



**VILLAGE OF SAYWARD
COMMITTEE OF THE WHOLE MEETING AGENDA
MARCH 14, 2023 - 7:00 PM
COUNCIL CHAMBERS**

The Village of Sayward respectfully acknowledges that the land we gather on is on the unceded territory of the K'ómoks First Nation, the traditional keepers of this land.

- 1. Call to Order**
- 2. Introduction of Late Items**
- 3. Approval of Agenda**

Recommended Resolution:

THAT the agenda for the Committee of the Whole Meeting of Council for March 14, 2023, be approved.

- 4. Petitions and Delegation - None**
- 5. Correspondence - None**
- 6. Council Reports - None**
- 7. Reports of Committees - None**
- 8. Mayor's Report - None**
- 9. Unfinished Business - None**
- 10. Staff Reports**

a) Budget Planning Session led by Lisa Clark, CFO

- 11. New Business**
- 12. Public Question Period (maximum 15 minutes)**

Mayor: "The purpose of the public question period is to enable citizens to ask questions of Council about issues that are important to the citizen asking the question. Speakers are asked to limit their questions to one each and, if time permits after everyone has had an opportunity to ask questions, speakers may ask a second question. Citizens will be asked to state their name and address."

- 13. In Camera - None**
- 14. Adjournment**

BUDGET PLANNING AGENDA

March 14, 2023

“Roadmap to Fiscal Sustainability”



1. Staff Report – Lisa Clark, CFO (5 mins)
2. Summary of 2023 Budgeting process to date (15 mins)
3. Public questions or comments (20 -30 mins)
4. Version 2 of the 2023-2027 Financial Plan (10 mins)
5. Summary of proposed reductions to service levels/department budgets
6. Council Questions/Input/Direction to Staff – Discussion (60 mins)
7. Next Steps

Reference Materials (last tab)

- ❖ Options for addressing budget deficit
- ❖ REVISED: Summary of Surpluses & Reserves
- ❖ REVISED: Grant Summary (5 mins)



STAFF REPORT

For: Mayor and Council
Prepared by: Lisa Clark, CFO/CO
Subject: Financial Plan 2023-2027
Meeting date: March 14, 2023

BACKGROUND

The five-year Financial Plan (FP) is developed by Council and staff through a strategic planning process and the Council approved Strategic Plan (SP). This document identifies for staff, and the public, what types and level of services are to be provided by the Village.

An important part of the financial planning process is to provide Council and the public opportunities to give input into the FP. As noted in the FP timetable schedule that Council approved on November 15 (since amended), time will be set aside at each of the next Committee of the Whole meetings, so Council and the public can participate in the financial planning process. In addition, if the public has questions or requires information regarding the FP, they are welcome to contact the CAO or CFO directly.

The FP bylaw and Tax Rate bylaw must be approved by Council before May 15 of each year as set out in the *Community Charter*. Amendments to the FP after the FP bylaw is adopted are allowed for by way of an amendment bylaw, this is typically done near the end of the fiscal year.

DISCUSSION

The Financial Plan process/timetable is below for information purposes:

| | Item | Notes | Timeline |
|---|---|--|---|
| 1 | Staff reviews 2022-2026 FP and existing SP | Staff Report with timetable for 2023-2027 financial planning sessions to Council | November 15 th regular meeting - DONE |
| 2 | Staff work on draft FP and Capital Plan for 2023-2027 based on SP, approved outstanding items not yet completed, and input from department managers | | November 2022 to January 2023 - DONE |
| 3 | SP & FP Process: A. COW Meeting January 31, 2023. Strategic Planning. | Use each meeting to discuss and refine the Operating and Capital | January 31, 2023 - DONE |

