

# Municipality of North Cowichan

## 2024 – 2028 General Operating Budget

December 12, 2023

# Budget Process

This sets out "how" to operationalize Council's plan and internal priorities



# Purpose of the Meeting

- Review of key 2024 Budget considerations
- Discuss supplemental requests
- Discuss options to mitigate tax increase

# Changes to Budget since Business Planning

- New investment down from 1.25% to 1% (more information available early in 2024);
- Reduction to RCMP contract by \$200K due to year-end forecast for 2023/2024;
- Increased grant revenue by \$24K due to Federal grant notification; and
- Increased Regional Recreation funding by \$99K

These changes result in a reduction to tax increase from 6.18% to 5.51% for 2024.

# Five Year Increases 2024 Budget Estimates

	2024	2025	2026	2027	2028
Gross tax increase	5.51%	5.27%	4.32%	3.14%	1.82%
Less: Growth	(1.00%)	(1.25%)	(1.25%)	(1.25%)	(1.25%)
Net Tax Increase	4.51%	4.02%	3.07%	1.89%	0.57%

# Increases to 2024 Funding Sources

- Regional Recreation - \$2,220,906
- Additional Revenue from RCMP Building - \$236,000
- Interest revenue - \$760,000

# Major Changes to 2024 Expenditures

- RCMP Contract - \$610,650
- Fire Protection - \$564,273
- Vancouver Island Regional Library - \$342,672

These increases account for 4.22% of the 5.51% property tax increase for 2024.

# Additional Expenditures out of our Control

- Collective Agreement 2% increase;
- Insurance premiums (Liability, Property & Fleet);
- Utility costs such as hydro and natural gas;
- Construction costs;
- Fuel costs; and
- Interest rates on debt servicing.



# Budget 2024 Considerations

## Implementation of Adopted Council Plans

- *Official Community Plan*
- *Climate Action and Energy Plan*
- *Master Transportation Plan*
- *Biodiversity Protection Policy*
- *Parks and Trails Master Plan*
- *Chemainus Town Centre Revitalization Plan*

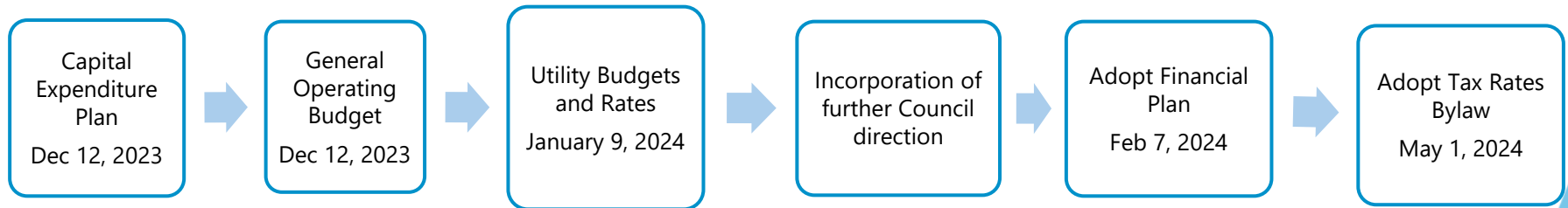
# Major Future Cost Pressures

- New RCMP Facility completion - debt financing in 2024
- E-comm costs \$600k in 2025 up to \$800k in 2026
- Community Works Gas Tax program unknown
- Asset Management/infrastructure replacement requirements

# Budget Process to Date

- Managers prepared draft operating and capital budgets
- Senior Leadership Team reviewed drafts
- Grants-in-Aid for 2024 brought to Council for consideration
- Departmental Business Plans presented to Council
  - Provide context for how Departments are operationalizing Council's Strategic Plan and the projects for 2024

