



## **Council**

### **For the Meeting of April 11, 2019**

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**To:** Council **Date:** April 1, 2019  
**From:** Susanne Thompson, Deputy City Manager/Chief Financial Officer  
**Subject:** Five Year Financial Plan Bylaw, 2019

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## **RECOMMENDATION**

That Council:

1. Amend the Five Year Financial Plan Bylaw, 2019 by replacing the bylaw that was given first reading on December 13, 2018 with the bylaw appended to the Five Year Financial Plan Bylaw, 2018 report, dated April 1, 2019.
2. That the Five Year Financial Plan Bylaw No. 18-121 as amended be read a second and third time.

## **EXECUTIVE SUMMARY**

The purpose of this report is to outline amendments to the Five Year Financial Plan Bylaw, 2019 that received first reading on December 13, 2018 and recommend second and third readings at today's Council meeting.

During December 2018 and January 2019, the City sought input from the public on the draft financial plan. Upon completion of the public consultation and based on the feedback received, Council allocated new property tax revenue from new development and 2018 surplus.

The following allocations are reflected in the amended Five Year Financial Plan Bylaw attached in Appendix A:

### 1. Ongoing allocation of new property tax revenue from new development - \$3.747 million

The 2019 Draft Financial Plan presented to Council in November 2018 included \$500,000 of the new property tax revenue allocated to the Buildings and Infrastructure Reserve in accordance with the Financial Sustainability Policy and \$239,000 to pay back the Buildings and Infrastructure Reserve for the new library branch in James Bay.

Prior to the February and March budget deliberations, Council approved, \$250,000 for 2 FTE's for the Strategic Real Estate Division, \$114,000 (including pension, benefits and employer costs) for the Mayor's Office Support and \$223,000 for two new positions for the Climate Action program leaving \$2.174 million available to allocate.

BC Assessment has finalized the assessment roll for 2019 enabling the calculation of the new property tax revenue from new development. This revenue has been increased to \$3.747 million from the estimate of \$3.5 million that has been allocated. The additional \$247,000 increase will be shared equally between the Buildings and Infrastructure Reserve and the Vehicles and Heavy Equipment Reserve as directed by Council.

The details are outlined in the following chart:

<b>Ongoing Allocation of New Property Tax Revenue from New Development</b>		
<b><u>In Draft Financial Plan</u></b>		
Transfer to Capital Reserve	\$	500,000
Repay Reserve for New Library branch in James Bay	\$	239,000
<b><u>Prior to Budget Deliberations</u></b>		
Strategic Real Estate Division	\$	250,000
Mayor's Office Support	\$	114,000
Climate Action	\$	223,000
<b><u>Budget Deliberations</u></b>		
Asset Management Technician	\$	85,500
Business Analyst	\$	102,000
Disability Coordinator	\$	128,500
Talent Specialist	\$	96,500
Youth Leaders in Training Program	\$	20,000
Town Hall Meetings	\$	12,000
Community Input Process	\$	5,000
Houseplexes and Townhomes	\$	240,000
Community Garden Volunteer Grants	\$	30,160
Living Wage	\$	9,000
Urban Food Table	\$	6,000
Urban Forest Master Plan	\$	858,000
Traffic Calming	\$	200,000
New/Expanded Community Centres	\$	106,000
Victoria Civic Heritage Trust	\$	2,250
Festival Investment Grants	\$	50,000
My Great Neighbourhood Grants	\$	3,000
Strategic Plan Grants - Note 1	\$	20,000
LIFE Program Extension	\$	74,000
Indigenous Artist in Residence	\$	72,000
Mayor's Travel Budget	\$	15,000
Constituency Funds	\$	8,000
Poet Laureate Program	\$	2,000
Catering	\$	10,000
Licensing and Phone Plans for New Staff	\$	19,000
Buildings and Infrastructure Reserve	\$	123,545
Vehicle and Heavy Equipment Reserve	\$	123,545
<b>Total</b>	<b>\$</b>	<b>3,747,000</b>

**Notes:**

1. Council motion to provide \$45k annually to the Victoria Film Commission from the Strategic Plan Budget



## 2. One-time allocation of the 2018 surplus - \$4.544 million

The 2018 surplus was originally estimated at \$4.5 million. Now that the 2018 year end is complete, the final surplus amount has been confirmed at \$4.544 million. The main drivers for the surplus include higher than expected revenues from parking, higher revenues from the Victoria Conference Centre, savings due to vacancies and unspent contingency.

