

# 2017 Five Year Financial Plan

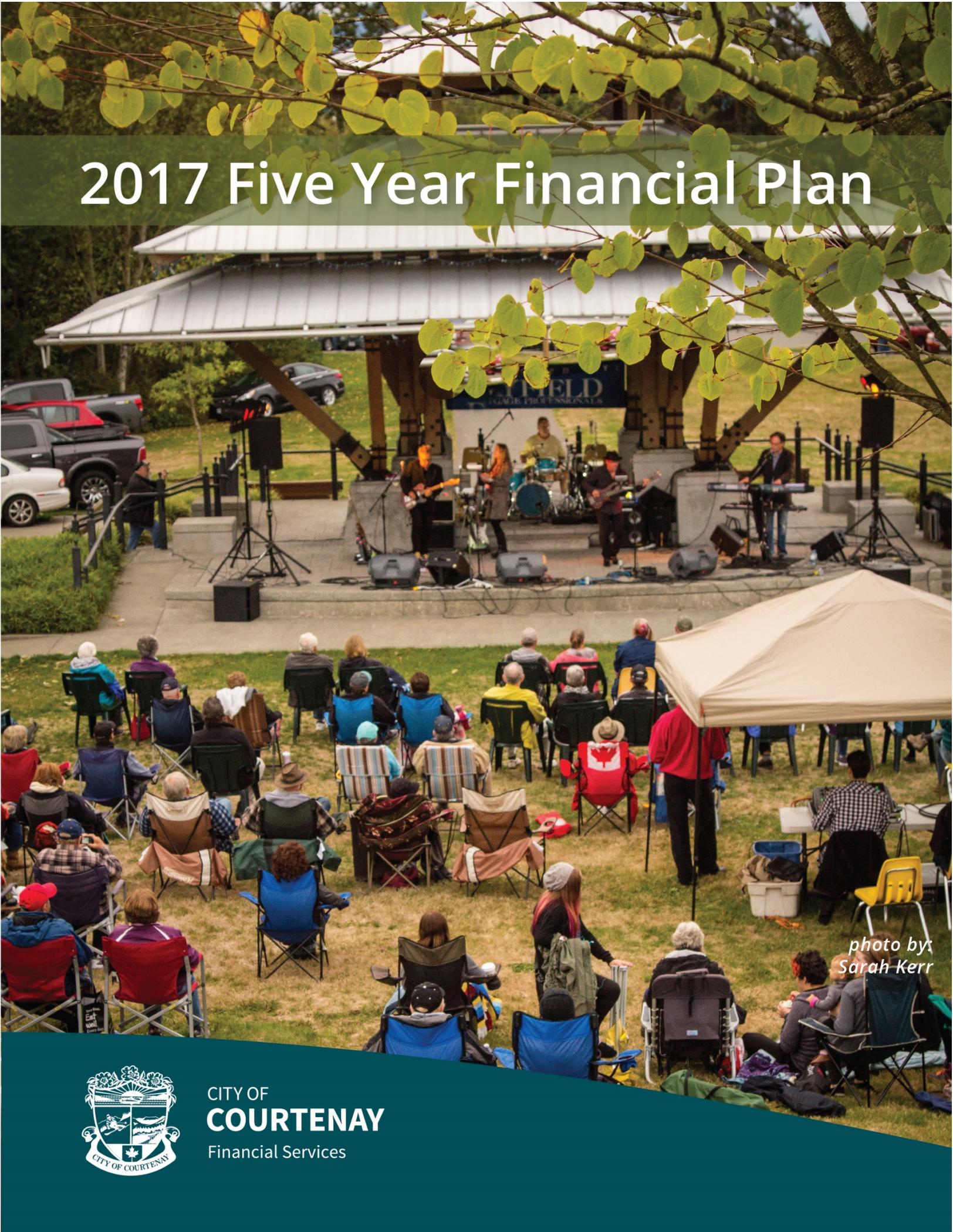


photo by:  
Sarah Kerr



CITY OF  
**COURTENAY**  
Financial Services

# 2017 – 2021 Five-Year Financial Plan

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# 2017 – 2021 Five-Year Financial Plan



## City of Courtenay – Quick Facts



Official City Crest

Coordinates-City Hall  
UTM Zone 10:  
X: 356077 | Y: 5506012

Long: -124°59' 44" W  
Lat: 49° 41' 22" N

- **Incorporated:** January 1, 1915
- **Population:** 25,599 (2016 Census) | Comox Valley RD: 66,527 (2016 Census)
- **City Area:** 33.7 km<sup>2</sup> | 3,369 ha. | 8,324 acres
- **City Land Area (not incl Courtenay R. or Harbour):** 32.7 km<sup>2</sup> | 3,267 ha. | 8,075 acres
- **Private Dwellings:** 12,013 (2016 Census)
- **Private Dwellings occupied by usual residents:** 11,704 (2016 Census)
- **Density per km<sup>2</sup>:** 783
- **Population Growth (2011 – 2016):** +5.7%

Courtenay is a city on the east coast of Vancouver Island in the province of British Columbia, Canada. The city was named after the Courtenay River, which in turn, was named after George William Courtenay, captain of the British ship HMS Constance, which was stationed in the area between 1846 and 1849. Courtenay is the largest, and only, city in the Comox Valley Regional District.

### Statistics

#### Utilities

##### Sanitary

- Sanitary Sewer Mains: 152.3 km (Jan 2017)
- Sanitary Sewer Connections: 6,926 (Estimate, based on Water)
- Sanitary Lift Stations: 12 Stations (23 Pumps)

##### Storm

- Storm Sewer Mains: 159.4 km (Jan 2017)
- Storm Catch basins: 3,965 (Jan 2017)
- Storm Sewer Connections\*\*: 7,550 (Jan 2017)

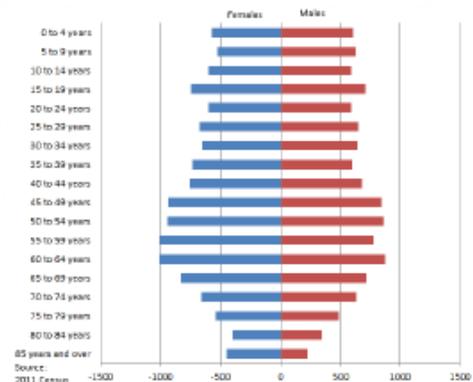
##### Water

- Water Mains†: 170.4km (Jan 2017)
- Water Service Connections: 6,926 (Dec 2016)
- Water Meters Setters: 1,782 (Dec 2016)
- Fire Hydrants: 730 (Jan 2017)
- Mainline Valves: 2,151 (Jan 2017) Air Valves: 80 (Dec 2016)
- Booster Station: 5 pumps

##### Transportation

- Roads: 161 km | 341 lane km (Jan 2017)
- Sidewalks: 156km (2014) Paved Walkways: 11.3 km (2017)
- Streetlights: 1,258 (Jan 2017)

### Age Pyramid for Courtenay, BC (Census 2011)



### Environment

Oceanfront: 3.1 km  
Riverfront: 12.0 km

Max Elevation: 94m (Waters PI Reservoirs)  
Min Elevation: 0m (Comox Harbour)

#### Notes:

\*\*Storm Connections based on number of parcels in area with Storm utilities, where connections area known to have been installed.

†The Comox Valley Regional District transmission water mains throughout the City of Courtenay not included in the numbers posted. Numbers posted included the Sandwich water district mains and hydrants.

All Data compiled by the City of Courtenay AMTS (2017-02-01)



## Introduction

The *Community Charter* outlines the purposes and fundamental powers of a municipality under section 6 and 7, and establishes council as the governing body.

Municipal purposes include:

- a. Providing for good government of its community
- b. Providing for services, laws and matters of community benefit
- c. Providing for the stewardship of the public assets of its community, and
- d. Fostering the economic, social and environmental well-being of its community

Section 8, subsections 2 states: “A municipality may provide any service that the council considers necessary or desirable, and may do this directly or through another public authority or another person or organization.”

Spending for service provision or for capital programs cannot move forward without Council's approval and direction. While the Financial plan lays the groundwork for the organization and is the City's principal document, nothing is accomplished without Council approving or directing how scarce resources will be allocated to pay for operational costs and capital programs. The five year financial plan provides a framework for planning and managing the City's resources, revenues and expenditures each year under the auspices of the City's strategic priorities and long-term asset management plans.

The *Community Charter* requires that a local government adopt an annual five-year balanced financial plan bylaw before the annual tax rate bylaw is adopted each year prior to May 15.

This 2017-2021 financial plan was developed as a broad-based, collective effort and was strongly influenced by the six themes of Council's 2016-2018 Strategic Priorities as presented next. Efforts were also made to remain within Council's “Area of Control”, “Area of Influence” and “Area of Concern” as defined in the adopted strategic priorities document.

## City of Courtenay Strategic Priorities 2016 – 2018

### We actively pursue vibrant economic growth

- Revitalizing our downtown is critical to our economic future
- Continue to improve our relationship with business in our community
- ▲ Our investment in economic development is measurable
- ▲ Continue to explore innovative economic options
- The regional airport is a key economic driver

### We proactively plan and invest in our natural and built environment

- Continued focus on asset management for sustainable service delivery
- Focus on infrastructure renewal rather than upgrades
- Continued support for social, economic and environmental sustainability solutions
- ▲ We look for regional infrastructure solutions for shared services to our community

### We value multi-modal transportation in our community

- We support developing multi-modal transportation network plans
- As we build new or replace existing transportation infrastructure, we are consistent with what we learn from our Complete Streets Pilot Project
- ▲ Support our regional transit service while balancing service improvements with costs

### We support diversity in housing and reasoned land use planning

- Support densification aligned with community input and regional growth strategy
- Assess how city-owned lands can support our strategic land acquisitions and disposals
- ▲ Support initiatives and incentives to encourage lower cost housing
- Proactively pursue housing diversity and advocate for senior government support

### We focus on organizational and governance excellence

- We support and encourage initiatives to improve efficiencies
- We support meeting the fundamental corporate and statutory obligations
- We recognize staff capacity is a finite resource
- Communication with our community is a priority, and is considered in all decisions we make
- We responsibly provide services at a level which the people we serve are willing to pay

### We invest in our key relationships

- We value and recognize the importance of our volunteers
- We will continue to engage and partner with service organizations for community benefit
- ▲ We actively engage with our K'ómoks First Nation neighbours on issues of mutual interest and concern
- ▲ We advocate and cooperate with other local governments and senior governments on regional issues affecting our city



#### ● Area of Control

The policy, works and programming matters that fall within Council's jurisdictional authority to act.

#### ▲ Area of Influence

Matters that fall within shared or agreed jurisdiction between Council and another government or party.

#### ■ Area of Concern

Matters of interest outside Council's jurisdictional authority to act.

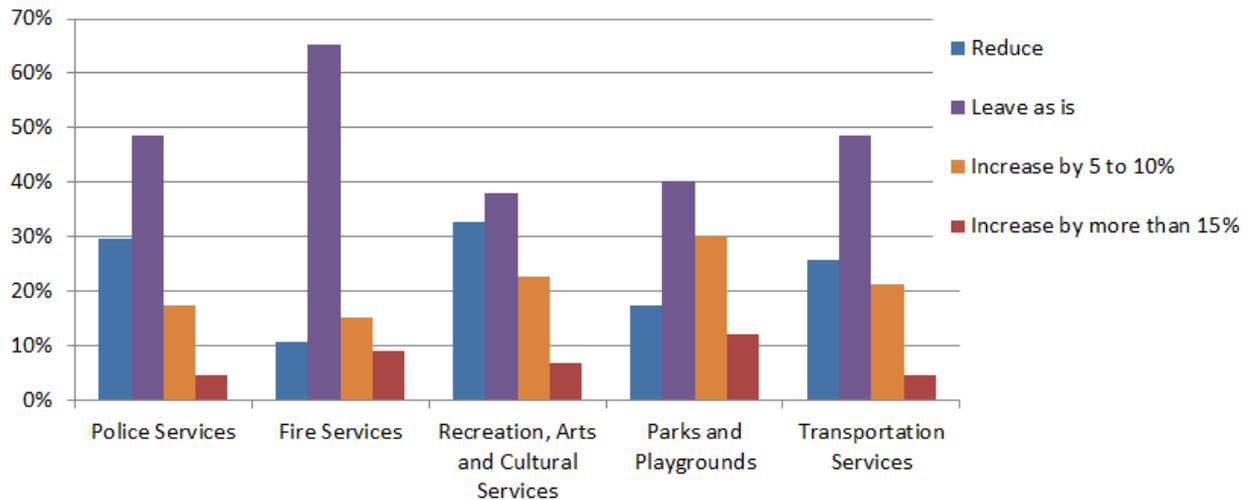
# 2017 – 2021 Five-Year Financial Plan

## Public consultation

Public input is important for the City and was considered for the 2017-2021 Five-Year Financial Plan using the results and comments gathered from the 2017 Citizen Budget Survey that ran from October 18 to November 26, 2016. There were 262 visitors of which 132 responded or commented. This was the fourth year the City consulted the community using an online citizen budget survey.



The table below is an extract from the 2017 Citizen Budget survey results and reports how respondents wanted their property taxes adjusted for the various service areas.



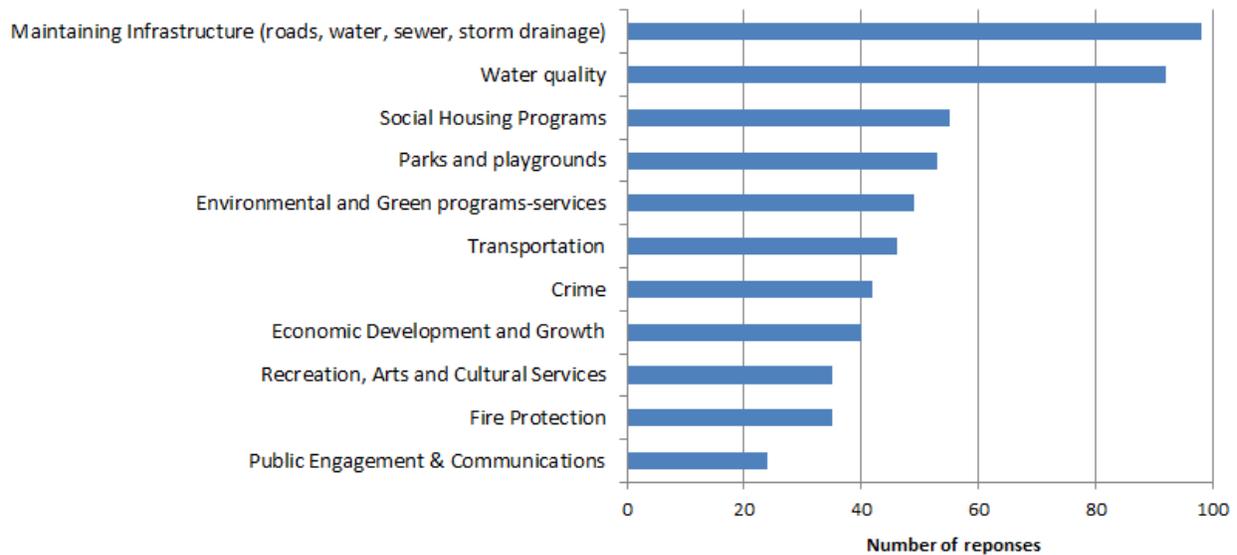
For the Property tax, Water and Sewer, the majority of survey respondents were supportive of a 1-2 percent increase as indicated in this table.

	Total Responses	Leave as is		Increase by 1-2%		Increase by 3-4%		Increase by more than 5-6%		Increase by more than 7-8%	
		Number	%	Number	%	Number	%	Number	%	Number	%
General Municipal Property Taxes	127	39	31%	57	45%	14	11%	17	13%	0	0%
Water Infrastructures	124	35	28%	44	35%	17	14%	18	15%	10	8%
Sewer Infrastructures	121	53	44%	45	37%	11	9%	5	4%	7	6%

# 2017 – 2021 Five-Year Financial Plan

Respondents were also asked to choose the top five issues that should receive the greatest attention from municipal leaders. Below is the list of top five issues from the Citizen Budget review. As with previous Citizen Budget Surveys, maintaining key infrastructure focused on the provision of the City's core services – water, sewer, roads, and storm drainage continues to be the top issue, with water quality coming in second. Many respondents mentioned they would have chosen Air quality as a choice had it been listed.

## Top Five Issues



Demographic information is as follows:

- 88 homeowners, 7 renters and 1 non-resident property owner
- 86 respondents were older than 35; 44 are older than 55
- 87 respondents have lived in the City for more than 2 years and 55 for 10 years or more

Based on BC Statistics, 262 visitors represent approximately 1.3% of the eligible voting electorate of Courtenay (the population of Courtenay was 25,599 for 2016; staff estimates 80% is within voting age). 132 respondents represent 0.6% of the voting population of Courtenay.

# 2017 – 2021 Five-Year Financial Plan

## Asset Management

In accordance with Council's Strategic Priorities and Asset Management Policy, the 2017-2021 Capital Financial Plan was guided by using the principles of Asset Management. Two concepts explain its purpose and scope: first, the objective of Asset Management is to meet a required level of service, in the most cost effective manner, through the management of assets for present and future users. Second, lifecycle asset management encompasses all practices associated with considering management strategies as part of the asset lifecycle by looking at the lowest long-term cost when making decisions.

Sound Asset Management practices enable Sustainable Service Delivery by integrating community values, priorities and an informed understanding of the trade-offs between risks, costs and services. This focus is summarized by the following excerpt from Council's Asset Management Policy adopted in June of 2015:

The City's Sustainable Service Delivery needs will be met by ensuring adequate provision is made for the long-term planning, financing, operation, maintenance, repair, renewal, upgrade, replacement and disposal of capital assets by:

- a) Ensuring that Courtenay's capital assets are provided in a manner that respects socio/cultural, economic and environmental sustainability;
- b) Meeting all relevant legislative and regulatory requirements;
- c) Demonstrating transparent and responsible Asset Management processes that align with demonstrable best-practices;
- d) Implementing sound Asset Management plans and strategies and providing sufficient financial resources to accomplish them;
- e) Ensuring necessary capacity and other operational capabilities are provided and Asset Management responsibilities are effectively allocated;
- f) Creating a corporate culture where all employees play a part in overall care for City assets by providing awareness, training and professional development; and
- g) Providing those we serve with services and levels of service for which they are willing to pay.



## Financial Plan Overview

The Financial Plan information in this report is presented in four separate sections:

- Consolidated Revenues and Funding Sources
- General Fund
- Sewer Fund
- Water Fund

This document also presents a consolidated view of the City of Courtenay (“City”) municipal operations. It is intended to provide the reader with a perspective of what the City is working toward over the next five years and provide incremental improvements in reporting to the annual financial report issued each year.

### *Budgeting by Funds*

The City provides a variety of services that are budgeted through three different operating funds, and three different capital funds. Annual property taxation and most other types of revenue are recognized in the General Fund whereas the Water and Sewer utility operating funds are intended to be self-supporting through separate and specific user fees and taxes.

### **The General Fund**

The General Fund is divided into seven standard divisions utilized by most local governments. Within each division is the plan for each department and functional area. Those plans are presented in a summarized format that is intended to facilitate the budget decision-making process.

The General Fund accounts for the widest variety of City activities. The costs of policing, fire and emergency services, streets and roads, planning and development, parks, recreation and culture, building maintenance, animal control, bylaw enforcement, solid waste services, and the majority of administrative costs of the City are shown in this fund. Most service areas generate additional revenue sources that are used to offset the cost of the service provided, and reduce the reliance on property taxes, however the largest revenue source continues to be property taxes.

### **The Water and Sewer Utility Funds**

The Water Utility fund accounts for the City’s activities in distributing potable water to the community while the Sewer Utility accounts for the removal of the waste water generated by residents. The Comox Valley Regional District (CVRD) provides bulk water and waste water treatment to Courtenay and surrounding regional partners. The CVRD bills Courtenay for water based on bulk water utilized and sewer services based on recorded proportional flows.

The activities in the Water and Sewer funds are paid via User Fees and Frontage-Parcel taxes on properties. There is a budgeted transfer from the General Fund to the water and sewer utility funds that represents the administrative costs associated with general government providing services to each of these respective areas. Administrative costs are essentially the staff time and other resources required to support each service.

# 2017 – 2021 Five-Year Financial Plan

## Important Notes

### Operating Budget Surplus

This budget follows generally accepted accounting principles by recording all revenues as operating revenues and only operating expenses as expenses. The result is a surplus from operations that is allocated to Capital purchases and projects, loan payments and contributions to reserves.

### Debt

Unlike federal and provincial levels of government in Canada, municipal governments are not allowed to run deficits. Each year, they must balance their budgets, as required under the provincial legislation that governs their operations. The City's debt servicing costs in 2017 is estimated at about \$1,309,000, down due to actuarial reviews and the lowering of interest rates applied to several long-term debt instruments. For 2017, the total savings due to the review is around \$100,000.

The ceiling for the City's allowable annual debt payment servicing capacity is 25% of its prior year's operating revenue from all funds (general, water and sewer), a value of approximately \$10,900,000. The City currently only uses approximately 14.5% of the \$10.9M payment servicing limit, leaving the City in a strong position to determine future opportunities to borrow.

### Capital Assets

The Capital budget proposals have been developed based on the City's Asset Management Program. These were collectively devised by the Asset Management Working Group and developed from an organization-wide perspective while considering existing staff capacity and making best efforts to reduce the risk of in-service failures that might potentially lead to service disruption(s). A summary and more detailed list of capital spending are available within this document. Total capital spending in 2017 is projected to be \$13,440,700 without new debt financing.

