

2021-2025 General Operating Financial Plan Highlights



PRESENTED BY
CITY OF COURTENAY STAFF

March 10, 2021

General Operating Financial Plan Overview

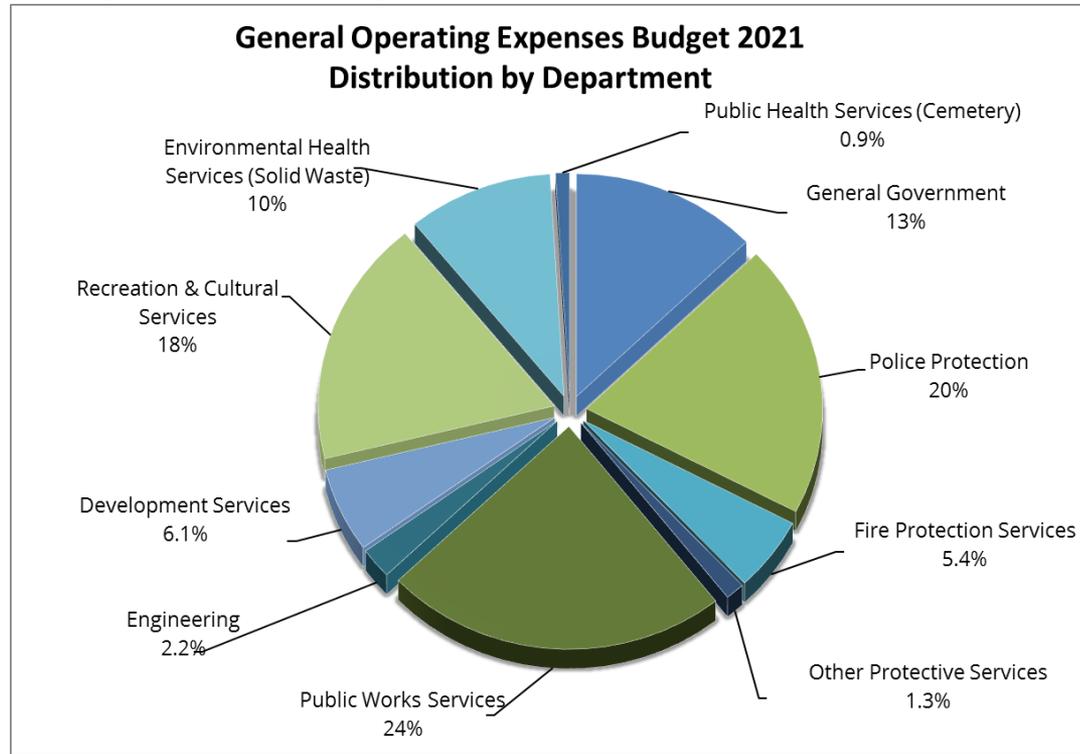
- Operational Financial Plan is a collaborative effort by all Departments
- Focus on Asset Management for sustainable service delivery – as per Council’s Asset Management Bylaw
- Emphasis on preventative maintenance to extend the life of the City’s assets
- Align with and support Council’s Strategic Priorities
- Maintain current levels of service, while incorporating efficiencies wherever possible
- Consider the COVID-19 pandemic while producing a realistic Financial Plan that minimizes the financial impact for residents and businesses

General Operating Financial Plan Overview

General Operating
Expense Budget of
\$36.5 M in 2021

General Operating Fund	Budget 2020	Budget 2021	Variance \$	Variance %
Operating Expenditures				
General Government	4,494,100	4,659,700	165,600	3.7%
Protective Services	9,418,000	9,679,700	261,700	2.8%
Public Works Services	9,084,000	9,387,600	303,600	3.3%
Environmental Health Services	3,432,900	3,627,100	194,200	5.7%
Public Health Services	355,700	346,100	(9,600)	-2.7%
Development Services	2,331,900	2,232,600	(99,300)	-4.3%
Recreation & Cultural Services	6,976,800	6,529,300	(447,500)	-6.4%
Total Operating Expenses	36,093,400	36,462,100	368,700	1.0%
Amortization	4,800,000	4,800,000	-	0.0%
Debt Servicing Costs	1,303,900	1,268,700	(35,200)	-2.7%
	42,197,300	42,530,800	333,500	0.8%
Transfer to Capital Fund	1,153,400	1,512,200	358,800	31.1%
Transfer to Reserve Funds	3,218,500	3,060,800	(157,700)	-4.9%
	4,371,900	4,573,000	201,100	4.6%
	46,569,200	47,103,800	534,600	1.1%