| | | | |
|---|---|--|-------------------------------------|
| | B. COW Meeting February 14, 2023. Detailed review of FP/Capital Projects | Plans. Provide time for Council review, public input, and questions. This timeline allows staff to research and report back to Council on identified topics as directed. | February 14, 2023 - DONE |
| | C. COW Meeting February 28, 2023. Detailed review of FP/Capital Projects | | February 28, 2023 - DONE |
| | D. COW Meeting March 14, 2023. Final review of FP/Capital Projects | | March 14, 2023 |
| | E. Council Meeting April 4, 2023. Approval of FINAL Financial Plan | | April 4, 2023 |
| | F. Council Meeting April 18, 2023. First three readings of the FP Bylaw | | April 18, 2023 |
| | G. Council Meeting May 2, 2023. Final reading of the FP Bylaw | | Adopt Financial Plan May 2, 2023 |
| 4 | Tax Rate Bylaw, Fees & Charges Amendment Bylaw (for water, sewer, solid waste fees) | | |

For the March 14 COW meeting a separate agenda and updated budget binder will be presented to Council for review and discussion.

STAFF RECOMMENDATION

THAT the Committee of the Whole receive the Financial Plan 2023-2027 staff report for information and discussion.

Respectfully submitted,

Lisa Clark, CFO/CO

REVISED: Summary of 2023 Budgeting Process To Date

1. Started with \$214,000 deficit for 2023 (Version 1 of Financial Plan)
 - assumed 10% tax revenue increase, 4% increase to water user fees, and 7% increase to both sewer and solid waste user fees
2. CFO/CAO met with senior leadership team to discuss possible areas to reduce service levels/operating budgets
3. CFO/CAO proposed additional increases to user fees (tax revenue increase left at 10%, 8% increase to water user fees, 14% increase to both sewer and solid waste user fees)
4. Service level/operating budget reductions and increase in user fees result in \$74,356 savings
5. CFO analyzed options to address remaining deficit and proposed to Council:
 - a. Use of remaining COVID-19 grant
 - b. Partial use of Growing Communities Fund (eligible/ineligible expenses not yet known)

Discussion Points

- a. Council's comfort with staff's proposed increases to user fees and taxation?
 - Apply additional tax increases?
- b. Council's comfort with staff's proposed reductions to service levels/operating budgets?
 - Staff direction needed to identify any changes to service levels/operating budgets
- c. Use of Surplus (not recommended)

- d. The Financial Plan is a living document that changes based on needs and circumstances that arise during the year. Amending the financial plan is always an option and is done so by way of Council resolution and by an amendment bylaw near the end of the year.
- e. Permissive Tax Exemptions: several tax exemptions are expiring in 2023:

| Organization | Civic Address | Value of Permissive Tax Exemption (2021) |
|-----------------------|-------------------|--|
| Nature Trust of BC | Salmon River Main | \$848.73 |
| Nature Trust of BC | 806 Sayward Road | \$2,443.63 |
| Nature Trust of BC | Salmon River Main | \$5,999.99 |
| Nature Trust of BC | Salmon River Main | \$1,996.36 |
| Royal Canadian Legion | 699 Sayward Road | \$3,453.81 |
| Total | | \$14,742.52 |

Public Questions and Comments?

2023-2027 Financial Plan (Operating) – Version 2

Tax factors/Assumptions for Version 2:

- 10% increase to tax revenue budget, 8% increase to water user fees, 14% increase both sewer and solid waste user fees
- No reserve transfers
- Recommended reductions/service cuts
- Version 2 includes \$29,910 Volunteer Fire Department Training & Equipment grant announced February 2023 (increase to revenues)
- *Estimated* residential (Class 1) mil rate for 2023: 3.91360 or \$391.36 per 100,000 of assessed value. Note this number will slightly change once the Revised Roll is issued at the end of March by BC Assessment