### Consolidated Financial Plan (without amortization)

Consolidated Summary (without amortization)	2017 Budget	2018 Proposed Budget	2019 Proposed Budget	2020 Proposed Budget	2021 Proposed Budget
<b>Revenues</b>					
Operating Revenues	\$ 49,822,493	\$ 54,109,800	\$ 57,686,300	\$ 57,173,900	\$ 61,717,200
Reserves & Surplus	11,960,207	8,852,000	5,129,500	3,526,100	3,373,600
New Debt Financing	-	5,150,000	4,258,300	6,800,000	31,800,000
	<b>\$ 61,782,700</b>	<b>\$ 68,111,800</b>	<b>\$ 67,074,100</b>	<b>\$ 67,500,000</b>	<b>\$ 96,890,800</b>
<b>Expenses</b>					
Operating Expenses	\$ 44,140,100	\$ 45,081,200	\$ 46,152,100	\$ 47,510,300	\$ 48,540,500
Capital Assets	11,851,600	16,172,400	14,383,000	12,663,500	37,573,000
Capital Debt Payments	1,589,100	1,904,300	2,119,900	2,499,800	4,257,300
Transfers to Reserves & Surplus	4,201,900	4,953,900	4,419,100	4,826,400	6,520,000
	<b>\$ 61,782,700</b>	<b>\$ 68,111,800</b>	<b>\$ 67,074,100</b>	<b>\$ 67,500,000</b>	<b>\$ 96,890,800</b>

# 2017 – 2021 Five-Year Financial Plan

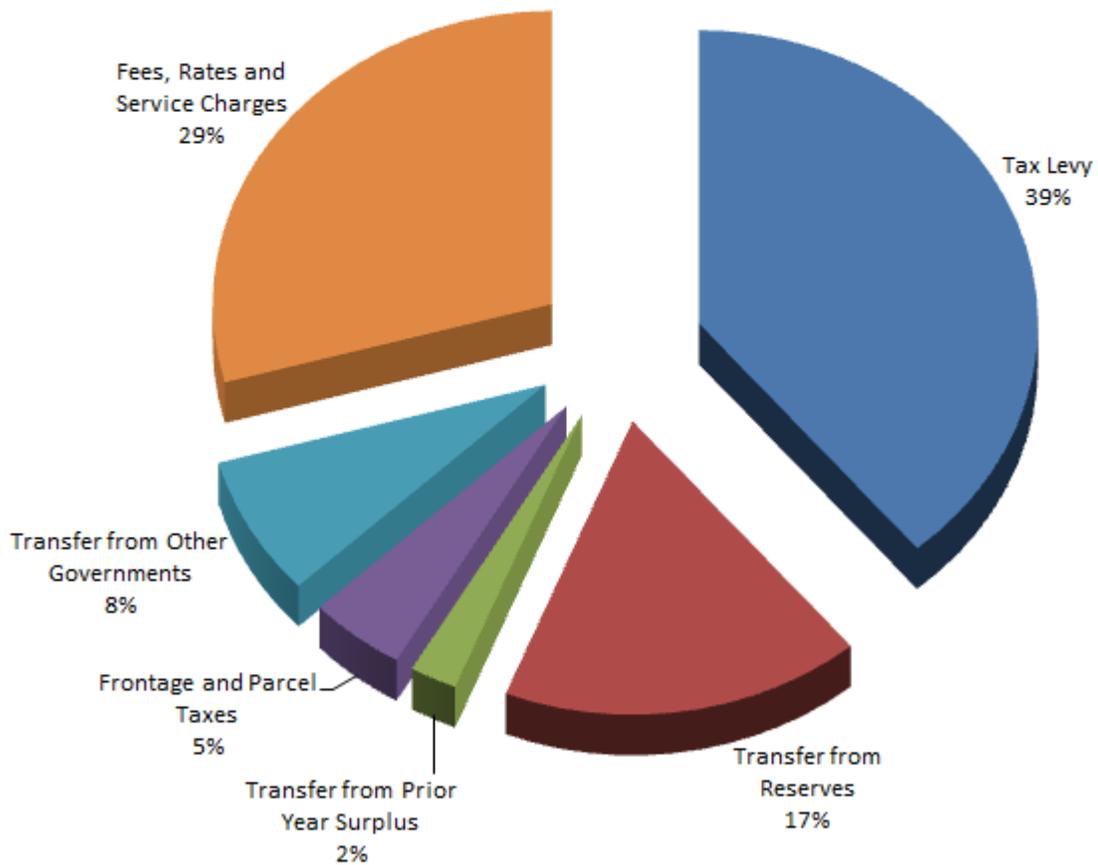
Footnote: \$31.8M borrowing in 2021 is intended only as a placeholder. Before any large borrowing is contemplated or applied for the funding of any new Police facility, Provincial and Federal grants will be investigated as well as the utilization of reserves will be considered.



# 2017 – 2021 Five-Year Financial Plan

## Consolidated Financial Plan – Source of funds graph

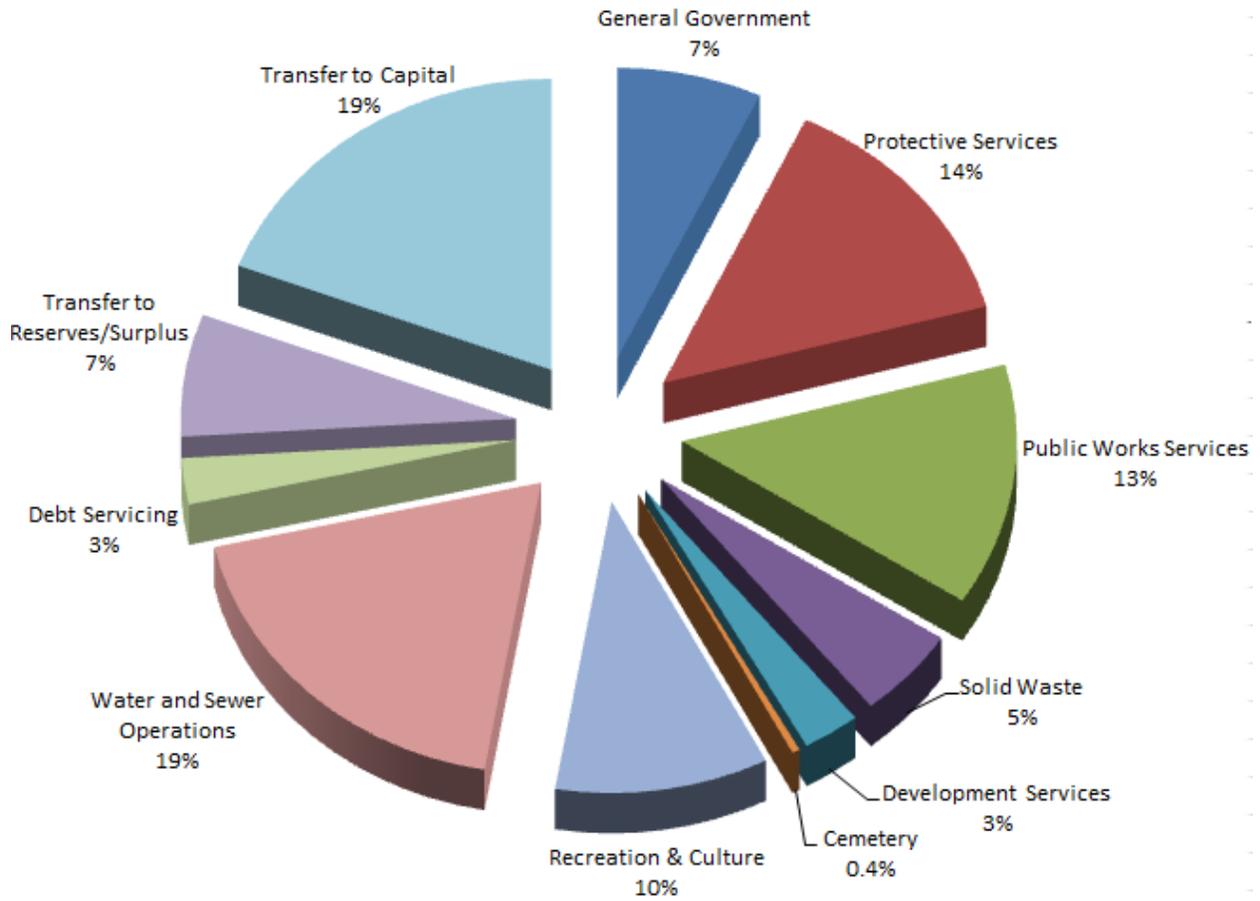
### Where the Money comes from: General, Water and Sewer Operating Budgets 2017



# 2017 – 2021 Five-Year Financial Plan

## Consolidated Financial Plan – Use of funds graph

**Where the Money goes:  
General, Water and Sewer Operating Budgets 2017**



# 2017 – 2021 Five-Year Financial Plan



# Consolidated Revenue and Funding Sources



# 2017 – 2021 Five-Year Financial Plan

## Revenue and Funding Sources

The City's activities are supported by revenues from a variety of sources. This section provides information on the City's objectives and policies as established by Revenue and Tax Policy #1700.00.01, and includes information in light of these policies. Some of the information reported in this section is included in Schedule A of the Financial Plan Bylaw 2879 to meet the reporting requirements of the *BC Community Charter*, the primary Provincial legislation that governs the financial operations of municipalities.

The consolidated Financial Plan identifies 2017 revenue sources. The following chart summarizes revenue sources. A detailed listing of these is presented further in this section.

### Consolidated Financial Plan – Revenues Chart

Consolidated Revenues	2017 Budget	2018 Proposed Budget	2019 Proposed Budget	2020 Proposed Budget	2021 Proposed Budget
<b>Taxes</b>					
General Property Taxes	\$ 23,366,800	\$ 24,667,900	\$ 25,755,000	\$ 27,173,200	\$ 29,877,500
Collections for Other Governments	20,574,100	21,455,900	21,840,700	22,218,100	22,608,400
Total Property Taxes	43,940,900	46,123,800	47,595,700	49,391,300	52,485,900
Frontage & Parcel Taxes	2,858,000	3,111,700	3,717,700	4,119,500	4,635,300
Grants in Place of Property Taxes	415,100	423,300	431,800	440,400	449,200
% of Revenue Tax	403,400	411,400	419,700	428,100	436,700
Total Taxes Collected	47,617,400	50,070,200	52,164,900	54,379,300	58,007,100
Less: Transfers to Other Governments	(20,703,100)	(21,587,600)	(21,975,000)	(22,355,100)	(22,748,100)
<b>Net Taxes for Municipal Purposes</b>	<b>26,914,300</b>	<b>28,482,600</b>	<b>30,189,900</b>	<b>32,024,200</b>	<b>35,259,000</b>
<b>Other Revenues</b>					
Fees and Charges	17,386,000	18,589,500	19,638,100	20,772,300	21,998,400
Revenue from Other Sources	2,871,900	2,156,100	3,744,700	2,171,000	2,187,900
Other Contributions	739,000	2,933,000	2,126,900	181,000	207,000
Transfers from Other Govt & Agencies	1,911,300	1,948,600	1,986,700	2,025,500	2,064,900
Total Other Revenues	22,908,200	25,627,200	27,496,400	25,149,800	26,458,200
<b>Total Operating Revenues</b>	<b>49,822,500</b>	<b>54,109,800</b>	<b>57,686,300</b>	<b>57,174,000</b>	<b>61,717,200</b>
<b>Transfers From Reserves and Surplus</b>					
From Reserves	10,563,000	7,202,000	5,029,500	3,476,100	3,373,600
From Surplus	1,397,200	1,650,000	100,000	50,000	-
<b>Total from Reserves and Surplus</b>	<b>11,960,200</b>	<b>8,852,000</b>	<b>5,129,500</b>	<b>3,526,100</b>	<b>3,373,600</b>
<b>Funding from Debt</b>					
	-	5,150,000	4,258,300	6,800,000	31,800,000
<b>Total Revenues</b>	<b>\$61,782,700</b>	<b>\$68,111,800</b>	<b>\$67,074,100</b>	<b>\$67,500,100</b>	<b>\$96,890,800</b>

### *Property value taxes and parcel taxes*

Close to 54% of the City's total operating revenues are obtained through property value taxation. When reviewing the level of funding from taxation, the City first identifies the amount of expenditures required to provide all of the desired municipal services to users. It then quantifies the amount of revenue from Other Sources (other than property taxes) that the City can expect to receive through fees and charges, federal and provincial government grants, transfers from reserves

# 2017 – 2021 Five-Year Financial Plan

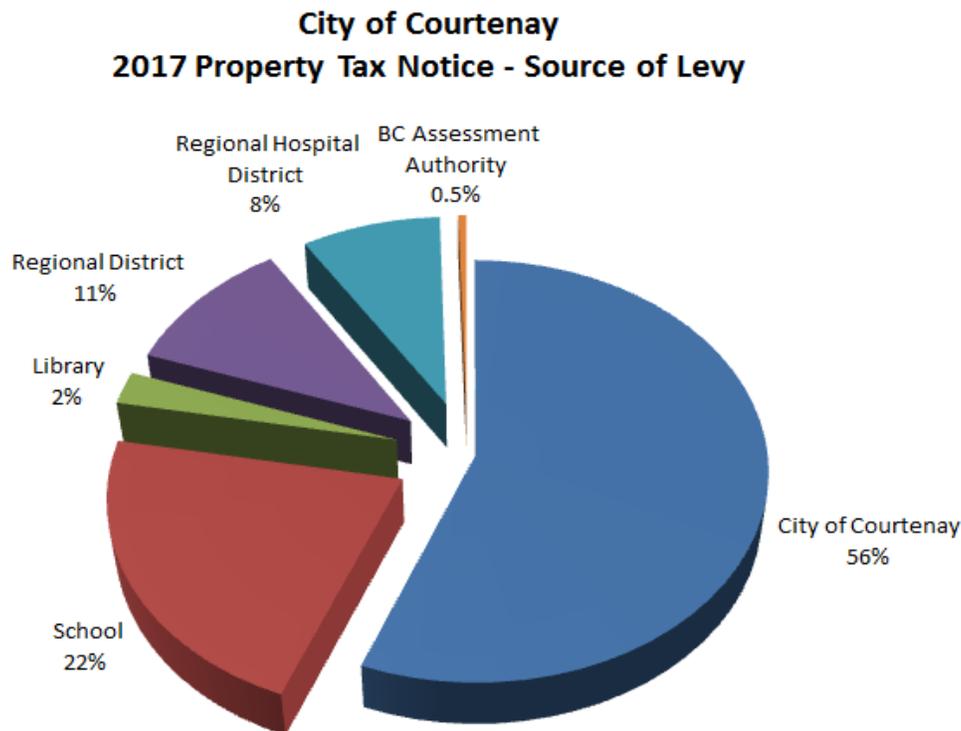
and surplus, etc. The difference between budgeted expenditures and Other Revenue sources is the amount of property tax revenue the City must collect to provide services, and balance the budget.

The City is challenged to maintain stable or reduced taxation levels, while maintaining or increasing service levels. When the cost of providing a service increases (e.g. through inflation, changes in statutory requirements, or increases to demand from growth), the City must either raise more revenue to provide the same level of service or reduce the level of service provided to maintain the same level of funding.

The City's policy is to utilize new sources of revenue from senior governments whenever it is available in order to reduce its dependency on property tax resources. For example, if a specific area receives a local infrastructure improvement, the City is legislatively authorized to impose a parcel tax to those properties benefiting from the receipt of the local improvement. Sections 200 – 204 of the *Community Charter* outline the process to be followed.

The City also collects property value taxes on behalf of other agencies. As can be seen in the graphic below, these costs make up almost half of the annual property tax bill, and are clearly outside Council's Area of Control: "The policy, works and programming matters that fall within Council's jurisdictional authority to act". In these instances, the City is mandated by legislation to act as the collection agent on behalf of the other agencies entitled to collect funds from property value taxation and the City must then convey the funds to them. The City receives no fees for carrying-out these functions and with the exception of some representation on the Regional District Board, Council has no influence over how all these other funds are calculated or expended.

## 2017 Sources of Property Tax Levy



# 2017 – 2021 Five-Year Financial Plan

## Property Tax Increases

The budget for municipal property taxes reflects a general increase of 2% over prior year taxes for general operations. This increase is to ensure levels of service are maintained in response to a number of cost drivers that directly impact the City's operations. A more details list of specific cost drivers is outlined in the "Cost Drivers" section of this report on page 34.

It is recommended that in 2017, the previously approved annual 2% infrastructure levy introduced in 2016 be suspended in 2017, pending further refinement in 2017 of the asset management long-term capital renewal program and organizational capacity needs. As we gain a better understanding of the condition of the City's infrastructure, for 2018 through 2021, the levy is intended to be gradually reinstated at the following levels: 1% in 2018, 1.5% in 2019 and 2% for 2020-2021 if the long-term renewal program demonstrates the need for the increases.

## Projected Taxes for Municipal Purposes chart

Taxes for Municipal Purposes	2016	2017	2018	2019	2020	2021
	Final Budget	Budget	Proposed Budget	Proposed Budget	Proposed Budget	Proposed Budget
<b>REVENUES</b>						
<b>Annual increase</b>						
General Operations	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Capital Projects	0.5%					
Special Levy - Infrastructure Renewal	1.5%	0.0%	1.0%	1.5%	2.0%	2.0%
	4.0%	2.0%	3.0%	3.5%	4.0%	4.0%
<b>General Property Taxes</b>						
General Purpose	\$ 18,675,500	\$ 20,364,500	\$ 21,215,900	\$ 22,084,400	\$ 22,970,200	\$ 23,873,800
Property Tax Estimation New Construction	195,200	435,400	435,400	435,400	435,400	435,400
Infrastructure & Asset Management Levy	406,500	-	212,300	331,200	458,900	476,700
BIA	60,000	60,000	60,000	60,000	60,000	60,000
Debt Levy	1,520,600	1,309,000	1,522,500	1,597,800	1,977,500	3,735,000
General Tax Supplementary Adjustment	(31,900)	(32,500)	(33,200)	(33,900)	(34,500)	(35,200)
Library	1,185,400	1,230,400	1,255,000	1,280,100	1,305,700	1,331,800
Total General Property Taxes	22,011,300	23,366,800	24,667,900	25,755,000	27,173,200	29,877,500
Collections for Other Governments	20,199,172	20,574,100	21,455,900	21,840,700	22,218,100	22,608,400
Total Property Taxes	42,210,472	43,940,900	46,123,800	47,595,700	49,391,300	52,485,900
Frontage & Parcel Taxes	2,655,500	2,858,000	3,111,700	3,717,700	4,119,500	4,635,300
Grants in Lieu of Property Taxes	406,900	415,100	423,300	431,800	440,400	449,200
% of Revenue Tax	385,500	403,400	411,400	419,700	428,100	436,700
Total Taxes Collected	45,658,372	47,617,400	50,070,200	52,164,900	54,379,300	58,007,100
Less Transfer to Other Governments	(20,325,672)	(20,703,100)	(21,587,600)	(21,975,000)	(22,355,100)	(22,748,100)
<b>Taxes for Municipal Purposes</b>	<b>\$ 25,332,700</b>	<b>\$ 26,914,300</b>	<b>\$ 28,482,600</b>	<b>\$ 30,189,900</b>	<b>\$ 32,024,200</b>	<b>\$ 35,259,000</b>

## Distribution of property value taxes – Statutory Obligations and Policies

The *Community Charter* requires the municipality to report on the objectives and policies with respect to the distribution of property value taxes amongst the property classes. The variable tax rate system in BC enables the City to vary the amount of taxes collected from various property classes, based on the City's goals and objectives. The City's policies regarding property tax distribution are:

- ❖ The City of Courtenay will attempt to keep the percentage of property taxes received from residential taxpayers at a level comparable to the average of similar municipalities;
- ❖ The City has set tax rates in order to maintain tax stability, by maintaining the proportionate relationship between the property classes. This practice allows the various taxpayers in the municipality to be confident that, in any year, their property tax bill will only increase as much as their proportion of the increase in tax revenue required year over year;
- ❖ The City will attempt, over time, to reduce the commercial tax rate where necessary to ensure that Courtenay remains a competitive location for commercial activity;
- ❖ Each year, Council has considered whether to reduce the commercial rate multiple, which effectively shifts tax load from the commercial class to the residential class taxpayer.

# 2017 – 2021 Five-Year Financial Plan

## Property Tax Rates

The City determines the “tax rate” (a charge per \$1,000 of assessed property value) by dividing the sum of all the assessed property values in the City by the amount of property tax revenue that must be collected. The “tax rate” is simply a means of determining the proportional amount each individual property owner must pay to receive the package of services provided by the City.

The variable tax rate system in BC levies more of the property tax burden to owners of more valuable properties and improvements than to owners of less valuable properties, as individuals owning more valuable properties, in general, have an ability to pay more than those in lesser valued properties. These values are set annually by a third party called the BC Assessment Authority in accordance with the *BC Assessment Act*. The City is entitled to set local annual tax rates based only upon these assessed values, but may not vary or influence the value of the assessments in any way. So, that is why a property owner who may wish to appeal the assessed value of their property and improvements may only seek a review from the BC Assessment Authority, not the City.

The tax rate each year is based on the revenue Council decides to collect and the assessed values of all the properties in the City at that time. Changes in the total assessed property values in the City will cause the tax rate to change, but on its own, it has no effect on the amount each property owner must pay unless his/her assessed value change is different from the average change in value.

## 2015 - 2017 Property Tax Rates chart

Class	2015 Rate	2016 Rate	2017 Rate
01 Residential	3.9404	4.0414	3.9768
02 Utilities	27.5831	28.2899	27.0373
03 Supportive Housing	3.9404	4.0414	3.9768
04 Major Industry	15.3677	15.7615	15.5095
05 Light Industry	15.3677	15.7615	15.5095
06 Business	11.0333	11.3160	10.8149
08 Recreation/Non-Profit	3.9404	4.0414	3.9768
09 Farm	3.9404	4.0414	3.9768
<b>Total</b>	<b>85.1134</b>	<b>87.2945</b>	<b>84.7785</b>
<i>Percentage Change between Current Year and Prior Year Municipal Tax Rates</i>	<i>2.92%</i>	<i>2.56%</i>	<i>- 2.88%</i>

# 2017 – 2021 Five-Year Financial Plan

## Proportion of revenue by source

The City's policy is to try to keep the proportional share of revenue from property taxes at a level similar to the average of comparable municipalities. The following tables provide a summary of the total dollars and the percentage of revenue from the various sources, and a comparison of these values and percentages over the past two years.