# Budget Process - Council



# Operating Budgets - Departments

	2023 Budget	2024 Budget	Increase (Decrease)	% Change	% 2024 Budget
General Government	\$ 9,840,019	\$ 10,203,689	\$ 363,670	3.7%	19.3%
Protective Services	11,286,693	12,911,362	1,624,669	14.4%	24.4%
Engineering and Environment	3,737,179	3,071,153	(666,026)	-17.8%	5.8%
Operations	6,423,741	7,903,304	1,479,563	23.0%	14.9%
Forestry	1,015,704	730,776	(284,928)	-28.1%	1.4%
Planning & Building	2,572,767	2,589,072	16,305	0.6%	4.9%
Parks and Recreation	8,681,302	9,639,616	958,314	11.0%	18.2%
Debt Servicing	3,609,936	3,565,827	(44,109)	-1.2%	6.7%
Transfer to Reserves	2,129,630	2,331,140	201,510	9.5%	4.4%
<b>Total</b>	<b>\$ 49,296,971</b>	<b>\$ 52,945,939</b>	<b>\$ 3,648,968</b>	<b>7.40%</b>	<b>100.0%</b>

# General Government

	2023 Actual	2023 Budget	2024 Budget	Increase (Decrease)	Budget % Increase
Legislative (Mayor and Council)	\$ 386,394	\$ 433,055	\$ 476,276	\$ 43,221	10.0%
CAO and Communications	768,483	811,275	806,257	(5,018)	-0.6%
Legislative Services	489,068	538,127	546,644	8,517	1.6%
Human Resources & Safety	798,681	805,869	866,519	60,650	7.5%
Financial Services	1,100,881	1,178,537	1,203,084	24,547	2.1%
Information Technology & GIS	1,923,060	2,112,933	2,242,753	129,820	6.1%
Other Corporate Services	408,519	664,904	624,763	(40,141)	-6.0%
Common Services	875,059	1,037,388	977,032	(60,356)	-5.8%
Other General Gov't	186,291	201,490	280,150	78,660	39.0%
Regional Library	1,793,335	1,793,335	2,136,007	342,672	19.1%
Grants in Aid	382,156	846,026	711,364	(134,662)	-15.9%
Admin Recoveries	(291,460)	(582,920)	(667,160)	(84,240)	14.5%
<b>Total</b>	<b>\$ 8,820,467</b>	<b>\$ 9,840,019</b>	<b>\$10,203,689</b>	<b>\$ 363,670</b>	<b>3.7%</b>

# Protective Services

	2023 Actual	2023 Budget	2024 Budget	Budget Increase	Budget % Increase
Police Protection	\$ 5,779,517	\$ 8,038,595	\$ 9,054,236	\$ 1,015,641	12.63%
Bylaw Services	513,984	863,223	904,618	41,395	4.80%
Fire Protection	1,951,583	2,200,075	2,764,348	564,273	25.65%
Animal Control	164,491	184,800	188,160	3,360	1.82%
<b>Protective Services</b>	<b>\$ 8,409,575</b>	<b>\$ 11,286,693</b>	<b>\$ 12,911,362</b>	<b>\$ 1,624,669</b>	<b>14.39%</b>

# Police Protection

	2023 Actual	2023 Budget	2024 Budget	Increase (Decrease)	Budget % Increase
RCMP Contract	\$ 3,805,023	\$ 5,962,713	\$ 6,573,363	\$ 610,650	10.2%
Contract - Other	0	18,300	19,000	700	3.8%
Clerical	1,051,389	978,188	1,046,308	68,120	7.0%
Information Services	105,985	113,803	115,617	1,814	1.6%
Crime Analyst	105,464	113,615	119,095	5,480	4.8%
Restorative Justice	7,100	7,200	7,200	0	0.0%
Building Maintenance	229,714	282,206	607,455	325,249	115.3%
Guards	474,842	562,570	566,198	3,628	0.6%
<b>Police Protection</b>	<b>\$ 5,779,517</b>	<b>\$ 8,038,595</b>	<b>\$ 9,054,236</b>	<b>\$ 1,015,641</b>	<b>12.6%</b>



# Fire Protection

	2023 Actual	2023 Budget	2024 Budget	Increase (Decrease)	% Change
Fire Control	\$ 47,262	\$ 53,132	\$ 54,297	\$ 1,165	2.2%
Fire Administration	268,468	314,898	447,848	132,950	42.2%
Chemainus Fire Hall	342,157	421,189	548,461	127,272	30.2%
Crofton Fire Hall	380,271	401,993	526,516	124,523	31.0%
Maple Bay Fire Hall	407,413	437,836	515,180	77,344	17.7%
South End Fire Hall	506,012	571,027	672,046	101,019	17.7%
<b>Total</b>	<b>\$ 1,951,583</b>	<b>\$ 2,200,075</b>	<b>\$ 2,764,348</b>	<b>\$ 564,273</b>	<b>25.6%</b>