Council allocated the \$4.5 million estimate during the financial planning discussions and directed that any remainder be transferred to the Buildings and Infrastructure Reserve. Further surplus details will be provided in the 2018 Financial Statement report being presented to Council on April 25, 2019.

The following chart outlines the 2018 surplus allocation:

<b>One-Time Allocation of the 2018 Surplus</b>		
<b><u>Prior to Budget Deliberations</u></b>		
Victoria 2020 Francophone Games	\$	50,000
55+ Games BC 2021	\$	55,000
Medical Services Plan Premiums	\$	200,000
<b><u>Budget Deliberations</u></b>		
Secretary - Planning	\$	72,500
Secretary – Legislative Services	\$	72,500
Planner – Development Services	\$	107,250
Planner - Parks	\$	107,250
Overnight Sheltering	\$	362,000
Youth Strategy Coordinator	\$	30,000
Citizens' Assembly	\$	250,000
South Island Prosperity Project	\$	220,000
Victoria Housing Reserve	\$	750,000
Respectful Facilitation Training	\$	30,000
Childcare at City Hall for Public Hearings	\$	11,000
MacDonald Statue	\$	10,000
Reconciliation Training	\$	76,350
Houseplexes and Townhomes	\$	160,000
Affordable Housing Tracker	\$	20,000
Rental Only Zoning	\$	10,000
Rental Revitalization	\$	10,000
Family Housing, Housing Financial Instruments, Housing		
Grants, Housing Conversion	\$	100,000
Barrier Free Housing	\$	5,000
Development Summit (Housing Summit)	\$	15,000
Childcare Strategy	\$	5,000
Late Night Task Force Harrassment Policy	\$	2,500
Late Night Task Force Municipal Alcohol Policy	\$	15,000
Accessibility Framework	\$	250,000
Zero Waste Strategy	\$	400,000
Tree Preservation Bylaw	\$	110,000

Traffic Calming Initiatives in Neighbourhoods	\$	250,000
Greenways Plan and Design Standard	\$	30,000
Government Street Pedestrian Only	\$	25,000
Council Conflict of Interest	\$	10,000
Community Centre Funding	\$	170,424
Senior Centre Funding	\$	63,900
Public Washroom - South end of Douglas Street	\$	150,000
Neighbourhood Led Neighbourhood Planning (James Bay, Oaklands, Hillside/Quadra)	\$	60,000
Neighbourhood Led Neighbourhood Planning (Fernwood, North Park, Jubilee and Rockland)	\$	40,000
Our Place Extended Hours	\$	50,000
Engagement Support	\$	75,000
Legal Support	\$	65,000
Buildings and Infrastructure Reserve	\$	48,326
<b>Total</b>	<b>\$</b>	<b>4,544,000</b>

### 3. Capital Project 2019 Adjustments

The capital budget has been updated to include carry forwards for 2018 projects in progress, reflects the change in approach to delivering the Crystal Pool and Wellness Centre Replacement Project, and adds projects approved from Council prior and during budget deliberations.

During January and February, staff brought forth update reports to Council on the Climate Action Program and Bicycle Master Plan Implementation Strategy Update. Council approved \$50,000 for the investment of EV infrastructure and \$175,000 to expedite the Bicycle Master Plan Implementation in 2019 and \$350,000 each year for 2020 to 2022.

During the budget deliberations, Council allocated funding for a variety of projects including a new crosswalk at Blanshard and Kings funded through Gas Tax, capital investment in the Urban Forest Master Plan funded by the Buildings and Infrastructure Reserve and computer equipment, space reconfiguration and office furniture to support new staff funded by the Equipment Reserve and the Buildings and Infrastructure Reserve. As well, the Central Park Renewal Plan project was replaced with the Laurel Park Planning and Design project.

### 4. Police 2019 Adjustments

Council approved revisions to the Police budget during the budget process and provided direction to shift the City's portion (\$34,120) of the Restorative Justice from the Police budget to the City's grant budget. This revision has been made to the budget, though we are waiting for Esquimalt Council's decision on April 8.