Effects on a single-family residential home (average assessment value \$395,743):

| Single-family residential (average) | 2022 | 2023 | Increase (Annual) | Daily |
|-------------------------------------|--------------|--------------|-------------------|---------------|
| Municipal taxes | 1,368 | 1,549 | 181 | 0.4953 |
| Sewer User Fees | 304 | 347 | 43 | 0.1167 |
| Water User Fees | 408 | 440 | 33 | 0.0894 |
| Solid Waste User Fees | 246 | 280 | 34 | 0.0944 |
| Total | 2,326 | 2,617 | 290 | 0.7958 |

| Version 2 Summary containing proposed reductions to Service Levels/Operating Budget | | 2022 Budget | 2022 Actual | 2023 Budget | 2024 Budget | 2025 Budget | 2026 Budget | 2027 Budget |
|---|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| OPERATING REVENUE | | | | | | | | |
| Taxation - General Municipal Purpose | | 377,266 | 380,893 | 414,993 | 456,492 | 502,142 | 552,356 | 607,591 |
| Other taxes | | 11,725 | 13,844 | 14,600 | 15,134 | 15,690 | 16,271 | 16,877 |
| Federal Community Works Fund Grant | | 71,562 | 71,568 | 71,568 | 75,149 | 75,149 | 75,149 | 75,149 |
| Provincial Govt Grants | | 463,000 | 463,000 | 360,000 | 360,000 | 360,000 | 360,000 | 360,000 |
| Provincial Govt Grants - GCF | | 0 | 0 | ? | 0 | 0 | 0 | 0 |
| LGCAP Grant | | 41,082 | 41,082 | 41,082 | 41,082 | 41,082 | 41,082 | 41,082 |
| Interest & Tax Penalties | | 9,000 | 10,002 | 9,000 | 9,000 | 9,000 | 9,000 | 9,000 |
| General Investment Income | | 7,500 | 14,536 | 13,500 | 13,500 | 13,500 | 13,500 | 13,500 |
| Other Revenue | | 13,400 | 12,172 | 8,400 | 8,400 | 8,400 | 8,400 | 8,400 |
| Licences, Permits & Fines | | 8,700 | 6,319 | 10,900 | 10,900 | 10,900 | 10,900 | 10,900 |
| General Operating Grants | | 95,065 | 41,009 | 69,160 | 2,500 | 2,500 | 2,500 | 2,500 |
| Sale of Service - Recreation Centre | | 14,550 | 22,971 | 21,250 | 21,280 | 21,311 | 21,342 | 21,374 |
| Sale of Service - Other | | 17,750 | 20,936 | 22,500 | 22,963 | 23,438 | 23,926 | 24,428 |
| RCMP Rent | | 24,000 | 24,000 | 24,000 | 24,000 | 25,000 | 25,000 | 25,000 |
| RCMP Maintenance | | 9,748 | 7,758 | 9,748 | 9,748 | 9,748 | 9,748 | 9,748 |
| Sewer Revenue | | 83,010 | 88,275 | 96,487 | 96,859 | 100,038 | 103,328 | 106,733 |
| Water Revenue | | 143,589 | 148,153 | 155,710 | 159,495 | 164,217 | 169,082 | 174,092 |
| Solid Waste Revenue | | 42,785 | 44,426 | 48,227 | 51,330 | 52,989 | 54,707 | 56,485 |
| Parcel Tax - Drainage project | | 0 | 0 | 30,499 | 30,499 | 30,499 | 30,499 | 30,499 |
| Total Operating Revenue | | 1,433,733 | 1,410,943 | 1,421,624 | 1,408,330 | 1,465,603 | 1,526,789 | 1,593,358 |