# Engineering & Environment

	2023 Actual	2023 Budget	2024 Budget	Increase (Decrease)	Budget % Increase
Engineering	\$ 1,516,400	\$ 2,224,142	\$ 2,022,147	\$ (201,995)	-9.1%
Environment	909,398	1,513,037	1,049,006	(464,031)	-30.7%
<b>Total</b>	<b>\$ 2,425,798</b>	<b>\$ 3,737,179</b>	<b>\$ 3,071,153</b>	<b>\$ (666,026)</b>	<b>-17.82%</b>

# Environment

	2023 Actual	2023 Budget	2024 Budget	Increase (Decrease)	Budget % Increase
Environmental Program	\$ 566,753	\$ 590,424	\$ 611,910	21,486	3.6%
Environmental Studies	89,857	318,320	50,000	(268,320)	-84.3%
Environmental Committee	1,062	7,000	7,200	200	2.9%
Community Energy Projects	88,793	253,363	181,582	(71,781)	-28.3%
EV Charger Program	4,704	10,000	10,500	500	5.0%
Bonsall Cr Watershed	59,208	197,930	50,000	(147,930)	-74.7%
Somenos Cr	40,357	51,000	52,020	1,020	2.0%
Quamichan Lk Water Quality	10,929	50,000	50,000	-	0.0%
Weed/Mosquito Control	23,282	35,000	35,794	794	2.3%
<b>Total</b>	<b>\$ 884,945</b>	<b>\$ 1,513,037</b>	<b>\$ 1,049,006</b>	<b>(464,031)</b>	<b>-30.7%</b>

# Operations

	2023 Actual	2023 Budget	2024 Budget	Increase (Decrease)	Budget % Increase
Administration	\$ 784,180	\$ 737,607	\$ 794,804	\$ 57,197	7.8%
Garbage and Recycling	1,347,665	1,640,819	2,929,555	1,288,736	78.5%
Roads and Drainage	3,597,722	3,864,502	3,992,560	128,058	3.3%
Wharves	159,067	180,813	186,385	5,572	3.1%
<b>Total</b>	<b>\$ 5,888,634</b>	<b>\$ 6,423,741</b>	<b>\$ 7,903,304</b>	<b>\$ 1,479,563</b>	<b>23.0%</b>

# Garbage

	2023 Actual	2023 Budget	2024 Budget	Increase (Decrease)	Budget % Increase
Garbage & Recycling Revenue	\$1,381,428	\$2,003,910	\$ 1,998,474	(5,436)	-0.3%
Appropriated Surplus & Reserve			1,242,000	1,242,000	
<b>Total</b>			<b>\$ 3,240,474</b>	<b>1,236,564</b>	
Garbage Collection	614,330	719,584	1,927,052	1,207,468	167.8%
Recycling	284,067	369,580	376,993	7,413	2.0%
Tipping Fees	411,006	504,855	580,000	75,145	14.9%
Other	38,262	46,800	45,510	(1,290)	-2.8%
<b>Total</b>	<b>1,347,665</b>	<b>1,640,819</b>	<b>2,929,555</b>	<b>1,288,736</b>	<b>78.5%</b>
Transfer to Equipment Reserve	0	363,091	310,919	(52,172)	-14.4%
<b>Total</b>	<b>\$1,347,665</b>	<b>\$2,003,910</b>	<b>\$ 3,240,474</b>	<b>1,236,564</b>	<b>61.7%</b>