General Operating Financial Plan Overview



General Operating Cost Drivers - External

Personnel

- CUPE, Exempt, Council, Volunteer Firefighters salary & wage contractual increases: \$225k
- Benefit increases: \$70k
- BC Provincial minimum wage increase: \$20k

Services

- Protective Services – Impact of RCMP contract: \$115k
- BC Hydro Electricity increase: \$43k
- Insurance increase: \$30k

Other

- Library Requisition increase: \$44.2k (offset by revenue)
- Comox Valley Regional District Emergency Program increase: \$35.9k
- Solid Waste Collection Contract and Tipping fee increase: \$193.1k (offset by revenue)
- Reduction in travel and hotel expenses due to public health orders: -\$112.2k

**Total Key
External
Cost
Drivers :
\$664,000**

General Operating Cost Drivers - Internal

Services Supporting Operations and Strategic Priorities

General Government Services

- Corporate Services - Business cases for new Public Works building and Firehall: \$50k
- IT - Licensing fees for new software: \$87k
- HR - Fire Department review and exempt staff compensation update: \$20k
- HR - Staff education about United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP): \$10k

Protective Services

- Bylaw Enforcement temporary position: \$84k (funded from COVID-19 Safe Restart Grant)

General Operating Cost Drivers - Internal

Services Supporting Operations and Strategic Priorities

Public Works Services

Transportation

- Downtown Parking Study delayed to 2022, originally included in 2020: -\$40k
- Wayfinding Signs (Downtown playbook obligation), originally included in 2020: \$40k
- Roadway Surfaces budget increased to actual service levels: 90k
- Traffic Signals budget increased to actual service levels: 40k
- Street Lighting - Re-Lamp Program: \$20k + increase in electricity cost: \$28k
- Street Lines - additional budget to maintain new bike lanes: 40k
- Snow Control budget increased to prior years actual: 89k

General Operating Cost Drivers - Internal

Services Supporting Operations and Strategic Priorities

Public Works Services

Parks

- Boulevards maintenance contract: \$40k
- New budget for annual Tree program : \$24k (funded from Tree Reserve and BC Tree Grant)

Property Maintenance

- Site remediation of new property acquired next to Public Works: \$28k
- Recreation and Cultural Facilities maintenance project: \$115k (80k originally included in 2020)
- Demolition of 243-249 4th Street: \$30k
- Maintenance of the new downtown public washroom: \$17k
- Maintenance of the Warming Centre: \$12.6k

General Operating Cost Drivers - Internal

Services Supporting Operations and Strategic Priorities

Recreation and Cultural Services

Admin

- Marketing Plan and Sponsorship Policy delayed to 2022, Greenway Connectivity Study delayed to 2023, three projects originally included in 2020: -\$90k
- July 1st Commission and Special Events adjusted for reduced activities due to pandemic: -\$51.8k

Programming

- Overall reduction in Recreation Programming due to pandemic: -\$400.2k
- Reduction in equipment and supplies purchases for Recreation Facilities: -\$43.5k
- Janitorial supplies for new downtown public washroom: \$10k

Cultural

- Annual grants to be paid per new agreements with the Comox Valley Arts Council and Art Gallery: \$97.1k previously approved by Council

Asset Management's role in Operations

- Water and Sewer Inventory and condition assessments completed in 2019
- Facilities Inventory and condition assessments completed in 2019
- Master Plans to be completed:
 - Parks and Recreation Implementation Plan – originally Fall 2020... now Fall 2021
 - Water and Sewer Master Plans– originally Spring 2020... now Fall 2021
 - Transportation (TMP) – originally Summer 2020... now Fall 2021
 - Integrated Rainwater (IRMP) – 2022
 - These plans will result in 20 year capital plans for each asset class
- By late fall 2021, all asset classes (7) except storm water will have a 20 year capital plan.