## 2015 – 2017 Proportion of revenue by source chart

Revenue Source	2015		2016		2017	
	Amount (\$)	% Total Revenue	Amount (\$)	% Total Revenue	Amount (\$)	% Total Revenue
Property Value Taxes	21,920,748	35.4%	22,677,200	35.4%	24,056,300	38.9%
Parcel Taxes	2,592,311	4.2%	2,655,500	4.2%	2,858,000	4.6%
Fees and Charges	11,942,340	19.3%	16,077,600	19.3%	17,386,000	28.1%
Other Sources	9,769,237	15.8%	4,504,400	15.8%	5,522,200	8.9%
Borrowing	-	0.0%	-	0.0%	-	0.0%
Reserves/Surpluses	15,650,558	25.3%	13,648,600	25.3%	11,960,200	19.4%
<b>TOTAL</b>	<b>\$61,875,194</b>	<b>100.0%</b>	<b>\$59,563,300</b>	<b>100.0%</b>	<b>61,782,700</b>	<b>100.0%</b>

## Frontage and Parcel Taxes

The City levies frontage taxes on all properties whether they are, or could be, connected to the City's water and sewer services. The purpose of these rates is to provide resources to support infrastructure maintenance and capital renewal for the water and sewer utilities. In 2017, the frontage tax rate for the sewer utility is the same as 2016 at \$10.24 per meter of frontage. The 2017 frontage tax rate for the water utility is \$4.68 per meter. This represents an increase of \$0.94 per meter and is intended to bring the rate closer to the actual cost of renewing and replacing the water utility lines and other infrastructure.

The City levies parcel taxes for local area improvements provided to specific properties that have chosen to finance, over time, the cost to connect to the City's services as opposed to paying a one-time fee.

The total revenue from parcel and frontage taxes in 2017 is \$2,858,000.

# 2017 – 2021 Five-Year Financial Plan

## Permissive Tax Exemptions

The City grants permissive tax exemptions to qualifying organizations, as authorized by the *Community Charter*. A permissive tax exemption is strictly at the discretion of Council. After careful consideration of all applications, Council may approve a full, a partial, or no tax exemption. The tax exemption may vary for different applicants.

The City's policy 1960.00.01 regarding permissive tax exemptions is that the cumulative value of permissive tax exemptions shall not exceed 2% of the total tax levy of the previous year.

## Permissive Property Tax Exemptions chart

Permissive Property Tax Exemptions	2015 (\$)	2016 (\$)	2017 (\$)
City owned properties / managed by not-for-profit groups	173,376	175,040	182,352
Not-for Profit Organizations	149,925	133,867	136,224
Churches	15,184	15,486	15,760
<b>TOTAL</b>	<b>338,485</b>	<b>324,393</b>	<b>334,336</b>
Prior year tax levy for municipal purposes	20,345,082	21,106,452	21,951,300
As a percentage of municipal tax levy	<b>1.66%</b>	<b>1.54%</b>	<b>1.52%</b>

# 2017 – 2021 Five-Year Financial Plan

## Tax Comparisons

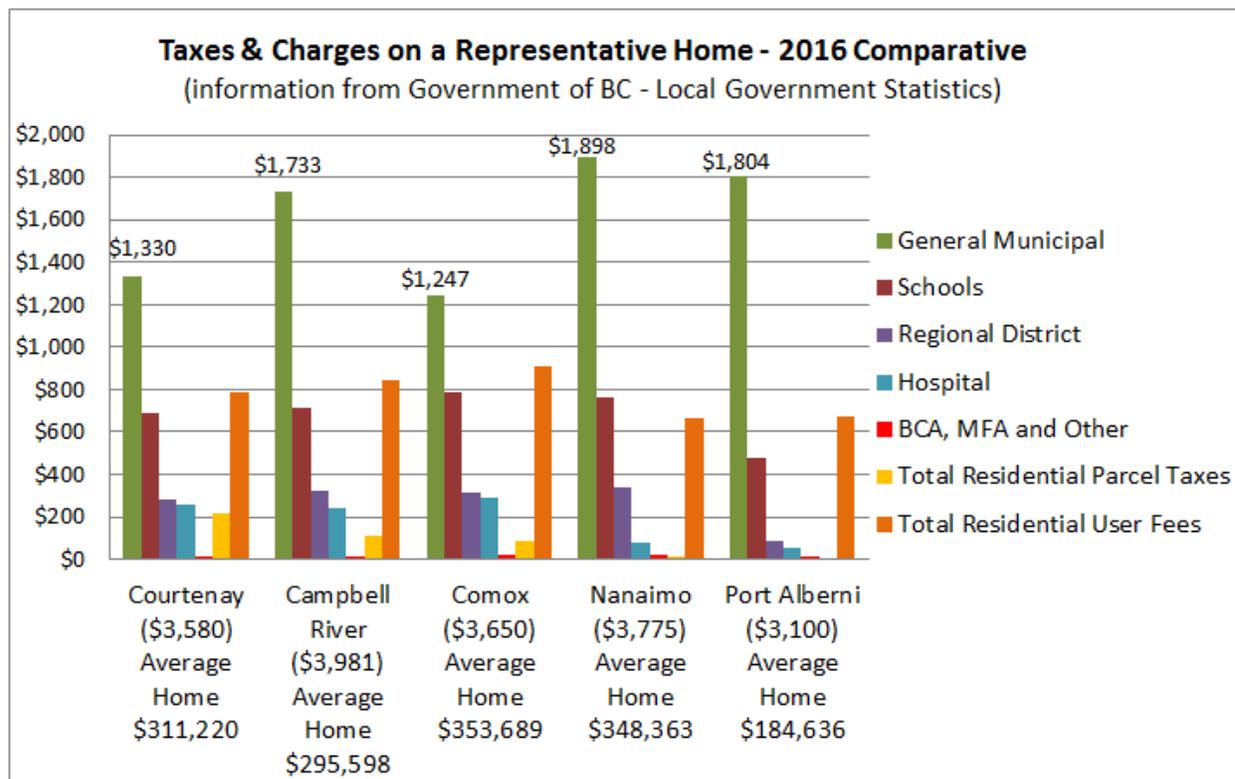
This section provides comparisons on the property value taxes and other taxes. These comparisons include a representative house, commercial taxes, and comparisons with other local governments. These comparisons are based on projected budgets.

### 2017 Property tax on a representative home

The property tax increase for an “average” residential property, valued at \$311,220 in 2016, is estimated to be an increase of \$19.20 for the municipal taxation portion of the tax notice. This is equivalent to \$1.60 per month or \$0.05 per day, a 1.58% increase over the prior year.



### 2016 Taxes on a representative house graph



# 2017 – 2021 Five-Year Financial Plan

## 2017 Property tax on a representative business

The Commercial taxes are based on a rate multiple of 2.72 times the residential tax rate. This is reduced from the 2.80 rate multiple in place from 2014 to 2016. Considering the “average” commercial property, valued at \$732,900 in 2016, the 2017 municipal annual property taxes are estimated to increase \$122.92 (\$10.24 per month or \$0.34 per day) - a 1.58% increase over the prior year. The Commercial Class includes a wide range of businesses, with a wide range of assessment valuations.

## Transfers to other governments

The City is required to collect and remit property taxes for other taxing authorities. In addition, a portion of the grants in place of property taxes received from federal and provincial Crown agencies are transferred to these agencies.

## Property value taxes collected for other governments chart

Taxes for Other Authorities	2016	2017	2018	2019	2020	2021
	Final Budget	Budget	Proposed Budget	Proposed Budget	Proposed Budget	Proposed Budget
School - Non-residential	\$ 4,198,323	\$ 3,976,500	\$ 4,056,000	\$ 4,137,100	\$ 4,219,900	\$ 4,304,300
School - Residential	7,049,949	6,964,300	7,103,600	7,245,700	7,390,600	7,538,400
Regional District Requisition	4,039,900	4,102,100	4,184,100	4,267,800	4,353,200	4,440,200
Municipal Finance Authority	1,000	1,100	1,100	1,100	1,100	1,100
Regional Hospital District	4,618,800	5,264,700	5,840,400	5,912,900	5,971,700	6,037,100
BC Assessment	291,200	265,400	270,700	276,100	281,600	287,300
	<b>\$ 20,199,172</b>	<b>\$ 20,574,100</b>	<b>\$ 21,455,900</b>	<b>\$ 21,840,700</b>	<b>\$ 22,218,100</b>	<b>\$ 22,608,400</b>

# 2017 – 2021 Five-Year Financial Plan

## *Fees and Charges*

The City charges fees and levies for a number of services and activities, including charges for water, sewer and solid waste utilities, fees for recreation activities, fees for fire protection for other jurisdictions, charges for building, development and other permits, as well as fine revenue.

The City's policy is that wherever possible, fees & charges will be used to assign costs to those who benefit from the service provided. The proportion of costs recovered by fees and charges will vary by Council policy decisions with respect to the nature of the service provided.

## 2017 -2021 Projected Fees and Charges

The following table provides a summary of the fees and charges the City levies by function, as well as the revenues from other sources and transfers from other Governments.

## Fees and Charges, and Other Revenues Chart

Fees and Charges, and Other Revenues	2016	2017	2018	2019	2020	2021
	Final Budget	Budget	Proposed Budget	Proposed Budget	Proposed Budget	Proposed Budget
<b>Fees and Charges</b>						
General Government Services	71,900	\$ 73,500	\$ 74,800	\$ 76,000	\$ 77,400	\$ 78,800
Protective Services	1,741,700	1,727,700	1,752,200	1,776,900	1,802,400	1,828,400
Public Works Services	78,300	47,000	47,800	48,600	49,500	50,200
Environmental Health Services						
Solid Waste	2,985,000	3,054,700	3,115,800	3,178,100	3,241,600	3,306,400
Sewer	3,895,700	4,282,100	4,726,500	4,982,200	5,252,100	5,536,300
Water	4,975,500	5,743,000	6,365,700	7,020,000	7,742,700	8,540,200
Total Environmental Health Services	11,856,200	13,079,800	14,208,000	15,180,300	16,236,400	17,382,900
Public Health Services	144,100	143,200	146,100	149,000	152,000	155,000
Development Services	700,200	769,000	784,500	800,100	816,000	832,300
Parks, Recreation, & Cultural Services	1,485,200	1,545,800	1,576,100	1,607,200	1,638,600	1,670,800
	16,077,600	17,386,000	18,589,500	19,638,100	20,772,300	21,998,400
<b>Revenue from Own Sources</b>						
General Revenue	1,792,000	1,951,300	1,978,500	1,996,100	2,014,000	2,032,300
Investment & Penalty Revenue						
General Capital	704,400	966,793	2,977,000	3,733,300	192,700	214,100
Sewer	1,200	1,100	1,100	1,000	900	900
Water	113,900	124,700	132,500	141,200	144,400	147,600
	2,611,500	3,043,893	5,089,100	5,871,600	2,352,000	2,394,900
<b>Other Contributions</b>						
Sewer - Capital	15,800	-	-	-	-	-
Water - Capital	9,300	567,000	-	-	-	-
	25,100	567,000	-	-	-	-
<b>Transfers from Other Govt &amp; Agencies</b>						
Federal Government & Agencies	1,429,500	1,458,100	1,487,300	1,517,000	1,547,400	1,578,300
Provincial Government & Agencies	291,000	299,100	305,000	311,100	317,200	323,400
Local Government & Other Agencies	147,300	154,100	156,300	158,600	160,900	163,200
	1,867,800	1,911,300	1,948,600	1,986,700	2,025,500	2,064,900
	<b>20,582,000</b>	<b>\$ 22,908,193</b>	<b>\$ 25,627,200</b>	<b>\$ 27,496,400</b>	<b>\$ 25,149,800</b>	<b>\$ 26,458,200</b>

# 2017 – 2021 Five-Year Financial Plan

## Environmental Services - Utilities

The primary revenue source for Solid Waste and the Water and Sewer utilities are user fees. In order to provide sufficient financial resources for utilities, the sewer user fee increases 10% each year for the next three years, and the water utility increases 15% in 2017 and 10% in subsequent years. These increases have been approved by City Council in order to ensure that the water and sewer utilities remain self-funded and provide sustainable service delivery. Tipping fees at the Regional District are currently set at \$0.130 per tonne and are not expected to increase for 2017. However, the City has increased solid waste rates by 2% to provide additional revenue for rising contractor costs due to the City's continued growth.

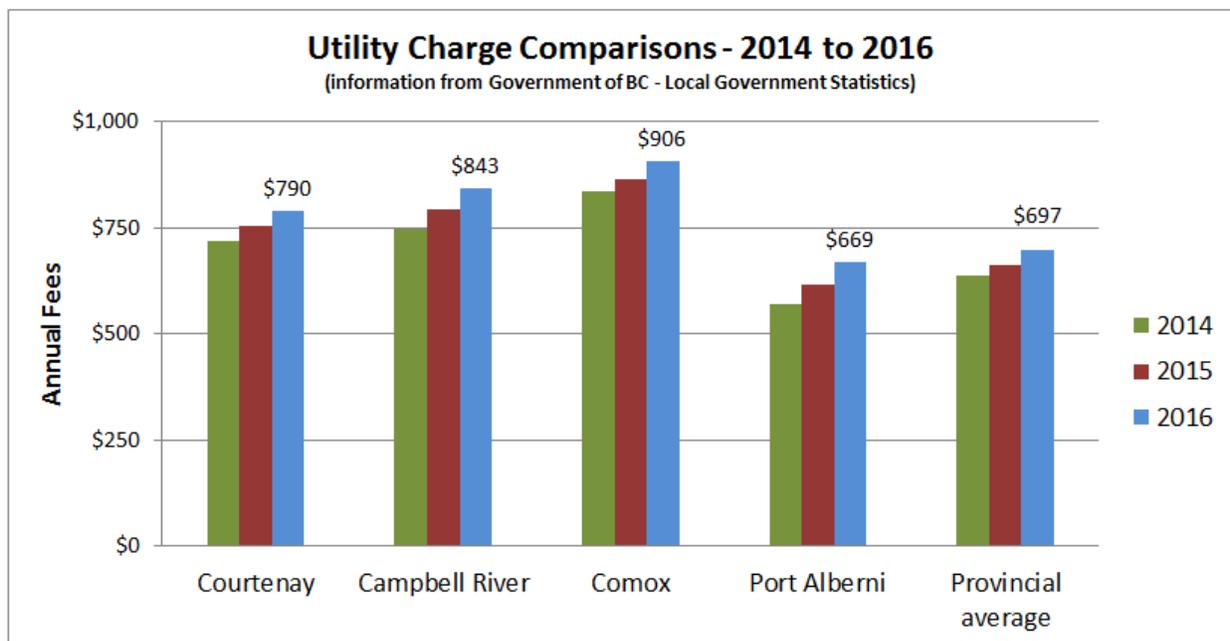
For 2017, the increase to residential consumers is \$55.44 for water, \$26.79 for sewer and \$3.10 for solid waste. The 2017 utility rate for a single family dwelling:

Sewer	\$294.70
Water	\$425.03
Solid Waste	<u>\$155.60</u>
Total	<u>\$875.33</u>



The following graph provides a comparison of the 2014-2016 user fees for utilities with other local governments. The graph demonstrates that the City's utility charges are close to the average among the group of Vancouver Island Communities, and above average for all municipalities in BC.

## Utility User Fees on Single Family Dwelling Graph



# 2017 – 2021 Five-Year Financial Plan

## Revenue from other sources

The City also receives revenue on the following:

- a) investment of reserves and surplus funds
- b) penalties and interest on taxes and utilities
- c) other contributions
- d) grants
- e) donations

The anticipated revenues from these sources are outlined in the Fees and Charges section on page 27.

## *Borrowing*

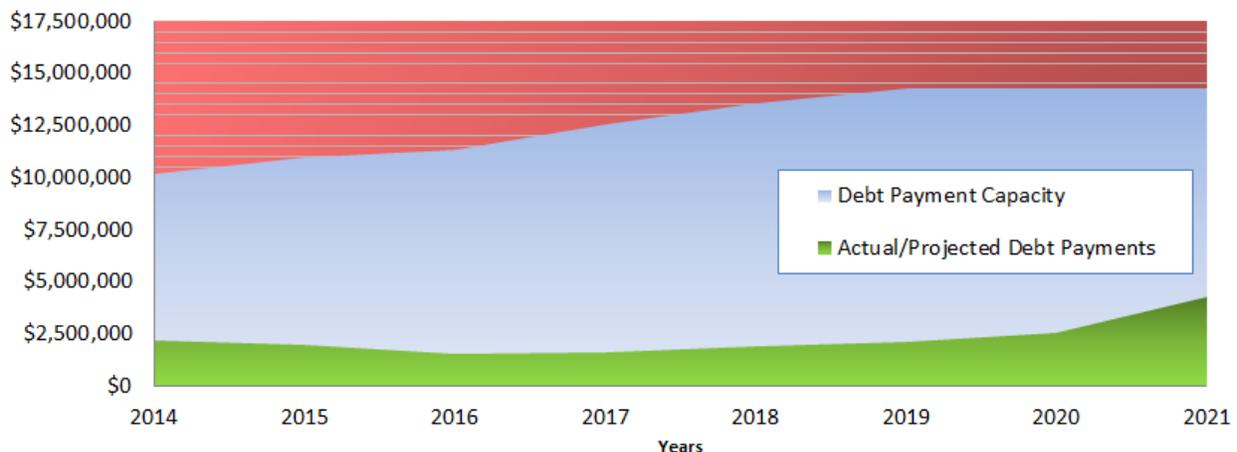
The City's policy regarding borrowing is that it will be considered when determining the funding sources of large capital projects that provide benefits to taxpayers over a long period of time.

The City has not incurred any new borrowing in the past few years, and has reduced borrowing payments and costs at the same time. The ceiling for the City's allowable annual debt payment servicing capacity is 25% of its prior year's operating revenue from all funds (general, water and sewer), a value of approximately \$10,900,000. The City currently only uses approximately 14.5% of the \$10.9M payment servicing limit.

However, with the objective of proactively managing the City's capital assets through the Asset Management program, the City will need to consider borrowing funds to facilitate future capital renewal. While some major capital renewal may be funded using grants and contributions from other sources, such as developer contributions through Development Cost Charges, a significant portion may need to be funded with debt in the coming years. This will become more clear as the City continues to progress in developing its Asset Management Program.

The following graph depicts the City's borrowing capacity.

## Borrowing capacity graph



# 2017 – 2021 Five-Year Financial Plan

## Reserves and Surplus

The City plans for future projects by creating reserve funds for projects requiring significant capital investment. This section summarizes the use of reserve and surplus funds. The Transfer to Reserves and Surplus section of this report provides a detailed summary of the anticipated balances in the various reserves and surplus accounts.

In addition to drawing from reserves and surplus for capital and incomplete projects from prior years, the 2017 Financial Plan requires just under \$11.8 Million to fund projects, initiatives, and operations.

## Transfer from reserves and surplus chart

Surplus and Reserves Summary	2017 Budget	2018 Proposed Budget	2019 Proposed Budget	2020 Proposed Budget	2021 Proposed Budget
<b>TRANSFERS FROM RESERVES</b>					
<b>Transfers from Operating Reserves</b>					
Gen Gaming Funds	900,000	895,000	895,000	895,000	895,000
Traffic Fines / Gas Tax	1,100,500	748,300	756,800	765,300	774,200
Cemetery Fund	3,000	3,000	3,000	3,000	3,000
Sew Reserve for Future Expenditure	183,300	160,000	-	-	-
Wat Reserve for Water Efficiency	23,500	23,900	24,400	24,900	25,400
Total Transfers from Operating Funds	2,210,300	1,830,200	1,679,200	1,688,200	1,697,600
<b>Transfers from Surplus</b>					
Gen Prior Years Surplus	1,397,200	1,650,000	100,000	50,000	-
Total Transfers from Operating Funds and Surplus	3,607,500	3,480,200	1,779,200	1,738,200	1,697,600
<b>Transfers from Capital Reserves</b>					
Gen Gas Tax	343,900	100,000	-	-	-
Reserve for Future Expenditure	702,000	13,500	-	-	-
New Works RSV-Machinery & Equipment	841,000	1,013,500	981,000	678,000	585,000
New Works Reserve	1,929,500	1,379,700	1,254,500	545,000	541,000
Amenity Reserve	161,507	100,000	-	-	-
Capital Equity - Unexpended Funds	-	205,900	564,800	14,900	-
Sew Sewer Capital - General Reserve	-	700,000	250,000	250,000	250,000
Sewer Capital - Gas Tax	772,500	1,000,000	-	-	-
Wat Water Capital - New Works Reserve	500,000	699,200	-	-	-
Asset Management Reserve	819,000	-	300,000	300,000	300,000
Water Capital - Gas Tax	2,100,000	-	-	-	-
Total Transfers from Capital Reserves	8,169,407	5,211,800	3,350,300	1,787,900	1,676,000
<b>Total Transfers from Reserves and Surplus</b>	<b>\$ 11,776,907</b>	<b>\$ 8,692,000</b>	<b>\$ 5,129,500</b>	<b>\$ 3,526,100</b>	<b>\$ 3,373,600</b>

# General Fund

## Operating Expenses

## Capital Transactions

## Reserves and Surplus



# 2017 – 2021 Five-Year Financial Plan



# 2017 – 2021 Five-Year Financial Plan

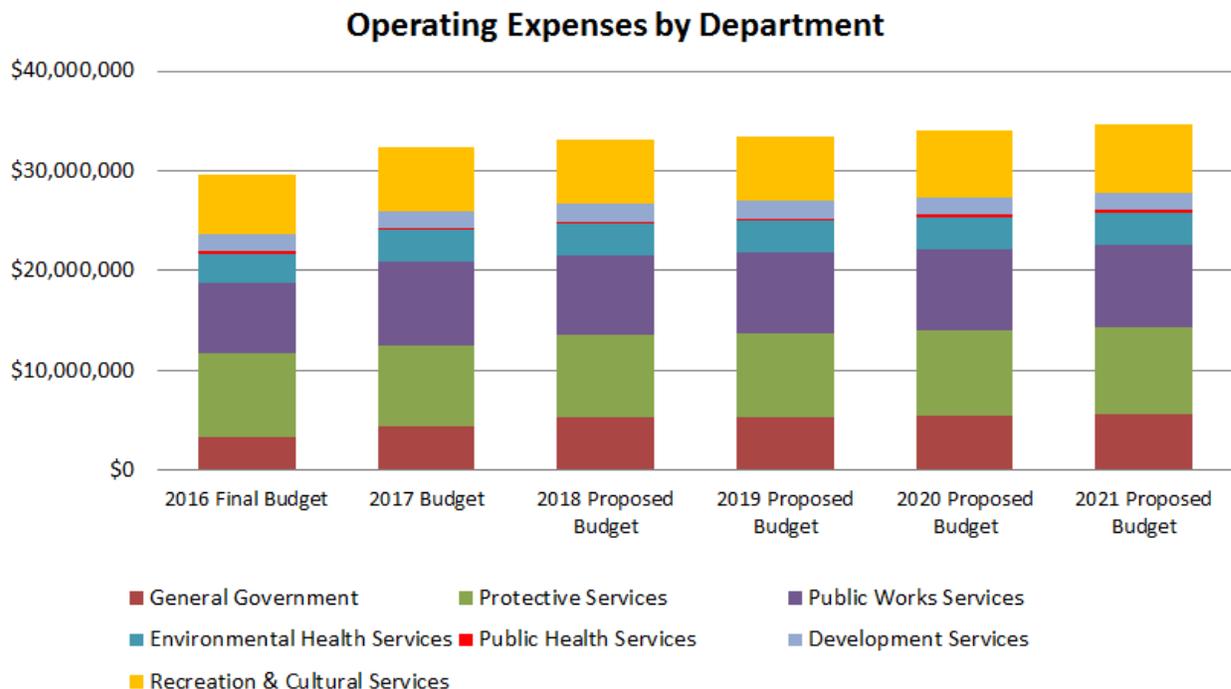
## General Fund

### *General Operating Expenses*

This section includes budget details on the operational functions of City Services. Operating expenses are separated into seven distinct service areas, utilizing 72% of revenue in 2017. The seven service areas are:

- General Government, providing governance and internal support for the entire organization
- Protective Services includes Police, Fire and Bylaw Enforcement services
- Public Works Services includes Roads, Walkways, Storm Sewer, Street Lighting services, Civic Properties Maintenance and Parks
- Environmental Health includes Solid Waste
- Public Health includes Cemetery services
- Development Services includes Land Use Planning, Subdivision Development and Building Inspection services
- Recreation and Cultural Services includes Recreation Facilities and Programs, buildings leased to various cultural and leisure activity providers

### Operating expenses by department graph



## Cost Drivers

External cost drivers are those that are outside of the direct control of the City, and typically represent energy costs, labour costs, and external contracts such as the RCMP contract and shared services such as utilities and waste management.

