

TO: Committee of the Whole**MEETING:** December 4, 2018**FROM:** Jeannie Bradburne
Director of Finance**FILE:** 1700-06**SUBJECT:** 2019 Proposed Budget Overview

RECOMMENDATIONS

1. That the public consultation on the proposed 2019 budget proceed with the results of such consultation reported to the Board.
2. That during the public consultation feedback be sought on how to best obtain public input on future budgets.
3. That the proposed 2019 budget form the basis of public consultation.

SUMMARY

The major initiatives planned for 2019, as set out in the Board approved operational plan and the resulting budget, are provided for the Board's consideration. Any new items advanced during the public consultation, in addition to the 2018 operating results, will be provided to the Board in February 2019. The 5 year (2019 to 2023) Financial Plan will be presented on February 12, 2019 when all of the external agencies have finalized their requests for inclusion and preliminary assessment information is made available.

Factors impacting Regional District of Nanaimo (RDN) service area budgets include the Board approved Operational Plan; legislated wastewater, solid waste and water service standards; increased demand from the community for services such as recreation and parks, as well as the general economy of the area. Current economic indicators for growth in the region are favorable, which is impacting assessment in a positive way. Proposed changes to tax requisitions are developed within the context of complying with the Board approved long-term plans for services and infrastructure replacements and reflect the significant capital program underway.

The 2019 preliminary budget information is available on the RDN website for public access at <http://getinvolved.rdn.ca/> and <http://www.rdn.bc.ca/financial-reports>.

BACKGROUND

The *Local Government Act*¹ provides that regional districts are required to prepare a five-year financial plan, which must be adopted by bylaw, before March 31st of each year, and

¹ *Local Government Act* Section 374(1)

expenditures may only be made if they are included in the financial plan. Until such time as the 2019-2023 Financial Plan Bylaw is adopted in 2019, Regional districts may make expenditures that were included in the 2019 year of the 2018-2022 Financial Plan Bylaw².

The RDN provides 106 different services. Of those services, 34 services, such as Wastewater & Solid Waste Management, Regional Parks, or Transit, are shared among multiple member jurisdictions. The remaining services are provided to a single member jurisdiction, such as Community Parks or Noise Control. Each resident only pays for those services that they receive. Each service is accounted for individually and funds cannot be transferred between services. As a result, the RDN does not have an overall requisition increase that is applicable to every resident, as is the case of a municipality. This is an important distinction, as the public often inquires about tax changes, and the RDN is not able to provide one answer to this question. Each inquiry has to be specifically researched in order to determine what the source of the tax changes are for a particular resident.

The 2019 proposed budget is based on the 2018 to 2022 Financial Plan, the Board Strategic Plan and the 2018 Operational Plan Update as approved by the Board in October. Adjustments for projects carried forward to 2019, new capital items and service level changes have been incorporated.

Public Consultation and Engagement

An enhanced public consultation process is recommended regarding the proposed 2019 Budget and the 2019-2023 Financial Plan before the Board's final consideration³.

The RDN has implemented Get Involved RDN, which is an online engagement tool on which there will be two page summaries for each EA and each municipality. RDN Budget Talks, using the Get Involved platform, was created to highlight the budget and encourages people to ask questions using the online engagement platform. RDN Budget Talks, part of Get Involved RDN, also provides What's New updates with the RDN budget, a timeline for approvals, the opportunity to stay connected to this project or sign up to ask questions. If questions are asked, they will remain on the site with the answers visible to all. The budget and property summaries are also shown in the background documents. Since its creation in September 2017, 323 people have visited the site, however no questions have been asked.

It is recommended for the 2019 budget that a focus be placed on promoting RDN Budget Talks on social media, which has become an increasingly popular platform for residents, and through the monthly RDN Updates in the Gabriola Sounder, PQB News and Nanaimo Bulletin from Dec 2018 – March 2019. In addition, a brief survey will be added to the RDN Budget Talks to ask those interested how they would like to be engaged about the future budgets and what areas of the budgeting process they would like to learn more about. The input provided will allow the RDN to listen, gauge interest levels, and consider the best approach for sharing information about the budget in the future. The input received will also assist to help determine how to best educate, inform and receive the public input in advance of the 2020-2024 budget process to ensure meaningful engagement. After approval of the budget Member Information Brochures, containing information on the budget and advertising that more information can be found on the Get Involved RDN platform, are sent to all residents.