Asset Management's role in Operations

- Preventative maintenance plans in place and completed for 2019
- Benefits of PMP programs:
 1. Can extend the life of assets by 10-15% saving significant capital expenditures in future years
 2. Conservation of assets and increased life cycle of assets, thereby eliminating premature replacement of infrastructure.
 3. Improved efficiency as assets in good repair operate better with less service disruption

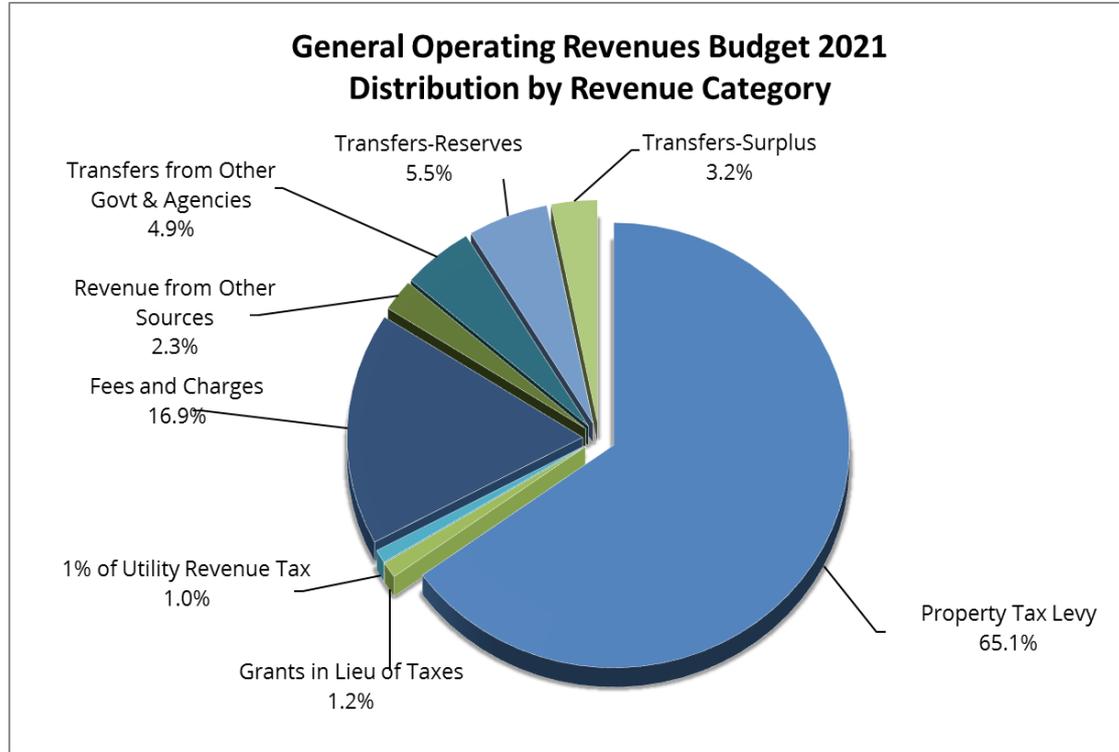
General Operating Revenue Sources

General Operating Revenue Budget of \$42.3 M in 2021

- Reduction of -\$666k included for Recreation Revenues (Fees and Charges and Revenues for Other Sources), offset by the COVID-19 Safe Restart Grant

General Operating Fund	Budget 2020	Budget 2021	Variance \$	Variance %
REVENUES				
Taxes				
General Municipal Taxes	26,482,300	27,703,600	1,221,300	4.6%
Collections for Other Governments (Estimate)	22,876,600	23,972,800	1,096,200	4.8%
Total Taxes Collected	49,358,900	51,676,400	2,317,500	4.7%
Less:				
Property Taxes for Other Governments (Estimate)	(22,876,600)	(23,972,800)	(1,096,200)	4.8%
Portion of Grants in Place of Taxes	(169,200)	(174,200)	(5,000)	3.0%
	(23,045,800)	(24,147,000)	(1,101,200)	4.8%
Net Municipal Taxes	26,313,100	27,529,400	1,216,300	4.6%
Grants in Lieu of Taxes	493,500	493,500	-	0.0%
% of Revenue Tax	415,700	409,400	(6,300)	-1.5%
Taxes for Municipal Purposes	27,222,300	28,432,300	1,210,000	4.4%
Fees and Charges	7,663,300	7,143,900	(519,400)	-6.8%
Revenue from Other Sources	1,135,800	971,900	(163,900)	-14.4%
Transfers from Other Govt & Agencies	2,135,700	2,080,900	(54,800)	-2.6%
Transfers-Reserves	1,894,700	2,340,000	445,300	23.5%
Transfers-Surplus	1,717,400	1,334,800	(382,600)	-22.3%
General Operating Revenues	41,769,200	42,303,800	534,600	1.3%
Equity in Capital Assets	4,800,000	4,800,000	-	0.0%
	46,569,200	47,103,800	534,600	1.1%

