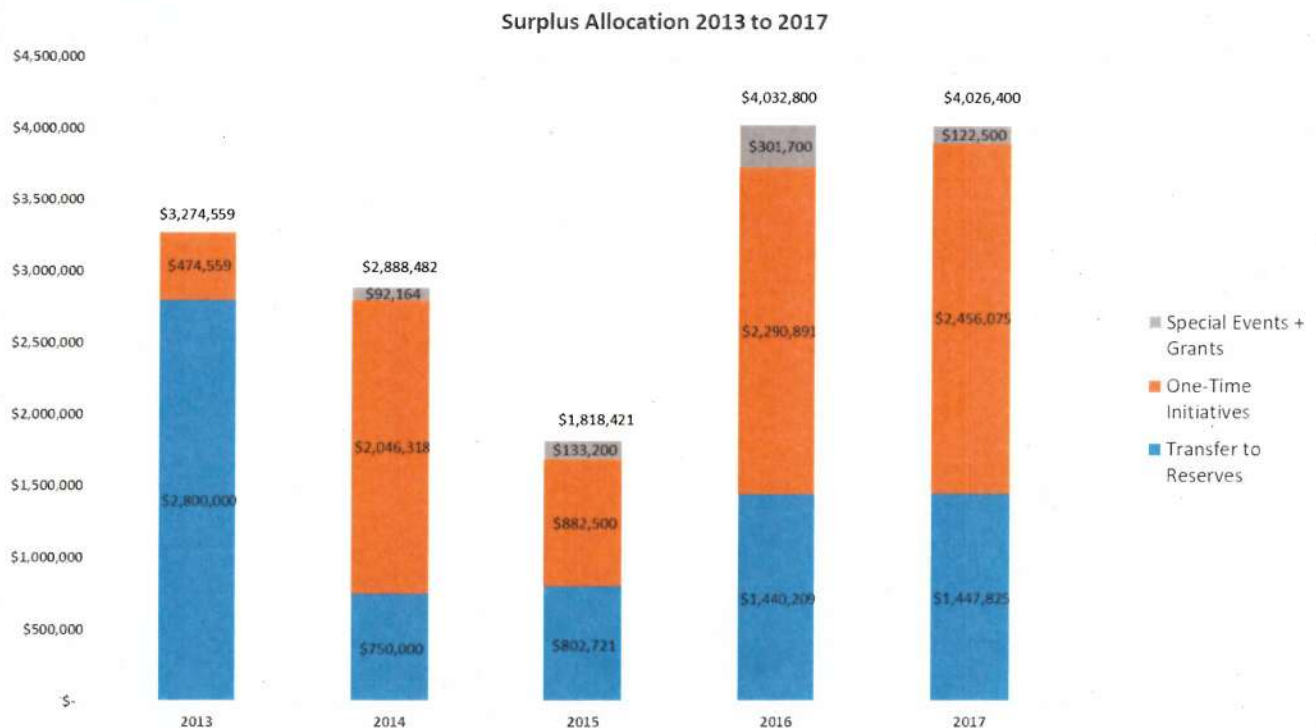
2018 Surplus

Per the Financial Sustainability Policy, prior year surplus can be used for one-time expenditures and/or be transferred to infrastructure reserves. Since the 2018 year is not yet complete and the amount of the 2018 surplus is not finalized, no surplus has been included in the draft Financial Plan. However, Council has provided previous direction for the use of the surplus as follows:

1. \$50,000 for Victoria 2020 Francophone Games
2. \$55,000 for 55+ Games BC 2021
3. \$220,000 South Island Prosperity Project
4. \$200,000 Medical Services Plan Premiums

It is proposed that a decision on the use of the remaining 2018 surplus be made once the consultation on the draft Financial Plan is complete.

The following graph and table outline the surplus allocation for the past five years:



2013		2014		2015		2016		2017	
Buildings and Infrastructure Reserve	\$ 2,800,000	Victoria Housing Reserve	\$ 750,000	Buildings and Infrastructure Reserve	\$ 552,721	Buildings and Infrastructure Reserve	\$ 1,440,209	Buildings and Infrastructure Reserve	\$ 482,609
Additional staffing to expedite planning applications	\$ 350,000	Buildings and Infrastructure Reserve	\$ 500,000	Parks Overnight Sheltering Support and Clean-Up	\$ 313,000	Accelerated Local Area Planning (2018-2019)	\$ 500,000	Vehicles and Heavy Equipment Reserve	\$ 482,608
Active Transportation Projects	\$ 124,559	Accessibility Capital Fund	\$ 250,000	Accessibility Capital Fund	\$ 250,000	South Island Prosperity Project (SIPP)	\$ 220,000	Greenways Acquisition Fund Reserve	\$ 482,608
Total	\$ 3,274,559	Emergency Management	\$ 250,000	Crosswalk Projects	\$ 200,000	Vulnerable Population Pilot Project	\$ 204,891	Victoria Housing Strategy Implementation	\$ 250,000
		Parks Master Plan	\$ 250,000	Arboriculture (Urban Forest Mgmt Plan Implementation)	\$ 128,500	Parks Overnight Sheltering	\$ 200,000	South Island Prosperity Project	\$ 220,000
		Expedite Local Area Plans	\$ 200,000	Cultural Plan	\$ 116,000	Parks Infrastructure	\$ 158,000	Mental Health Integration	\$ 216,575
		UBCM Conference	\$ 155,000	Senior Parks Planner	\$ 103,000	High Risk Tree Removal	\$ 150,000	Overnight Sheltering – Support & Clean Up	\$ 200,000
		Centennial Square Washroom Upgrades	\$ 125,000	Real Estate Function Consulting	\$ 100,000	Canada 150 Festivities	\$ 150,000	Neighbourhood Transportation Management	\$ 180,000
		Dallas Road Split Rail fence	\$ 125,000	Broad Street Mail Repairs	\$ 15,000	Songhees and Esquimalt First Nations Long House	\$ 110,000	High Risk Tree Removal	\$ 150,000
		Strategic Objectives Account (unallocated)	\$ 109,318	Sidewalk Power-Washing	\$ 15,000	Parks Planning Temporary Support	\$ 103,000	Heritage Planner (2 year term)	\$ 120,000
		Storage-Homeless Persons' Belongings	\$ 45,000	India Mela and Dragon Boat Society 80% FIG Grants	\$ 11,200	Victoria Housing Strategy Implementation	\$ 100,000	Engagement Advisor	\$ 109,000
		Concrete and Brick Pavers Intersection Maintenance	\$ 37,000	Traffic and Parking Improvements	\$ 8,000	Correspondence Coordinator	\$ 87,000	Downtown Public Realm Plan Implementation	\$ 105,000
		Strategic Plan Grants - additional funding	\$ 36,164	City of Victoria Youth Council Additional Request	\$ 6,000	Install Symbol of Lekwungen People	\$ 75,000	Community Benefit Hub (2 year)	\$ 100,000
		Western Canada Music Awards Grant	\$ 25,000	Total	\$ 1,818,421	Adaptive Management Framework	\$ 55,000	Downtown sidewalk cleaning & snow removal	\$ 99,500
		Strategic Plan Grants (unspent 2014 Greenways)	\$ 25,000			Temporary Moveable Child Friendly Play Feature in Centennial Square	\$ 50,000	Parks Arboriculture	\$ 97,000
		Island Transformations Railway Crossing Study	\$ 4,000			City Studio (2018-2019)	\$ 50,000	Speed Reader Boards	\$ 85,000
		VCAN Support	\$ 1,100			Public Works Master Plan	\$ 50,000	International Ice Hockey Federation World Junior Hockey Championship	\$ 70,000
		VCAN Support 2016 - First 6 Months	\$ 900			Seasonal Special Events Traffic Control Support	\$ 50,000	Secretary Planning	\$ 67,000
		Total	\$ 2,888,482			Solid Waste Management Strategy	\$ 50,000	Condition Assessment Pilot Project	\$ 60,000
						City's Truth and Reconciliation Commission Calls to Action Task Force	\$ 50,000	Inclusion Policy and Program	\$ 60,000
						Car Free Day (2018-2020)	\$ 45,000	Environmental Performance Audit	\$ 50,000
						Development Services Temporary Support	\$ 42,000	Professional Certification/Project Management	\$ 50,000
						Zoning Updates	\$ 30,000	Witness Reconciliation Program	\$ 50,000
						Youth Strategy	\$ 30,000	Accessibility Framework	\$ 40,000
						2017 Canadian Capital Cities Organization Annual Conference	\$ 20,000	Traffic Signal Timing Update Study	\$ 40,000
						Temporary installation of table tennis and chess tables in Centennial Square	\$ 11,000	Pioneer Square Archaeological Reporting	\$ 37,000
						Victoria Community Association Network	\$ 1,200	Extra Bridge Coverage	\$ 30,000
						Fairfield Community Centre Insurance Administration	\$ 500	Single-Use Checkout Bag Regulation	\$ 30,000
						Total	\$ 4,032,800	Youth Strategy Liaison	\$ 30,000
								Youth Leaders in Training Program	\$ 20,000
								Step Code Implementation	\$ 10,000
								Ending Violence Association of BC	\$ 2,500
								Total	\$ 4,026,400

A conservative early estimate of the 2018 surplus is \$2 million. The final number is likely to be different than this estimate.