² Local Government Act Section 401(1)

³ Local Government Act Section 375

RDN staff were also engaged through the budget process. Using the RDN's newly developed intranet, all staff were invited to participate in the budget process. Their input was valuable to ensure that future discussions permit greater staff understanding on the cross departmental budget process. Budgets were scrutinized departmentally, then through the management group and finally by the senior team. Each level of analysis brought greater clarity and refined budgetary requests. This multilevel approach to budgeting is new and the first iteration went well.

Economic Overview:

The economy is projected to ease slightly but remains strong. A detailed look at the economy can be found in Appendix G.

Budget Assumptions and external impacts:

Where information is not yet available, estimates were used, based on a combination of the information available to staff and historical data. The following were some of the key estimates used:

Area	Estimated Budget Impact
Wages	2.0%
New BC Health Tax	2.925% of payroll
Gas	8.1%
Diesel	1.8%
Growth (Non Market Change)	1.47%

The current projected tax change for other jurisdictions is 0.6% (\$249,056) including the transfer to Vancouver Island Regional Library (VIRL) (6.51% over 2018), to the 911/Fire Dispatch agencies (SD68 - 4.0% over 2018; SD69 – 6.3% over 2018) and to local municipalities for recreation facilities (Southern Communities – 4.2% over 2018; Northern Communities – 3.0% over 2018). Both the VIRL (50% population/50% assessment) and the North Island 911 Corporation (100% assessment) transfer impacts are higher for the RDN region because there has been greater growth in our area than in the other regional districts. The RDN has no control over external costs such as these.

Departmental Highlights:

Regional and Community Utilities

Key projects in 2019 include: completion of the Greater Nanaimo Secondary Treatment construction; French Creek Pollution Control Centre Expansion and Odour Control design; Upgrades of Bay Avenue and Chase River (Parksville) Pump Stations; Nanoose Wastewater Liftstation Upgrades; Solid Waste Capital Equipment Replacements; Nanoose Bay water main, pump station and well replacements; and implementation of Board adopted Solid Waste Management Plan initiatives. The 2019 RCU budget includes conversion of 1.5 temporary technical positions to 2 permanent full time positions.

Recreation and Parks Services

Key 2019 projects for Recreation and Parks include: implementation of RDN Board direction on Oceanside Recreation Services Master Plan, consultation and design of Ravensong Aquatic Centre expansion, track and sport field enhancements and strategy development of an indoor/outdoor sport and recreation multi-plex for Oceanside communities. Just over a combined \$1 million dollars in capital projects are scheduled in 2019 at Ravensong Aquatic Centre and Oceanside Place. Key capital and planning projects in Parks for 2019 include: Meadowood Community Centre construction, Mount Benson parking lot construction, Benson Creek Falls trail and bridge detail design, Stone Lake Playground design and installation, Little Qualicum Hall upgrades, Sunny Beach upgrade, Morden Colliery Bridge design, Little Qualicum River Bridge detail design, Anders Dorrit detail design, Errington Master Plan detail design, Horne Lake Trail detail design, Huxley Park Skateboard Park detail design and the implementation of the Parks Master Plan planning process.

Transit and Emergency Services

The key Transportation projects proposed for 2019 include upgrades to three transit exchanges in Nanaimo. This includes Woodgrove, Country Club and downtown. The exchanges in North Nanaimo and Downtown are at capacity and enhancements to the exchanges will increase operational efficiency. A compressed natural gas compressor station generator is also proposed to ensure transit service is not interrupted. These projects have had grants applied for through the Investing in Canada Infrastructure Plan (ICIP).

Emergency Services 2019 proposed budget includes the replacement of a Temporary Special Projects Coordinator with a permanent Emergency Management Coordinator. Fire Services has proposed that the Dashwood Volunteer Fire Hall be replaced, Extension Volunteer Fire Department pump truck be replaced, and the Bow Horn Bay Volunteer Fire Truck be replaced.