General Operating Revenue Sources



General Operating Revenue Sources

Gas Tax Funds

- The City of Courtenay receives **\$1.1 million** per year in Federal Gas Tax revenue
- These revenues are used to fund eligible capital and operating projects as required
- In 2021, **\$50,000** of Gas Tax Funds are being utilized to fund the Integrated Rain Water Master Plan

Traffic Fines

- Traffic Fines are estimated at \$270,000 in 2021 and will be used to fund Policing costs

Gaming Funds

- As a host local government of a gaming facility, the City receives a 10% share of the net gaming revenues every year, which has been in the past about **\$1 million**, and may be used for “any purpose within their legal authority”
- Due to the COVID-19 pandemic, the local Casino has been closed since March 2020 and COVID-19 Safe Restart Grant is used to cover the gaming revenue loss for 2020 and 2021

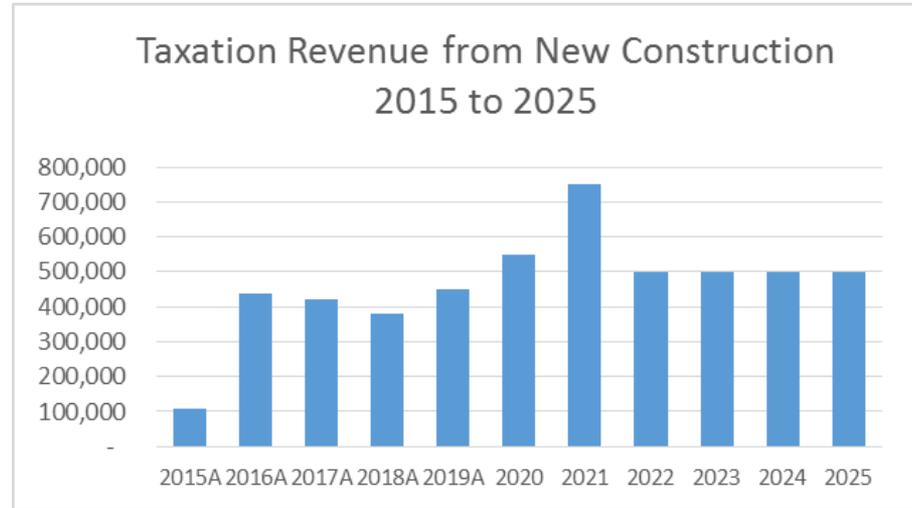
General Operating Revenue Sources

COVID-19 Safe Restart Grant for Local Governments

- Courtenay received \$4,149,000 from the Ministry of Municipal Affairs and Housing under the COVID-19 Safe Restart Grant for Local Governments funding stream to assist with the increased operating costs and lower revenue as a result of the pandemic.
- As recommended by the Select Finance Committee and approved by Council in January 2021, the funds will be used towards to following items:
 - Funding for the Police contract (due to the anticipated loss of gaming revenue): \$405,000
 - Funding for the Infrastructure Reserve contribution (due to the anticipated loss of gaming revenue): \$320,000
 - Additional support for Bylaw Enforcement: \$84,000
 - Fund the loss in various Community Services revenues: \$696,200
(includes unused 2020 allocation as well)
 - Other unexpected costs / revenue reduction: \$200,000

