



2014 – 2018
Draft Financial Plan



Purpose

- Present draft 2014-2018 Financial Plan
- Highlights of the 2014 Budget
- Council's direction to finalize Draft Financial Plan
- Seek first reading of 2014-2018 Financial Plan Bylaw

2014 Budget Summary



- Holds the line on operating budgets while maintaining service levels
- Increases capital investment to improve infrastructure
- Supports Council's strategic priorities
- Consistent with City's financial sustainability principles
- Balances revenues and expenditures of \$209.8 million



Budget Highlights

- Introduce new online Emergency Notification system to support communications during emergency
- Develop tsunami map and education program for Victoria residents and businesses
- Investment in arts and cultural events, this year including supporting milestone anniversary celebrations for Symphony Splash, JazzFest, Victoria Conservatory of Music and MacPherson Theatre
- Many online enhancements to improve customer service
- Expediting planning applications to achieve broader goals for development that fosters economic development and increased commercial and housing supply
- Engagement on Inner Harbour sites, cycling network, Dallas Road cycle path, and stormwater utility

Budget Highlights



- New playgrounds at Hollywood and Alexander Parks
- Upgrades to major systems within Crystal Pool and Fitness Centre
- Improved Public Service Centre on main floor of City Hall
- Improvements to downtown parking, including introduction of pay-be-cell technology
- Priority bus lanes on Douglas Street
- Upgrading crosswalks at Bay/Forbes and Bay/Chambers
- New street lights at Robert/Seaforth and Cook/May
- Local street improvements
- Restore natural areas in Cecelia Ravine Park
- Closing gaps in pedestrian network with more sidewalks
- Opening of new rose garden in Beacon Hill Park
- Advance David Foster Harbour pathway



Capital Investment Highlights

Capital Investment in Victoria in 2014

\$6.4 million for transportation infrastructure (sidewalks, bike lanes, crosswalks, roads etc.)
30% of investment is in infrastructure for cycling and walking



\$47 million to replace the Johnson Street Bridge



Total \$88.9 million

\$7.5 million for equipment (fire, IT, recreation, vehicles, police etc.)