# Roads & Drainage

	2023 Actual	2023 Budget	2024 Budget	Increase (Decrease)	Budget % Increase
Roads	\$ 1,419,792	\$ 1,590,440	\$ 1,488,129	(102,311)	-6.4%
Snow and Ice Removal	413,552	402,243	554,518	152,275	37.9%
Street Lights	398,898	566,030	487,697	(78,333)	-13.8%
Signs and Road Marking	307,552	325,290	335,540	10,250	3.2%
Drainage	654,400	579,069	677,581	98,512	17.0%
River / Dyke Maintenance	78,538	98,710	92,150	(6,560)	-6.6%
Training and Safety	104,251	91,090	101,540	10,450	11.5%
Other	220,739	211,630	255,405	43,775	20.7%
<b>Total</b>	<b>\$ 3,597,722</b>	<b>\$ 3,864,502</b>	<b>\$ 3,992,560</b>	<b>128,058</b>	<b>3.3%</b>

# Forestry

	2023 Actual	2023 Budget	2024 Budget	2025 Budget	2026 Budget	2027 Budget	2028 Budget
Forestry Revenues	422,469	471,610	388,200	107,320	107,320	107,320	107,320
Forestry Expenses	617,587	1,015,704	730,776	356,844	363,620	370,527	377,574
<b>Operating Surplus/(Deficit)</b>		<b>\$ (544,094)</b>	<b>\$ (342,576)</b>	<b>\$ (249,524)</b>	<b>\$ (256,300)</b>	<b>\$ (263,207)</b>	<b>\$ (270,254)</b>
From Forestry Reserve		\$ 464,094	\$ 230,490				
General Revenue		\$ 80,000	\$ 112,086	\$ 249,524	\$ 256,300	\$ 263,207	\$ 270,254

# Planning and Building Services

	2023 Actual	2023 Budget	2024 Budget	Increase (Decrease)	Budget % Increase
Planning	1,256,107	1,700,410	1,648,626	(51,784)	-3.0%
Building Inspection	669,507	730,622	795,877	65,255	8.9%
Economic Development – (Chem BIA)	143,419	141,735	144,569	2,834	2.0%
<b>Total</b>	<b>\$ 2,069,033</b>	<b>\$ 2,572,767</b>	<b>\$ 2,589,072</b>	<b>16,305</b>	<b>0.6%</b>



# Parks & Recreation

	2023 Actual	2023 Budget	2024 Budget	Increase (Decrease)	Budget % Increase
Administration	\$ 238,630	\$ 335,551	\$ 228,184	(107,367)	-32.0%
Youth Outreach	\$ 151,581	\$ 182,360	\$ 193,307	10,947	6.0%
Crofton Pool	78,181	72,900	75,446	2,546	3.5%
Sportsplex	157,672	138,300	73,022	(65,278)	-47.2%
Parks, Playgrounds & Trails	1,822,595	1,953,900	2,154,993	201,093	10.3%
Cemetery	212,001	177,746	200,449	22,703	12.8%
<b>Total</b>	<b>\$ 2,660,660</b>	<b>\$ 2,860,757</b>	<b>\$ 2,925,401</b>	<b>64,644</b>	<b>2.3%</b>

# Cowichan Aquatic Centre – Operating & Capital

	2023 Actuals	2023 Budget	2024 Budget	Increase (Decrease)	Budget % Increase
Cowichan Aquatic Centre - User Fees	\$ 1,228,731	\$ 967,250	\$ 1,263,287	\$ 296,037	30.6%
Cowichan Aquatic Centre - Expenses	4,261,809	4,264,575	4,941,239	676,664	15.9%
Partners' Share – Operating & Capital	(3,033,078)	(3,297,325)	(3,677,952)	(380,627)	11.5%
Recovery % from User Fees		22.68%	25.57%		
North Cowichan	1,294,770	1,878,650	961,970	(916,680)	-48.8%
Duncan	125,934	261,053	132,400	(128,653)	-49.3%
CVRD Areas & Cowichan Tribes	1,123,439	1,157,622	2,583,582	1,425,960	123.2%
<b>Total</b>	<b>\$ 2,544,143</b>	<b>\$ 3,297,325</b>	<b>\$ 3,677,952</b>	<b>\$ 380,627</b>	<b>11.5%</b>