Five-Year Operating Budget

To develop the future years of the five-year operating budget a number of assumptions have been incorporated including: no changes to services or service levels; collective agreement increases; known cost increases, such as hydro, at already announced rates; and unknown cost increases (the majority) at an inflationary factor of 2%.

The following table outlines the estimated impact to tax and rate payers. The numbers assume Council approves a 4.3% tax increase to fund the new employer health tax and distributes the tax

increase evenly between residential and commercial taxpayers. These estimates were calculated based on 2018 assessed property values and 2018 estimated water usage and actuals will differ as assessed values will change in 2019. Also, these numbers reflect average increases and individual properties will see different increases depending on individual property assessed value changes.

Estimated Average Residential	2019	2020	2021	2022	2023
Property Taxes (\$743,000 assessed value)	\$69	55	54	54	56
Employer Health Tax	\$36				
Total Property Tax	\$105	\$55	\$54	\$54	\$56
Water Utility - 80 units	11	10	11	11	16
Employer Health Tax	1				
Total Water Utility	12	10	11	11	16
Sewer Utility - 80 units	-	5	5	10	6
Employer Health Tax	1				
Total Sewer Utility	1	5	5	10	6
Solid Waste - 120 litre bin	3	4	4	5	5
Employer Health Tax	1				
Total Solid Waste Utility	4	4	4	5	5
Stormwater Utility	4	5	7	5	5
Employer Health Tax	1				
Total Stormwater Waste Utility	5	5	7	5	5
Estimated Increase in \$	\$127	\$79	\$81	\$85	\$88
Estimated Increase in %	3.76%	2.26%	2.27%	2.32%	2.35%
Estimated Typical Small Business	2019	2020	2021	2022	2023
Property Taxes (\$585,000 assessed value)	\$194	256	258	263	275
Employer Health Tax	99				
Total Property Tax	\$293	\$256	\$258	\$263	\$275
Water Utility - 80 units	11	10	11	11	16
Employer Health Tax	1				
Total Water Utility	12	10	11	11	16
Sewer Utility - 80 units	-	5	5	10	6
Employer Health Tax	1				
Total Sewer Utility	1	5	5	10	6
Stormwater Utility	7	10	16	11	12
Employer Health Tax	3	-	-	-	-
Total Stormwater Utility	10	10	16	11	12
Business Licence	-	-	-	-	-
Estimated Increase in \$	\$315	\$281	\$290	\$295	\$309
Estimated Increase in %	4.06%	3.47%	3.47%	3.41%	3.45%

Supplementary Operating Budget Requests

Before any requests for increased funding is brought to Council for consideration, staff first evaluate each need and possible ways to meet those needs without requesting additional funding from Council; this includes process improvements that create efficiencies and free up existing staff time, shifting resources between areas, or exploring funding opportunities. To ensure only those requests that are the highest priority are brought forward, a corporate-wide prioritization process is undertaken. The highest priority areas for 2019 focus is for organizational resources to support efficiency initiatives and effective delivery of City projects and initiatives, staff recruitment and retention, improved asset management, continued management of growth and new development, managing green spaces and support to youth.

The following table outlines this year's requests:

Supplemental Description	2019 On-Going	2019 One-Time
Asset Management		
GIS Technician	\$85,500	
Business Analyst	\$102,000	
Work Order Administrator	\$92,500	
Managing Growth and New Development		
Secretary - Planning		\$72,500
Secretary – Legislative Services		\$72,500
Planner – Development Services		\$107,250
Planner – Parks		\$107,250
Service Improvements and Corporate Initiatives		
Service reviews, business and project planning, budgeting and performance measures, and corporate projects – three positions.	\$380,000	
Managing Public Green Spaces		
Overnight Sheltering – Support & Clean Up	\$362,000	
Recruitment and Retention		
Disability Coordinator	\$128,500	
Talent Specialist	\$96,500	
Youth Initiatives		
Youth Leaders in Training Program	\$20,000	
Youth Strategy Coordinator		\$30,000
Total	\$1,267,000	\$389,500

Additional details on each are attached as Appendix B.

VicPD has also put forward supplementary budget requests as outlined in their submission.

The public consultation process may result in additional funding needs. Possible funding sources are 2018 surplus, new property tax revenue from new development, or an additional property tax increase. It is recommended that Council consider these requests along with feedback from public consultation on the draft Financial Plan.

Capital Budget

Overview

The draft capital budget for 2019 totals \$118 million, which is larger than the typical \$30-35 million primarily due to the Crystal Pool Replacement and Bicycle Master Plan Implementation.