\$14.3 million for water, sewer and storm drain infrastructure



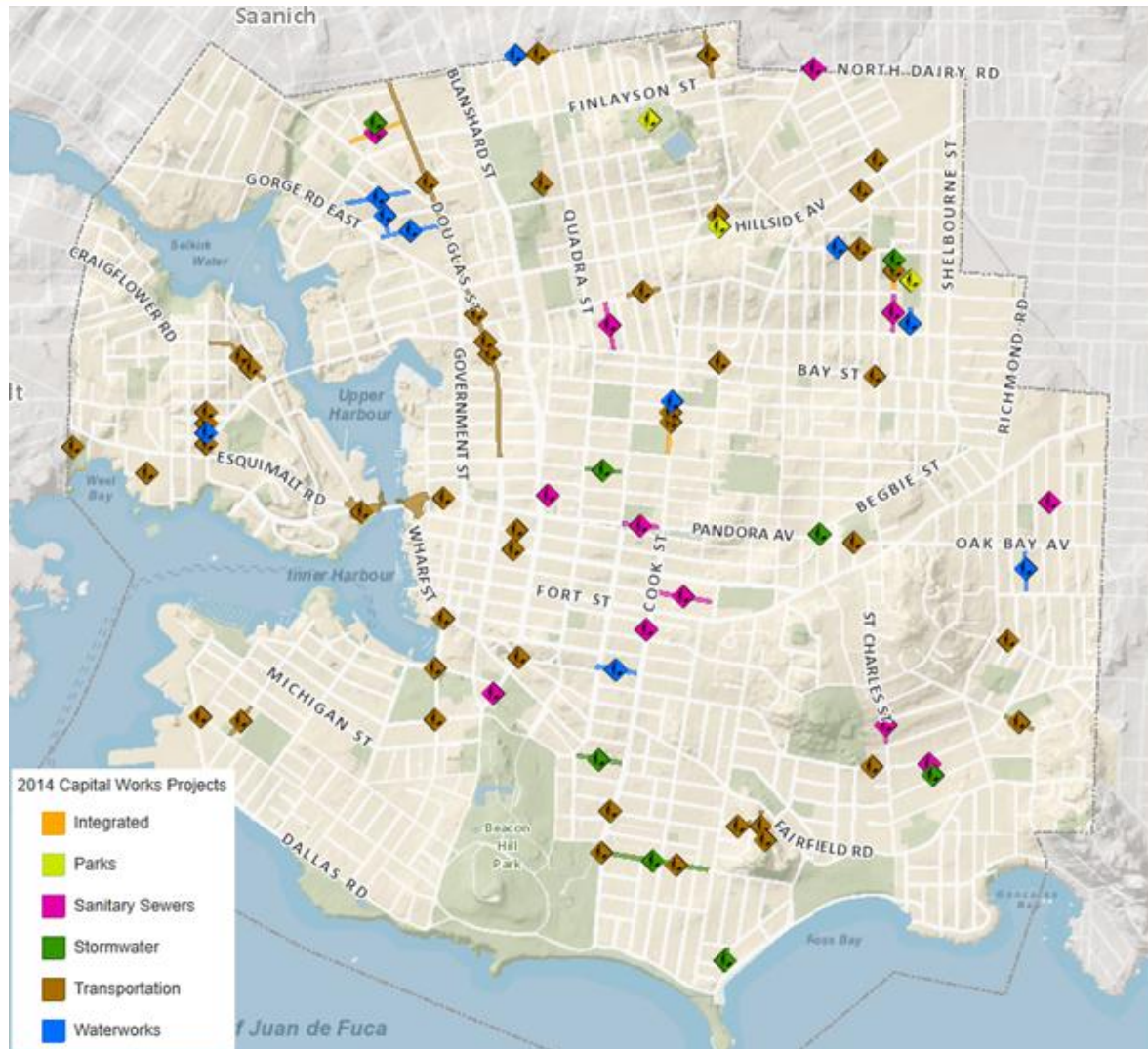
\$3.9 million for parks (park upgrades, greenways, harbour pathway, playgrounds etc.)



\$9.8 million for upgrades and repairs to City buildings, lands and property acquisition