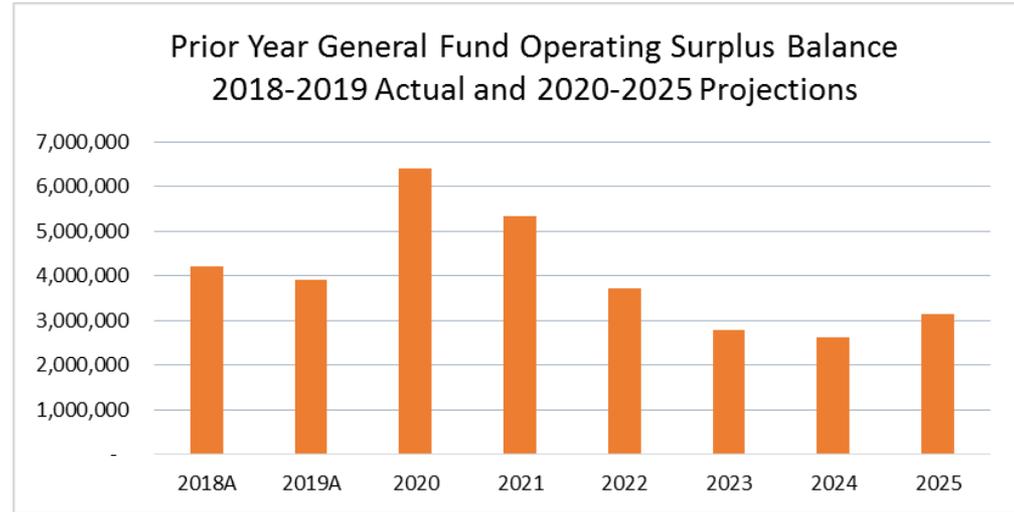
Non Market Change – New Revenue

- Based on the latest 2021 BC Assessment Non Market Change report, the City is expecting to receive approximately **\$750,000** in additional taxation revenues from new construction in 2021
- This additional revenue is accumulative and permanent



General Fund Prior Year Surplus Use

- Projected \$6.4 million in prior year operating surplus as at December 31, 2020 (*Unaudited*)
- Included in this surplus is an estimated \$1.5 million coming from the COVID-19 Safe Restart funding utilized to offset 2020 revenue loss and to be used in 2021 and 2022
- Using \$3.8 million of prior year operating surplus over the next four years



General Fund Surplus Balances

GENERAL Surplus, Reserves and DCC Summary Estimated Closing Balances	Estimated	Budget	Proposed Budget			
	Actual 2020	2021	2022	2023	2024	2025
General Operating Surplus						
Prior Year Surplus	6,410,400	5,343,800	3,726,700	2,782,900	2,613,300	3,153,100
Gaming Funds	1,682,800	1,444,300	1,353,300	1,262,300	1,171,300	1,080,300
	8,093,200	6,788,100	5,080,000	4,045,200	3,784,600	4,233,400
General Capital Surplus						
Reserve For Future Expenditure (Unspent Capital 2020)	470,000	201,800	11,800	-	-	-
Unexpended Debt	1,203,500	720,800	539,700	539,700	475,500	475,500
	1,673,500	922,600	551,500	539,700	475,500	475,500
Total General Surplus	9,766,700	7,710,700	5,631,500	4,584,900	4,260,100	4,708,900

General Operating Transfer to Reserves

Increases included for 2021

- \$50k to New Works Reserve
- \$25k to Machinery & Equipment Reserve

Reductions included for 2021

- Elimination, only for 2021, of the contribution to the capital infrastructure renewal reserve (New Works Reserves) usually funded by tax levy: -\$116.2k
- Transfer to Inter-fund Interest reduced due to anticipated lower interest rates

	2020	2021	Variance
Transfers to Reserves	BUDGET	BUDGET	2021 Budget - 2020 Budget
CARBON OFFSETS	18,800	18,800	-
CEMETERY CARE FUND	15,000	15,000	-
TRANSFER TO GENERAL PUBLIC PARKING	5,100	5,200	100
TRANS TO MFA RESERVE	6,600	6,800	200
TRANSFER TO GENERAL MACH. & EQUIP. RESERVE	675,000	700,000	25,000
TRANSFER TO GENERAL NEW WORKS RESERVES	791,200	725,000	(66,200)
TRANSFER TO RESERVES	1,406,800	1,440,000	33,200
TRANSFER TO INTERFUND INTEREST	300,000	150,000	(150,000)
Grand Total	3,218,500	3,060,800	(157,700)

2021 Property Tax Revenue Requirement

- Proposed 2021 Tax increase 1.86% = \$50 annual increase estimated for an average home \$476,321
- No contribution to the Capital Infrastructure Renewal Reserve for 2021, to provide additional relief to taxpayers during the COVID-19 pandemic

**1% of property taxation in 2021
equals \$240,000**

2021 Impact to Average Residential Property

- Impact of all increases for 2021 for an average residential property valued at \$ 476,321

Total of All Increases:	
<i>General Fund</i> Property Tax Increase	\$ 50.00
Water Fund User Fee Increase	\$ -
Water Fund Frontage Increase	
Sewer Fund User Fee Increase	\$ 6.89
Sewer Fund Frontage Increase	\$ -
Solid Waste Utility Fee Increase	\$ 8.69
Impact of All City Increases	\$ 65.58

Next Steps:

- **March 16** Consolidated Financial Plan document available for public feedback
- **April 6** Report back on feedback from the Public
Tax Rate Multiplier Discussion
Three Readings of Financial Plan Bylaw
- **April 19** Final adoption of Financial Plan Bylaw
Three Readings of 2021 Tax Rate Bylaw
- **May 3** Final adoption of 2021 Tax Rate Bylaw

Questions