Strategic and Community Development

Key projects in 2019 include: Sea Level Rise and Floodplain Mapping; Regional Affordable Housing Service Review; Business Licensing and Regional Economic Development Service Review; Official Community Plan Policy Reviews for Nanaimo Airport and Electoral Area F; Cannabis Licensing Process Implementation; Organizational First Nation Engagement Strategy; Green Building Rebate Programs; Online Building Application Portal and Online Bylaw Complaint Portal; Electoral Area Building Bylaw Review; and Bylaw Dispute Adjudication System.

The 2019 SCD budget includes the continuation of the casual Bylaw Enforcement Officer position, temporary Building Inspector and Building Inspection Clerk to address building permitting activity levels.

Corporate Services

The key initiative in Corporate Services is the Electronic Document Records Management System, which will provide the RDN with a records management system, ensuring that records are appropriately kept, while freeing up space and creating efficiencies in locating documents. The project will involve the software purchase, ongoing licensing, and the creation of three permanent positions to manage the software and data.

Other initiatives include increased communications support to enhance public engagement, social media presence and support RDN website updates and increased administration support to provide centralized meeting and administrative support for Board Committees.

Capital Projects:

The 2019 budget includes \$64 million in capital expenditures. Projects that have previously been approved by the Board and are in progress are not listed here. Projects in green are new, and were not previously included in the five year budget. Appendix A includes a summary for each capital project over \$100,000 requiring approval, which are summarized below:

Pg. No.	Area	Project Name	2019 Budget	Future Yrs Budget	Total Budget
12.	Wastewater French Creek Pollution Control Centre	French Creek Pollution Control Centre Expansion and Odor Control Upgrades	1,450,000	30,920,333	32,370,333
13.	Wastewater Bowser Village	Bowser Village Treatment Facility	10,225,504	456,007	10,681,511
14.	Transit Southern Conventional	Downtown Exchange Land & Construction	3,200,000	1,300,000	4,500,000
15.	Wastewater French Creek Pollution Control Centre	Bay Ave Pump Station Upgrade	2,323,698	1,200,000	3,523,698
16.	Wastewater Greater Nanaimo Pollution Control Centre	Chase River Pump Station Upgrade and Replacement	1,990,000	1,000,000	2,990,000
17.	Regional Parks	Nanaimo River Bridge – Morden Colliery Regional Trail	300,000	2,137,875	2,437,875
18.	Transit Southern Conventional	Woodgrove Exchange Improvement	1,600,000		1,600,000
19.	Regional Parks	Meadowood Recreation Centre Construction	915,000		915,000
20.	Regional Parks	Little Qualicum River Bridge Construction	45,000	750,000	795,000
21.	Community Parks EA B	Huxley Park Skateboard Park Construction	773,700		773,700
22.	Regional Parks	Benson Creek Falls Stairs	350,000	350,000	700,000
23.	Wastewater Nanoose	Nanoose Wastewater Liftstation Upgrades	300,000	400,000	700,000
24.	Regional Parks	Benson Creek Lower Bridge Construction	50,000	620,000	670,000
25.	Information Services Capital	Electronic Data Records Management software	525,000		525,000
26.	Transit Southern Conventional	Country Club Mall Exchange Upgrades	500,000		500,000