The following chart outlines the changes to the Police budget:

<b>2019 Police Adjustments</b>		
<b><u>Expense Reductions</u></b>	<b>Total Budget</b>	<b>City Portion</b>
DNA analysis	\$ (50,000)	\$ (42,650)
CCTV maintenance	\$ (45,200)	\$ (38,556)
Landlines/mobility	\$ (35,000)	\$ (29,855)
Change management training	\$ (12,000)	\$ (10,236)
Vacant IT positions	\$ (75,000)	\$ (63,975)
Retirement liability	\$ (300,000)	\$ (255,900)
Vehicle reserve contribution	\$ (310,800)	\$ (265,112)
<b><u>Revenue Increase</u></b>		
Special events revenue - charge for first 3 officers	\$ (30,000)	\$ (25,590)
<b><u>Expense Increase</u></b>		
6 New Officers Approved by the Province	\$ 355,600	\$ 303,327
<b>Total Police Adjustments</b>	<b>\$ (502,400)</b>	<b>\$ (428,547)</b>

#### 5. Employee FTE's

During budget discussions, the City's permanent FTE total increased by 33.8 FTE's as part of the ongoing allocation of new property tax revenue from new development and the use of existing ongoing funds. As well, 12 FTE's from one-time funding were identified which does not impact the permanent FTE count. The revised total permanent FTE count in the 2019 Financial Plan is 849.11.

At the January 31 meeting, staff updated Council with the plan to hire 12 permanent FTE's for underground utilities using existing ongoing funding based on staff's interpretation of the following motion:

"That Council adopts the policy that the FTE count indicated in the Financial Plan for each department / division / business unit is approximate, meaning that the FTE count will not be interpreted in a restrictive manner to prevent in-house delivery of services, subject to expenditures not exceeding the maximum budgeted amount for the relevant department / division / business unit."

The following chart outlines the additional FTE's:

<b>2019 Additional FTE's</b>	
<b>FTE Ongoing</b>	<b>FTE</b>
Asset Management	2
Recruitment and Retention	2
Housing - Houseplexes and Townhomes	2
Neighbourhood Transportation Management	2
Strategic Real Estate	2
Climate Action	2
New/Expanded Community Centres	1
Urban Forest Management Positions	7
Mayor's Office Support	1
Capital Underground Utilities	12
Pay Parking on Sunday	0.8
<b>Total FTE Ongoing</b>	<b>33.8</b>
<b>FTE One-Time</b>	<b>FTE</b>
Managing Growth and New Development	4
Youth Initiatives	1
Zero Waste Strategy	2
Bicycle Master Plan - Capital	5
<b>Total FTE One-Time</b>	<b>12</b>

## 6. Other Adjustments

Since the draft financial plan was introduced in October 2018, Council has given approval to a number of initiatives including the creation of a direct-award grant for the Victoria Film Commission funded by the reallocation of \$45,000 from the Strategic Plan Grant program, the introduction of the on street pay parking on Sundays effective May 1, and approval of \$369,700 allocated from the Climate Action Reserve to commit funding for the Climate Leadership Plan that includes temporary staffing and priority actions.

Remaining funding for operating budget projects underway, such as the Downtown Public Realm, Accelerated Local Area Planning, Witness Reconciliation Program, Sustainable Mobility Strategy, Victoria Housing Strategy Implementation, Neighbourhood Transportation Management Plan initiatives and High Risk Tree Removal have been carried forward to the 2019 year in the financial plan.

The Government of Canada's one-time doubling of the national federal Gas Tax transfer has been added to the financial plan. For 2019, the City will receive an additional \$3.666 million of gas tax revenue for a total of \$7.257 million. As well, grant funding of \$23,300 recently awarded for the Community Child Care Planning program has been added to the budget.

All above adjustments do not impact the overall tax increase except for reduction of the Police budget that reduces the amount of property tax to collect by \$428,500. With the reduction of the Police budget, the overall property tax increase is now 3.98%; combined with utility fees, the overall residential increase is 3.52% and the overall business increase is 3.77%.

Respectfully submitted,



Jo-Ann O'Connor  
Deputy Director of Finance

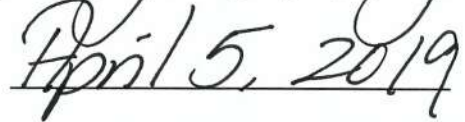


Susanne Thompson  
Deputy City Manager/Chief Financial Officer

Report accepted and recommended by the City Manager:



Date:



**List of Attachments**

Appendix A: Five Year Financial Plan Bylaw, 2019