The City's operating costs are impacted by the following External Cost Drivers. The impacts are reflected in the proposed budgets.

- Personnel costs:
  - Sustainable service delivery, higher utility rates (water, sewer and solid waste), regulatory requirements and rising service levels precipitated requests for more employees
  - Collective Agreement – 2% for unionized employees
  - Hiring new staff to address staffing capacity gap to maintain current levels of services, in the face of significant growth of households, infrastructure, and related service demands. Details outlined in April 18<sup>th</sup> 2017 staff report “Human Resources Action Plan 2017”.
- Utility Rates:
  - BC Hydro's rate increase of 4% effective January 1, 2017
- Protective Services:
  - Police protection is budgeted at 31.4 members with an anticipated vacancy of 4 members (based on 2016 actual contract costs)
- Regional District Services:
  - 2017 Solid Waste operating cost increases are due to:
    - CVRD requisition doubling from \$475,600 to \$964,800
- Revenue Increases:
  - New Construction – estimated tax impact is \$426,900

# 2017 – 2021 Five-Year Financial Plan

## Operating expenses by function – chart

Operating Expenses (excluding amortization)	2016	2017	2018	2019	2020	2021
	Final Budget	Budget	Proposed Budget	Proposed Budget	Proposed Budget	Proposed Budget
General Government	\$ 3,253,300	\$ 4,327,100	\$ 5,318,100	\$ 5,356,200	\$ 5,474,100	\$ 5,552,600
Protective Services	8,403,900	8,500,000	8,385,600	8,552,900	8,723,000	8,896,400
Public Works Services	7,029,300	8,313,900	7,978,000	8,030,900	8,128,900	8,269,300
Environmental Health Services (Solid Waste)	2,972,000	3,102,000	3,164,000	3,226,900	3,241,600	3,277,000
Public Health Services (Cemetery)	239,800	232,200	236,800	241,400	246,500	251,300
Development Services	1,721,800	1,717,600	1,725,500	1,694,900	1,726,900	1,760,000
Recreation & Cultural Services	6,008,500	6,368,200	6,478,800	6,534,200	6,665,900	6,801,200
	<b>\$ 29,628,600</b>	<b>\$ 32,561,000</b>	<b>\$33,286,800</b>	<b>\$33,637,400</b>	<b>\$34,206,900</b>	<b>\$34,807,800</b>

## Operating expenses by economic function – chart

Operating Expenditures by Economic Segment	2016	2017	2018	2019	2020	2021
	Final Budget	Budget	Proposed Budget	Proposed Budget	Proposed Budget	Proposed Budget
Council Indemnity, Allowance, Benefits	\$ 193,000	\$ 210,100	\$ 214,300	\$ 218,600	\$ 223,000	\$ 227,400
Personnel	11,744,600	13,195,400	14,280,900	14,563,000	14,854,700	15,147,900
General Services	12,953,700	13,730,500	13,308,800	13,276,600	13,516,000	13,726,000
Insurance	419,400	435,000	444,100	454,300	464,000	474,200
Goods	1,665,600	1,818,500	1,864,800	1,861,600	1,847,700	1,884,400
Utilities	939,100	954,900	985,600	1,013,000	1,042,600	1,071,900
Grants	441,100	862,800	872,700	881,000	889,300	897,800
Transfers / Interdepartment Charges	(1,237,800)	(1,272,200)	(1,362,700)	(1,362,700)	(1,416,900)	(1,434,900)
Other Government - CVRD	1,319,100	1,374,100	1,401,500	1,429,600	1,458,200	1,458,200
Library Requisition	1,185,400	1,230,400	1,255,000	1,280,100	1,305,700	1,331,800
Other Transactions	5,400	21,500	21,800	22,300	22,600	23,100
	<b>\$ 29,628,600</b>	<b>\$ 32,561,000</b>	<b>\$33,286,800</b>	<b>\$33,637,400</b>	<b>\$34,206,900</b>	<b>\$34,807,800</b>

# 2017 – 2021 Five-Year Financial Plan

## General Government Services

General Government Services are the centralized services common to all functions of the organization. This includes the offices of Council, the CAO, corporate services, communications, human resources, financial services, purchasing, stores, information technology, GIS, and other general services.

## Legislative Services

The Legislative Services budget supports the “offices” of Council. It includes Council indemnity and expenses, travel costs, attendance at conferences (the Union of BC annual convention, and the Federation of Canadian Municipalities annual convention, etc.), indemnity insurance and miscellaneous supplies. The Mayor’s remuneration is increasing by 17.9% in 2017 and a 2% increase is included for Councillors’ remuneration.

## Corporate Administration

Corporate Administration includes the office of the CAO, the Corporate Officer, Human Resources, Corporate Communications, Occupational Health and Safety and Strategic Initiatives.

The 2017 budget includes funding for a land disposition and acquisition strategy.

## Financial Services

Financial Services manages the financial systems of the City and is responsible for the financial plan and financial reports.

In 2017, the retirement accrual expense for all staff has been combined under Financial Services. This represents an increase of \$108k for Financial Services, but a corresponding decrease is found in the other departments.

## Information Technology / Geographical Information System

The IT/GIS division provides computer systems and technology to support the organization-wide administrative and technical processes, including the financial information system and the work order management system. Work is continuing on the Human Resources Information System, development services, recreation and facility bookings, and the Geographical Information System (GIS).

## Other Services

This section includes general expenses related to City Hall, Elections, Insurance, and legal services. The general government costs are also partially allocated to the water and sewer utilities.

A provision of \$500k has been identified to address corporate capacity based on the City undergoing significant growth in the last fifteen years, and on the organizational review performed in 2016. The 2017 and 2018 budgetary impact of the implementation of the proposed structure changes is funded from prior year surpluses.

# 2017 – 2021 Five-Year Financial Plan

The costs of the vacation entitlement and higher employee benefit costs are also funded from prior year surpluses.

Council's distribution of the \$400k grants and initiatives funded by the Gaming fund is also included in this section.

## General Government Services chart – expenses by function

General Government Services Expenses	Final Budget	Budget	Proposed Budgets			
	2016	2017	2018	2019	2020	2021
Legislative Services	\$ 247,800	\$ 265,200	\$ 269,900	\$ 274,600	\$ 279,500	\$ 284,300
Corporate Administration	1,740,500	1,800,500	1,816,600	1,835,700	1,872,600	1,902,400
Financial Services	1,364,200	1,453,500	1,521,100	1,551,600	1,582,400	1,613,700
Information Technology	1,030,700	984,400	1,065,700	1,062,400	1,128,500	1,125,000
Common Services	136,800	151,900	155,200	158,700	162,100	165,900
Other General Government	50,100	1,109,700	2,006,500	1,993,300	2,025,900	2,059,100
	4,570,100	5,765,200	6,835,000	6,876,300	7,051,000	7,150,400
Allocation to Water and Sewer	(1,316,800)	(1,438,100)	(1,516,900)	(1,520,100)	(1,576,900)	(1,597,800)
<b>Net Cost General Government</b>	<b>\$ 3,253,300</b>	<b>\$ 4,327,100</b>	<b>\$ 5,318,100</b>	<b>\$ 5,356,200</b>	<b>\$ 5,474,100</b>	<b>\$ 5,552,600</b>

## General Government Services chart – expenses by economic object

General Government Services Expenses by Economic Segments	Final Budget	Budget	Proposed Budgets			
	2016	2017	2018	2019	2020	2021
Council Indemnity, Allowance, Benefits	\$ 193,000	\$ 210,100	\$ 214,300	\$ 218,600	\$ 223,000	\$ 227,400
Personnel	2,959,300	3,227,900	3,180,200	3,240,400	3,305,300	3,367,000
General Services	1,169,800	1,176,100	1,268,900	1,223,200	1,291,600	1,286,800
Insurance	40,600	48,200	50,200	52,200	54,500	56,600
Goods	141,200	124,100	140,400	128,900	131,300	133,900
Utilities	48,800	44,100	45,600	47,000	48,200	49,700
Transfer	12,400	28,700	29,400	30,000	30,500	31,200
Grants	5,000	406,000	406,000	406,000	406,000	406,000
Special Project	-	500,000	1,500,000	1,530,000	1,560,600	1,591,800
Total Cost - General Government	4,570,100	5,765,200	6,835,000	6,876,300	7,051,000	7,150,400
Allocation to Water and Sewer Fund	(1,316,800)	(1,438,100)	(1,516,900)	(1,520,100)	(1,576,900)	(1,597,800)
<b>Net Cost General Government</b>	<b>\$ 3,253,300</b>	<b>\$ 4,327,100</b>	<b>\$ 5,318,100</b>	<b>\$ 5,356,200</b>	<b>\$ 5,474,100</b>	<b>\$ 5,552,600</b>

# 2017 – 2021 Five-Year Financial Plan

## Protective Services

Protective Services covers a wide spectrum including policing, fire, emergency measures, building inspections, bylaw enforcement and animal control. In 2017, over \$8.5 million is being directed to these various functions.

## Police Protection

The City contracts the RCMP to provide policing services within the City. The RCMP contract is 76% of the overall budgeted dollars under Protective Services.

Specific cost drivers affecting the contract include increasing payroll labour and benefit costs. The City uses Gaming funds and Traffic Fine revenues to help offset the cost of policing. The balance is funded from general tax revenue.

## Fire Protection

The Courtenay Fire Department provides fire protection and first responder services, including fire protection, prevention, suppression, and investigative services. The department conducts over 1,500 fire inspections annually.



The Courtenay Fire Department provides a cost effective mix of full-time and volunteer firefighters.

### *Number of Volunteers - 2016*

- Full Time Firefighters: 6
- Total Volunteers: 50

The 2017 budget also incorporates increased funding of 2% for compensation to the Firefighter's society as per the agreement with the Firefighters Association.

# 2017 – 2021 Five-Year Financial Plan

## Emergency Measures

This function supports the municipality in responding to emergency events and is relatively stable.

The removal of the one-time cost for the 2016 Puntledge geotechnical review results in a saving of \$53k for 2017.

## Bylaw Enforcement, Animal Control, Parking Control

Animal control is contracted to a third party and the City supports the SPCA for costs incurred for a “spay and neuter” program.

The Bylaw Enforcement program encourages people to adhere to Bylaws, policies, procedures and guidelines set either by federal, provincial or municipal legislation held within the confines of the municipality. This budget provides funding that supports this particular function.

## Protective Services chart – by function

Protective Services	Final Budget	Budget	Proposed Budgets for Discussion			
	2016	2017	2018	2019	2020	2021
Police Protection	\$ 6,380,400	\$ 6,521,600	\$ 6,371,000	\$ 6,497,500	\$ 6,626,900	\$ 6,758,700
Fire Protection	1,698,100	1,698,100	1,727,800	1,763,000	1,798,400	1,834,900
Emergency Management	128,500	75,500	78,100	79,300	80,100	81,000
Animal Control	59,900	66,900	68,200	69,500	71,000	72,500
Bylaw Enforcement	90,800	91,600	93,400	95,300	97,400	99,200
Parking Control	46,200	46,300	47,100	48,300	49,200	50,100
	<b>\$ 8,403,900</b>	<b>\$ 8,500,000</b>	<b>\$ 8,385,600</b>	<b>\$ 8,552,900</b>	<b>\$ 8,723,000</b>	<b>\$ 8,896,400</b>

## Protective Services chart – by economic segments

Protective Services by Economic Segments	Final Budget	Budget	Proposed Budgets for Discussion			
	2016	2017	2018	2019	2020	2021
Personnel	\$ 1,386,700	\$ 1,392,400	\$ 1,420,100	\$ 1,448,600	\$ 1,477,800	\$ 1,507,000
General Services	6,538,100	6,623,700	6,475,200	6,604,800	6,736,700	6,871,600
Insurance	43,500	43,800	44,300	45,500	46,100	46,500
Goods	240,300	240,100	240,700	245,300	249,800	254,900
Utilities	40,100	38,800	40,100	41,100	42,800	44,400
Transfer	63,100	64,000	65,300	66,700	68,000	69,300
Grants	92,100	97,200	99,900	100,900	101,800	102,700
	<b>\$ 8,403,900</b>	<b>\$ 8,500,000</b>	<b>\$ 8,385,600</b>	<b>\$ 8,552,900</b>	<b>\$ 8,723,000</b>	<b>\$ 8,896,400</b>

# 2017 – 2021 Five-Year Financial Plan

## Public Work Services

Engineering Services and Public Works Departments support the network of roads and parks and greenways throughout the City. The City continues to develop condition reports for all of its linear assets such as roads, water and sewer infrastructures, storm water drainage and other assets required to support the community.

## Engineering Services

Engineering Services is supported by two senior staff, four engineering technologists and one support staff. The team provides technical support and project management oversight for all civic infrastructure capital projects within the framework of asset management. Three positions were moved to Asset Management Technical Services Division in Public Works Services in 2017.

- New in 2017 is the request for funding of a Capital Warranty program - \$15,000
- Gas Tax funding is being utilized for:
  - Cycling Network plan - \$35,000
  - Transportation Study - \$100,000
  - Upper Brooklyn Creek Storm Sewer - \$65,000
  - Dike Replacement Strategy - \$110,500

## Asset Management

The Asset Management group includes one senior staff and two engineering technologists. The condition assessments determine the asset management needs, infrastructure replacement and renewal and maintenance programs. This is the primary focus of the Asset Management program.

- Gas Tax funding of \$490,000 is being utilized for various asset condition assessments:
  - Asphalt Assessment - \$30,000
  - Camera inspection of storm sewers - \$175,000
  - Sidewalk Assessment - \$40,000
  - Fuel System Assessment - \$20,000
  - Traffic Signal Assessment - \$25,000
  - Parks Buildings Inventory Assessment - \$150,000
  - Creek Crossing Assessment - \$50,000

## Streets and Roads

The City maintains paved roads, as well as streets and lanes for vehicle and multi-modal traffic by:

- Inspecting streets on a regular basis
- Street and road pothole and crack sealing, milling or patching
- Street sweeping
- Snow clearing
- Sidewalk maintenance
- Traffic line painting
- Traffic signal

### Quick Facts

- Roads: 161 km | 341 lane km (Jan 2017)
- Sidewalks: 156km (2014)
- Paved Walkways: 11.3 km (2017)
- Streetlights: 1,258 (Jan 2017)

# 2017 – 2021 Five-Year Financial Plan

- Additional budget funding is requested for the Streets and Roads for :
  - Crack sealing program - \$100,000
  - Additional funding for Snow Removal - \$110,000
  - Additional Street Cleaning - \$21,000
  - Traffic Signal maintenance and repairs - \$44,000

## Storm Sewers

Public Works Services also maintains the storm sewer system throughout the City. This budget is increased in 2017 to include a portion of the Public Works Services Director and Transportation and Utilities Manager.

- New budget funding is also requested for:
  - Dyke Maintenance - \$60,000
  - Flood Prevention and Response - \$15,000
  - Creek Crossing Repairs - \$85,000

## Street Lighting

The cost for this service is tied to the 4% rate increase implemented by BC Hydro as of January 1<sup>st</sup>. The budget was also adjusted to reflect actual historical consumption.

## Civic Properties Maintenance

The City owns a number of buildings. Cost increases are primarily due to labour increases and utility charges from BC Hydro and Fortis. A budget of \$30k is included in 2017 for the replacement of the shop equipment.

## Parks and Playgrounds

Parks and playgrounds include buildings and operations found throughout the community's green spaces.

### *Quick Facts*

The City maintains over 217 acres of green space, including 34 parks, sports fields, playground equipment, greenways, and picnic areas as well as the trail system across the City.

- Additional budget funding is requested for:
  - Maintenance and repairs of various trails and parks equipment - \$185,000
  - Parks and Playgrounds maintenance - \$77,000
  - Green Way Trails - \$47,000
  - Continuation of the Parks and Trails Master Plan

# 2017 – 2021 Five-Year Financial Plan

## Public Works Services chart – by function

Public Works Services	Final Budget	Budget	Proposed Budgets			
	2016	2017	2018	2019	2020	2021
Public Works Yard	\$ 564,100	\$ 561,300	\$ 573,100	\$ 584,300	\$ 596,800	\$ 608,500
Engineering Services	1,338,900	1,030,400	860,700	851,800	800,600	787,600
Asset Management	\$ 187,500	862,700	828,400	844,400	861,000	877,700
Roads and Streets	1,088,800	1,433,500	1,435,400	1,404,400	1,432,100	1,461,100
Storm Sewers	395,600	636,900	562,800	574,100	585,800	597,300
Bridges	65,000	63,000	64,300	65,600	66,900	68,200
Transit Shelters	6,100	6,700	6,900	7,000	7,100	7,400
Street Lighting	634,000	689,600	709,800	728,500	747,500	767,200
Traffic Services	68,500	108,100	120,400	97,900	99,900	102,000
Airpark	4,000	3,800	3,900	3,900	4,000	4,200
Civic Properties Maintenance	455,100	393,200	379,900	387,300	395,200	404,400
Parks	2,221,700	2,524,700	2,432,400	2,481,700	2,532,000	2,583,700
	<b>\$ 7,029,300</b>	<b>\$ 8,313,900</b>	<b>\$ 7,978,000</b>	<b>\$ 8,030,900</b>	<b>\$ 8,128,900</b>	<b>\$ 8,269,300</b>

## Public Works Services chart – by economic segments

Public Works Services by Economic Segments	Final Budget	Budget	Proposed Budgets			
	2016	2017	2018	2019	2020	2021
Personnel	\$ 3,131,900	\$ 3,575,800	\$ 3,608,000	\$ 3,680,100	\$ 3,754,000	\$ 3,829,400
General Services	2,337,700	2,934,400	2,535,600	2,499,700	2,481,600	2,502,600
Insurance	199,700	202,400	206,500	210,400	214,600	219,200
Goods	865,900	976,200	997,400	992,000	1,011,500	1,031,900
Utilities	550,900	587,500	607,400	625,000	643,700	662,300
Transfer	641,300	805,900	807,000	823,200	839,600	856,200
Property Taxes	5,400	21,500	21,800	22,300	22,600	23,100
Total Expenditures	7,732,800	9,103,700	8,783,700	8,852,700	8,967,600	9,124,700
Interdept charges	(703,500)	(789,800)	(805,700)	(821,800)	(838,700)	(855,400)
<b>Net Cost</b>	<b>\$ 7,029,300</b>	<b>\$ 8,313,900</b>	<b>\$ 7,978,000</b>	<b>\$ 8,030,900</b>	<b>\$ 8,128,900</b>	<b>\$ 8,269,300</b>

# 2017 – 2021 Five-Year Financial Plan



# 2017 – 2021 Five-Year Financial Plan

## Environmental Health (Solid Waste)

The City provides weekly curbside pickup of Municipal Solid Waste (MSW) and yard waste, and bi-weekly pickup of recyclables for residential properties, and scheduled MSW/cardboard pickup for commercial properties. The fees collected for this utility service must cover the two primary cost drivers which are:

- The costs of the contractor engaged to provide MSW/recyclables pickup and transport services. The increase in the cost of the solid waste and recyclables collection contract is calculated using an agreed to weighted formula which takes into account the annual increase or decrease in the Consumer Price Index Vancouver (weighted 90%), and the Price Index of Diesel in BC (weighted 10%). Effective January 1, 2017 this blended formula results in a projected price index increase of about 2% for the contractor.
- The regional landfill fees for disposal of the mixed waste. In January 1, 2016, the regional landfill tipping fee increased from \$120 to \$130 per tonne.

