

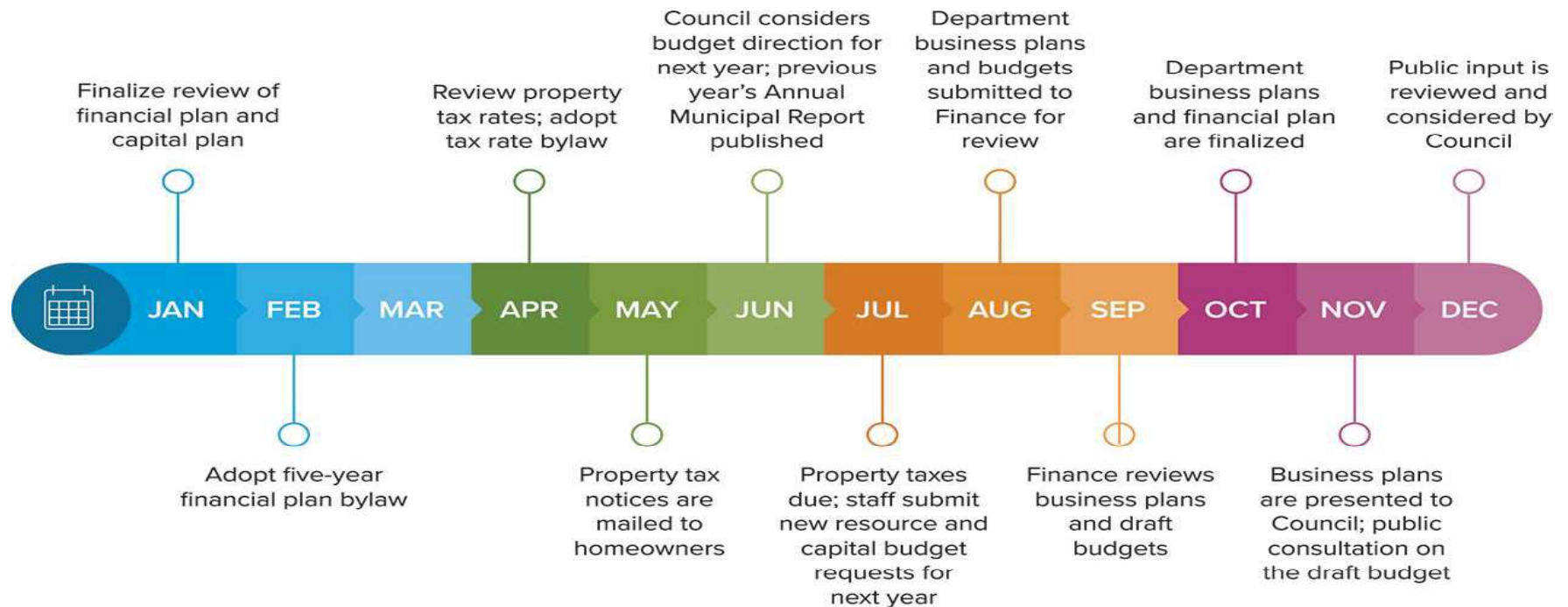


# Municipality of North Cowichan 2023 – 2027 Budget Outlook

June 15, 2022



# Budget Timeline



# Proposed Budget Meeting Schedule

DATE		ITEM
Nov 22, 2022	COW	Business Plan Review
Nov 29, 2022	COW	Business Plan Review Part 2
Dec 13, 2022	COW	Operating and Capital Financial Plan Review
Jan 10, 2023	COW	Grants-in-Aid and Utility Rate Review
Jan 18, 2023	Council	Financial Plan Bylaw 3 Readings
Feb 1, 2023	Council	Financial Plan Bylaw Adoption



# Purpose of Budget Meetings

- Balance of expected levels of service with willingness to pay
- Budget process allows Council to evaluate levels of service and the cost of providing those levels to ensure community expectations can be met



# Guiding Principles

- Align and support Council's Strategic Plan goals and objectives
- Align and support Council's *Revenue, Tax, and Budget Policy*
- Maintain existing service levels
- Create a proactive infrastructure renewal plan