# Fuller Lake Arena – Operating & Capital

	2023 Actuals	2023 Budget	2024 Budget	Increase (Decrease)	Budget % Increase
Fuller Lake Arena - User Fees	\$ 224,082	\$ 264,040	\$ 299,016	\$ 34,976	13.2%
Fuller Lake Arena - Expenses	1,264,294	1,555,970	1,772,976	217,006	13.9%
Partners' Share – Operating & Capital	(1,040,212)	(1,291,930)	(1,473,960)	(182,030)	14.1%
Recovery % from User Fees		16.97%	16.87%		
North Cowichan	1,006,860	1,006,860	449,653	(557,207)	-55.3%
Regional Recreation	285,070	285,070	1,024,307	739,237	259.3%
<b>Total</b>	<b>\$ 1,291,930</b>	<b>\$ 1,291,930</b>	<b>\$ 1,473,960</b>	<b>\$ 182,030</b>	<b>14.1%</b>

# Fiscal Services

	2023 Actual	2023 Budget	2024 Budget	Increase (Decrease)	Budget % Increase
Debt – Interest	\$ 1,655,766	\$ 1,744,742	\$ 1,667,668	\$ (77,074)	-4.42%
Debt - Principal	1,831,488	1,865,194	1,898,159	32,965	1.77%
<b>Total Fiscal Services</b>	<b>\$ 3,487,254</b>	<b>\$ 3,609,936</b>	<b>\$ 3,565,827</b>	<b>\$ (44,109)</b>	<b>-1.22%</b>

# Contributions to Reserve and Reserve Balances

	Projected Balance Dec. 2023	2023 Budget	2024 Budget	Increase (Decrease)	Budget % Increase
Agriculture	343,458	0	30,000	30,000	100.0%
Climate Action/Energy	803,469	183,900	190,700	6,800	3.7%
Cowichan Aquatic Centre	356,709	145,000	200,000	55,000	37.9%
Fuller Lake Arena	76,932	0	125,000	125,000	100.0%
Equipment Replacement	839,244	655,730	668,440	12,710	1.9%
Garbage Truck Reserve	1,329,915	140,000	140,000	-	0.0%
Fire Truck Reserve	377,593	475,000	500,000	25,000	5.3%
Forestry	230,490	-	-	-	0.0%
Infrastructure Replacement	1,374,001	250,000	250,000	-	0.0%
Insurance Reserve	235,090	0	50,000	50,000	100%
IT Capital Reserve	615,752	180,000	77,000	(103,000)	-57.2%
Quamichan Lake Water	629,839	100,000	100,000	-	0.0%
<b>Total</b>	<b>\$ 7,212,492</b>	<b>\$ 2,129,630</b>	<b>\$ 2,331,140</b>	<b>\$ 201,510</b>	<b>9.5%</b>

# Supplemental Requests

# 2024 New Position Requests – Funded from Taxes

	Total Annual Salary & Benefits	2024 Tax Increase
Engineering Admin Assistant	\$ 84,000	0.12%
Planning Engineer (Utilities and Drainage)	\$ 143,000	0.13%
Planning Technologist (Transportation)	\$ 111,000	0.24%
Part-time Payroll Clerk	\$ 92,000	0.19%
Deputy Fire Chief (Training & Operations)	\$ 125,000	0.27%
Human Resources Advisor	\$ 127,000	0.26%
Business Solutions Specialist from PT to FT	\$ 60,625	0.17%
RCMP Officer (FIS/IDENT Member)	\$ 224,000	
RCMP IT / LAN Administrator	\$ 56,500	0.16%
Development Planning Manager	\$ 166,000	0.35%
Planning Technician	\$ 107,000	0.21%
Total Annual cost of all positions	\$ 1,296,125	
<b>Total impact to Taxation for 2024</b>	<b>\$ 755,375</b>	<b>2.10%</b>

## 2024 New Position Requests – Funded from Fees

	% Funded from Fees	Portion of Salary and Benefits
Plan Checker	100%	\$100,000
Engineering Admin Assistant	23%	\$19,500
Planning Engineer (Utilities & Drainage)	<u>58%</u>	<u>\$84,000</u>
<b>Total Budget Impact</b>		<b>\$203,500</b>