The following chart outlines the proposed capital investment:

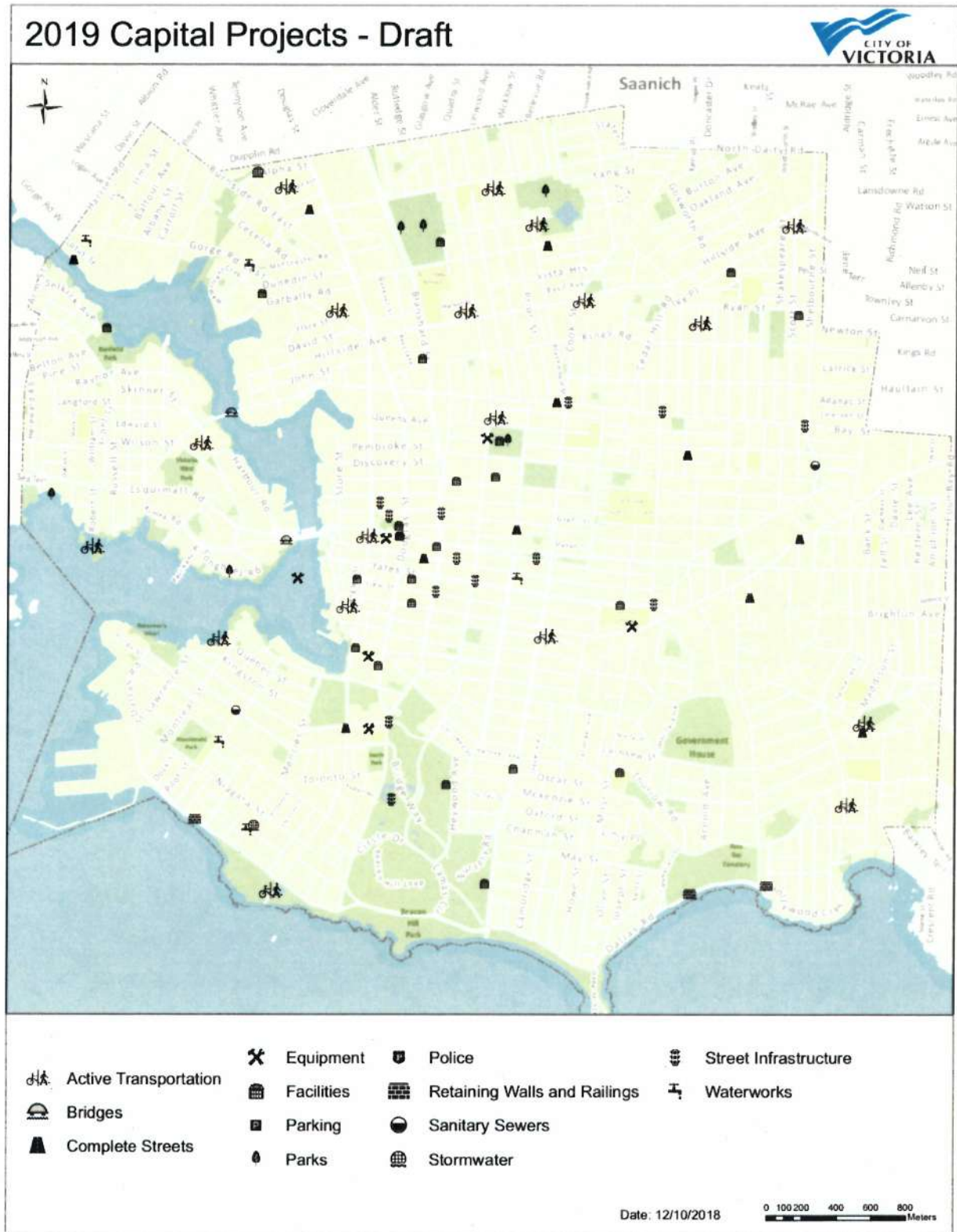
Capital Expenditures by Category

2019 Budgeted Category Expenditures (\$118 million)



64%	Facilities
11%	Active Transportation
5%	Sanitary Sewers
4%	Parks
4%	Waterworks
3%	Equipment
3%	Complete Streets
3%	Stormwater
2%	Police
1%	Street Infrastructure
<1%	Contingency, Retaining Walls and Railings

Each project has also been mapped to provide a geographic picture of where the planned capital investment is proposed to take place.



Each budget request includes both the capital cost and the ongoing additional operating costs and FTE requirements. The ongoing operating costs have been incorporated into the appropriate future years in the operating budget.

The capital budget was developed based on the principle that all asset groups are allocated some funding. In addition, the annual capital investment needs are determined through asset master plans and condition assessments. Asset master plans outline the level of funding that is considered sustainable to maintain current service levels and the priorities for infrastructure investment.

The capital budget funding levels have reached sustainable levels for some assets (water), some are close to sustainable levels (storm drains and sewers), some projects are shaped through consultation with the community (park upgrades), some require additional analysis to determine the required funding levels (equipment and surface infrastructure such as street and traffic lights) and some fall short of recommended levels (facilities, roads and fleet).