On May 19, 2014, the City signed an agreement with Multi-Material BC (MMBC) to provide recycling services to residents in Courtenay. Since that date, the City has received \$194,462 (2014-Partial year); \$322,711 (2015); \$335,665 (as of November 2016) for recycled materials. MMBC also provides the City with an annual educational grant that is used to offset the costs of educating the public on residential recycling. This represents about 12% of total potential revenues for this utility.

With the City continuing to grow, the costs of the contractor increase which in turn impacts the costs to the City. Rates at the local regional landfill are expected to remain constant at \$130 per tonne, but with the annual requisition increasing significantly over the next several years. The City is increasing the 2017 solid waste utility rates by 2%. Labour cost escalations as well as fuel and supply cost increases result in the necessity to raise rates to ensure this program is self-funding. This rate increase is expected to generate approximately \$69,000 of additional revenue.

## Environmental Health chart – by economic segment

Environmental Health	Final Budget	Budget	Proposed Budgets			
	2016	2017	2018	2019	2020	2021
Personnel	\$ 62,600	\$ 64,000	\$ 65,200	\$ 66,500	\$ 67,800	\$ 69,200
General Services	1,543,000	1,581,900	1,613,500	1,645,600	1,678,500	1,711,900
Goods	33,500	71,500	73,000	74,300	25,900	26,400
Transfer	13,800	10,500	10,800	10,900	11,200	11,300
CVRD	1,319,100	1,374,100	1,401,500	1,429,600	1,458,200	1,458,200
<b>Total</b>	<b>\$ 2,972,000</b>	<b>\$ 3,102,000</b>	<b>\$ 3,164,000</b>	<b>\$ 3,226,900</b>	<b>\$ 3,241,600</b>	<b>\$ 3,277,000</b>

# 2017 – 2021 Five-Year Financial Plan

## Public Health Services (Cemetery)

This includes the cost of maintenance, grave digging, niche wall maintenance and new construction at the City's cemetery.

Personnel costs have increased in accordance with the Collective Agreement. All other expenditures were held at prior years' historical actual operating costs. The new Cemetery Master Plan is being implemented in order to develop a sustainable service to the public.

## Public Health – by economic segments

Public Health by Economic Segments	Final Budget	Budget	Proposed Budgets for Discussion			
	2016	2017	2018	2019	2020	2021
Personnel	\$ 164,900	\$ 163,400	\$ 166,600	\$ 169,900	\$ 173,300	\$ 176,800
General Services	8,900	12,200	12,500	12,700	13,000	13,300
Goods	38,100	35,000	35,800	36,400	37,200	37,800
Utilities	2,300	3,200	3,200	3,300	3,500	3,600
Transfer	25,600	18,400	18,700	19,100	19,500	19,800
	<b>\$ 239,800</b>	<b>\$ 232,200</b>	<b>\$ 236,800</b>	<b>\$ 241,400</b>	<b>\$ 246,500</b>	<b>\$ 251,300</b>



## Development Services

Community development encompasses a broad range of services from land use planning and zoning, economic development, tourism services, and community enhancement. This function also supports the visitors information centre, community events and grants to community organizations.

The current staffing complement in Planning and Development includes the Director, a Planning Manager, an Environmental Planner, a Land Use Planner and a Department Clerk. The Development and Servicing sub-division consists of a Development Engineer (including the Approving Officer function) and a Development Technician. The Building Inspections group employs two level three inspectors and a plan checker.

The 2% Hotel Tax paid to the City is transferred to the Comox Valley Economic Development Society to support tourism development. In addition, the tax revenue collected for the Business Improvement Area is expensed in other community development services.

## Planning and Zoning

The Planning and Zoning Division is responsible for processing development related applications such as rezoning, development permits, development variance permits, board of variance permits, tree permits, boundary extensions, sign permits, as well as keeping the related bylaws and policies up to date.



## Subdivision Development and Servicing

The subdivision service reviews subdivision and land development within the City of Courtenay to ensure municipal bylaws, policies and operational concerns are followed, as well as applicable provincial policies and regulations.

## Building Inspections

The Building Inspections department is responsible for the enforcement of the British Columbia Building and Plumbing Codes and municipal bylaws relating to building construction, business licence administration, the review and investigation of complaints on building matters and the technical review of development applications.

# 2017 – 2021 Five-Year Financial Plan

## Development Services chart – by function

Development Services	Budget	Budget	Proposed Budgets			
	2016	2017	2018	2019	2020	2021
Planning and Zoning	698,000	\$ 724,600	\$ 724,600	\$ 677,800	\$ 690,800	\$ 704,400
Subdivision Development & Servicing	326,600	288,800	288,800	291,900	297,600	303,800
Building Inspection	399,400	400,200	408,100	416,200	424,600	432,800
Other Community Development	297,800	304,000	304,000	309,000	313,900	319,000
	<b>\$ 1,721,800</b>	<b>\$ 1,717,600</b>	<b>\$ 1,725,500</b>	<b>\$ 1,694,900</b>	<b>\$ 1,726,900</b>	<b>\$ 1,760,000</b>

## Development Service chart – by economic segments

Development Services by Economic Segments	Final Budget	Budget	Proposed Budgets			
	2016	2017	2018	2019	2020	2021
Personnel	\$ 1,121,900	\$ 1,176,600	\$ 1,183,800	\$ 1,207,700	\$ 1,231,700	\$ 1,256,300
General Services	543,500	504,700	505,000	449,900	457,100	465,000
Insurance	8,100	8,000	8,100	8,100	8,300	8,300
Goods	36,100	17,100	17,200	17,600	17,900	18,300
Transfer	12,200	11,200	11,400	11,600	11,900	12,100
	<b>\$ 1,721,800</b>	<b>\$ 1,717,600</b>	<b>\$ 1,725,500</b>	<b>\$ 1,694,900</b>	<b>\$ 1,726,900</b>	<b>\$ 1,760,000</b>

## Recreation and Cultural Services

The Recreation and Cultural Services Department is responsible for providing quality recreation, leisure and cultural opportunities in a healthy and safe environment. Recreation and cultural services also oversees inclusive programming, special events, park and sport field bookings, recreation facility bookings and is responsible for the long term planning for parks, recreation and cultural services to meet the diverse interests of the community.

The Department is comprised of the Recreation Facility Operations Division, the Recreation Programming Division, and is the liaison with the City's cultural facilities through the Business Administration Division. The department also liaises with associated organizations including the Drug Strategy Committee, the Arts Council, the July 1st Standing Committee, the Courtenay Recreation Association (CRA) and the Evergreen Club.

The Recreation and Culture budget considerations for 2017 are:

- An interdepartmental restructuring resulting in a 3% increase to general services and salary expenses.
- A 2% increase proposed to core operating expenses.
- A 1% increase proposed in programming that will be offset by anticipated revenues.

Some of the key improvements include the introduction of scheduling software, increased training for staff in their new positions and CRA legal and accounting fees.

## Recreation Programming

The Recreation Programming Division is responsible for the provision of programs and leisure opportunities for all age groups. Program management staff oversee volunteers as well as the delivery of programs through both contracted and staff instructors. The Division promotes healthy lifestyles and works with individuals and community groups through the work of recreation programmers, coordinators, preschool and pool staff.

Significant variances in the programming expenses for 2017 include:

- As of 2017, all Recreation and Cultural Services staff have been re-grouped under Recreation Administration.
- Recreation programming supplies, materials, training, Instructors and salaries - \$115,000
- Preschool program expenses increased by \$22,000 to offer additional hours of service. This increase is mitigated by greater revenue, and the use of existing facilities.
- The July 1<sup>st</sup> Standing Committee expenses are now recorded separately and are funded by the Gaming Fund.
- The Courtenay Recreation Association expenses have also been separated and a budget of \$50,000 for 2017 and 2018 is included for legal and accounting consulting.
- Recreation software costs of \$19,000 are also included.

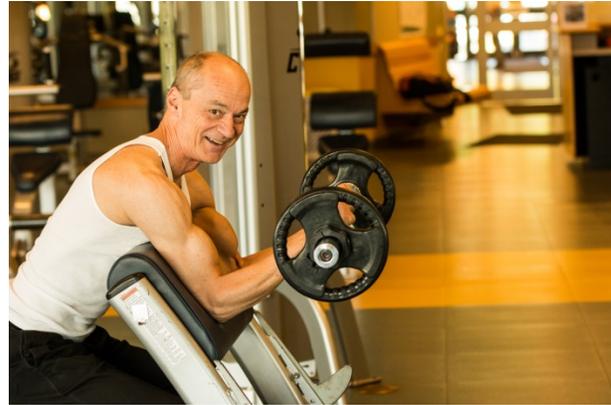
# 2017 – 2021 Five-Year Financial Plan

## Recreation Facility Operations

The Recreation Facility Operations Division is responsible for the operation, booking and safe use of City owned facilities. This division oversees the reception staff, custodial staff, special event coordination, facility agreements and the marketing of facilities. Recreation services are provided in a variety of locations, as summarized below.

### Lewis Centre

The Lewis Centre offers a variety of recreational programs and rentable meeting spaces for the general public to utilize. Its focus is the promotion of wellness and health for all ages and abilities in Courtenay, and includes a 4,000 square foot wellness centre, two gymnasiums activity rooms, preschool, craft rooms, meeting rooms, and four squash courts. Adjacent to the Lewis Centre is the Courtenay Memorial Outdoor Pool, outdoor stage, Rotary water park and playground.



The overall budget for the Lewis Centre operations and maintenance increases approximately \$49k between 2016 and 2017, mostly for small equipment purchases and preventive equipment.

### Florence Filberg Centre

The Florence Filberg Centre is a multi-use facility that features larger spaces for weddings, conferences, seminars and special events. In addition to meeting room space, the facility is host to the CRA Evergreen Club.

The overall decrease to the budget for the Filberg Centre operations of \$81k between 2016 and 2017 is due to the staff now being budgeted under Recreation Administration.

### Native Sons Hall

The historic Native Sons Hall is the largest free span log building in Canada. Built in 1928 as Courtenay's original Recreation Centre, it has hosted numerous weddings, dances, concerts, and community events.

### LINC Youth Centre

The LINC youth centre provides healthy recreational opportunities for youth in the Comox Valley. The facility offers youth programs, low cost drop in prices, out trips, skate programs, youth council, arts and technology programs. It includes an indoor skateboard park, concession, games room, digital arts lab, meeting room, and an outdoor basketball court.

The overall cost increase of \$30k is related to the janitorial services previously combined with the Lewis Centre operations which is now captured under the Youth Centre operations.

# 2017 – 2021 Five-Year Financial Plan

## Business Administration

The Recreation and Cultural Business Administrative Services Division provides supports, guidance and analysis to the Recreation divisions and provides planning and performance management of the Cultural partners who operate and manage cultural facilities on behalf of the City. This new division was developed from internal resources to improve the business practices of both internal and partner services. The manager of this division oversees the agreements with the City's cultural partners.

## Memorial Pool

The Memorial Pool, wading pool and Rotary Water Park are located across from the Lewis Centre and are open throughout the summer.

The operating budget was increased by \$27k to include additional supervision at the pool and the activities of pool start up and winterization previously performed by Public Works.



## Cultural groups

The Sid Williams Civic Theatre has been serving the Comox Valley for over 25 years as a performing arts facility, and has had a professional administration since 1992. The Sid Williams Theatre Society operates the theatre for the benefit of all residents of the Comox Valley on behalf of the City and strives to be inclusive and accessible for all. The Sid Williams Theatre Society is dedicated to the stimulation and enhancement of artistic, cultural, and recreation activities in the Comox Valley and surrounding regions through its operations of the Sid Williams Theatre.

The Courtenay and District Museum was established in 1961 as a non-profit organization with the mandate to collect, preserve and interpret natural and cultural heritage of the Comox Valley region. Throughout the year, the museum offers on-site and outdoor programming suitable for all age groups. Program subjects include fossils, geology, First Nations history, pioneer settlement history, social history of the Comox Valley, logging and lumber history, river way study, as well as a series of changing exhibitions spanning over 80 million years.



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The Comox Valley Art Gallery was established in 1974 and since 2005 through a partnership with the City of Courtenay has occupied the main and lower level of the Comox Valley Centre of the Arts located at 580 Duncan Ave. The Comox Valley Art Gallery is a public art gallery featuring contemporary, experimental and applied art by regional, national and international artists presenting contemporary art issues and practices. CVAG actively engages the public, draw visitors, and enliven the community through public events, performances, community collaborations, all-ages make art projects, youth training and mentorship programs, and a gift shop that sells the work of hundreds of local artists.

The budget proposes a 2% increase to management fees for the Museum and the Sid Williams Theatre as well as a \$5k allocation for business planning for all of the cultural facilities.

## Courtenay Library

The library provides a literary centre for the public and is managed by the Vancouver Island Regional Library. The 2017 annual requisition is \$1,230,400, an increase of \$45,000 from 2016.

## Recreation and Cultural Services chart – by function

Recreation and Cultural Services	Final Budget	Budget	Proposed Budgets			
	2016	2017	2018	2019	2020	2021
<b>Recreation Administration</b>	\$ 722,700	\$ 933,000	\$ 951,200	\$ 945,700	\$ 963,900	\$ 983,300
<b>Recreation Programs</b>						
Childrens Programs	537,200	499,700	509,500	520,000	530,100	540,900
Adults Programs	342,800	352,300	360,200	367,500	374,900	382,400
Youth Programs	207,700	214,000	217,400	221,700	226,400	230,900
Outdoor Pool Programs	94,200	108,100	110,200	112,300	114,500	116,700
Nursery Programs	62,000	84,100	85,800	87,300	89,400	91,100
July 1st Committee	20,000	48,500	49,400	50,400	51,400	52,500
Courtenay Recreation Association	21,000	100,800	101,800	52,800	53,800	54,900
	1,284,900	1,407,500	1,434,300	1,412,000	1,440,500	1,469,400
<b>Recreation Facilities</b>						
Lewis Centre	1,163,700	1,212,700	1,237,800	1,263,000	1,289,200	1,315,400
Filberg Centre	782,400	701,300	715,400	729,500	744,400	759,700
Outdoor Pool	113,100	115,500	118,000	120,400	122,800	125,400
Youth Centre	41,200	71,200	72,500	74,100	75,600	77,300
	2,100,400	2,100,700	2,143,700	2,187,000	2,232,000	2,277,800
Total Recreation	4,108,000	4,441,200	4,529,200	4,544,700	4,636,400	4,730,500
<b>Cultural Services</b>						
Sid Williams Theatre	345,300	317,800	318,800	325,300	331,900	338,400
Museum	196,000	209,500	208,800	213,300	217,600	222,300
Library	1,213,800	1,260,600	1,285,800	1,311,600	1,337,700	1,364,600
Native Sons Hall	71,500	68,300	68,800	70,200	71,700	73,200
Art Gallery	67,900	60,300	56,500	58,200	59,300	60,700
Civic Square & Heritage Church	6,000	10,500	10,900	10,900	11,300	11,500
Total Cultural Services	1,900,500	1,927,000	1,949,600	1,989,500	2,029,500	2,070,700
	<b>\$ 6,008,500</b>	<b>\$ 6,368,200</b>	<b>\$ 6,478,800</b>	<b>\$ 6,534,200</b>	<b>\$ 6,665,900</b>	<b>\$ 6,801,200</b>

# 2017 – 2021 Five-Year Financial Plan

## Recreation and Cultural Services chart – by economic segments

Recreation and Cultural Services by Economic Segments	Final Budget 2016	Budget 2017	Proposed Budgets			
			2018	2019	2020	2021
Personnel	\$ 2,917,300	\$ 3,095,300	\$ 3,157,000	\$ 3,219,800	\$ 3,284,200	\$ 3,350,400
General Services	768,700	850,000	849,600	791,200	807,100	823,300
Insurance	127,500	132,600	135,000	138,100	140,500	143,600
Goods	310,500	354,500	360,300	367,100	374,100	381,200
Utilities	297,000	281,300	289,300	296,600	304,400	311,900
Financial Charges	44,000	47,500	48,500	49,500	50,400	51,500
Grants	344,000	359,600	366,800	374,100	381,500	389,100
Interdepartment Charges	14,100	17,000	17,300	17,700	18,000	18,400
Library Requisition	1,185,400	1,230,400	1,255,000	1,280,100	1,305,700	1,331,800
	<b>\$ 6,008,500</b>	<b>\$ 6,368,200</b>	<b>\$ 6,478,800</b>	<b>\$ 6,534,200</b>	<b>\$ 6,665,900</b>	<b>\$ 6,801,200</b>



# 2017 – 2021 Five-Year Financial Plan

## *General Capital Transactions*

The Capital section of the budget summarizes both the capital works planned each year, and any related debt servicing costs. This section summarizes the capital plans for general operations.

The summary chart provides a high level overview of the total cost of the capital programs for the five year period.

## General Fund Capital summary – chart

General Capital Fund	Budget				
	2017	2018	2019	2020	2021
<b>Expenditures</b>					
<b>Capital Assets</b>					
Land and improvements	631,600	216,500	285,000	245,000	250,000
Buildings	1,584,900	4,261,700	727,000	5,786,000	30,307,000
Equipments / Furnitures / Vehicles	1,066,000	1,149,500	1,162,000	813,000	721,000
Engineering Structures - Renewal	2,808,700	5,330,500	9,429,000	2,519,500	3,000,000
Other Tangible Capital Assets	461,000	115,000	30,000	50,000	45,000
	6,552,200	11,073,200	11,633,000	9,413,500	34,323,000
<b>Debt</b>					
Interest	\$ 572,500	\$ 706,600	\$ 849,700	\$ 1,085,900	\$ 2,224,700
Principal	855,900	935,300	1,007,800	1,151,500	1,770,200
	1,428,400	1,641,900	1,857,500	2,237,400	3,994,900
<b>Total Expenditures</b>	<b>\$ 7,980,600</b>	<b>\$12,715,100</b>	<b>\$13,490,500</b>	<b>\$11,650,900</b>	<b>\$38,317,900</b>

## Assets

The capital projects are listed by the type of capital asset, as reported in the financial statement. The City's capital works program includes the renewal of existing capital assets or the acquisition of new capital items.

This section summarizes the transactions by the type of asset acquired and provides general information on the projects for the five year plan.

# 2017 – 2021 Five-Year Financial Plan

## General Fund Capital Assets detail chart

GENERAL CAPITAL FUND	2017 Budget	2018 Proposed Budget	2019 Proposed Budget	2020 Proposed Budget	2021 Proposed Budget
<b>CAPITAL EXPENDITURES</b>					
<b>Land and improvements</b>					
Parks	\$ 288,200	\$ 170,000	\$ 170,000	\$ 170,000	\$ 170,000
Walkways & Bikeways	241,400	20,000	20,000	20,000	20,000
Cemetery	102,000	26,500	95,000	55,000	60,000
	631,600	216,500	285,000	245,000	250,000
<b>Buildings</b>					
Cemetery	27,000	86,000	22,000	56,000	67,000
City Hall	215,500	23,000	-	-	-
Fire Station	24,200	36,000	-	5,500,000	-
Protective Services	-	-	-	-	30,000,000
Filberg Centre	6,400	99,500	50,000	50,000	50,000
Lewis Centre	320,000	-	50,000	50,000	50,000
Memorial Pool	135,000	93,100	45,000	70,000	80,000
Sid Theatre	55,000	48,000	30,000	30,000	30,000
Library	8,500	69,500	-	-	-
Art Gallery	29,000	22,000	-	-	-
Museum	130,000	-	30,000	30,000	30,000
Native Sons Hall	9,500	34,600	-	-	-
Parks Buildings	56,000	-	-	-	-
Public Works	148,800	3,750,000	500,000	-	-
Carpentry Shop	170,000	-	-	-	-
Rental Properties	250,000	-	-	-	-
	1,584,900	4,261,700	727,000	5,786,000	30,307,000
<b>Equipments / Furnitures / Vehicles</b>					
Fire Department	81,000	65,000	65,000	70,000	70,000
Fleet Management	776,000	948,500	916,000	608,000	515,000
Information Systems	209,000	136,000	181,000	135,000	136,000
	1,066,000	1,149,500	1,162,000	813,000	721,000
<b>Engineering Structures - Renewal</b>					
Storm Drainage	348,100	145,000	300,000	300,000	300,000
Major Road Construction	900,600	3,207,500	7,734,000	1,019,500	1,500,000
Road Paving	1,490,200	1,598,002	1,100,000	1,100,000	1,100,000
Traffic Projects	69,800	380,000	295,000	100,000	100,000
	2,808,700	5,330,502	9,429,000	2,519,500	3,000,000
Total Engineering Structures	2,808,700	5,330,502	9,429,000	2,519,500	3,000,000
<b>Other Tangible Capital Assets</b>					
Information Systems	461,000	115,000	30,000	50,000	45,000
<b>CAPITAL ASSETS</b>	<b>6,552,200</b>	<b>11,073,202</b>	<b>11,633,000</b>	<b>9,413,500</b>	<b>34,323,000</b>

# 2017 – 2021 Five-Year Financial Plan

## General Capital Funding

This table summarizes the planned source of funding for the 2017 to 2021 general capital projects.