Mapping Capital Investments



Proposed 2014 Operating Budget Summary

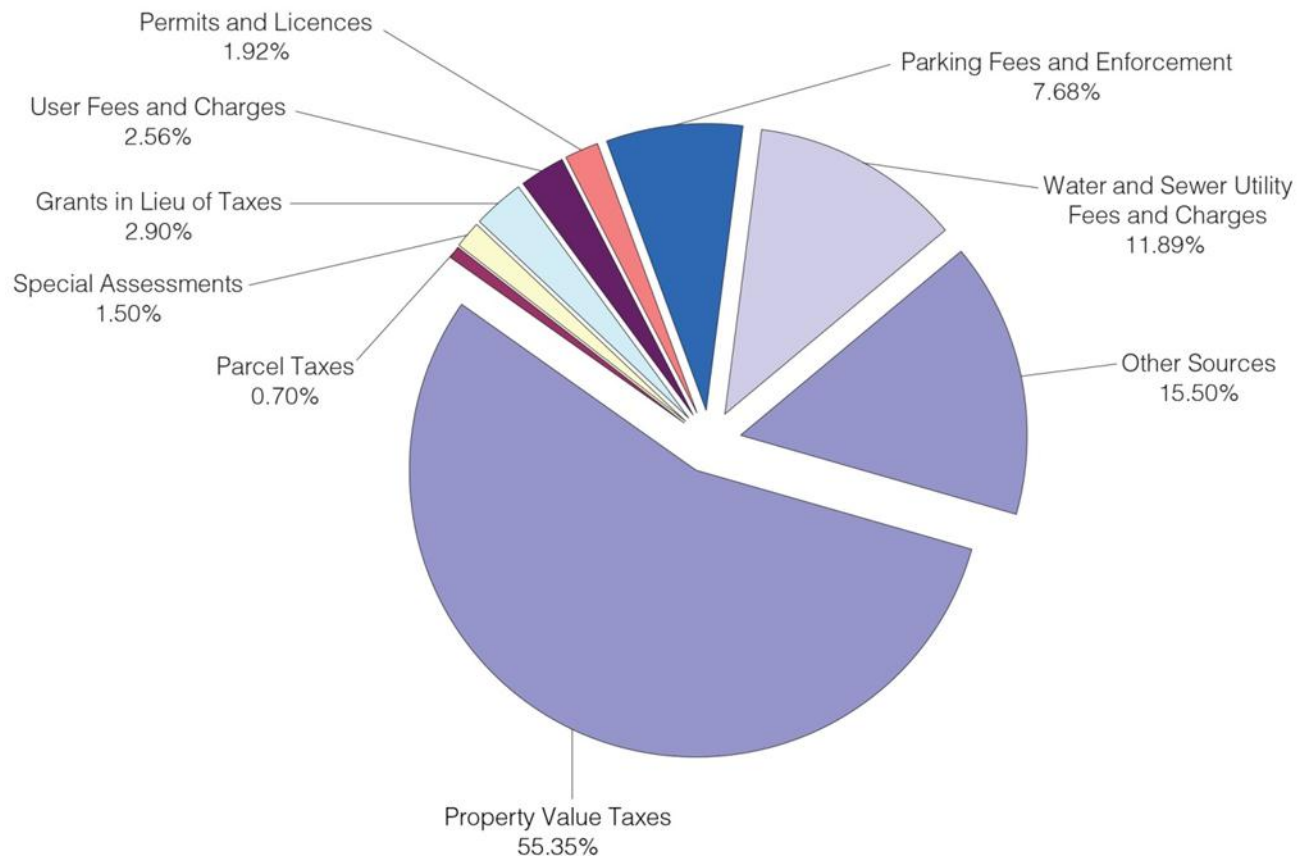


	2013	2014	Change
EXPENDITURES			
General	79,757,763	81,538,242	1,780,479
Police	46,778,120	48,046,125	1,268,005
Corporate	16,728,140	21,528,952	4,800,812
Greater Victoria Public Library	4,275,183	4,439,201	164,018
Debt Principal, Interest and Reserve Transfer	7,827,583	7,827,583	0
Self-financed Programs	33,731,170	34,232,505	501,335
Transfer to Capital	10,794,852	12,199,852	1,405,000
	199,892,811	209,812,460	9,919,648
REVENUES			
Non-Tax	25,623,251	26,217,151	593,900
Corporate	18,753,630	23,346,920	4,593,290
Police	9,792,281	9,886,019	93,738
Self-financed Programs	33,731,170	34,232,505	501,335
	87,900,332	93,682,595	5,782,262
Property Tax Levy	111,884,479	111,992,479	108,000
New Assessment Revenue	108,000	500,000	392,000
	111,992,479	112,492,479	500,000
	199,892,811	206,175,074	6,282,262
Property Tax Increase		3,637,386	3,637,386
	199,892,811	209,812,460	
Operating and Capital Property Tax Increase			3.25%

