

Township of
Langley



Est. 1873

REPORT TO MAYOR AND COUNCIL

PRESENTED: MARCH 30, 2015 - REGULAR AFTERNOON MEETING
FROM: FINANCE DIVISION
SUBJECT: DRAFT 2015-2019 FINANCIAL PLAN

REPORT: 15-35
FILE: 1700-40

RECOMMENDATION(S):

That Council *receive* this report on the 2015-2019 Financial Plan, and

That Council *approve* the following 2015 Utility User Pay *base* budget changes:

- Water User Pay levy increase of 5.16%
- Sanitary Sewer User levy rate increase of 3.83%
- Solid Waste User Pay levy increase of 4.64%

That Council *approve* the following 2015 Universal Services *base* budget change:

- Universal Services base budget increase of 1.21% (without Fire & Bylaw Services);

That Council *approve* the following 2015 Universal Services *base* budget change:

- Universal Services base budget increase of 0.38% (Fire & Bylaw Services)

That Council *consider* the following 2015 *increases to the Universal Services base* budget:

- Road Paving budget increase: \$504,950 (0.50%),
- Capital Infrastructure Renewal & Replacement Reserve contribution: \$504,950 (0.50%)
- RCMP officers (3): \$464,400 (0.46%)

That Council *consider* the following 2015 *increase to the Universal Services base* budget:

- Firefighters (8): \$627,500 (0.62%)

That Council *authorize* staff to bring forward the 2015-2019 Financial Plan Bylaw and accompanying rate bylaws based on the above resolutions and/or amendments.

EXECUTIVE SUMMARY:

The household impact of proposed *base* increases for 2015 is an additional \$25/year in property taxes (\$2.08/month) and \$52/year in utility user pay levies (\$4.33/month).

After consideration of a special levy for Protective Services and Infrastructure, the household impact of proposed increases for 2015 would be an additional \$56/year in property taxes (\$4.67/month) and \$52/year in utility user pay levies (\$4.33/month).

PURPOSE:

This report requests Council to authorize staff to bring forward the 2015-2019 Financial Plan and associated bylaws based on the above resolutions and/or amendments.

DISCUSSION/ANALYSIS:

Under Section 165 and 166 of the *Community Charter*, the Township must adopt annually by bylaw, a five year financial plan, and Council must undertake a process of public consultation before the plan is adopted.

On Monday, February 23, 2015, from 9am to 4pm and Saturday, February 28, 2015, from 9am to noon, budget discussions were held that were open to the public and streamed on the Township website. Two open houses were hosted (March 9th and 10th) with staff from all divisions available to answer questions on the proposed budget. In addition, feedback was solicited on-line through an interactive budget simulator and questionnaire. A hardcopy version of the questionnaire was available at the open houses, the civic facility, on-line and at Township recreation facilities. The results of all public consultation was received by Council March 30, 2015, through Council Report 15-31.

USER PAY UTILITIES

The table below shows the breakdown of proposed base budget utility user pay levy percentage increases for the 2015 budget for water, sanitary sewer and solid waste. They also depict the annual and monthly impact of proposed increases assuming subscription to all services.

USER PAY UTILITIES	%	Annual Change \$	Monthly Change \$
Water	5.16%	24	2.00
Sanitary Sewer	3.83%	14	1.17
Solid Waste	4.64%	14	1.17
User Pay Levies		52	4.33

The following are proposed *base* utility user pay levy percentage increase projections for the five year period of the financial plan.

USER PAY UTILITIES	2015	2016	2017	2018	2019
Water	5.16%	4.28%	4.63%	3.07%	3.41%
Sanitary Sewer	3.83%	2.79%	2.79%	2.79%	2.79%
Solid Waste	4.64%	2.99%	2.79%	2.79%	2.79%

UNIVERSAL SERVICES

The table below shows the breakdown of proposed base budget property tax percentage increases for the 2015 budget for Universal Services.

UNIVERSAL SERVICES	2015 Proposed Base Budget Increases
General Inflation	0.69%
Contribution to Capital: Transportation \$202K and Facilities \$500K	0.70%
Future Aldergrove Facility	0.20%
Universal Services Property Taxes	1.59%

The table below depicts the annual and monthly impact of proposed base increases on a house valued at \$514,000.

UNIVERSAL SERVICES	%	Annual Change \$	Monthly Change \$
Parks	0.43%	7	0.58
Transportation (Roads)	(0.47%)	(7)	(0.58)
Stormwater	0.08%	1	0.08
General Tax – Fire	0.38%	6	0.50
General Tax – Police	0.21%	3	0.25
General Tax – Recreation & Culture	0.29%	5	0.42
General Tax – All Other *	0.67%	10	0.83
Property Taxes	1.59%	25	2.08

**General Tax – All Other includes, community development, finance, human resources, corporate services, mayor and council and administration.*

The following table shows proposed base property tax percentage increase projections for the five year period of the financial plan.