# Ongoing and One-Time Supplemental Items

Supplemental Items – From Business Plans	Potential 2024 Budget	Funding
<b>Operations:</b> Corridor Clean-up - Ongoing	95,000	Taxes
<b>Operations:</b> Reserve for Asset Management (Buildings) - Ongoing	400,000	Taxes
<b>Operations:</b> Maple Bay Rowing Club Roof – One-time	400,000	Taxes
<b>RCMP:</b> Restorative Justice – Ongoing	19,220	Taxes
<b>Operations:</b> Chemainus Salt Shed – One-time	100,000	Taxes

# Potential Tax Increase

Item	Cost	2024 Proposed Tax Increase	Cumulative
Tax Increase before Supplemental Items			5.51%
Staffing	\$ 755,375	2.10%	
<b>Ongoing Supplementals:</b>			
Corridor Clean-up	\$ 95,000	0.26%	
Asset Management Reserve (Buildings)	\$ 400,000	1.11%	
Restorative Justice	\$ 19,220	0.05%	
<b>One-time Supplementals:</b>			
Chemainus Salt Shed Replacement	\$ 100,000	0.28%	
Maple Bay Rowing Club Roof	\$ 400,000	1.11%	
	\$ 1,769,595	4.92%	
Total			10.43%
Non-Market Change			1.00%
<b>Total Tax Increase</b>			<b>9.43%</b>

# Five Year Increases Including Supplemental Items

	2024	2025	2026	2027	2028
Gross tax increase	10.43%	4.41%	4.21%	3.08%	1.81%
Less: Growth	(1.00%)	(1.25%)	(1.25%)	(1.25%)	(1.25%)
Net Tax Increase	9.43%	3.16%	2.96%	1.83%	0.56%

# Tax Increase Mitigation Options

# Potential Tax Mitigations

Item	Budget	2024 Tax Decrease	Cumulative
Tax Increase including Supplemental Items			9.43%
<b>Discretionary Reserve Transfers</b>			
Insurance Reserve	\$ (50,000)	0.14%	
Agriculture Reserve	\$ (30,000)	0.08%	
Quamichan Lake Reserve	\$ (100,000)	0.28%	
CAEP Reserve	\$ (129,815)	0.36%	
<b>RCMP Budget</b>			
Budget for 90% (29 members)	\$ (356,493)	0.99%	
	\$ (666,308)	1.85%	1.85%
<b>Total Tax Increase</b>			<b>7.58%</b>

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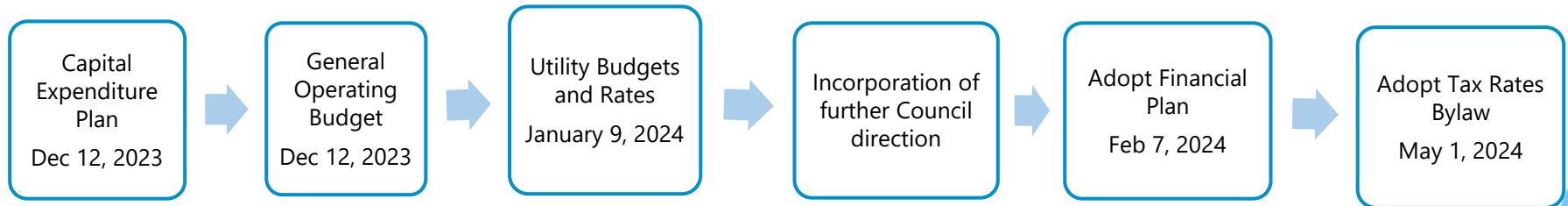
## Other Potential Tax Mitigations

- Reduce Service Levels?
- Rolling back enhanced services?
  - *Corridor Clean-up*

# Five Year Increases Including Supplemental Items and Mitigation Strategies

	2024	2025	2026	2027	2028
Gross tax increase	8.58%	5.78%	4.68%	3.07%	1.81%
Less: Growth	(1.00%)	(1.25%)	(1.25%)	(1.25%)	(1.25%)
Net Tax Increase	7.58%	4.53%	3.43%	1.82%	0.56%

# Budget Process - Council





# Recommendation

THAT the Committee of the Whole:

(1) Direct staff to include the following items in the 2024-2028 Financial Plan Bylaw:

(2) Direct staff to make the following changes in the 2024-2028 Financial Plan Bylaw:

# Questions?