

2013 Budget Presentation



Charting the course of financial sustainability

North Vancouver District
DRAFT FINANCIAL PLAN 2013-2017



Outline

- Planning Framework
- Proposed Tax Rate Increase
- Analysis of cost drivers
- Detailed work plan
- Strategic Linkage
- Timeline



2013 Planning Framework

- Decisions are shaped by the direction of the Corporate Plan
- Focus is still on producing a “policy” and “asset base” driven financial plan
- Public Good/ Private Benefit continues to guide fee setting policies
- Capital decisions moving from “risk based-closing the gap” to “priority based-achieving OCP outcomes”
- Actively engage the public around financial sustainability

2013 Planning Framework

- Allocation of financial and human resources are influenced by the OCP
- Long-term funding strategy continues to be revised as new asset plans are complete
- Major capital projects are dominating the landscape
- Service adjustments “lite” is focused on operational efficiencies
- Planning environment generally more stable and predictable

Budget 2013

- Starting point
 - 3.0% tax rate increase
 - Collective agreement provisions (1%)
 - Police contract (1%)
 - Capital (1%)
- Ending position (2.5%)
 - 1.5% for Operations
 - 1% for Capital

Tax Increase - Average Home		
	Y:Y	
Operations	\$ 27	1.5%
Capital	18	1.0%
	\$ 45	2.5%

Tax increase for operations net of 0.5% Efficiencies

Adjustments

(000's)	Total	2013	2012	2011	2010
New Revenue	690		120	387	183
Human Resources	1,636		200	747	689
Operational Efficiencies	2,184	365	390	617	812
Services	325		40	94	191
	4,835	365	750	1,845	1,875

Equivalent to 6.5% avoided tax rate increase with minimal impact on services.

Staffing Levels

		4 Year Change			
	2013	2012	2009	Net	%
Core Operations					
Executive Services	30.7	32.1	34.5	(3.8)	-11%
Finance & Technology	52.4	51.1	53.7	(1.3)	-2%
Fire & Rescue Services	133.9	134.8	136.5	(2.6)	-2%
Parks, Engineering & Facilities	251.5	251.3	260.3	(8.8)	-3%
Planning, Properties & Permits	74.0	74.4	77.8	(3.8)	-5%
	542.5	543.7	562.8	(20.3)	-4%
Partner Agencies - DNV Share					
Library - 100%	62.9	62.6	65.9	(3.1)	-5%
NS Emergency Management Office - 48.6%	2.8	2.8	2.2	0.6	27%
NS Recycling - 48.6%	5.0	5.0	4.4	0.6	14%
NV Museum & Archives - 50%	4.5	4.5	4.6	(0.1)	-2%
NV Arts Office - 50%	2.0	2.0	2.5	(0.5)	-20%
NV Recreation Commission - 66.67%	204.5	204.4	209.6	(5.1)	-2%
Police - Municipal Employees - 54% *	44.2	42.6	41.6	2.6	6%
Police - RCMP Members - 58.7%	75.4	75.4	75.1	0.3	0%
	401.3	399.3	405.9	(4.6)	-1%
TOTAL FTEs	943.8	943.0	968.7	(24.9)	-3%

Summarized Budget Drivers

	Change from 2012			<u>Comments</u>
	Total Budget	Average Home	%	
REVENUE				
User Fees	267	7	0.4%	Per Council Report
Tax and Other Adjustments	339	8	0.5%	Tax assessment net of losses, timing of grants
New Construction	400	10	0.5%	Redevelopment, excludes OCP growth
	1,006	25	1.4%	
EXPENDITURES				
Other Agencies	107	2	0.1%	Activity based revenues are flat
Police Protection	651	16	0.9%	Obligations under new RCMP Contract
Provisions and Adjustments	1,188	30	1.7%	Collective agreements, reserves and adjustments
Supplies and Services	301	7	0.4%	Inflation net of efficiencies, HST transition, reallocations
Debt Service	(140)	(3)	-0.2%	Net changes, debt retirement and new issue
	2,107	52	2.9%	
NET OPERATIONS	1,101	27	1.5%	
SUSTAINMENT CAPITAL	733	18	1.0%	
TAX LEVY INCREASE	1,834	45	2.5%	

Major Observations

- No significant revenue losses or gains
- Resources reallocated to corporate priorities in communication, decision support and bylaw services
- Police contract impact close to 1% on tax levy, greatest cost driver
- Provision for collective agreement based on best information available
- New debt issue is serviced by tennis fee
- Growth largely excluded until more certainty