UNIVERSAL SERVICES	2015	2016	2017	2018	2019
Property Tax Revenue Increases	1.59%	1.59%	1.59%	1.59%	1.59%

PROPOSED 2015 BUDGET INCREASES FOR COUNCIL CONSIDERATION

Protective Services Levy	Universal Services	%
<p>Firefighters (8)</p> <p>The additional firefighters will be deployed in each of four career fire halls, two in each hall. A full complement of staff would reduce the percentage of times that a first arriving apparatus would initially arrive with less than four firefighters due to vacation, sick leave (short and long term), and other leave entitlements. Additionally, staffing would meet industry standards, provide safe fire ground tactics, and adhere to WorkSafeBC's regulations.</p>	627,500	0.62%
<p>RCMP Members (3)</p> <p>In order to address the needs of a growing Township population, there three officers would be frontline members responding to calls for service in the community.</p>	464,400	0.46%
	1,091,900	1.08%

Infrastructure Levy	Universal Services	%
<p>Paving Program Increase (Target \$4M)</p> <p>The concept and overall objective of the pavement management program is to deal with minor deterioration as soon as possible to extend the life of the pavement structure for as long as possible before costly replacement is required.</p>	504,950	0.50%
<p>Capital Infrastructure Renewal & Replacement Reserve</p> <p>Infrastructure assets owned and operated by the Township have a historical depreciated value of more than \$1 billion. Over their service life, roads, bridges, utilities, buildings, and facilities infrastructure will deteriorate and, at some point, be replaced. The Township does not currently have reserves in place to fund significant infrastructure replacement. This proposal is to raise funds for the replacement of critical Township infrastructure through a special Capital Infrastructure Renewal and Replacement Levy.</p>	504,950	0.50%
	1,009,900	1.00%

The table below shows the breakdown of proposed budget property tax percentage increases for the 2015 budget, *including* special levies for protective services and infrastructure.

UNIVERSAL SERVICES With Protective Services & Infrastructure Levies	2015 Proposed Budget Increases
General Inflation	0.69%
Contribution to Capital: Transportation \$202K and Facilities \$500K	0.70%
Future Aldergrove Facility	0.20%
Universal Services Property Taxes (base)	1.59%
Firefighters (8)	0.62%
RCMP Members (3)	0.46%
Paving Program Increase	0.50%
Capital Infrastructure Renewal and Replacement Contribution Incr.	0.50%
Universal Services Property Taxes	3.67%

The following table depicts the annual and monthly impact of proposed increases on a house valued at \$514,000, *including* special levies for protective services and infrastructure.

UNIVERSAL SERVICES With Protective Services & Infrastructure Levies	%	Annual Change \$	Monthly Change \$
Parks	0.43%	7	0.58
Transportation (Roads)	0.03%	0	0.00
Stormwater	0.08%	1	0.08
General Tax – Fire	1.00%	16	1.34
General Tax – Police	0.67%	10	0.83
General Tax – Recreation & Culture	0.29%	5	0.42
General Tax – All Other	1.17%	17	1.42
Property Taxes	3.67%	56	4.67

The following are proposed property tax percentage increase projections for the five year period of the financial plan taking into consideration special levies for Protective Services and Infrastructure for 2015.

The years 2016 to 2019 only include the base budget amounts. Decisions for special levies such as Protective Services, Infrastructure or other will be considered in each subsequent year's budget deliberations.

UNIVERSAL SERVICES	2015	2016	2017	2018	2019
Property Tax Revenue Increases	3.67%	1.59%	1.59%	1.59%	1.59%

Respectfully submitted,

Karen Sinclair
DEPUTY DIRECTOR OF FINANCE

Attached:

Appendix A – Alternate Scenario #1

Firefighters and RCMP Members spread over two years, Infrastructure Levy Intact

Appendix B – Alternate Scenario #2

Firefighters and RCMP Members spread over two years and Infrastructure Levy Halved

APPENDIX A**ALTERNATE SCENARIO #1 - PROPOSED 2015 BUDGET INCREASES*****Firefighters and RCMP Members spread over two years, Infrastructure Levy Intact***

Protective Services Levy	Universal Services	%
Firefighters (4 in 2015) (Remaining 4 in 2016)	313,750	0.31%
RCMP Members (1 in 2015) (Remaining 2 in 2016)	154,800	0.15%
	468,550	0.46%

Infrastructure Levy	Universal Services	%
Paving Program Increase (Target \$4M)	504,950	0.50%
Capital Infrastructure Renewal & Replacement Reserve	504,950	0.50%
	1,009,900	1.00%

The table below shows the breakdown of proposed property tax percentage increases for the 2015 Budget based on Alternate Scenario #1.