# Budget Projections

	2022	2023	2024	2025	2026
Gross tax increase	5.77%	10.51%	5.39%	5.33%	3.21%
Less: Growth	(2.00%)	(1.25%)	(1.25%)	(1.25%)	(1.25%)
Net Tax Increase	3.77%	9.26%	4.14%	4.08%	1.96%

# Cost Drivers

- Reinstatement of one-time reductions from 2022
  - *Taxation for RCMP reduced to 90% back up to 95% (~\$312,000)*
  - *Suspended reserve contributions*
    - \$30,000 to agricultural reserve
    - \$50,000 to insurance reserve
  - *Parks Capital contribution (\$195,000)*
  - *Employee and Council travel (~\$73,000)*



# Cost Drivers

- RCMP Debt Servicing ~\$1,000,000
- 3 new staff positions from 2022 at full year costs ~\$90,000 increase
- Crofton Fire Hall Debt Servicing ~\$140,000
- ~\$25,000 for forestry operations





# Cost Drivers

- Union Contract – 2% increase in wages
- Inflation – 2.5% increase in expenses
- Increase in contribution to capital from 8.8% to 10.4% (~924,000)

# What is included in 9.3%

	2022 Budget	2023 Budget	Increase (Decrease)	% Tax Increase
Reduction in % of RCMP Budget		312,551	312,551	0.92%
Reserve Transfers Paused	0	80,000	80,000	0.24%
Travel Reductions (Council funded by surplus)	0	73,445	73,445	0.22%
Parks Capital Contribution reduced	0	195,000	195,000	0.57%
3 new positions at full year funding	149,755	239,385	89,630	0.26%
Crofton Fire Hall Debt Servicing	0	138,000	138,000	0.41%
RCMP Facility Debt Servicing	200,000	1,279,800	1,079,800	3.17%
Capital Expenditures – funded by taxes	2,999,200	3,923,410	924,210	2.72%
Wages – 2% increase	14,300,000	14,600,000	300,000	<u>0.88%</u>
				9.38%

# Additional Items not Included

- COVID Term positions to be extended?
  - *2 Bylaw positions ~\$200,000*
  - *IT Client Support Specialist ~\$90,000*
- Supplemental Operating and Capital Requests

# Revenue Items not Included

- New Climate Action Program funding ~\$180,000
- Non-market change/new construction – conservative estimates of 1.25%
- Utility Tax Revenue – reduced for 2021 due to 2020 shut downs – moderate increase for 2022

# Operating Risks/Opportunities

- Outcome of Regional Recreation Referendum
  - *If successful:*
    - 3 year phase
    - Reduction in Municipal Tax, increase in RD Tax
  - *If unsuccessful:*
    - Return to two tier funding?
    - Other options?

# Operating Risks/Opportunities

- Fee Changes – cost recovery targets
  - *Development Fee increases*
  - *Engineering Fee increases*
  - *DCC Bylaw update*
  - *Other user fees*



# Operating Risks/Opportunities

- Ongoing Forestry Review – reserve depleted in 2023
- Additional RCMP costs – commissioned officer increases not yet known; other increases included in RCMP five year plan

# Operating Risks/Opportunities

- 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*





# Operating Risks/Opportunities

- Automation of garbage collection
- Asset Management Planning and Implementation

# Recommended Budget Direction

- That staff work towards ensuring the budget increase for 2023 does not exceed the forecasted 9.26% net increase by:
  1. *Limiting resource requests for supplemental operating budgets to address only critical capacity issues in core service delivery and advancement of adopted Council plans*

# Recommended Budget Direction

2. *Leveraging grant opportunities and budget reallocations to advance Council Strategic Plan priorities*
3. *Reviewing all departmental budgets to identify possible cost-savings and best value for money*
4. *Considering revenue generation options for services that are identifiable to specific users*
5. *Limiting capital expenditures funded from current taxation revenue to 10.4% of taxes*



# Questions?