A facilities condition assessment was completed in 2015. This was the first step in the process to determine future investment needs. Further work is required to develop tactical plans for significant cost items; one of those, a roofing plan, was completed in 2017. For 2019, a Facilities Master Plan is proposed that will inform future financial plan and long-term funding strategies.

The sewer master plan update was completed earlier this year. Results of this planning work have determined that current levels of funding are sufficient for the next five years (excluding inflationary cost increases) and potential increases may be required beyond that term.

The pavement management plan indicates that additional funding is needed to maintain existing service levels. Staff continue to investigate alternative rehabilitation strategies, such as thin asphalt overlays, and mill and fill replacements, to achieve more upgrades within available funding. This year's draft financial plan is proposing increasing the funding in this area by \$975,000 to avoid widening the existing gap in funding.

The City is in process of developing a fleet management master plan that will define the long-term strategy to optimize future fleet utilization. In 2015, the City undertook an industry benchmark review and condition assessment, the result of which confirmed that there is a significant backlog- need for fleet replacement. Work is underway to right-size the fleet, as well as exploring "modular" vehicles where the chassis is the same but the back-end can be changed depending on need, and exploring the used market viability for heavy duty low utilisation vehicles. This multi-pronged approach is part of the strategy to reduce the current funding gap.

Capital plan funding levels are determined through policy decisions, taking into account the City's risk tolerance. Historically, Council has increased property taxes for capital projects that address deferred maintenance for roads, facilities and storm drains. Since 1999, Council has increased annual capital budget funding through property taxes from \$2.5 million to \$10.2 million. As per the Financial Sustainability Policy, additional funding decisions through an increase in property taxes, will be considered by Council based on proposed projects identified by staff. For 2018, based on the investment needs identified above, it is recommended that \$975,000 of increased funding be provided to roads and this has been factored into draft financial plan. Each year from 2013 to 2015 a 1.25% property tax increases was levied for the capital budget. This level of increase takes a conservative approach in reaching sustainable funding levels; an alternate option for Council's consideration would be to spread the increases over a longer time-period to balance taxpayer affordability while being aware of the risk.

Historically, the City's capital plan has been funded by a combination of property taxes, utility user fees, grants, debt and reserves. Approximately one third of the City's typical \$30-\$35 million capital

budget is funded from reserves for investments such as vehicle and equipment replacements, remediation of City properties, and some building upgrades. Larger projects, such as a bridge replacement or construction of an arena, have primarily been funded through debt and grants which is consistent with the City's policy on debt.

The proposed capital budget includes projects that are underway but will not be completed before year-end. The funding for these projects must be carried forward from 2018. The budgets for these projects will be updated to reflect remaining amounts once year-end has been completed.

Reserves and Debt

The City's Reserve Fund Policy was updated in 2015, including a methodology for determining target balances. The minimum target balances have already been achieved for all reserves except the stormwater utility reserve which was created in 2016. However, the minimum balances are only one part of the equation and recommended capital budget spend levels also need to be taken into account as outlined in the section above in this report. The following table outlines the estimated uncommitted year-end reserve fund balances based on the assumption that all planned work for 2018 will be completed:

Description	Balance Dec 31, 2018	2019 Budget Transfers In	2019 Budget Transfers out	Projected Balance Dec 31, 2019
Capital Reserves				
Equipment & Infrastructure				
Police				
Police Vehicles, Equipment & Infrastructure	1,085,969	1,297,000	1,957,000	425,969
Police Emergency Response Team	120,562			120,562
City				
VCC Equipment and Infrastructure	932			932
City Equipment	9,481,144	1,602,500	2,084,000	8,999,644
City Vehicles & Heavy Equipment	3,325,058	1,623,104	1,350,000	3,598,162
City Buildings & Infrastructure	19,475,357	8,380,754		27,856,110
Accessibility Capital	696,762	250,000		946,762
Parking Services Equipment and Infrastructure	6,826,185	2,325,976	810,000	8,342,161
Multipurpose Equipment and Infrastructure	999,224	142,000	425,000	716,224
Recreation Facilities Equipment and Infrastructure	1,102,264	28,300		1,130,564
Archives Equipment	37,372			37,372
Artificial Turf Field	1,079,063	95,000		1,174,063
Gas Tax	0	3,591,000		3,591,000
Water Utility Equipment and Infrastructure	18,893,219	1,850,000		20,743,219
Sewer Utility Equipment and Infrastructure	25,770,937	657,407	1,344,000	25,084,344
Stormwater Utility Equipment and Infrastructure	1,938,879	100,000		2,038,879
Tax Sale Lands Fund	1,541,588	50,000		1,591,588
Parks and Greenways Acquisition Fund	2,106,903			2,106,903
Local Amenities Reserve	609,149		145,290	463,859
Development Cost Charges	15,302,761		5,489,000	9,813,761
Downtown Core Area Public Realm Improvements	153,451			153,451
Total Capital Reserves	110,546,778	21,993,041	13,604,290	118,935,529
Operating Reserves				
Financial Stability Reserves				
City	7,001,539	100,000	332,422	6,769,117
Police	1,164,738		750,000	414,738
Debt Reduction	37,527,181	3,097,967		40,625,148
Insurance Claims	3,916,744			3,916,744
Water Utility	693,229			693,229
Sewer Utility	796,649			796,649
Stormwater Utility	419,814			419,814
Victoria Housing Reserve	2,200,332	250,000		2,450,332
Climate Action Reserve	604,652	313,961		918,613
Art in Public Places	307,680	150,000	235,000	222,680
Heritage Buildings Seismic Upgrades	89,112			89,112
Total Operating Reserves	54,721,669	3,911,928	1,317,422	57,316,175
Total City Reserves	165,268,447	25,904,969	14,921,712	176,251,704