<b>GENERAL CAPITAL FUND</b>	2017 Budget	2018 Proposed Budget	2019 Proposed Budget	2020 Proposed Budget	2021 Proposed Budget
<b>REVENUES</b>					
<b>Funding from revenues</b>					
Other Revenues	227,793	44,000	1,606,400	11,700	7,100
Grant and Contributions	739,000	2,933,000	2,126,900	181,000	207,000
	966,793	2,977,000	3,733,300	192,700	214,100
<b>Other Funds</b>					
Operating Funds	3,035,900	3,175,500	2,698,600	3,420,300	5,177,800
Community Works Reserve	343,900	100,000	-	-	-
Other Reserve Funds	3,634,007	2,712,600	2,800,300	1,237,900	1,126,000
	7,013,807	5,988,100	5,498,900	4,658,200	6,303,800
<b>Debt</b>					
Funding from Debt	-	3,750,000	4,258,300	6,800,000	31,800,000
<b>Total Funding for Capital</b>	<b>7,980,600</b>	<b>12,715,100</b>	<b>13,490,500</b>	<b>11,650,900</b>	<b>38,317,900</b>

The 2017 General Fund Capital budget uses reserves, grants and surplus funds in order to keep the municipal tax levy at a rate deemed palatable for the general public and Council.

- Community Works Fund (CWF) – Gas Tax Grant Revenues:
  - CWF – Gas Tax grant funding of approximately \$1,144,000 is proposed in the 2017 budget year - \$800,500 for various infrastructure condition assessments and Transportation-Cycling plans and \$344,000 for capital projects.
- Building Canada grant money has been provided to the City for:
  - Complete Streets project - over \$3.0 million; and,
  - 5th Street Bridge project - approximately \$2.0 million.

Both projects are budgeted over several years from 2017 to 2021.

# 2017 – 2021 Five-Year Financial Plan

## Long Term Debt - All Funds

The City has used long term debt to fund capital assets, in accordance with the borrowing requirements outlined in the Community Charter. The City must gain the assent of the electors prior to incurring new debt for capital assets. The current debt payments are approximately \$1,589,100.

The financial plan projects new debt may be required in future years starting in 2018. For planning purposes, the following long term debt has been included in this financial plan:

- Infrastructure development, renewal and replacement in areas such as:
  - Street and Road Reconstruction and development
  - Storm drainage
  - Sewer projects
- Police Services building, West Courtenay
- New Public Works facility
- Satellite Fire Hall

## New debt chart

Funding From Debt	2017	2018	2019	2020	2021
	Budget	Proposed Budget	Proposed Budget	Proposed Budget	Proposed Budget
General	\$ -	\$ 3,750,000	\$ 4,258,300	\$ 6,800,000	\$ 31,800,000
Sewer	-	1,400,000	-	-	-
Water	-	-	-	-	-
	<b>\$ -</b>	<b>\$ 5,150,000</b>	<b>\$ 4,258,300</b>	<b>\$ 6,800,000</b>	<b>\$ 31,800,000</b>

Footnote: \$31.8M borrowing in 2021 is intended only as a placeholder. Before any large borrowing is contemplated or applied for the funding of any new Police facility, Provincial and Federal grants will be investigated as well as the utilization of reserves will be considered.

The planned use of debt funding results in an increase to debt payments in the year after the debt is incurred. The following table summarizes the projected change to the debt payments.

# 2017 – 2021 Five-Year Financial Plan

## Debt payments chart

Debt Payment	2017 Budget	2018 Proposed Budget	2019 Proposed Budget	2020 Proposed Budget	2021 Proposed Budget
General	572,500	706,600	849,700	1,085,900	2,224,700
Sewer	54,900	104,500	104,500	104,500	104,500
Water	10,500	10,500	10,500	10,500	10,500
Interest	\$ 637,900	\$ 821,600	\$ 964,700	\$ 1,200,900	\$ 2,339,700
General	855,900	935,300	1,007,800	1,151,500	1,770,200
Sewer	75,200	127,300	127,300	127,300	127,300
Water	20,100	20,100	20,100	20,100	20,100
Principal	\$ 951,200	\$ 1,082,700	\$ 1,155,200	\$ 1,298,900	\$ 1,917,600
	<b>\$ 1,589,100</b>	<b>\$ 1,904,300</b>	<b>\$ 2,119,900</b>	<b>\$ 2,499,800</b>	<b>\$ 4,257,300</b>

### *Transfers to Reserves and Surplus – All Funds*

Annually the City plans for future projects. The City typically has a surplus from unspent funds at the end of each budget year, partly due to:

- Incomplete projects
- Weather constraints
- Capacity issues
- Priority changes
- Additional unanticipated external revenue sources (Federal / Provincial grants, donations)
- Staff turnover and attrition

Reserve and surplus funds are used for current and future projects – both operating and capital. In 2017 and 2018, staff is proposing to use surplus to pay for new positions to address the capacity gap due to significant growth. The following chart summarizes the planned transfers to reserve accounts and funds, while the chart on the next page summarizes the balances in the reserve funds and surplus accounts at the end of each budget year of this financial plan.

# 2017 – 2021 Five-Year Financial Plan

## Transfers to reserve and surplus chart

Surplus and Reserves Summary	2017 Budget	2018 Proposed Budget	2019 Proposed Budget	2020 Proposed Budget	2021 Proposed Budget
<b>Transfer to Reserve Funds</b>					
General					
Machinery & Equipment Reserve	\$ 600,000	\$ 600,000	\$ 625,000	\$ 650,000	\$ 675,000
New Works & Other Reserves	1,290,000	1,512,300	1,631,200	1,758,900	1,776,700
Public Parking	6,500	6,600	6,600	6,700	6,800
MFA Reserve	8,200	8,300	8,500	8,700	8,800
Interfund Interest	80,000	80,800	81,600	82,400	83,200
New Works BYLAW 1835	1,069,100	1,069,100	1,120,000	1,120,000	1,120,000
Cemetery Care Fund	11,000	11,000	11,000	11,000	11,000
Carbon Offsets	18,800	18,800	18,800	18,800	18,800
	3,083,600	3,306,900	3,502,700	3,656,500	3,700,300
Sewer					
Asset Management Reserve	300,000	300,000	150,000	125,000	300,000
Machinery/Equip Reserve	75,000	75,000	75,000	75,000	75,000
MFA Reserve Fund	700	700	600	500	500
Carbon Offsets Reserve	5,500	5,500	5,500	5,500	5,500
	381,200	381,200	231,100	206,000	381,000
Water					
Asset Management	300,000	300,000	300,000	500,000	750,000
Water Utility	34,100	37,500	41,300	42,300	43,300
Water Machinery & Equip	30,000	30,000	30,000	30,000	30,000
MFA	200	100	100	100	100
Carbon Offsets	5,500	5,500	5,500	5,500	5,500
	369,800	373,100	376,900	577,900	828,900
Total Transfer to Reserve Funds	3,834,600	4,061,200	4,110,700	4,440,400	4,910,200
<b>Transfer to Surplus</b>					
General	-	322,400	7,000	151,200	629,100
Sewer	329,400	212,300	44,400	5,300	138,200
Water	37,900	358,000	257,000	229,500	842,500
Total Transfer to Surplus	367,300	892,700	308,400	386,000	1,609,800
<b>Total Transfer to Reserves and Surplus</b>	<b>\$ 4,201,900</b>	<b>\$ 4,953,900</b>	<b>\$ 4,419,100</b>	<b>\$ 4,826,400</b>	<b>\$ 6,520,000</b>

# 2017 – 2021 Five-Year Financial Plan

## Reserves and surplus projected closing balances chart

Surplus and Reserves Summary	2017 Budget	2018 Proposed Budget	2019 Proposed Budget	2020 Proposed Budget	2021 Proposed Budget
<b>CLOSING BALANCE</b>					
<b>General</b>					
General Operating Surplus					
Surplus	\$ 1,923,503	\$ 595,903	\$ 502,903	\$ 604,103	\$ 1,233,203
Surplus Reserve for Future Expenditures	13,500	-	-	-	-
Sid Williams Theatre Society	195,757	195,757	195,757	195,757	195,757
Gaming Funds	872,672	872,672	872,672	872,672	872,672
	3,005,432	1,664,332	1,571,332	1,672,532	2,301,632
General Capital Reserves					
Unexpended Reserve	1,599,424	1,393,524	828,724	813,824	813,824
Machinery and Equipment	1,237,260	823,760	467,760	439,760	529,760
Land Sale	149,738	149,738	149,738	149,738	149,738
New Works and Equipment	2,244,191	1,469,091	1,019,991	881,191	747,191
New Works - Community Gas Tax Funds	1,785,701	1,306,501	1,969,701	2,624,401	3,270,201
Infrastructure Reserve	650,474	462,774	193,974	452,874	729,574
Risk Reserve	100,401	100,401	100,401	100,401	100,401
Housing Amenity	449,161	449,161	449,161	449,161	449,161
Amenity	125,237	25,237	25,237	25,237	25,237
Public Parking	50,567	57,167	63,767	70,467	77,267
Parkland Acquisition	209,020	209,020	209,020	209,020	209,020
	8,601,174	6,446,374	5,477,474	6,216,074	7,101,374
Total General Surplus and Reserves	11,606,606	8,110,706	7,048,806	7,888,606	9,403,006
<b>Sewer</b>					
Sewer Operating Surplus					
Surplus	1,925,764	2,138,064	2,182,464	2,187,764	2,325,964
Surplus Reserve for Future Expenditures	160,000	-	-	-	-
	2,085,764	2,138,064	2,182,464	2,187,764	2,325,964
Sewer Capital Reserves					
Sewer Reserve	476,139	476,139	476,139	476,139	476,139
Asset Management Reserve	2,425,000	2,025,000	1,925,000	1,800,000	1,850,000
Sewer Machinery and Equipment	702,583	777,583	852,583	927,583	1,002,583
	3,603,722	3,278,722	3,253,722	3,203,722	3,328,722
Total Sewer Surplus and Reserves	5,689,486	5,416,786	5,436,186	5,391,486	5,654,686
<b>Water</b>					
Water Operating Surplus					
Surplus	714,761	1,072,761	1,329,761	1,559,261	2,401,761
	714,761	1,072,761	1,329,761	1,559,261	2,401,761
Water Capital Reserves					
Water Reserve	1,050,403	388,703	430,003	472,303	515,603
Asset Management Reserve	803,837	1,103,837	1,103,837	1,303,837	1,753,837
Water Machinery and Equipment	283,054	313,054	343,054	373,054	403,054
	2,137,295	1,805,595	1,876,895	2,149,195	2,672,495
Total Water Surplus and Reserves	2,852,056	2,878,356	3,206,656	3,708,456	5,074,256
<b>Total Operating Surplus</b>	<b>5,805,958</b>	<b>4,875,158</b>	<b>5,083,558</b>	<b>5,419,558</b>	<b>7,029,358</b>
<b>Total Capital Reserves</b>	<b>14,342,191</b>	<b>11,530,691</b>	<b>10,608,091</b>	<b>11,568,991</b>	<b>13,102,591</b>
<b>Total Surplus and Reserves</b>	<b>\$20,148,148</b>	<b>\$16,405,848</b>	<b>\$15,691,648</b>	<b>\$16,988,548</b>	<b>\$20,131,948</b>

# 2017 – 2021 Five-Year Financial Plan



# Sewer Fund

## Operating Revenues and Expenses

## Capital Transactions

## Reserves and Surplus



## Sewer Fund

### *Overview*

The sewer utility service is a self-funding utility. The service collects and conveys effluent to the regional district service for disposal.

Sewer services are provided to property owners through two systems:

- Municipal sewer collection infrastructure owned and operated by the City
- Regional infrastructure including sewer force mains, pumping stations and a wastewater treatment plant that is owned, operated, and managed by the Comox Valley Regional District.

The City of Courtenay and the Town of Comox share costs for this regional infrastructure based on their respective sewer flows to the water treatment plant.

#### *Quick Facts*

- Sanitary Sewer Mains: 152.3 km (*Jan 2017*)
- Sanitary Sewer Connections: 6,926 (*Estimate, based on Water*)
- Sanitary Lift Stations: 12 Stations (*23 Pumps*)

### *Operating and Capital Revenues*

There are two key sources of budgetary revenue for the Water and Sewer Funds:

- User Fees: typically used to fund operational costs. These are fees that are paid by anyone within the municipality that are currently connected to the sewer and water infrastructure in order to recover the cost of bulk wastewater processing or water purchases, chemicals, power-gas-telephone charges, chemicals, monitoring, general payroll and maintenance of the service.
- Frontage and Parcel Taxes: used to fund capital programs. These are taxes that are levied on all properties whether they are or could be serviced by the City's water and sewer services. Municipal residents can connect to the utility if and when the property is developed since the capital infrastructure currently exists past their respective property.

Revenue User Fee Rates:

The Sewer User Fee rates are set by Bylaw. The 2016 rates charged to users was a blended rate: the old 2015 Bylaw rate of 246.67 was applied for 182 days of 2016 and then the new 2016 bylaw rate of 289.15 was applied to the remaining 183 days of 2016. The actual rate applied to consumers in 2016 was \$267.91.

The 2017 Sewer User Fee rate was set at \$294.70, effective January 1<sup>st</sup> 2017 in order to avoid the blended rate. This represents a 10% increase from the 2016 blended rate.

No rate increase is planned for the frontage and parcel taxes in 2017.

# 2017 – 2021 Five-Year Financial Plan

## Operating Expenses

The table below provides a synopsis of the Operating Budget expenditures incurred by Economic Segments.

### Operating Budget expenditures by Economic Segments chart

<b>SEWER FUND</b>	<b>2016 Final Budget</b>	<b>2017 Budget</b>	<b>Dollar Change 2016-17 Budget</b>	<b>% change btwn 2016-17 Budget</b>	<b>% of Total 2017 Budget</b>	<b>Breakdown of 2017 User Fee Bylaw Rate</b>
<b>Expenditures by Economic Segments</b>						<b>\$294.70</b>
Personnel	598,800	503,600	(95,200)	-15.90%	9.55%	\$ 28.14
General Services	430,300	211,400	(218,900)	-50.87%	4.01%	\$ 11.81
Insurance	8,600	9,900	1,300	15.12%	0.19%	\$ 0.55
Internal Allocations	782,900	789,500	6,600	0.84%	14.97%	\$ 44.12
Purchased Services - Other Govts	3,484,700	3,670,700	186,000	5.34%	69.61%	\$ 205.13
Goods	34,300	63,700	29,400	85.71%	1.21%	\$ 3.56
Utilities	18,600	24,700	6,100	32.80%	0.47%	\$ 1.38
<b>Sub-Totals</b>	<b>5,358,200</b>	<b>5,273,500</b>	<b>(84,700)</b>		<b>100.00%</b>	<b>\$ 294.70</b>

- “Personnel costs” is incremented by 2% as per the union contract. As well this segment decreased due to the vacant Director of Engineering Services position and the re-alignment of two Engineering Technologists to Asset Management Technical Services.
- “General Services” in 2017 decreased by \$218,900 due to:
  - the removal of 2016 one-time budgeted items:
    - \$125,000 for the completion of a Sewer Network Master Plan. However, to complete this project an additional \$53,000 is required in 2017;
    - \$50,000 for completion of a SCADA (Supervisory Control and Data Acquisition) Plan Review;
    - \$135,000 for a review of future Sewer infrastructure designs.
  - the addition of \$30,000 for the re-alignment of manhole piping at 10<sup>th</sup> Street East and Sitka Avenue
- “Insurance” increased by \$1,300 due to the recognition of insurance costs for fleet equipment used in the Sewer operation.
- “Internal Allocations” represent a 13.5% allocation of operational costs from other City departments. This includes staffing costs related to Finance, Information Technology, Corporate Services, Human Resources, Development Services as well as Public Works.
- “Purchased Services – Other Governments” is the Comox Valley Regional District’s annual sewer requisition. It is based on prior year sewer flows and a dollar rate applied to that flow. The following table identifies actual requisitions from 2014 to 2016 and includes the CVRD’s 2017-2021 Financial Plan sewer requisition and apportionment to the City.

# 2017 – 2021 Five-Year Financial Plan

## 2014 – 2021 Annual CVRD sewer requisitions chart

	Year	CVRD Requisition	Courtenay portion of Requisition	% change
Actuals	2014	\$ 4,303,482	\$ 2,730,129	
	2015	\$ 4,776,865	\$ 3,061,970	12%
	2016	\$ 5,063,477	\$ 3,484,685	14%
CVRD Budget	2017	\$ 5,367,286	\$ 3,670,687	5%
	2018	\$ 5,689,323	\$ 3,890,928	6%
	2019	\$ 6,030,682	\$ 4,124,383	6%
	2020	\$ 6,392,523	\$ 4,371,846	6%
	2021	\$ 6,392,523	\$ 4,371,846	0%

In 2015, the CVRD identified and corrected sewer flow equipment calibration problems. This correction resulted in the City being assigned higher sewer flows and Comox lower flows. The impact of this change plus the anticipated higher rates to build CVRD reserves for future capital infrastructure improvements resulted in a \$422,715 increase (14%) to the City's 2016 requisition. For 2017, the requisition is increasing by \$186,000 (5.3%) and represents the largest operating cost (69.6%) of this Fund.

- "Goods" is consumable items such as fuel, materials, supplies and parts required by operations. For 2017, this is increasing by \$29,400.
- "Utilities" is for electricity costs incurred at the City's 11 lift stations. It is \$6,100 higher than 2016 to reflect a 4% electricity rate increase by BC Hydro coupled with a budget to actual cost adjustment.



## Capital Transactions

The 2017 sewer capital budget has considered an asset management planning process involving planning, engineering and finance to effectively manage existing and new municipal infrastructure in a sustainable manner to maximize benefits, reduce risk and provide satisfactory levels of service to the community user in an environmentally and ecologically responsible manner.

The table below provides an overall summary of the Sewer Capital Budget.

### Sewer Capital Budget chart

<b>SEWER CAPITAL FUND</b>	2016 Final Budget	2016 Actual Unaudited	2017 Final Budget	2018 Proposed Budget	2019 Proposed Budget	2020 Proposed Budget	2021 Proposed Budget
<b>CAPITAL EXPENDITURES</b>							
<b>DEBT</b>							
Interest - Debenture Debt	65,500	58,083	54,900	104,500	104,500	104,500	104,500
Principal - Debenture Debt	75,200	75,242	75,200	127,300	127,300	127,300	127,300
	140,700	133,324	130,100	231,800	231,800	231,800	231,800
<b>Assets</b>							
Equipment	133,000	4,006	909,000	-	-	-	-
Engineering Structures - Renewal	243,100	126,583	225,000	2,500,000	1,250,000	1,250,000	1,250,000
Engineering Structures - New	220,500	7,646	129,400	1,300,000	-	-	-
	596,600	138,236	1,263,400	3,800,000	1,250,000	1,250,000	1,250,000
<b>Total Sewer Capital Expenditures</b>	<b>737,300</b>	<b>271,560</b>	<b>1,393,500</b>	<b>4,031,800</b>	<b>1,481,800</b>	<b>1,481,800</b>	<b>1,481,800</b>

2017 New Capital projects are:

- Sewer Main Pipe replacement under Comox Road, Lewis Park and River Crossing - \$100,000 in 2017 for Design work and \$500,000 for construction in 2018. Funding comes from a transfer from Operating in 2017.
- Renewal of Anderton Lift Station - \$125,000 in 2017 for Design work and \$2,000,000 for construction in 2018. Funding for 2017 comes from a transfer from Operating in 2017 and long-term borrowing in 2018.
- Payment of 2017 Debenture Debt - \$130,100

Items previously approved in 2016 but listed for completion in 2017 include:

- Purchase of a Generator for the Mansfield pump station - \$54,000 funded from the Reserve for Future Expenditures;
- Extension of 220 meters of sanitary sewer along Headquarters Road - Vanier Drive to Pebernat Road - \$129,400 funded from the Reserve for Future Expenditures.
- Purchase of two sewer flow meters - \$75,000 funded from Gas Tax dollars.
- Implementation of a SCADA (Supervisory Control and Data Acquisition) System - \$780,000. \$647,400 funded from the Gas Tax Reserve and \$132,600 from Transfer from Operating.

# 2017 – 2021 Five-Year Financial Plan

## Reserves and Surplus

The projected totals of these are:

- The “Transfer to Other Funds” directs funding to the sewer capital works program. For 2017 the total transfer is \$437,700 higher than 2016 (\$270,921).
- “Transfer to Reserves” is \$710,600 in 2017. The reason for these transfers is to build reserves to fund future capital projects.
- The Projected Balance of Sewer Capital Reserves at the end of 2017 is \$3,603,722.

## Sewer Surplus and Reserves chart

SEWER RESERVES AND SURPLUS		2017	2018	2019	2020	2021	
		Budget	Proposed Budgets				
Operating Surplus	<b>SURPLUS</b>	Dec 31 prior year	1,596,364	1,925,764	2,138,064	2,182,464	2,187,764
		For Operations	-	-	-	-	-
		Annual Transfers	329,400	212,300	44,400	5,300	138,200
		Projected balance Dec 31	1,925,764	2,138,064	2,182,464	2,187,764	2,325,964
	<b>SURPLUS RESERVE FOR FUTURE EXP</b>	Dec 31 prior year	343,300	160,000	-	-	-
		For Operations	-	-	-	-	-
	For Capital Projects	(183,300)	(160,000)	-	-	-	
	Appropriated Surplus	-	-	-	-	-	
	Projected balance Dec 31	160,000	-	-	-	-	
		2,085,764	2,138,064	2,182,464	2,187,764	2,325,964	
Capital Reserves	<b>SEWER RESERVE</b>	Dec 31 prior year	476,139	476,139	476,139	476,139	476,139
		Transfers to					
		For Capital Projects					
		Projected balance Dec 31	476,139	476,139	476,139	476,139	476,139
	<b>ASSET MANAGEMENT RESERVE</b>	Dec 31 prior year	2,125,000	2,425,000	2,025,000	1,925,000	1,800,000
		Transfer to	300,000	300,000	150,000	125,000	300,000
		For capital projects	(700,000)	(700,000)	(250,000)	(250,000)	(250,000)
		Projected balance Dec 31	2,425,000	2,025,000	1,925,000	1,800,000	1,850,000
	<b>SEWER MACHINERY AND EQUIPMENT</b>	Dec 31 prior year	627,583	702,583	777,583	852,583	927,583
		Annual Transfer	75,000	75,000	75,000	75,000	75,000
	For capital projects						
	Interfund Interest						
	Projected balance Dec 31	702,583	777,583	852,583	927,583	1,002,583	
		<b>3,603,722</b>	<b>3,278,722</b>	<b>3,253,722</b>	<b>3,203,722</b>	<b>3,328,722</b>	



# Water Fund

## Operating Revenues and Expenses

## Capital Transactions

## Reserves and Surplus



## Water Fund

### *Overview*

The water utility service is a self-funding utility. This service is provided to property owners who use the City's municipal water network. Water services are not funded by property taxes. Citizens pay for these services through user fees listed on their annual tax notice. The water utility service is provided to property owners through two systems:

- Municipal water infrastructure owned and operated by the City.
- Regional water infrastructure which transports and treats the water supply from the Comox Lake Reservoir and transports it to the City's boundary.