Where Our Revenue Comes From



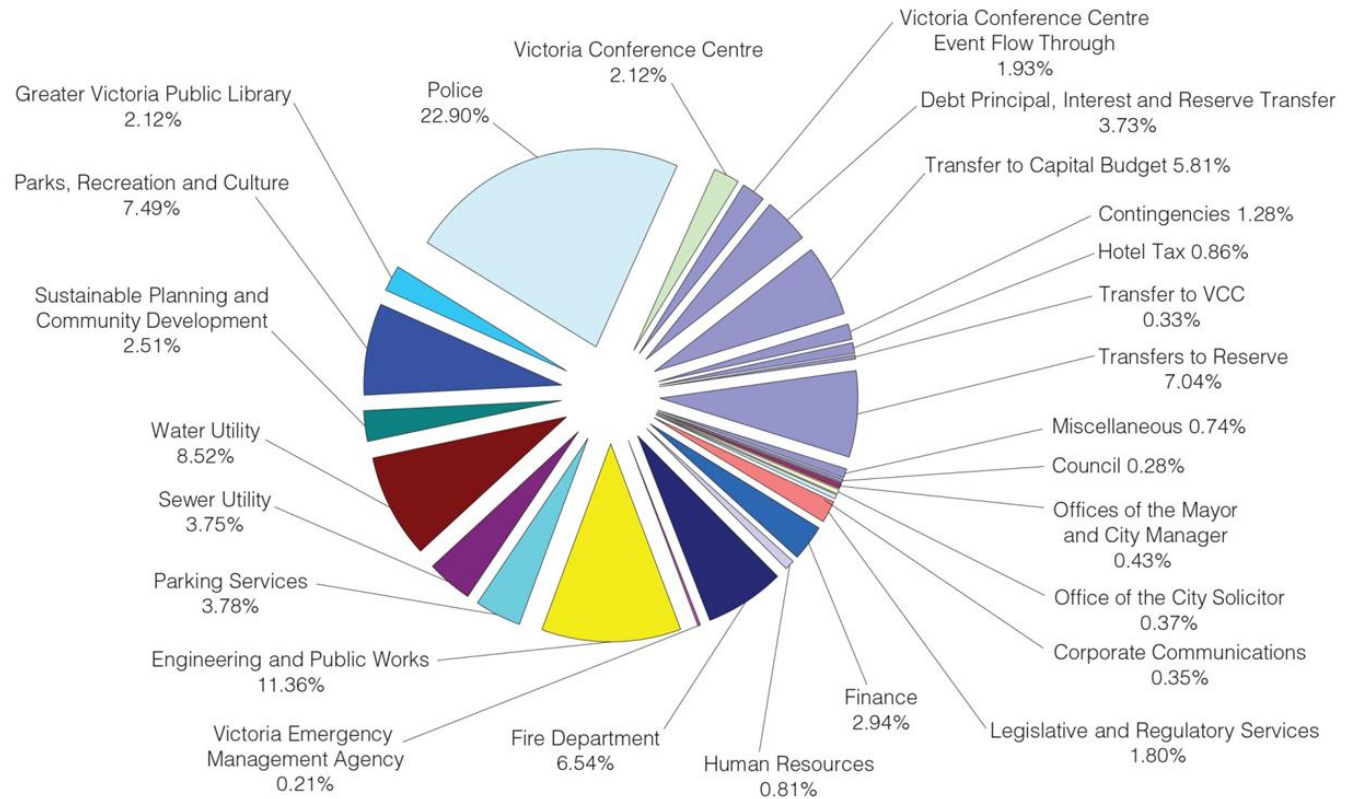
2014 Revenues by Type



Where Our Money Goes



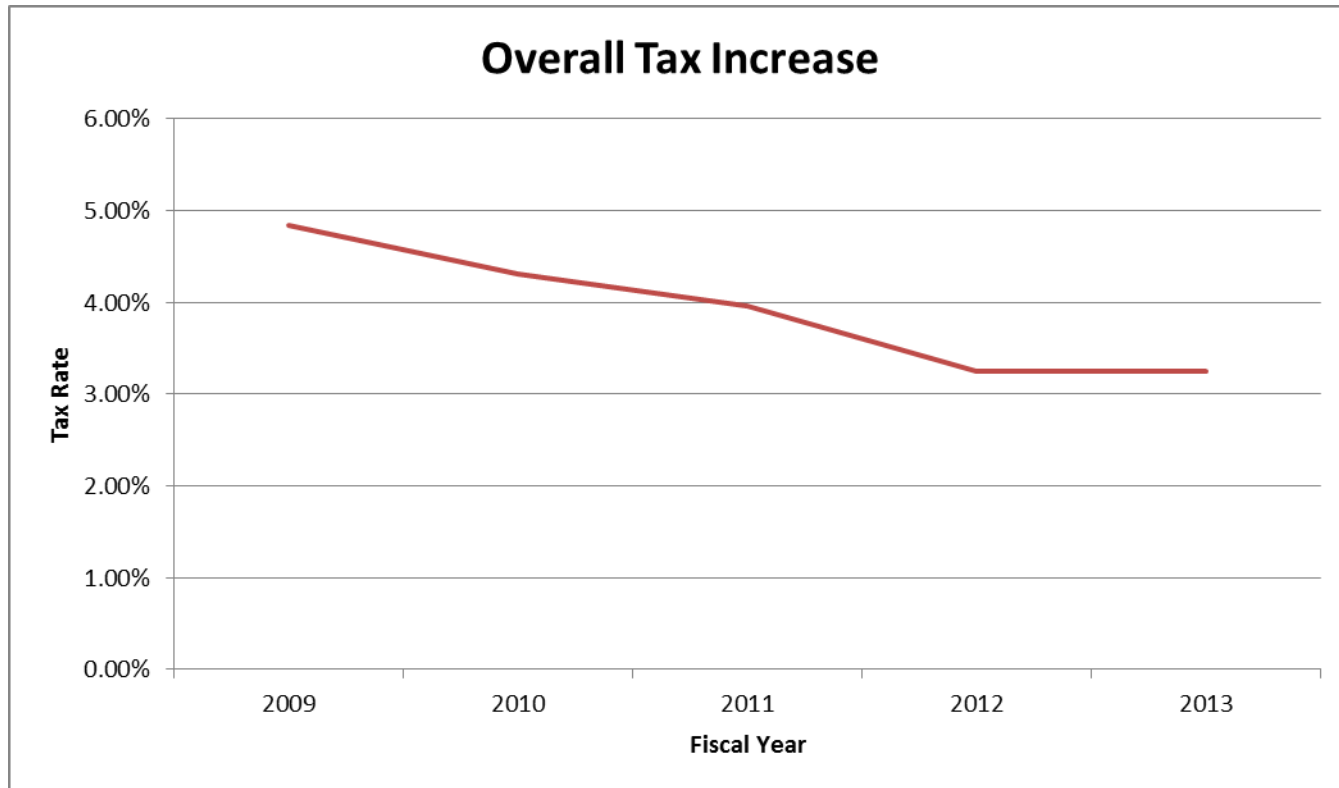