Divisional Operating Budget

	BUDGET 2012	BUDGET 2013	Y:Y Change	
Net				
Core Operations				
Executive Services	4,371	4,451	80	
Finance & Technology	9,395	5,587	282	Internal transfers - Decision Support
Fire & Rescue	18,244	16,714	470	Internal transfers - Fire Inspections, Increments & Benefits
Engineering & Facilities	8,101	6,294	183	Internal transfers - Service Enhancements
Parks	6,013	5,928	(85)	
Planning, Properties and Permits	3,736	3,650	(86)	
	41,790	42,624	834	
Partner Agencies				
Police Protection	15,001	15,691	690	Cost of service increase - RCMP Contract
Library Services	9,391	5,370	40	
NS Emerg Mgmt Office	370	383	13	
NV Recreation Commission	7,287	7,361	74	
NV Museum and Archives	487	487		
NV Arts Office	746	756	11	
	29,211	30,048	837	
One Time Items	40	15	(25)	
General Government	10,889	11,856	967	Collective agreement net of internal transfers and adjustment
Taxation Revenue	81,930	84,543	2,613	
Total Net	-	-	-	

One-time items \$1.29M

- OCP Implementation (\$895k)
 - Town Centre plans, surge capacity
- New programs (\$200k)
 - Beautification projects, invasive plant removal, parks review
- Other initiatives (\$195k)
 - Museum and Archives collection
 - Fire Training Centre Conceptual Plan
 - Alpine trail upgrades (NSMBA)

Capital Budget

Asset Type	2013 BUDGET	2012 BUDGET
Books & Media	459	413
Engineering Structures	153	325
Facilities & Equipment	12,968	5,492
General	857	845
Parkland	2,812	2,651
Technology	1,667	1,080
Transportation	9,890	7,198
Utilities	12,170	9,252
Vehicles	537	1,715
	41,513	28,971

Capital Budget

Funding Source	2013 BUDGET	2012 BUDGET
Tax Levy	11,035	10,150
Utility & Other Fees	11,795	9,299
Infrastructure Reserve	5,225	945
New Capital Fund	1,726	1,260
Equipment Reserves	844	2,165
Other Reserves	169	1,481
Surplus	677	202
Debt	4,073	503
Developer Contribution	4,035	1,113
Other External Funding	1,934	1,853
	41,513	28,971

More than 50% of the capital is funded from ongoing levy and fees

Highlights

- Grant Connell expansion \$4.1M
- William Griffin initial design costs \$2.7M
- Animal Shelter provision \$2.5M
- Technology transformation project \$510k
- East Keith Road extension \$2.7M and widening of Mt Seymour Parkway \$1M
- Water PRVs for C2 area \$500k
- Catch up on Utility capital



Strategic Linkages



Long-Term Financial Planning Framework (Year 2)

1. Grow Tax Revenue by inflation for 10 years
1.5% in 2013
2. Grow Fees & Charges by inflation for 10 years
1.5% in 2013
3. Continue 1% capital levy for another 4 years
1% in 2013
4. Add new Fees and Charges worth 1% of existing base for 4 years *not significant*
5. Reduce expenses 0.5% of baseline for 3 years
0.5% in 2013



Financial Sustainability Direction

Asset management

→ 1% capital levy

Fairness in taxation and user fees

→ Fees for private benefit, tax increase at inflation, user pay

Cost of service

→ Reduce expenses by 0.5% per year for 3 years

Return on investments

→ Payback or cost neutral projects with public benefits

Debt management

→ Transferred to reserves on retirement



Financial Sustainability Next Steps

- Adoption of the new DCC Bylaw and refresh financial funding models
- Develop asset management and funding policies for Community Amenity Assets (contributed assets)
- Start integrating growth forecast and infrastructure investments into financial plans
- User fee framework improvements, shared service review, refresh of IT service delivery models
- Closer integration of regional and municipal plans

Final Comments

- Capital sustainment has reached \$11million (13% of our tax revenue)
- 6.5% of avoided tax rate increases (4 years)
- Inflationary pressures have subsided overall but some costs are escalating faster
- Unknowns are:
 - outcome of collective agreement negotiation,
 - future RCMP costs,
 - timing and extent of Metro Vancouver capital programs
 - timing and extent of development

Process

- October 16, 2012 Public Consultation- A Policy Discussion
- February 18th, Budget Presentation
- February 20th Community Associations meeting
- March 4th, Public Input Meeting and Council opening remarks
- March 5th and 11th deliberations
- March 25th first three readings
- April 8th bylaw adoption



Housekeeping

- Financial Plan is available at dnv.org and at Library branches tomorrow
- B&W copies available on request (1 day processing)

The end