The City of Courtenay purchases bulk water from the Comox Valley Regional District (CVRD) for water consumed within its distribution area. This bulk water purchase is a major component of the City's water budget.

#### *Quick Facts*

- Water Mains: 170.4km (Jan 2017)
- Water Service Connections: 6,926 (Dec 2016)
- Water Meters Setters: 1,782 (Dec 2016)
- Fire Hydrants: 730 (Jan 2017)
- Mainline Valves: 2,151 (Jan 2017)

### *Operating and Capital Revenues*

Similar to the Sewer Fund, there are two primary sources of budget revenue for the Water Fund:

- User Fees: used to fund operational costs, such as personnel, bulk water purchases, power-gas-telephone charges, chemicals, monitoring and maintenance of the water distribution service. These fees are paid by anyone within the municipality who is connected to the water and sewer infrastructure.
- Frontage and Parcel Taxes: used to fund capital programs. These are taxes levied on all properties whether they are, or could be, serviced by the City's water and sewer services. Municipal residents can connect to the utility if and when their property is developed since the capital infrastructure exists past their respective property.

Revenues in the Water Fund are pooled together versus split into segmented parts.

# 2017 – 2021 Five-Year Financial Plan

## Revenue User Fee Rates

**Frontage Fees** – The 2017 rate is increasing by 25% to \$4.68 per meter and is expected to generate an additional \$178,700. The rate has not increased since prior to 2014. The purpose for this increase is to facilitate a capital renewal program for the existing water distribution network.

The Asset Management Plan states that it costs approximately \$600 per linear metre to replace water infrastructure. The City currently collects \$3.74 per meter, which in 2016 generated about \$701,000 for capital renewal. The costs to install water and sewer infrastructure is very similar yet the water frontage fees are only \$3.74/metre in comparison to the sewer service which is \$10.24/metre. The table below identifies the impact of raising frontage rates by 25% in the next five years.

Frontage Rate Analysis						
	2016	2017	2018	2019	2020	2021
Metres Growth Rate	2.00%					
Metres	187,346	191,093	194,915	198,813	202,789	206,845
Frontage Rate	\$ 3.74	\$ 3.74	\$ 3.74	\$ 3.74	\$ 3.74	\$ 3.74
2016 Frontage Revenue	\$ 700,674.04	\$ 714,687.52	\$ 728,981.27	\$ 743,560.90	\$ 758,432.11	\$ 773,600.76
Rate Increase	25%	\$ 4.68	\$ 5.84	\$ 7.30	\$ 9.13	\$ 11.41
Net Revenue		\$ 893,359.40	\$ 1,139,033.24	\$ 1,452,267.38	\$ 1,851,640.90	\$ 2,360,842.15
Additional Revenue Increase - 2017		\$ 178,671.88	\$ 178,671.88	\$ 178,671.88	\$ 178,671.88	\$ 178,671.88
			\$ 231,380.08	\$ 231,380.08	\$ 231,380.08	\$ 231,380.08
				\$ 298,654.51	\$ 298,654.51	\$ 298,654.51
					\$ 384,502.31	\$ 384,502.31
						\$ 494,032.61
Full Year Additional Revenue		\$ 178,671.88	\$ 410,051.97	\$ 708,706.48	\$ 1,093,208.79	\$ 1,587,241.40

The 2017 Capital Renewal Program is \$4.1M in 2017 due to the Comox Road project announced by the Ministry of Transportation earlier this year. This changed the original 2017 program by adding a \$2.1M project into the list. At present, the 2018 capital program is set to be \$1.3M. Capital renewal for 2019 – 2021 is expected to be around \$1.5M to \$2.0M annually. The capital renewal values recorded in 2019 to 2021 will become more refined as more detailed condition assessments are incorporated into the AM Plan.

**User Fees** - The 2017 User Fee is \$425.03, an increase of 15% from the 2016 fee. It is used to cover operating expenditures.

Three external factors necessitate an increase to existing 2017 user fees:

- Bulk water rate increases from \$0.66 to \$0.71 as noted in the CVRD's 2017 – 2021 Financial plan, which is a significant adjustment of over \$250,000.
- Vancouver Island Health Authority's (VIHA) new operating permit for the City's water system requires increases to training and certification for water system staff, as well as to monitoring and operating procedures.
- Re-classification of the City's water distribution system from Class 1 to Class 4.

# 2017 – 2021 Five-Year Financial Plan

## Revenue – Additional:

In the latter part of 2017, approximately \$29,600 of additional billing revenue is estimated to be received from the conclusion of negotiations with the CVRD for the transition of the Sandwick water system to the City of Courtenay. The full impact of the revenue will only be realized at the conclusion of the transition of the Sandwick Local Service Area to the City from the CVRD. In 2018, revenues are expected to increase by \$90,000 annually.

## Operating Expenses

Over the past year, the City of Courtenay Water System Asset Management plan has been refined and is providing guidance with respect to the sustainable operation, maintenance, and the long-term infrastructure renewal needs of the City. The total change between the 2016 and 2017 Budgets (excluding Transfers to Reserves and to the Capital Fund) is \$931,800.

## Operating Budget expenditures by Economic Segments chart

WATER FUND		2016 Final Budget	2017 Budget	2016-2017 Budget Variance	% of Total 2017 Budget	Breakdown of 2017 Current User Fee Rate
<b>Expenditures by Economic Segments</b>						<b>\$380.68</b>
	Personnel	788,700	680,000	(108,700)	10.78%	\$ 41.05
	General Services	242,300	673,700	431,400	10.68%	\$ 40.67
	Insurance	10,500	10,700	200	0.17%	\$ 0.65
	Internal Allocations	919,100	1,072,500	153,400	17.01%	\$ 64.75
	Purchased Services - Other Govts	3,163,500	3,598,400	434,900	57.07%	\$ 217.24
	Goods	248,700	265,300	16,600	4.21%	\$ 16.02
	Utilities	-	4,000	4,000	0.06%	\$ 0.24
	Transfer Payments	1,000	1,000	-	0.02%	\$ 0.06
	<b>Sub-Totals</b>	<b>5,373,800</b>	<b>6,305,600</b>	<b>931,800</b>	<b>100.00%</b>	<b>\$ 380.68</b>

1. "Personnel costs" decreased from \$788,700 in 2016 to \$680,000 in 2017. Four factors have collectively resulted in Personnel costs decreasing by \$108,700:
  - o Salaries, wages and benefits of staff working of Public Works, Engineering and Finance have been strategically reviewed and proportionally allocated in the following way:
    1. Engineering managerial and Engineering Technologist staff - 20%
    2. Public Works managerial staff – 30%
    3. One Finance Clerk – 25%

# 2017 – 2021 Five-Year Financial Plan

- The departure of the Director of Engineering has resulted in cost savings.
- The departmental reviews of Engineering and Public Works resulted in the refinement of duties and responsibilities between these two areas. This separation contributed to a reduction in personnel costs which resulted in a budgetary reduction of approximately \$163,000 between 2016 and 2017.
- A 2% increase from the collective bargaining contract for unionized personnel is included in 2017 personnel costs.
- Changing Island Health permit requirements and re-Classification of the Water System from a Class 1 to a Class IV Facility raises the level of management and monitoring required to ensure the water system complies with regulatory guidelines when providing potable water to the community. The City's updated operating permit requires the City to have in place:
  1. Weekly sampling program
  2. Cross Connection control program
  3. Unidirectional flushing program
  4. Annual Water report
  5. Level 4 Operator Training Program

In comparison, Comox and Cumberland are Class 2 water distribution systems which allow them to operate at a lower cost than Courtenay. The City is required to have at least one Level IV operator and sufficient staff to comply with these regulatory requirements. Additional staff are estimated to cost approximately \$95,000 in 2017 (a partial year) and are included in current personnel costs.

2. "General Services" in 2017 are increasing by \$431,400 due to the following:

- Loop watermains through nine private properties - \$400,000 (one-time expenditure);
- Valve, hydrant and water meter repairs at various locations - \$82,000 (one-time expenditures);
- Removal of one-time miscellaneous cost for Water plans - (\$143,400);
- Updating of Water Master Plan - \$75,000 in 2017, declining to \$25,000 in 2018;
- Water capital projects - warranty costs - \$9,000;
- Creation of new account to track legal costs - \$5,000;
- Inflationary increases - \$3,800.

3. "Internal Allocations" represent a percentage allocation (17.5%) of operational costs from other City departments. This includes staff costs from Financial Services, Information Technology, Corporate Services, Human Resources, and Development Services. The increase of \$153,400 recognizes an overall increase from general government contributing to the functioning of the water service.

# 2017 – 2021 Five-Year Financial Plan

4. “Purchased Services – Other Governments” relates to the bulk water purchased from the Comox Valley Regional District (CVRD) and is the largest cost driver for this Fund, increasing by \$434,900.
  - In 2016, the CVRD increased January 1, 2017 bulk water rates from \$0.66/m<sup>3</sup> to \$0.71/m<sup>3</sup>. Rate increases have been approved to continue until 2021 when they will be \$0.85/m<sup>3</sup>. This rate increase adds \$250,000 to the 2017 operating costs and by 2021 will increase to over \$900,000.
  - \$50,000 relates to the cost of additional water for the CVRD Local Service Area – formerly known as the Sandwick Water Improvement District.
  - The remaining \$135,000 increase is due to a budget to actual adjustment from higher 2016 water consumption than contemplated during the creation of the 2016 budget.
5. “Goods” are consumable items such as fuel, materials, supplies and parts required by operations. This budgetary increase of \$16,600 will be used to repair faulty water meters or to install meters when necessary.
6. “Utilities” are for electricity incurred at the City’s water booster stations. Past budgets have not shown this cost as a separate line item. In 2017 it represents a \$4,000 expenditure matching 2016 actuals plus adding BC Hydro’s 4% electricity rate increase.



# 2017 – 2021 Five-Year Financial Plan

## Capital Transactions

The 2017 Water Capital Budget has considered an asset management planning process involving planning, engineering and finance to effectively manage existing and new municipal infrastructure in a sustainable manner. This will maximize benefits, reduce risk and provide satisfactory levels of service to the community user in an environmentally and ecologically responsible manner.

## Water Capital Budget chart

<b>WATER CAPITAL FUND</b>	2016 Final Budget	2016 Actual Unaudited	2017 Final Budget	2018 Proposed Budget	2019 Proposed Budget	2020 Proposed Budget	2021 Proposed Budget
<b>CAPITAL EXPENDITURES</b>							
<b>DEBT</b>							
Interest - Debenture Debt	27,960	15,738	10,500	10,500	10,500	10,500	10,500
Principal - Debenture Debt	20,149	20,149	20,100	20,100	20,100	20,100	20,100
	<b>48,109</b>	<b>35,887</b>	<b>30,600</b>	<b>30,600</b>	<b>30,600</b>	<b>30,600</b>	<b>30,600</b>
<b>ASSETS</b>							
Engineering Structures - Renewal	1,512,500	957,093	2,150,000	600,000	1,500,000	2,000,000	2,000,000
Engineering Structures - New	295,000	27,148	1,886,000	699,200	-	-	-
Other Charges	-	-	-	-	-	-	-
	<b>1,807,500</b>	<b>984,240</b>	<b>4,036,000</b>	<b>1,299,200</b>	<b>1,500,000</b>	<b>2,000,000</b>	<b>2,000,000</b>
<b>Total Water Capital Expenditures</b>	<b>1,855,609</b>	<b>1,020,127</b>	<b>4,066,600</b>	<b>1,329,800</b>	<b>1,530,600</b>	<b>2,030,600</b>	<b>2,030,600</b>

### 2017 New Projects:

- Renewal of 2 kilometres of water infrastructure along Comox Road in the amount of \$2.1M in preparation for the Ministry of Transportation grinding and paving the road. This was pre-approved by Council on January 30, 2017. This project will be paid from the Gas Tax Reserve.
- Sandwich Conversion in the amount of \$1,593,000 to conclude the transition of the Sandwich water authority to the City of Courtenay. Funding for this project is intended to come from:
  - Water Utility Reserve - \$500,000
  - Asset Management Reserve - \$526,000
  - CVRD – \$567,000
- Repair of the existing valving at the Buckstone Water Pump station in response to a risk assessment noting its deficiency. Total cost is \$50,000 to be funded by a transfer from Operating.

Item previously approved in 2016 but listed for completion in 2017 include:

- \$294,200 for the installation of a watermain on Vanier Drive from Headquarters Road to Comox Valley Sports Centre. The service needs to be increased and upgraded due to Vanier High School seismic concerns. Construction is to occur in 2017 in conjunction with the Sewer capital work in the area. Funding is to come from the Asset Management Reserve.

# 2017 – 2021 Five-Year Financial Plan

## Debt payments

\$30,600 is required for the servicing of the Long-Term Debt principal (\$20,100) and interest (\$10,500) payments that relates to Bylaw 2424. The principal balance as of December 31, 2016 for this long-term debt instrument is \$358,088.

## Reserves and Surplus

There are five primary reserve and surplus accounts. The balances within those reserves and surpluses changes depending on how much surplus or deficit is created from the Operating Budget and is reduced depending on how much money is required to pay for the City's operating and capital budget needs.

- The "Transfer to Other Funds" directs funding to the water capital works program. For 2017 the total transfer is \$80,600 lower than 2016 (\$333,665).
- "Transfer to Reserves" is \$369,800 in 2017. The reason for these transfers is to build reserves to fund future capital projects.
- The Projected Balance of Water Capital Reserves at the end of 2017 is \$2,137,295.

## Water Surplus and Reserves chart

2017 - 2021 FIVE YEAR FINANCIAL PLAN		2017	2018	2019	2020	2021
WATER RESERVES AND SURPLUS		Final Budget	Proposed Budget	Proposed Budget	Proposed Budget	Proposed Budget
Operating Surpluses	<b>SURPLUS</b> Dec 31 prior year	676,861	714,761	1,072,761	1,329,761	1,559,261
	For Operations	-	-	-	-	-
	Annual Transfers	37,900	358,000	257,000	229,500	842,500
	Projected balance Dec 31	714,761	1,072,761	1,329,761	1,559,261	2,401,761
	<b>SURPLUS RESERVE FOR FUTURE EXP</b> Dec 31 prior year	-	-	-	-	-
	Projected balance Dec 31	-	-	-	-	-
<b>TOTAL OPERATING RESERVES</b>		<b>714,761</b>	<b>1,072,761</b>	<b>1,329,761</b>	<b>1,559,261</b>	<b>2,401,761</b>
capital reserves	<b>WATER RESERVE</b> Dec 31 prior year	1,516,303	1,050,403	388,703	430,003	472,303
	Transfers to	34,100	37,500	41,300	42,300	43,300
	For Capital Projects	(500,000)	(699,200)	-	-	-
	Projected balance Dec 31	1,050,403	388,703	430,003	472,303	515,603
	<b>ASSET MANAGEMENT RESERVE</b> Dec 31 prior year	1,322,837	803,837	1,103,837	1,103,837	1,303,837
	Transfer to	300,000	300,000	300,000	500,000	750,000
	For capital projects	(819,000)	-	(300,000)	(300,000)	(300,000)
	Projected balance Dec 31	803,837	1,103,837	1,103,837	1,303,837	1,753,837
	<b>WATER MACHINERY AND EQUIPMENT</b> Dec 31 prior year	253,054	283,054	313,054	343,054	373,054
	Annual Transfer	30,000	30,000	30,000	30,000	30,000
For capital projects						
Projected balance Dec 31	283,054	313,054	343,054	373,054	403,054	
<b>TOTAL CAPITAL RESERVES</b>		<b>2,137,295</b>	<b>1,805,595</b>	<b>1,876,895</b>	<b>2,149,195</b>	<b>2,672,495</b>

# Appendix

## Appendix

The appendix provides the information used to prepare the Bylaw for the 2017 – 2021 Five Year Financial Plan, and includes the following.

1. OBJECTIVES AND POLICIES FOR SCHEDULE "A" BYLAW 2879
2. OBJECTIVES AND POLICIES FOR SCHEDULE "B" BYLAW 2879
3. OBJECTIVES AND POLICIES FOR SCHEDULE "C" BYLAW 2879
4. CONSOLIDATED SUMMARY FOR SCHEDULE "D" BYLAW 2879
5. GENERAL FUND SUMMARY FOR SCHEDULE "E" BYLAW 2879
6. SEWER OPERATING FUND SUMMARY FOR SCHEDULE "F" BYLAW 2879
7. WATER OPERATING FUND SUMMARY FOR SCHEDULE "G" BYLAW 2879
8. GENERAL CAPITAL FUND SUMMARY FOR SCHEDULE "H" BYLAW 2879
9. SEWER CAPITAL FUND SUMMARY FOR SCHEDULE "I" BYLAW 2879
10. WATER CAPITAL FUND SUMMARY FOR SCHEDULE "J" BYLAW 2879



# 2017 – 2021 Five-Year Financial Plan

## 1. Objectives and Policies for Schedule “A” Bylaw 2879

### Proportion of Revenue by Source

#### Property Tax Policies

- ❖ The City of Courtenay will attempt to keep the proportional share of revenue from property taxes at a level similar to the average of comparable municipalities.
- ❖ Where new sources of revenue are made available to the City from senior governments, wherever possible these revenues will be used to reduce dependency on property taxation revenue.

#### Parcel Tax Policies

- ❖ Parcel taxes will be used whenever Council determines that they are more appropriate than property taxes.

#### Fees & Charges

- ❖ Wherever possible, fees & charges will be used to assign costs to those who benefit from the service provided. The proportion of costs recovered by fees and charges will vary with the nature of the service provided.

#### Proceeds of Borrowing

- ❖ Borrowing will be considered when determining the funding sources of large capital projects that provide benefits to taxpayers over a long period of time.

#### Other Sources of Revenue

- ❖ The City will continue to seek other sources of revenue in order to reduce reliance on property taxes.

Revenue Source	2015		2016		2017	
	Amount	% Total Revenue	Amount	% Total Revenue	Amount	% Total Revenue
Property Value Taxes	\$21,920,748	35.4%	\$22,677,200	35.4%	24,056,300	38.9%
Parcel Taxes	2,592,311	4.2%	2,655,500	4.2%	2,858,000	4.6%
Fees and Charges	11,942,340	19.3%	16,077,600	19.3%	17,386,000	28.1%
Other Sources	9,769,237	15.8%	4,504,400	15.8%	5,522,200	8.9%
Borrowing	-	0.0%	-	0.0%	-	0.0%
Reserves/Surpluses	15,650,558	25.3%	13,648,600	25.3%	11,960,200	19.4%
<b>TOTAL</b>	<b>\$61,875,194</b>	<b>100.0%</b>	<b>\$59,563,300</b>	<b>100.0%</b>	<b>61,782,700</b>	<b>100.0%</b>

# 2017 – 2021 Five-Year Financial Plan

## 2. Objectives and Policies for Schedule “B” Bylaw 2879

### Distribution of property value taxes among the property classes

- ❖ The City of Courtenay will attempt to keep the percentage of property taxes received from residential taxpayers at a level comparable to the average of similar municipalities.

The City has set tax rates in order to maintain tax stability, by maintaining the proportionate relationship between the property classes. This practice allows the various taxpayers in the municipality to be confident that, in any year, their property tax bill will only increase as much as their proportion of the increase in tax revenue required year over year.

- ❖ The City will attempt, over time, to reduce the commercial tax rate where necessary to ensure that Courtenay remains a competitive location for commercial activity.

Each year, Council has considered whether to reduce the commercial rate multiple, which effectively shifts tax load from the commercial class to the residential class taxpayer.

Property Class	2015		2016		2017	
	Rate Multiple	Property Value Tax	Rate Multiple	Property Value Tax	Rate Multiple	Property Value Tax
01 Residential	1.00	60.60%	1.00	61.80%	1.00	63.65%
02 Utilities	7.00	0.27%	7.00	0.27%	7.00	0.24%
04 Major Industry	3.90	0.00%	3.90	0.00%	3.90	0.00%
05 Light Industry	3.90	0.36%	3.90	0.38%	3.90	0.38%
06 Business	2.80	38.65%	2.80	37.45%	2.72	35.63%
08 Recreation/Non-Profit	1.00	0.08%	1.00	0.08%	1.00	0.08%
09 Farm	1.00	0.03%	1.00	0.03%	1.00	0.03%
<b>TOTAL</b>		<b>100.00%</b>		<b>100.00%</b>		<b>100.00%</b>

## 3. Objectives and Policies for Schedule “C” Bylaw 2879

### Permissive Tax Exemptions

- ❖ A permissive tax exemption is strictly at the discretion of the City of Courtenay Council. After careful consideration of all applications Council may approve a full, a partial, or no tax exemption. The tax exemption may vary for the different applicants.
- ❖ The cumulative value of permissive tax exemptions shall not exceed 2% of the total tax levy of the previous year.