2014 Program Expenditures



Historical Tax Increases

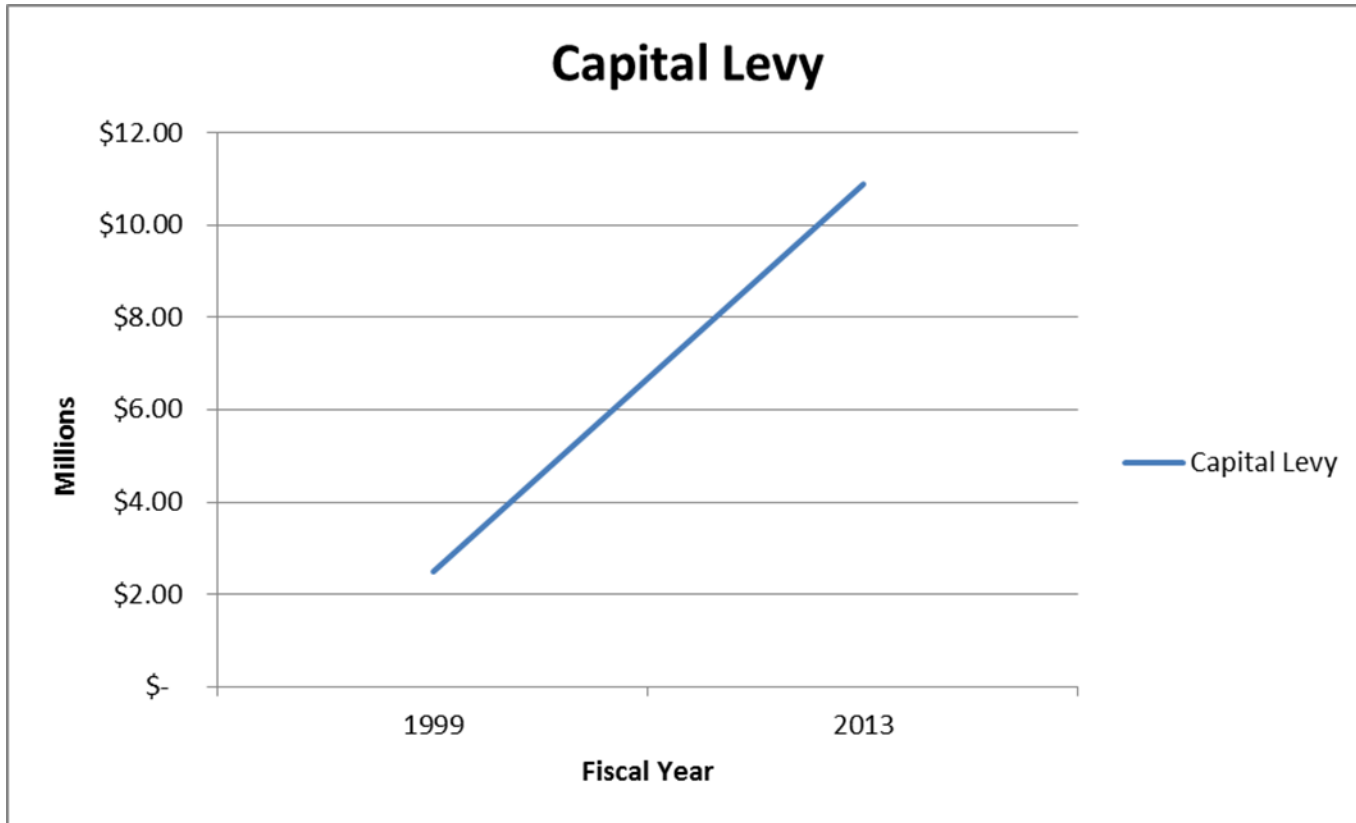


	2014 Draft	2013	2012	2011	2010
Overall tax increase	3.25%	3.25%	3.25%	3.96%	4.31%
Residential increase	4.20%	3.96%	3.91%	7.12%	4.24%
Business increase	2.30%	2.55%	2.31%	1.04%	4.24%