UNIVERSAL SERVICES With Protective Services & Infrastructure Levies	2015 Proposed Budget Increases
General Inflation	0.69%
Contribution to Capital: Transportation \$202K and Facilities \$500K	0.70%
Future Aldergrove Facility	0.20%
Universal Services Property Taxes (BASE)	1.59%
Firefighters (4)	0.31%
RCMP Members (1)	0.15%
Paving Program Increase	0.50%
Capital Infrastructure Renewal and Replacement Contribution Incr.	0.50%
Universal Services Property Taxes (Alternate Scenario #1)	3.05%

The following tables depict the annual and monthly impact of proposed increases on a house valued at \$514,000 for Alternate Scenario #1.

UNIVERSAL SERVICES With Protective Services & Infrastructure Levies (Alternate Scenario #1)	%	Annual Change \$	Monthly Change \$
Parks	0.43%	7	0.58
Transportation (Roads)	0.03%	0	0.00
Stormwater	0.08%	1	0.08
General Tax – Fire	0.69%	11	0.92
General Tax – Police	0.36%	6	0.50
General Tax – Recreation & Culture	0.29%	5	0.42
General Tax – All Other	1.17%	17	1.42
Universal Services Property Taxes	3.05%	47	3.92

The following are proposed property tax percentage increase projections for the five year period of the financial plan based on Alternate Scenario #1.

UNIVERSAL SERVICES	2015	2016	2017	2018	2019
Property Tax Revenue Increases	3.05%	2.21%	1.59%	1.59%	1.59%

In the above table, 2016 is increased to pick up the remaining 4 Firefighters and 2 RCMP Members deferred from 2015. The balance of 2016 and the years 2017 through 2019 are maintained at base budget levels only. Decisions for special levies such as Protective Services, Infrastructure or other will be considered in each subsequent year's budget deliberations.

APPENDIX B**ALTERNATE SCENARIO #2 - PROPOSED 2015 BUDGET INCREASES***Firefighters and RCMP Members spread over two years and Infrastructure Levy Halved*

Protective Services Levy	Universal Services	%
Firefighters (4 in 2015) (Remaining 4 in 2016)	313,750	0.31%
RCMP Members (1 in 2015) (Remaining 2 in 2016)	154,800	0.15%
	468,550	0.46%

Infrastructure Levy	Universal Services	%
Paving Program Increase (Target \$4M)	252,475	0.25%
Capital Infrastructure Renewal & Replacement Reserve	252,475	0.25%
	504,950	0.50%

The table below shows the breakdown of proposed property tax percentage increases for the 2015 Budget based on Alternate Scenario #2.

UNIVERSAL SERVICES With Protective Services & Infrastructure Levies	2015 Proposed Budget Increases
General Inflation	0.69%
Contribution to Capital: Transportation \$202K and Facilities \$500K	0.70%
Future Aldergrove Facility	0.20%
Universal Services Property Taxes (BASE)	1.59%
Firefighters (4)	0.31%
RCMP Members (1)	0.15%
Paving Program Increase	0.25%
Capital Infrastructure Renewal and Replacement Contribution Incr.	0.25%
Universal Services Property Taxes (Alternate Scenario #2)	2.55%

The following tables depict the annual and monthly impact of proposed increases on a house valued at \$514,000 for Alternate Scenario #2.

UNIVERSAL SERVICES With Protective Services & Infrastructure Levies (Alternate Scenario #2)	%	Annual Change \$	Monthly Change \$
Parks	0.43%	7	0.58
Transportation (Roads)	(0.22%)	(3)	(0.25)
Stormwater	0.08%	1	0.08
General Tax – Fire	0.69%	11	0.92
General Tax – Police	0.36%	6	0.50
General Tax – Recreation & Culture	0.29%	5	0.42
General Tax – All Other *	0.92%	13	1.08
Property Taxes	2.55%	40	3.33

The following are proposed property tax percentage increase projections for the five year period of the financial plan based on Alternate Scenario #2.

Budget Increases	2015	2016	2017	2018	2019
Universal Services	2.55%	2.23%	1.59%	1.59%	1.59%

In the above table, 2016 is increased to pick up the remaining 4 Firefighters and 2 RCMP Members deferred from 2015. No increase has been included in 2016 for the reduction in the Infrastructure Levy in 2015. The balance of 2016 and the years 2017 through 2019 are maintained at base budget levels only. Decisions for special levies such as Protective Services, Infrastructure or other will be considered in each subsequent year's budget deliberations.