Pg. No.	Area	Project Name	2019 Budget	Future Yrs Budget	Total Budget
27.	Bow Horn Bay Volunteer Fire Department	Bow Horn Bay Volunteer Fire Dept – Truck Replacement	250,000	250,000	500,000
28.	Transit Southern Conventional	CNG Compressor Station Generator	435,000		435,000
29.	Solid Waste Engineering & Disposal Operations	Excavator Replacement	400,000		400,000
30.	Oceanside Place	Oceanside Place Arena – Chiller Replacement	350,000		350,000
31.	Coombs Hilliers Volunteer Fire Department	Coombs Hilliers Water Tank Construction	250,000		250,000
32.	Transit Southern Conventional	In-ground Hoist for Bus Shop	200,000		200,000
33.	Solid Waste Engineering & Disposal Operations	Flare Station Replacement	193,000		193,000
34.	Solid Waste Engineering & Disposal Operations	Rock Truck	180,000		180,000
35.	Solid Waste Engineering & Disposal Operations	Commercial Lane (Regional Landfill)	180,000		180,000
36.	Solid Waste Engineering & Disposal Operations	Bin Area Repair (Regional Landfill)	175,000		175,000
37.	NanOOSE Bay Water	Outrigger Water Main Replacement	175,000		175,000
38.	Regional Parks	Benson Creek Falls Parking Lot on Weigles Road	150,000		150,000
39.	NanOOSE Bay Water	West Bay #3 Well In-situ Replacement	125,000		125,000
40.	NanOOSE Bay Water	Dolphin Road Water Main Replacement	100,000		100,000

Carryforward Capital Projects:

The following capital projects have previously been approved by the Board and are in progress.

Dept	Description	Total Project Budget	Total Projected to be Spent at Dec 31, 2018	Amount Carried Forward to Future Years
Wastewater Services	Greater Nanaimo Pollution Control Centre Secondary Treatment	78,979,127	50,774,962	28,204,165
Wastewater Services	NBPCC Nanoose Secondary Treatment	4,500,000	-	4,500,000
Dashwood Volunteer Fire Department	Building Addition	4,100,000	100,000	4,000,000
Water Services	Nanoose Bay Peninsula Pump Station	2,185,000	871,241	1,313,759
Errington Volunteer Fire Department	Hall #2 Seismic Upgrade	2,150,000	-	2,150,000
Solid Waste	Landfill Cell 1 Closure	2,092,087	39,231	2,052,856
Regional Parks	Mt. Benson Parking Lot	1,100,000	80,000	1,020,000
Extension Volunteer Fire Department	New Pumper Truck	500,000	-	500,000
Water Services	Whiskey Creek Pump Station and Distribution	453,412	-	453,412
Water Services	Whiskey Creek Well Development	428,859	98,496	330,363
Ravensong	Replace Air Handling Unit #1 and #2	260,000	-	260,000
Ravensong	Energy Efficiency Upgrade	250,000	-	250,000
French Creek Pollution Control Centre	ATAD Mixer	220,000	-	220,000
Nanoose Volunteer Fire Department	Nanoose Flats Water Tank	200,000	12,480	187,520
Solid Waste	Wastewater System Tank Replacement	170,000	20,000	150,000
Transit	2 New Bus Stops on Island Highway	150,000	-	150,000
Solid Waste	Geoware Software Upgrade	120,000	-	120,000
French Creek Pollution Control Centre	Replace ATAD Gantry	110,000	10,000	100,000

Regional Parks	Horne Lake Trail Development	102,000	-	102,000
Solid Waste	New Flat Deck Truck	100,000	-	100,000

Service Level Changes:

The following service level changes are proposed for 2019. Appendix B includes a summary for the service level changes requiring approvals, which are summarized below:

Pg. No.	Area	New Service	2019 Budget
41.	Ravensong Aquatic Centre	Ravensong Pool Expansion Planning, Design, Referendum	290,000
42.	Northern Community Recreation	Contribution to Reserves for Outdoor Multi-plex	200,000
43.	Parksville Curling Club (D69 Arena)	D69 Arena Removal and Site Remediation	200,000
44.	Southern Community Transit	5,000 Hour Expansion	200,000
45.	Solid Waste Management	Household Hazardous Waste Program	100,000
46.	Northern Community Recreation	Professional Fees – Track design, cross sectoral collaborations, community capacity building	100,000
47.	Legislative Services	Communications Support	50,000
48.	Solid Waste Management	Nanaimo Recycling Exchange (NRE) Funding	30,000
49.	Strategic Initiatives	Professional Fees – First Nations Engagement and Consultation	30,000
50.	Area A Recreation and Culture	Recreation Asset Inventory and Needs Assessment and Architect Design Fee	25,056

The following service level changes have been previously approved by the Board.