Increasing Annual Capital Budget

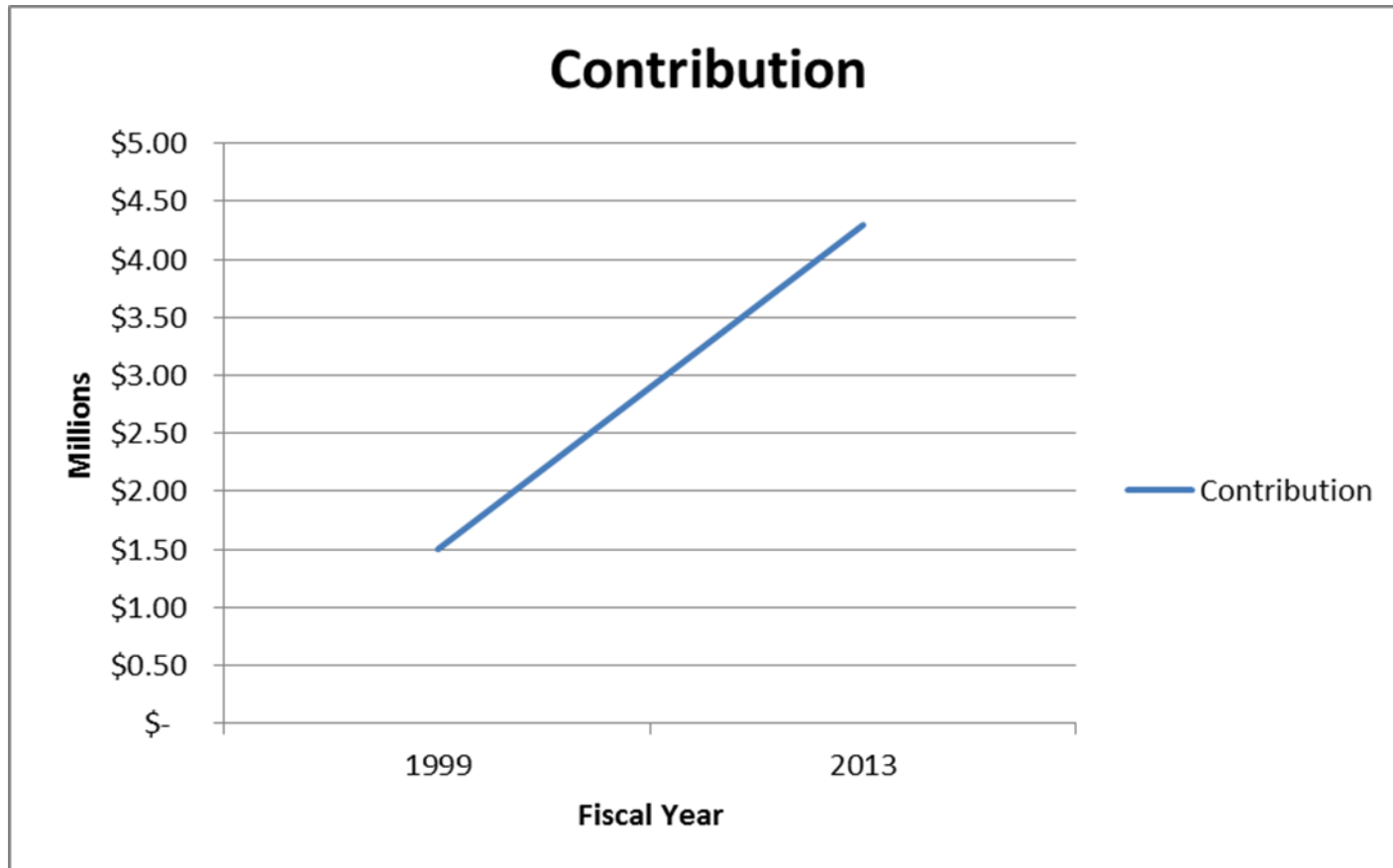
Capital Property Tax Levy for capital spending
Annual Increases from \$2.5M in 1999 to \$10.9 M in 2013



Increasing Capital Reserves



Contribution to Building & Infrastructure Reserve
Increased from \$1.5M in 1999 to \$4.3M in 2013



Utility Fee Increases



	2013	2014	Increase	% Increase
<u>Average Residential Fee</u>				
Water (fixed plus variable fees)	434.89	458.70	23.81	5.47%
Sewer (fixed plus variable fees)	231.17	246.39	15.22	6.58%
Solid Waste	183.00	203.04	20.04	10.95%
	849.06	908.13	59.07	6.96%

Typical Business Fee

Water (fixed plus variable fees)	645.94	677.16	31.22	4.83%
Sewer (fixed plus variable fees)	231.17	246.39	15.22	6.58%
	877.11	923.55	46.44	5.29%



