
TO: Committee of the Whole **MEETING:** September 4, 2018
FROM: Wendy Idema
 Director of Finance **FILE:** 1704-06
SUBJECT: 2019 to 2023 Financial Plan Schedule

RECOMMENDATION

That the preliminary 2019 budget information provided be received and that the proposed schedule of meetings to review and approve the 2019 to 2023 Financial Plan be approved as presented.

SUMMARY

Local governments are required to establish a public process for the review and approval of the five-year financial plan. As this is an election year, the schedule will be slightly delayed while the new Board is established. Budget documents will be placed on the Regional District of Nanaimo's (RDN) website commencing December 4, 2018 and all meetings will be advertised to provide the community an opportunity to provide input either through attending meetings or via the website. The preliminary budget will be based on the 2019 amounts included in the 2018 to 2022 Financial Plan approved under Bylaw No. 1771 (Attachment 1) and updated to reflect new work plans and capital project changes. The Nanaimo Regional Hospital District (NRHD) 2019 budget will also be developed during this time and brought forward to the NRHD Select Committee and Board for approval.

BACKGROUND

Local governments are required to establish a public process for the review and approval of the five-year financial plan. This report is intended to provide preliminary information regarding the 2019 budget and to identify the times and places the 2019 to 2023 Financial Plan will be reviewed and approved by the Regional Board. This year's process will include the use of the interactive web based "Bang the Table" tool to allow for feedback by the public outside of the formal meeting process.

The 2019 budget and business plans for each service area will be presented for approval by the Board in November/December, and the 2019 to 2023 Financial Plan will be completed for bylaw approval in February when 2019 assessments are available and final 2018 year end results/carry forwards are known. The meeting dates are published in local newspapers and on the RDN website in advance of each open Board meeting (December 4, 2018 January 8 & 22, 2019 February 12 & 26, 2019). The opportunity to make a presentation and ask questions is provided at those meetings.

The proposed meeting schedule for the 2019 to 2023 Financial Plan is as follows:

December 4, 2018	2019 Proposed Budget available on RDN website
December 4, 2018	Special Committee of the Whole re: 2019 Budget & Business Plan presentations
January 8, 2019	Report on 2019 Proposed Budget to Committee of the Whole Meeting Agenda for approval
February 12, 2019	Special Committee of the Whole for 2019 to 2023 Financial Plan
February 26, 2019	Report & Bylaw for 2019 to 2023 Financial Plan to Board Meeting Agenda for first 3 readings
March 26, 2019	Adopt Financial Plan Bylaw

The 2019 budget is based on the 2018 to 2022 Financial Plan approved under Bylaw No. 1771 (Attachment 1) and updated to reflect new work plans and capital project changes. Forecasted residential tax rates based on 2018 assessments and on the 2018 to 2022 Financial Plan are shown in Attachment 2. Specific impacts to the multiple jurisdictions in the RDN will vary depending on assessment growth and which services a community participates in. However, there continues to be strong construction development in all communities which will have somewhat of an offsetting effect on tax rates.

While it is difficult to predict how the BC, Vancouver Island and RDN area economy will fare in 2019, at this time, all areas continue to show growth. This is indicated by continued increases in housing prices and ongoing strength in the number of building permits initiated for the area (680 to June 2018 vs: 718 for June 2017). As well the unemployment rate remains low at 5.2% for BC as of June 2018 (June 2017: 5.1%). The impacts of the North American Free Trade Agreement negotiations, the change in the Provincial Government, potential interest rate increases and the likely significant forest fire costs for 2018 to be incurred by the Province are yet to be fully determined; however, at this time, sources such as TD Economics (June 2018) continue to predict growth at 2.4% for the BC Real GDP for 2018.

ALTERNATIVES

1. Receive the preliminary 2019 budget information provided and approve the proposed schedule of meetings to review and approve the 2019 to 2023 Financial Plan.
2. Provide alternate direction to staff regarding the review and approval process for the 2019 to 2023 Financial Plan.

FINANCIAL IMPLICATIONS

The 2018 to 2022 Financial Plan Bylaw predicted a preliminary estimate for an overall increase of \$3.033 million to total property taxes (includes specific local services such as community parks/water/sewer/fire) in 2019 and is used as the basis for the next five year plan. However,

there will be a number of new items that need to be incorporated into the plan over the next few months. These include changes resulting from the Bowser Sewer Service establishment, the Community Grants application process, the Northern Communities Recreation Services Review, the Solid Waste Management Plan Review, results of BC Transit Annual Operating Agreement adjustments, 2018 year end results, and any other direction received.

Some of the largest components of the existing plan increase are noted in the table below and are largely related to major capital and service level increases. These numbers will continue to change over the December to March period pending new direction.

2018 to 2023 Financial Plan – 2019 Projected Changes

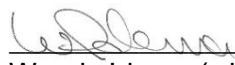
Wastewater - Southern	\$1,222,000	Increases related to secondary treatment costs and related debt servicing
Transit – Southern Community	\$277,600	Service expansion for January 2019
Fire Services	\$241,000	Cumulative total for 12 fire service areas to maintain capital plans and impacts of increased operating costs
Electoral Areas & Legislative Services	\$205,000	Full year impact of revised Board remuneration plan + Strategic Plan Renewal + website renewal
Other jurisdictions service impacts	\$169,000	Includes VIRL, 911 Services, Northern Community Recreation Sportsfields & Southern Community Recreation
Solid Waste Management	\$123,000	Plan implemented in 2015 as a result of tipping fee reductions to maintain capital/reserve program
Wastewater – Northern	\$104,000	Planned upgrade & expansion capital, debt servicing and additional operating costs
Community Parks Operations	\$92,100	Cumulative total for 8 community park services
Nanoose Bulk Water	\$64,900	Englishman River Water System Joint Venture treatment and expansion related costs
Nanoose Peninsula Water	\$47,000	Capital program costs
Multiple other services	\$487,400	Includes changes for water/ wastewater/ street lighting utilities, recreation services, transit, community justice, economic development
Total	\$3,033,000	

Individual impacts to a property owner in the RDN will vary greatly depending on where you live and what RDN services are provided in your area, e.g. you only pay for water services if you are provided with RDN water. The Nanaimo Regional Hospital District (NRHD) 2019 budget will also be developed during this time and brought forward to the NRHD Select Committee and Board for approval.

Costs for the financial planning process estimated at \$8,000 excluding staff wages are included in the annual budget. These are costs for newspaper advertising and graphic design to produce summary budget documents to be placed on the website and included in property tax notices to electoral area property owners.

STRATEGIC PLAN IMPLICATIONS

Although there are areas of the financial plan where provincial and federal regulations for services such as solid waste, water and wastewater have a significant impact on plans and requisitions, the financial planning process provides opportunity for the Board to review business plans and allocate resources to the key priority areas of the strategic plan.



Wendy Idema (widema@rdn.bc.ca)
August 9, 2018

Reviewed by:

- D. Wells, General Manager, Corporate Services
- P. Carlyle, Chief Administrative Officer

Attachments:

1. Bylaw 1771, 2018 to 2022 Financial Plan
2. Summary of Forecast Tax Rates by Member 2018 to 2022