The City currently has \$73.2 million in outstanding debt, with additional authorized but yet to be issued debt of approximately \$700,000 for the Johnson Street Bridge replacement. According to the Financial Sustainability Policy, debt servicing charges should be kept at a maximum of 7% of the prior year's property tax levy. Currently, there is approximately \$3 million of budget room for debt servicing, which is transferred to the Debt Reduction Reserve. This is the funding that Council has set aside for the replacement of Fire Department Headquarters. There are some smaller debt issues falling off in 2022; however, the next significant debt issue to retire is in 2031. The following table outlines the current debt issues, year of retirement and the annual debt servicing costs.

Final Year	Issue	MFA Issue - Purpose	2019 Total
2022	102	Burnside Gorge Community Centre	163,644
2022	102	City Hall Accessibility	162,992
2023	103	Parkades	137,594
2023	105	Parkades	178,094
2024	105	Crystal Gardens	340,359
2025	110	Parkades	493,694
2031	115	Johnson Street Bridge Replacement (CMHC)	743,242
2033	79	Multipurpose Arena	375,514
2033	80	Multipurpose Arena	390,514
2034	81	Multipurpose Arena	390,514
2034	130	Johnson Street Bridge Replacement	1,475,097
2036	139	Johnson Street Bridge Replacement	320,186
2037	142	Johnson Street Bridge Replacement	659,671

Allocation of Annual Gas Tax Funding

The City receives annual funding from the Federal Government through their gas tax program. The expected amount for 2019 is \$3.59 million. Each year, amounts received are transferred to the City's Gas Tax Reserve which Council approves allocations from through the annual capital plan. The majority of the projects funded through the gas tax reserve to-date have been storm drain infrastructure projects. For 2015 to 2018, Council allocated funding for the David Foster Harbour Pathway implementation, storm drain brick main replacement, LED streetlight replacement, and new bike lanes in priority areas. With the expected amount for 2019, the gas tax funding available is \$3.59 million.

The City is required to report annually through the Union of BC Municipalities on which projects have been funded using gas tax and the agreement outlines which types of projects are eligible. There are a number of capital projects that would qualify for this funding including storm drain projects, recreation projects such as the Crystal Pool Replacement and bike lanes. Staff are not proposing any allocation from this reserve in 2019.

20-Year Capital Plan

For many capital investments, such as water, stormwater, sidewalks and complete streets projects, longer-term asset master plans identify the priority order of renewals for a number of years. Those plans also indicate the estimated funding for those renewals. For these investments, ongoing budgets have been included in the 20-year capital plan.

For facilities, the future years show as "TBD" (to be determined) because a long-term plan that accounts for the strategic opportunities and functional requirements relating to City-owned buildings does not yet exist. This plan is proposed for 2019 and upon completion will inform future capital plans. A condition assessment of all parks assets was undertaken in 2018. Together with the goals within the Parks and Open Space Master Plan, this will inform future priority setting for parks projects. Therefore, budgets for future year park projects are labeled "TBD". For others, such as Gate of Harmonious Interest, condition assessments and design work underway will determine the extent of the work required and budgets for the renewal investments can be developed once the condition assessments have been completed and will be incorporated into the capital plan at that point.

It can be difficult to determine the exact funding needs far into the future; therefore all future year amounts are best estimates only.

Outstanding Council Motions

Council passed the following motion in relation to Vic High School sports facility refurbishment:

Matching grant of up to \$250,000 subject to:

- a. Community consultation for the project by School District 61 or its designate
- b. Council approval of the final design of the project
- c. Entering into a joint use agreement between the City and School District 61

This grant has not yet been factored into the draft 2019-2023 Financial Plan. As per Council direction, the funding for this project will be considered once all terms of the Council motion have been addressed.