Permissive Property Tax Exemptions	2015	2016	2017
City owned properties / managed by not-for-profit groups	\$ 173,376	\$ 175,040	\$ 182,352
Not-for Profit Organizations	149,925	133,867	136,224
Churches	15,184	15,486	15,760
<b>TOTAL</b>	<b>\$338,485</b>	<b>324,393</b>	<b>334,336</b>
Prior year tax levy for municipal purposes	20,345,082	21,106,452	21,951,300
<b>As a percentage of municipal tax levy</b>	<b>1.66%</b>	<b>1.54%</b>	<b>1.52%</b>

# 2017 – 2021 Five-Year Financial Plan

## 4. Consolidated Summary for Schedule "D" Bylaw 2879

Consolidated Financial Plan		2017	2018	Budget 2019	2020	2021
<b>Revenues</b>						
<b>Taxes</b>						
General Property Taxes	\$	23,366,800	\$ 24,667,900	\$ 25,755,000	\$ 27,173,200	\$ 29,877,500
Collections for Other Governments		20,574,100	21,455,900	21,840,700	22,218,100	22,608,400
Total Property Taxes		43,940,900	46,123,800	47,595,700	49,391,300	52,485,900
Frontage & Parcel Taxes		2,858,000	3,111,700	3,717,700	4,119,500	4,635,300
Grants in Place of Property Taxes		415,100	423,300	431,800	440,400	449,200
% of Revenue Tax		403,400	411,400	419,700	428,100	436,700
Total Taxes Collected		47,617,400	50,070,200	52,164,900	54,379,300	58,007,100
Less: Transfers to Other Governments		(20,703,100)	(21,587,600)	(21,975,000)	(22,355,100)	(22,748,100)
<b>Net Taxes for Municipal Purposes</b>		<b>26,914,300</b>	<b>28,482,600</b>	<b>30,189,900</b>	<b>32,024,200</b>	<b>35,259,000</b>
<b>Other Revenues</b>						
Fees and Charges		17,386,000	18,589,500	19,638,100	20,772,300	21,998,400
Revenue from Other Sources		2,871,900	2,156,100	3,744,700	2,171,000	2,187,900
Other Contributions		739,000	2,933,000	2,126,900	181,000	207,000
Transfers from Other Govt & Agencies		1,911,300	1,948,600	1,986,700	2,025,500	2,064,900
Total Other Revenues		22,908,200	25,627,200	27,496,400	25,149,800	26,458,200
<b>Total Operating Revenues</b>		<b>49,822,500</b>	<b>54,109,800</b>	<b>57,686,300</b>	<b>57,174,000</b>	<b>61,717,200</b>
<b>Transfers From Reserves and Surplus</b>						
From Reserves		10,563,000	7,202,000	5,029,500	3,476,100	3,373,600
From Surplus		1,397,200	1,650,000	100,000	50,000	-
<b>Total from Reserves and Surplus</b>		<b>11,960,200</b>	<b>8,852,000</b>	<b>5,129,500</b>	<b>3,526,100</b>	<b>3,373,600</b>
<b>Funding from Debt</b>						
		-	5,150,000	4,258,300	6,800,000	31,800,000
<b>Total Revenues</b>		<b>61,782,700</b>	<b>68,111,800</b>	<b>67,074,100</b>	<b>67,500,100</b>	<b>96,890,800</b>
<b>Equity in Capital Assets</b>						
		4,425,000	4,425,000	4,425,000	4,425,000	4,425,000
		<b>\$ 66,207,700</b>	<b>\$ 72,536,800</b>	<b>\$ 71,499,100</b>	<b>\$ 71,925,100</b>	<b>\$101,315,800</b>
<b>Expenses</b>						
<b>Operating Expenses</b>						
General Government	\$	4,327,100	\$ 5,318,100	\$ 5,356,200	\$ 5,474,100	\$ 5,552,600
Protective Services		8,500,000	8,385,600	8,552,900	8,723,000	8,896,400
Public Works Services		8,313,900	7,978,000	8,030,900	8,128,900	8,269,300
Environmental Health Services		14,681,100	14,958,400	15,741,600	16,545,000	17,009,700
Public Health Services		232,200	236,800	241,400	246,500	251,300
Development Services		1,717,600	1,725,500	1,694,900	1,726,900	1,760,000
Recreation & Cultural Services		6,368,200	6,478,800	6,534,200	6,665,900	6,801,200
		44,140,100	45,081,200	46,152,100	47,510,300	48,540,500
Amortization		4,425,000	4,425,000	4,425,000	4,425,000	4,425,000
<b>Total Operating Expenses</b>		<b>48,565,100</b>	<b>49,506,200</b>	<b>50,577,100</b>	<b>51,935,300</b>	<b>52,965,500</b>
<b>Capital Transactions</b>						
<b>Capital Assets</b>						
Land and Improvements		631,600	216,500	285,000	245,000	250,000
Buildings		1,584,900	4,261,700	727,000	5,786,000	30,307,000
Equipment		1,975,000	1,149,500	1,162,000	813,000	721,000
Engineering Structures - Renewal		5,183,700	8,430,500	12,179,000	5,769,500	6,250,000
Engineering Structures - New		2,015,400	1,999,200	-	-	-
Other Capital Assets		461,000	115,000	30,000	50,000	45,000
		11,851,600	16,172,400	14,383,000	12,663,500	37,573,000
<b>Debt for Capital Assets</b>						
Interest		637,900	821,600	964,700	1,200,900	2,339,700
Principal		951,200	1,082,700	1,155,200	1,298,900	1,917,600
		1,589,100	1,904,300	2,119,900	2,499,800	4,257,300
<b>Total Capital Transactions</b>		<b>13,440,700</b>	<b>18,076,700</b>	<b>16,502,900</b>	<b>15,163,300</b>	<b>41,830,300</b>
<b>Transfers to Reserves &amp; Surplus</b>						
To Reserves		3,834,600	4,061,200	4,110,700	4,440,400	4,910,200
To Appropriated Surplus		367,300	892,700	308,400	386,100	1,609,800
<b>Total to Reserves and Surplus</b>		<b>4,201,900</b>	<b>4,953,900</b>	<b>4,419,100</b>	<b>4,826,500</b>	<b>6,520,000</b>
		<b>\$ 66,207,700</b>	<b>\$ 72,536,800</b>	<b>\$ 71,499,100</b>	<b>\$ 71,925,100</b>	<b>\$101,315,800</b>

# 2017 – 2021 Five-Year Financial Plan

## 5. General Fund Summary for Schedule "E" Bylaw 2879

General Operating Fund	Budget				
	2017	2018	2019	2020	2021
<b>REVENUES</b>					
<b>Taxes</b>					
General Municipal Taxes	\$ 23,366,800	\$ 24,667,900	\$ 25,755,000	\$ 27,173,200	\$ 29,877,500
Collections for Other Governments	20,574,100	21,455,900	21,840,700	22,218,100	22,608,400
<b>Total Taxes Collected</b>	<b>43,940,900</b>	<b>46,123,800</b>	<b>47,595,700</b>	<b>49,391,300</b>	<b>52,485,900</b>
<b>Less:</b>					
Property Taxes for Other Governments	(20,574,100)	(21,455,900)	(21,840,700)	(22,218,100)	(22,608,400)
Portion of Grants in Place of Taxes	(129,000)	(131,700)	(134,300)	(137,000)	(139,700)
	(20,703,100)	(21,587,600)	(21,975,000)	(22,355,100)	(22,748,100)
<b>Net Municipal Taxes</b>	<b>23,237,800</b>	<b>24,536,200</b>	<b>25,620,700</b>	<b>27,036,200</b>	<b>29,737,800</b>
Grants in Lieu of Taxes	415,100	423,300	431,800	440,400	449,200
% of Revenue Tax	403,400	411,400	419,700	428,100	436,700
<b>Taxes for Municipal Purposes</b>	<b>24,056,300</b>	<b>25,370,900</b>	<b>26,472,200</b>	<b>27,904,700</b>	<b>30,623,700</b>
<b>Fees and Charges</b>	<b>7,360,900</b>	<b>7,497,300</b>	<b>7,635,900</b>	<b>7,777,500</b>	<b>7,921,900</b>
<b>Revenue from Other Sources</b>	<b>1,951,300</b>	<b>1,978,500</b>	<b>1,996,100</b>	<b>2,014,000</b>	<b>2,032,300</b>
<b>Transfers from Other Govt &amp; Agencies</b>	<b>1,911,300</b>	<b>1,948,600</b>	<b>1,986,700</b>	<b>2,025,500</b>	<b>2,064,900</b>
<b>Transfers-Reserves</b>	<b>2,003,500</b>	<b>1,646,300</b>	<b>1,654,800</b>	<b>1,663,300</b>	<b>1,672,200</b>
<b>Transfers-Surplus</b>	<b>1,397,200</b>	<b>1,650,000</b>	<b>100,000</b>	<b>50,000</b>	<b>-</b>
<b>Equity in Capital Assets</b>	<b>4,000,000</b>	<b>4,000,000</b>	<b>4,000,000</b>	<b>4,000,000</b>	<b>4,000,000</b>
	<b>\$42,680,500</b>	<b>\$44,091,600</b>	<b>\$43,845,700</b>	<b>\$45,435,000</b>	<b>\$48,315,000</b>
<b>EXPENDITURES</b>					
<b>Operating Expenditures</b>					
General Government	\$ 4,327,100	\$ 5,318,100	\$ 5,356,200	\$ 5,474,100	\$ 5,552,600
Protective Services	8,500,000	8,385,600	8,552,900	8,723,000	8,896,400
Public Works Services	8,313,900	7,978,000	8,030,900	8,128,900	8,269,300
Environmental Health Services	3,102,000	3,164,000	3,226,900	3,241,600	3,277,000
Public Health Services	232,200	236,800	241,400	246,500	251,300
Development Services	1,717,600	1,725,500	1,694,900	1,726,900	1,760,000
Parks, Recreation & Cultural Services	6,368,200	6,478,800	6,534,200	6,665,900	6,801,200
Total Operating Expenses	32,561,000	33,286,800	33,637,400	34,206,900	34,807,800
<b>Amortization</b>	<b>4,000,000</b>	<b>4,000,000</b>	<b>4,000,000</b>	<b>4,000,000</b>	<b>4,000,000</b>
Total Expenses	36,561,000	37,286,800	37,637,400	38,206,900	38,807,800
<b>Transfer to Capital Fund</b>	<b>3,035,900</b>	<b>3,175,500</b>	<b>2,698,600</b>	<b>3,420,300</b>	<b>5,177,800</b>
<b>Transfer to Reserve Funds</b>	<b>3,083,600</b>	<b>3,306,900</b>	<b>3,502,700</b>	<b>3,656,500</b>	<b>3,700,300</b>
<b>Transfer to Surplus</b>	<b>-</b>	<b>322,400</b>	<b>7,000</b>	<b>151,300</b>	<b>629,100</b>
	6,119,500	6,804,800	6,208,300	7,228,100	9,507,200
	<b>\$42,680,500</b>	<b>\$44,091,600</b>	<b>\$43,845,700</b>	<b>\$45,435,000</b>	<b>\$48,315,000</b>

# 2017 – 2021 Five-Year Financial Plan

## 6. Sewer Operating Fund Summary for Schedule "F" Bylaw 2879

Sewer Operating Fund	Budget				
	2017	2018	2019	2020	2021
<b>Revenues</b>					
<b>Operating</b>					
Frontage & Parcel Taxes	\$ 1,955,300	\$ 1,965,000	\$ 2,258,000	\$ 2,259,600	\$ 2,266,800
Sale of Services	4,282,100	4,726,500	4,982,200	5,252,100	5,536,300
Revenue from Own Sources	1,100	1,100	1,000	900	900
Total Operating Revenues	6,238,500	6,692,600	7,241,200	7,512,600	7,804,000
<b>Reserves &amp; Surplus</b>					
Future Expenditure Reserve	183,300	160,000	-	-	-
<b>Equity in Capital Assets</b>					
	125,000	125,000	125,000	125,000	125,000
<b>Total Revenues</b>	<b>\$ 6,546,800</b>	<b>\$ 6,977,600</b>	<b>\$ 7,366,200</b>	<b>\$ 7,637,600</b>	<b>\$ 7,929,000</b>
<b>Expenses</b>					
<b>Operating</b>					
General Administration	\$ 1,123,000	\$ 1,137,600	\$ 1,140,900	\$ 1,219,500	\$ 1,193,200
CVRD	3,670,700	3,890,900	4,124,400	4,371,800	4,371,800
Collection	479,800	458,800	468,600	478,200	488,000
	5,273,500	5,487,300	5,733,900	6,069,500	6,053,000
Amortization	125,000	125,000	125,000	125,000	125,000
Total Operating Expenses	5,398,500	5,612,300	5,858,900	6,194,500	6,178,000
<b>Transfers to Other Funds</b>					
General Fund					
Sewer Capital Fund	437,700	771,800	1,231,800	1,231,800	1,231,800
	437,700	771,800	1,231,800	1,231,800	1,231,800
<b>Transfers to Reserves</b>					
Asset Management Reserve	300,000	300,000	150,000	125,000	300,000
Machinery/Equip Reserve	75,000	75,000	75,000	75,000	75,000
MFA Reserve Fund	700	700	600	500	500
Carbon Offsets Reserve	5,500	5,500	5,500	5,500	5,500
Total Transfers	381,200	381,200	231,100	206,000	381,000
<b>Transfer to Appropriated Surplus</b>					
Surplus contingency	329,400	212,300	44,400	5,300	138,200
	329,400	212,300	44,400	5,300	138,200
<b>Total Expenses</b>	<b>\$ 6,546,800</b>	<b>\$ 6,977,600</b>	<b>\$ 7,366,200</b>	<b>\$ 7,637,600</b>	<b>\$ 7,929,000</b>

# 2017 – 2021 Five-Year Financial Plan

## 7. Water Operating Fund Summary for Schedule "G" Bylaw 2879

Water Operating Fund	Budget				
	2017	2018	2019	2020	2021
<b>Revenues</b>					
<b>Operating</b>					
Frontage & Parcel Taxes	\$ 902,700	\$ 1,146,700	\$ 1,459,700	\$ 1,859,900	\$ 2,368,500
Sale of Services	5,743,000	6,365,700	7,020,000	7,742,700	8,540,200
Revenue from Own Sources	124,700	132,500	141,200	144,400	147,600
Total Operating Revenues	6,770,400	7,644,900	8,620,900	9,747,000	11,056,300
<b>Reserves &amp; Surplus</b>					
Water Efficiency	23,500	23,900	24,400	24,900	25,400
Surplus	-	-	-	-	-
Total Transfers	23,500	23,900	24,400	24,900	25,400
Equity in Assets	300,000	300,000	300,000	300,000	300,000
<b>Total Revenues</b>	<b>\$ 7,093,900</b>	<b>\$ 7,968,800</b>	<b>\$ 8,945,300</b>	<b>\$ 10,071,900</b>	<b>\$ 11,381,700</b>
<b>Expenses</b>					
<b>Operating</b>					
General Administration	\$ 1,453,400	\$ 1,471,300	\$ 1,457,600	\$ 1,501,200	\$ 1,569,800
CVRD - Supply	3,598,400	4,022,600	4,495,300	4,889,600	5,251,500
Transmission and Distribution	1,253,800	813,200	827,900	843,100	858,400
	6,305,600	6,307,100	6,780,800	7,233,900	7,679,700
Amortization	300,000	300,000	300,000	300,000	300,000
Total Operating Expenses	6,605,600	6,607,100	7,080,800	7,533,900	7,979,700
<b>Transfers to Other Funds</b>					
Water Capital Fund	80,600	630,600	1,230,600	1,730,600	1,730,600
	80,600	630,600	1,230,600	1,730,600	1,730,600
<b>Transfers to Reserves</b>					
Asset Management	300,000	300,000	300,000	500,000	750,000
Water Utility	34,100	37,500	41,300	42,300	43,300
Water Machinery & Equip	30,000	30,000	30,000	30,000	30,000
MFA	200	100	100	100	100
Carbon Offsets	5,500	5,500	5,500	5,500	5,500
	369,800	373,100	376,900	577,900	828,900
<b>Transfer to Appropriated Surplus</b>					
Contingency	37,900	358,000	257,000	229,500	842,500
Total Transfers	407,700	731,100	633,900	807,400	1,671,400
<b>Total Expenses</b>	<b>\$ 7,093,900</b>	<b>\$ 7,968,800</b>	<b>\$ 8,945,300</b>	<b>\$ 10,071,900</b>	<b>\$ 11,381,700</b>

# 2017 – 2021 Five-Year Financial Plan

## 8. General Capital Fund Summary for Schedule "H" Bylaw 2879

General Capital Fund	Budget				
	2017	2018	2019	2020	2021
<b>Revenues</b>					
<b>Revenues</b>					
Other Revenues	\$ 227,800	\$ 44,000	\$ 1,606,400	\$ 11,700	\$ 7,100
Grant and Contributions	739,000	2,933,000	2,126,900	181,000	207,000
	966,800	2,977,000	3,733,300	192,700	214,100
<b>Transfers</b>					
Operating Funds	3,035,900	3,175,500	2,698,600	3,420,300	5,177,800
	3,035,900	3,175,500	2,698,600	3,420,300	5,177,800
<b>Reserves</b>					
Community Works Reserve	343,900	100,000	-	-	-
Other Reserve Funds	3,634,000	2,712,600	2,800,300	1,237,900	1,126,000
	3,977,900	2,812,600	2,800,300	1,237,900	1,126,000
Total Transfers	7,013,800	5,988,100	5,498,900	4,658,200	6,303,800
Funding from Debt	-	3,750,000	4,258,300	6,800,000	31,800,000
<b>Total Revenues</b>	<b>\$ 7,980,600</b>	<b>\$ 12,715,100</b>	<b>\$ 13,490,500</b>	<b>\$ 11,650,900</b>	<b>\$ 38,317,900</b>
<b>Expenditures</b>					
<b>Capital Assets</b>					
Land and improvements	631,600	216,500	285,000	245,000	250,000
Buildings	1,584,900	4,261,700	727,000	5,786,000	30,307,000
Equipments / Furnitures / Vehicles	1,066,000	1,149,500	1,162,000	813,000	721,000
Engineering Structures - Renewal	2,808,700	5,330,500	9,429,000	2,519,500	3,000,000
Other Tangible Capital Assets	461,000	115,000	30,000	50,000	45,000
	6,552,200	11,073,200	11,633,000	9,413,500	34,323,000
<b>Debt</b>					
Interest	\$ 572,500	\$ 706,600	\$ 849,700	\$ 1,085,900	\$ 2,224,700
Principal	855,900	935,300	1,007,800	1,151,500	1,770,200
	1,428,400	1,641,900	1,857,500	2,237,400	3,994,900
<b>Total Expenditures</b>	<b>\$ 7,980,600</b>	<b>\$ 12,715,100</b>	<b>\$ 13,490,500</b>	<b>\$ 11,650,900</b>	<b>\$ 38,317,900</b>

# 2017 – 2021 Five-Year Financial Plan

## 9. Sewer Capital Fund Summary for Schedule "I" Bylaw 2879

Sewer Capital Fund	Budget				
	2017	2018	2019	2020	2021
<b>Revenues</b>					
<b>Funding from Revenue &amp; Operating Fund</b>					
Sewer Operating Fund	437,700	771,800	1,231,800	1,231,800	1,231,800
	437,700	771,800	1,231,800	1,231,800	1,231,800
<b>Reserves &amp; Surplus</b>					
Sewer Operating Surplus	183,300	160,000	-	-	-
General Reserve Funds	-	700,000	250,000	250,000	250,000
Gas Tax Reserve Fund	772,500	1,000,000	-	-	-
	955,800	1,860,000	250,000	250,000	250,000
<b>Funding from Debt</b>	-	1,400,000	-	-	-
<b>Total Revenues</b>	<b>\$1,393,500</b>	<b>\$4,031,800</b>	<b>\$1,481,800</b>	<b>\$1,481,800</b>	<b>\$1,481,800</b>
<b>Expenditures</b>					
<b>Debt</b>					
Interest - Debenture Debt	54,900	104,500	104,500	104,500	104,500
Principal - Debenture Debt	75,200	127,300	127,300	127,300	127,300
	130,100	231,800	231,800	231,800	231,800
<b>Capital Assets</b>					
Equipment	909,000	-	-	-	-
Engineering Structures - Renewal	225,000	2,500,000	1,250,000	1,250,000	1,250,000
Engineering Structures - New	129,400	1,300,000	-	-	-
	1,263,400	3,800,000	1,250,000	1,250,000	1,250,000
<b>Total Expenditures</b>	<b>\$1,393,500</b>	<b>\$4,031,800</b>	<b>\$1,481,800</b>	<b>\$1,481,800</b>	<b>\$1,481,800</b>

# 2017 – 2021 Five-Year Financial Plan

## 10. Water Capital Fund Summary for Schedule “J” Bylaw 2879

Water Capital Fund	Budget				
	2017	2018	2019	2020	2021
<b>Revenues</b>					
<b>Funding from Operating Fund, Reserves and Surplus</b>					
Other Revenues	\$ 567,000	\$ -	\$ -	\$ -	\$ -
Water Operating Fund	80,600	630,600	1,230,600	1,730,600	1,730,600
	647,600	630,600	1,230,600	1,730,600	1,730,600
<b>Reserves &amp; Surplus</b>					
Community Works (Gas Tax)	2,100,000	-	-	-	-
Other Reserves	1,319,000	699,200	300,000	300,000	300,000
	3,419,000	699,200	300,000	300,000	300,000
<b>Total Revenues</b>	<b>\$4,066,600</b>	<b>\$1,329,800</b>	<b>\$1,530,600</b>	<b>\$2,030,600</b>	<b>\$2,030,600</b>
<b>Expenditures</b>					
<b>Debt</b>					
Interest - Debenture Debt	\$ 10,500	\$ 10,500	\$ 10,500	\$ 10,500	\$ 10,500
Principal - Debenture Debt	20,100	20,100	20,100	20,100	20,100
	30,600	30,600	30,600	30,600	30,600
<b>Capital Assets</b>					
Engineering Structures - Renewal	2,150,000	600,000	1,500,000	2,000,000	2,000,000
Engineering Structures - New	1,886,000	699,200	-	-	-
	4,036,000	1,299,200	1,500,000	2,000,000	2,000,000
<b>Total Expenditures</b>	<b>\$4,066,600</b>	<b>\$1,329,800</b>	<b>\$1,530,600</b>	<b>\$2,030,600</b>	<b>\$2,030,600</b>



*photo by:  
Ron Pogue*



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