Area	New Service	2019 Budget
Southern Community Wastewater	New debt servicing and capital program for the secondary treatment upgrade capital project	721,000
EA F Community Parks	Meadowood Recreation Centre facility service agreement	30,000
Emergency Planning	Media campaign for rural areas crime prevention	5,000

Staffing Level Changes:

The following staffing changes are proposed for 2019. Appendix C includes a summary for the staffing changes requiring approvals, which are summarized below:

Page No.	Area	Position(s)	Net Impact on 2019 Budget
51.	Southern Community Transit	2 Full-time Transit Drivers	168,500
52.	Legislative Services	Corporate Records Officer	86,294
53.	Ravensong Aquatic Centre	Changes to Wages/Staff Structure to Stabilize Service Levels	34,240
54.	Emergency Planning	Emergency Program Coordinator	9,000
55.	Water and Utilities Services	Engineering Technician	44,000
56.	Solid Waste Operations	Environmental Technician	10,000
57.	Legislative Services	Legislative Coordinator	78,048
58.	Legislative Services	Communications Engagement Officer	101,376
59.	Planning Services	Term Planning Technician	85,186
60.	Ravensong Aquatic Centre	Casual Weekend Maintenance Coverage	24,700

Future Staffing Level Changes:

Future proposed staffing requests are provided in Appendix H.

ALTERNATIVES

1. That the public consultation on the proposed 2019 budget proceed with the results of such consultation reported to the Board.
2. That during the public consultation feedback be sought on how to best obtain public input on future budgets.
3. That the proposed 2019 budget form the basis of public consultation.

FINANCIAL IMPLICATIONS

The schedules summarized above provide financial impacts for each of the member jurisdictions based on 2018 assessment plus 1.47% allowance for growth (non-market change) in 2019. The member participation summaries will be updated in February when 2019 assessment values are released. There are many unique cost sharing formulas for regional district services including assessments only and formulas based on a combination of usage and assessment, usage only, population and assessment as well as flat rate taxes that are used to fund RDN services. The variety of cost sharing formulas combined with the number of sub-areas in a regional district, each with its own services and related requisition results in a wide range of impact to an individual homeowner. For the general services shared over multiple jurisdictions, the Member Summaries shown in Appendix F show an increase of \$1.00 in costs per \$100,000 of assessment to an increase of \$16.56 depending on location.

	City of Nanaimo	District of Lantzville	City of Parksville	Town of Qualicum Beach
2019 Total Requisition	\$21,689,038	\$886,893	\$5,600,673	\$3,923,992
2018 Total Requisition	\$20,174,164	\$857,724	\$5,308,141	\$3,599,501
Change from prior year	\$1,514,874	\$29,169	\$292,532	\$324,491
General Services Property Tax				
2019	\$ 92.60	\$ 80.60	\$ 149.60	\$ 130.70
2018	\$ 88.60	\$ 80.10	\$ 143.50	\$ 121.50
Change per \$100,000	\$ 4.00	\$ 0.50	\$ 6.10	\$ 9.20
Regional Parcel Taxes				
2019	\$ 22.00	\$ 22.00	\$ 27.32	\$ 27.32
2018	\$ 21.50	\$ 21.50	\$ 25.74	\$ 25.74
Change per property	\$ 0.50	\$ 0.50	\$ 1.58	\$ 1.58
Total change at \$100,000	\$ 4.50	\$ 1.00	\$ 7.68	\$ 10.78
Average Residential Value 2019	\$447,025	\$640,711	\$413,304	\$544,372
RDN Property Tax 2019 based on average residential value	\$436	\$538	\$646	\$739
RDN Property Tax 2018 based on average residential value	\$418	\$535	\$619	\$687
Change for average residential value	\$18	\$3	\$27	\$52