Council also passed a motion to set aside \$110,000 in funding for a future longhouse in Beacon Hill Park. The funding is set aside in reserve until the First Nations are ready to proceed.

Grants

As directed by Council, grants have been grouped into five categories: direct-award grants, festival investment grants, community garden volunteer coordinator grants, My Great Neighbourhood grants, and Strategic Plan grants, which include micro-grants.

Starting in 2016, Council directed staff to include inflationary increases for community and seniors centres operating and youth programming grants, as well as the festival investment grant budget.

In addition to operating and youth programming grants, the City also provides support to community and seniors centres for facility-related costs such as janitorial and strata fees. These budgets have been increased to reflect expected inflationary increases.

One direct award grant organization has requested additional funding. The Victoria Civic Heritage Trust has requested a 2% or \$2,250 increase in funding.

The proposed funding for the direct-award grants is as follows. The last column indicates the additional request.

Organization	Type of Grant	2018 Final Budget	2019 Budget	Change	Additional Requests
Victoria Civic Heritage Trust	Building Incentive	420,000	420,000	0	
Victoria Civic Heritage Trust	Operating	112,000	112,000	0	2,250
Victoria Heritage Foundation	Operating	220,841	220,841	0	
Recreation Integration Victoria	Operating	32,684	33,213	529	
Victoria Youth Council	Operating	26,000	26,000	0	
Quadra Village Community Centre	Operating	52,644	53,697	1,053	
Quadra Village Community Centre	Youth Programming	8,489	8,659	170	
Quadra Village Community Centre	Lease Grant	43,200	43,200	0	
Fernwood Community Centre	Operating	52,644	53,697	1,053	
Fernwood Community Centre	Youth Programming	8,489	8,659	170	
Vic West Community Association	Operating	52,644	53,697	1,053	
Vic West Community Association	Youth Programming	8,489	8,659	170	
Vic West Community Association	Facility (janitorial)	34,869	35,566	697	
Fairfield Community Place	Operating	52,644	53,697	1,053	
Fairfield Community Place	Youth Programming	8,489	8,659	170	
Fairfield Community Place	Facility (janitorial, recycling)	46,308	47,234	926	
Fairfield Community Place	Liability Insurance	5,500	5,500	0	
Fairfield Community Place	Youth Outreach	15,000	15,000	0	
Cook Street Village Activity Centre	Operating	52,644	53,697	1,053	
Cook Street Village Activity Centre	Facility (strata fees)	17,708	18,062	354	
Victoria Silver Threads	Operating	52,644	53,697	1,053	
Victoria Silver Threads	Facility (lease)	122,389	122,389	0	
Burnside Gorge Community Centre	Operating	52,644	53,697	1,053	
Burnside Gorge Community Centre	Youth Programming	8,489	8,659	170	
Burnside Gorge Community Centre	Youth Outreach	10,000	10,000	0	
James Bay Community School Centre	Operating	52,644	53,697	1,053	
James Bay Community School Centre	Youth Programming	8,489	8,659	170	
James Bay Community School Centre	Facility (janitorial, recycling)	54,153	55,236	1,083	
James Bay New Horizons	Operating	52,644	53,697	1,053	
James Bay New Horizons	Facility (janitorial)	27,413	27,961	548	
Oaklands Community Centre	Operating	52,644	53,697	1,053	
Oaklands Community Centre	Youth Programming	8,489	8,659	170	
Oaklands Community Centre	Facility (janitorial)	16,927	17,265	338	
Cool Aid Downtown Community Centre	Operating	52,644	53,697	1,053	
Seniors Outreach	Operating	30,000	30,000	0	
Victoria Community Association Network	Operating	900	918	18	
Blanshard (Hillside Quadra)	Per capita base (0.75 times population)	5,684	5,684	0	
Burnside/Gorge	Per capita base (0.75 times population)	5,105	5,105	0	
Downtown (incl Harris Green)	Per capita base (0.75 times population)	4,129	4,129	0	
Fairfield Gonzales	Per capita base (0.75 times population)	12,343	12,343	0	
Fernwood	Per capita base (0.75 times population)	7,358	7,358	0	
James Bay	Per capita base (0.75 times population)	9,032	9,032	0	
North Jubilee	Per capita base (0.75 times population)	2,418	2,418	0	
South Jubilee	Per capita base (0.75 times population)	1,734	1,734	0	
North Park	Per capita base (0.75 times population)	2,680	2,680	0	
Oaklands	Per capita base (0.75 times population)	5,346	5,346	0	
Rockland	Per capita base (0.75 times population)	2,755	2,755	0	
Vic West	Per capita base (0.75 times population)	5,758	5,758	0	
		1,938,743	1,956,007	17,264	2,250

Note the City provides janitorial services to Quadra Village Community Centre and Fernwood Community Centre and Cook Street Village Activity Centre; no support is provided to Burnside Gorge Community Centre

It is recommended that Council approve the direct-award grants as outlined in the second column of the table above, and consider any funding increase requests upon completion of the public consultation.