New Assessment Revenue

- New construction higher than anticipated; good news for economy
- 2014 new assessment revenue is \$1,300,000 (\$800,000 higher than forecasted)



New Assessment Revenue

- Presents opportunities:
 - Transfer to capital reserves to fund capital priorities in future
 - Reduce tax increase
 - Or a combination



Option One

Transfer to Reserve

3.25% overall tax increase, reduce business class share to 48%

	<u>Tax Increase</u>
Residential	4.20%
Utility	3.25%
Major Industrial	1.12%
Light Industrial	0.25%
Business	2.30%
Rec/Non Profit	3.25%

Average residential increase	\$	92
Typical business increase	\$	150

Option Two



Reduce Tax Increase

2.47% overall tax increase, reduce business class share to 48%

	<u>Tax Increase</u>
Residential	2.67%
Utility	2.47%
Major Industrial	1.12%
Light Industrial	0.26%
Business	2.30%
Rec/Non Profit	2.47%

Average residential increase	\$	58
Typical business increase	\$	150



Option Three

Use portion to Reduce tax increase (\$680,000); Transfer portion to Reserve (\$120,000)

2.64% overall tax increase, Residential tax increase 3%, reduce business class share to 48%

	<u>Tax Increase</u>
Residential	3.00%
Utility	2.64%
Major Industrial	1.12%
Light Industrial	0.25%
Business	2.30%
Rec/Non Profit	2.64%

Average residential increase	\$	66
Typical business increase	\$	150



Allocation of 2013 Surplus

- 2013 Surplus is \$3,474,559
- Presents opportunities for funding one-time expenditures

Option One (Recommended):

- \$350,000 to Expedite Development Applications
- Remaining to Capital Reserve; can be dedicated to specific capital priorities

Option Two - Other one-time expenditures



2014 Budget Increase

- 2014 Budget achieves Council direction for limiting overall tax increase to 3.25%
- 1.25% of budget increase is for capital infrastructure (\$1.4 million)
- 2% for operating costs including staffing and known cost increases such as hydro, postage, gas, and police and library
- This results in an increase of \$92 for the average home household and \$150 for a typical business.



Next Steps

Date	To	Task
Apr 10	Council	Financial Plan Bylaw 1 st Reading
April 23		Public Budget Session (Information session) Feedback will be collected at the session and for approximately 10 days online
May 5	Special Council	Report on public feedback Further consideration of 2014-2018 Financial Plan Proposed 2014 Tax Rates Tax Rate Bylaw 1 st Reading
May 8	Council	Financial Plan Bylaw 2 nd and 3 rd Reading Tax Rate Bylaw 2 nd and 3 rd Readings
May 12	Special Council	2014-2018 Financial Plan Bylaw adoption Tax Rate Bylaw adoption



Recommendation

That Council direct staff to amend the draft financial plan and bring it forward to Council at the regular meeting of April 10, 2014 for consideration of first reading.



Thank you

Questions/Comments



2014 Budget Increase – 2%

City Operations:

Contingency for salaries and benefits	1,125,246
Known cost increases (hydro, insurance, animal control, postage, water, asphalt and concrete, etc.)	424,638
Election	261,000
Changes to organizational structure	(596,500)
Additional savings re: organizational changes	(43,000)
Additional payments-in-lieu of taxes	(267,100)
Other net changes	<u>(10,183)</u>
Net increase in City Operations	894,101
 Police Budget net increase	 1,174,267
Library Budget net increase	<u>164,018</u>
 Increase to Operating Budget (2%)	 <u>2,232,386</u>



Increase to Capital – 1.25%

1.25% Increase to Capital Property Tax Levy	\$1,405,000
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Other increases to Capital Funding in draft plan:

Net 2013 Surplus	3,124,559
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Forecasted New Assessment Revenue	500,000
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