	Area A	Area B	Area C	Area E	Area F	Area G	Area H
2019 Total Requisition	\$2,101,109	\$1,568,161	\$1,239,966	\$2,603,580	\$2,400,824	\$3,032,046	\$1,787,852
2018 Total Requisition	\$1,988,428	\$1,378,765	\$1,172,448	\$2,391,887	\$2,120,766	\$2,744,239	\$1,585,671
Change from prior year	\$112,681	\$189,396	\$67,518	\$211,693	\$280,058	\$287,807	\$202,181
General Services Property Tax							
2019	\$ 127.60	\$ 104.60	\$ 111.10	\$ 97.90	\$ 134.00	\$ 133.20	\$ 122.90
2018	\$ 123.70	\$ 93.80	\$ 107.50	\$ 91.20	\$ 120.00	\$ 122.00	\$ 110.30
Change per \$100,000	\$ 3.90	\$ 10.80	\$ 3.60	\$ 6.70	\$ 14.00	\$ 11.20	\$ 12.60
Regional Parcel Taxes							
2019	\$ 22.00	\$ 22.00	\$ 22.00	\$ 29.37	\$ 29.37	\$ 29.37	\$ 29.37
2018	\$ 21.50	\$ 21.50	\$ 21.50	\$ 26.81	\$ 26.81	\$ 26.81	\$ 26.81
Change per property	\$ 0.50	\$ 0.50	\$ 0.50	\$ 2.56	\$ 2.56	\$ 2.56	\$ 2.56
Total change at \$100,000	\$ 4.40	\$ 11.30	\$ 4.10	\$ 9.26	\$ 16.56	\$ 13.76	\$ 15.16
Average Residential Value 2019	\$429,057	\$353,415	\$549,738	\$688,052	\$383,737	\$551,994	\$487,660
RDN Property Tax 2019 based on average residential value	\$569	\$392	\$633	\$703	\$544	\$765	\$629
RDN Property Tax 2018 based on average residential value	\$552	\$353	\$612	\$654	\$487	\$700	\$565
Change for average residential value	\$17	\$39	\$21	\$49	\$57	\$65	\$64

Local service tax requisitions – fire, water, sewage collection, and street lighting – are unique to individual property owners and often have a greater impact than all other services combined. These requisitions and tax rates are set out in Appendix F.

The 2018-2022 Financial Plan includes a Tax Requisition of \$53,420,020 in 2018 and \$56,452,234 in 2019, a 5.7% increase over 2018. In the current proposed 2019 budget, the total Tax Requisition is recommended at \$57,474,311, a 7.6% increase over 2018. Unlike a municipality, an overall tax increase does not exist. Each property receives a combination of the 106 services the RDN provides and as such, the financial implications vary widely by property.

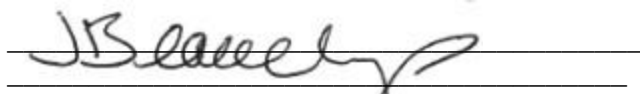
Member Budget Summaries:

Member Information Brochures (Appendix D) provide an easy to understand summary of both region-wide information for the sources of revenue and major categories of expenditures, and summary information by category of spending, in addition to current estimated property tax changes specific to each jurisdiction. The impact to the average residential value is highlighted. The brochures summarize financial implications for each of the member jurisdictions based on 2018 assessment plus a 1.47% allowance for growth (non-market change) in 2018. Non-market change is the new development that has occurred in the year.

The 2019 Member Summary of Estimated Property Tax Change (Appendix F) provides a one-page summary of the anticipated impact per \$100,000 of 2018 assessed value by area. Impacts vary significantly by jurisdiction and even within jurisdictions depending on which services are provided to a specific area.

STRATEGIC PLAN IMPLICATIONS

Focus On Service And Organizational Excellence - As We Invest In Regional Services We Look At Both Costs And Benefits - The RDN Will Be Effective And Efficient



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November 27, 2018

Reviewed by:

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

Appendixes:

1. Appendix A – Capital Budget Summaries
2. Appendix B – Service Level Change Summaries
3. Appendix C – Staffing Level Change Summaries
4. Appendix D – Member Budget Summaries
5. Appendix E – Average Home Tax Change by Area
6. Appendix F – Financial Summaries
7. Appendix G – Economic Overview
8. Appendix H – Future Staffing Level Changes