Public Information and Consultation

Public participation in the development of the City of Victoria's budget has continued to increase in recent years due to a number of measures introduced to improve the budget information and the tools used to solicit greater input and involvement. Prior to the 2015 process, the City would hear from less than 30 people during the budget process. Since 2015, these numbers have increased exponentially, with the highest engagement occurring in 2015. The initial rise in 2015 was largely

attributed to the alignment with the strategic planning process and the opportunity for the public to inform the investment of unallocated surplus and new assessment revenue.

Efforts that continue to increase engagement and the diversity of input will continue. Budget information and input mechanisms have become more accessible than in years past. Through an improved budget document, summary materials in print and online, the introduction of a budget simulator and the E-Town Hall format, more people are participating than ever before, and greater dialogue is occurring about the budget.

In 2017 and 2018, a budget simulator tool was utilized and will be promoted widely during the 2019 budget process to assist in educating taxpayers of the trade-offs of different budget decisions. The budget simulator provides the taxpayer greater ability to assess how changes to the budget have different impacts.

In 2019, we propose to once again align the engagement processes for strategic priorities with the Financial Plan.

Although the City has increased participation broadly over the past four years, we continue to work on reaching traditionally under-represented groups. We will focus on creating a greater sense of ownership over the budget process in those who rent in Victoria, as they represent 59% of the population, but have participated less than those who own a home, likely due to a misconception that the budget is only connected to property taxes. We will continue to work with the City of Victoria Youth Council to inspire youth to participate in this important engagement process. We will also continue to reach out to the business community, which pays nearly 50% of taxes in Victoria.

Following first reading of the financial plan bylaw tentatively scheduled for December 13, it is planned that the budget materials and engagement process will commence on December 14. The draft budget and materials will be made available for public review and comment on that date, with the Town Hall session tentatively scheduled later January, 2019. This will allow sufficient time for citizens to review and digest information contained in both the draft Financial Plan as well as proposed strategic priorities. Input is proposed to be collected until late January 2019, allowing sufficient time for full consultation, with the awareness that a portion of that time falls over Christmas holidays. City Council will consider the draft financial plan in conjunction with the input at a late January/early February Committee of the Whole meeting.

Timeline

The following table outlines the proposed timeline for this year's process.

Tentative Dates	Task
November 26, 27 and December 7, 2018	Detailed presentations of draft Financial Plan
December 13, 2018 Council	First reading of Financial Plan bylaw
December 2018 and January 2019	Public consultation
Latter half of January 2019	Town Hall / e-Town Hall meeting
Late January/early February 2019 Committee of the Whole	Present consultation results and seek direction on changes to Financial Plan and Strategic Plan
April 2019 Committee of the Whole	Final report on Financial Plan including incorporated changes; report on 2019 tax rates
April 2019 Council	Second and third reading of Financial Plan bylaw; first, second and third reading of tax bylaw
April 2019 Council	Adoption of Financial Plan bylaw and tax bylaw

OPTIONS & IMPACTS

Accessibility Impact Statement

Initiatives within the Financial Plan support accessibility improvements.

Strategic Plan

The draft Financial Plan will be aligned with the Strategic Plan once the Strategic Plan has been finalized.

Impacts to Financial Plan

The 2019-2023 Financial Plan will replace the current year's plan.

Official Community Plan Consistency Statement

The many initiatives included within the financial plan are consistent with many policies within the Official Community Plan including support for infrastructure asset management objectives, in particular, policy 11.4 to maintain and enhance the allocation of resources for civic infrastructure repairs, upgrades and replacement.

CONCLUSIONS

The 2019-2023 balances many competing priorities and supports the many services and programs provided throughout the city. Council's review, and feedback from the public will further shape the financial plan

Respectfully submitted,



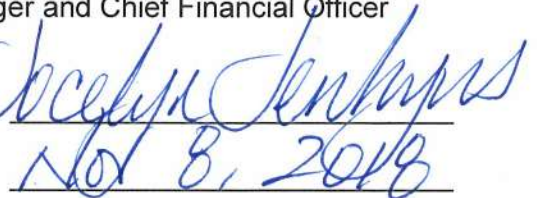
Jo-Ann O'Connor
Deputy Director of Finance



Susanne Thompson
Deputy City Manager and Chief Financial Officer

Report accepted and recommended by the City Manager:

Date:


Nov 8, 2018

List of Attachments

- Appendix A – Council Resolutions Referred to the 2019 Financial Planning Process
- Appendix B – Supplementary Requests
- Appendix C – Neighbourhood Engagement Summary