Summary of proposed reductions to service levels/department budgets

| Category | Description | Original | Proposed 1 | Savings/Costs | Notes |
|----------|------------------------------|----------|------------|---------------|--|
| Council | Travel & Education - Council | 15,850 | 13,050 | 2,800 | Only 1 member of Council to UBCM |
| Council | Council - Special Projects | 5,000 | 3,500 | 1,500 | J. MacDonald plaque plus \$1k for misc |
| Admin | Travel & Education - Admin | 8,000 | 6,500 | 1,500 | \$2k, Keir - LGMA Nanaimo annual conference, \$2k, Keir - UBCM |
| Admin | Legal | 14,000 | 16,000 | -2,000 | \$2.5k SP |
| Admin | M&R - Admin Office | 3,500 | 2,000 | 1,500 | \$2k for WFP legal agreement per Return to historical budget |
| Admin | Cleaning Supplies - Office | 400 | 300 | 100 | Return to pre-COVID budget |
| Admin | Custodian - wages | 4,186 | 1,700 | 2,486 | Return to pre-COVID level of service |
| Admin | Contract Labour - grant | 25,000 | 15,000 | 10,000 | Reliant on in-house staff |
| Admin | Contract Labour - misc | 10,000 | 7,500 | 2,500 | Reduction, still allowing for misc needs |
| Admin | IT - new server | 10,000 | - | 10,000 | To be funded from COVID |
| Fire | M&R Hall#1 | 13,000 | 3,000 | 10,000 | Postpone exhaust filtering and storage cabinet |
| Roads | Contract Labour | 3,500 | 1,500 | 2,000 | Introduce bi-annual street sweeping program |
| Sewer | User fees | 82,366 | 87,755 | 5,389 | Increase from 7% to 14% to reduce deficit |

| | | | | | |
|----------------------|---|---------|---------|---------------|--|
| Water | User fees | 147,174 | 152,834 | 5,660 | Increase from 4% to 8% to increase surplus |
| Parks | M&R - Parks | 15,200 | - | 15,200 | Cancel concrete ramp project at gazebo |
| Solid Waste | User fees | 41,596 | 44,317 | 2,721 | Increase from 7% to 14% to reduce deficit |
| Bylaw | Misc Supplies (ticket books) | 500 | - | 500 | No consistent bylaw enforcement |
| Bylaw | Contract Labour (Bylaw Enforcement Officer) | 2,500 | - | 2,500 | Can be done in house |
| Total savings | | | | 74,356 | |

No changes to:
Election
Police
Drainage
Public Works
Planning
Emergency
Clinic

Council Questions/Input

From February 28, 2023 Committee of the Whole meeting:

Q. How much will the new Employer Health Tax cost? (Cllr Gilkin)

A. Approximately \$1,400 per year calculated as \$545,000 (total remuneration) - \$500,000 (exemption) x 2.95% Information on this tax can be found here <https://www2.gov.bc.ca/gov/content/taxes/employer-health-tax/employer-health-tax-overview>

Q. What percentage increase in taxes would be required in order to address the \$120k deficit? (Cllr Burchett)

A. Using the 2022 base budget of \$377k in tax revenue, every 1% increase equates to approximately \$3,770. In order to address a \$120k shortfall, tax revenue would need to be increased by at least 32% which would translate to an approximate increase of \$438 for an average assessed home.

Q. Why are the 2022 actual expenditures for the Recreation Centre so much lower than the budget?

A. The budget included a couple of items that were ultimately capitalized (not part of operating budget): \$23k for the accessible front doors and \$15k for the new camera system.

Budgeting Input from Councillor Poulsen

-----Original Message-----

From: Sue Poulsen <sue.poulsen@saywardvalley.ca>

Sent: March 8, 2023 8:59 AM

To: Lisa Clark <cfo@saywardvalley.ca>; Keir Gervais <cao@saywardvalley.ca>; Mayor and Council <MayorandCouncil@saywardvalley.ca>

Subject: 2023 Budget Review

Thank you for such an in-depth explanation and presentation of the budget 2023 you proposed to try and reduce our deficit substantially.

It certainly was great news to hear we received \$622,000 for the Growing Communities Fund coming through. We didn't know what exactly the money would be designated for. I see in the information in Lisa's email that it may be used for:

- road improvement
- Building arenas and water facilities
- improving recreation options for families -Water treatment plants, etc.
- building amenities for new home build infrastructure -climate, adaptation projects.

There are many projects and more that these funds could be applied to.

I agree with implementing the five bullet points on the page "Connecting 2023, Strategic Priorities, 2024 to 2027 for Long-term Fiscal Sustainability for Sayward" and suggest we add:

- Consider separating fixed utilities (water, solid, waste, and sewer) from property, taxes, and initiate a quarterly billing system for those expenses.
- When water metres are installed, then those utilities can be billed on a usage per household basis/quarterly plan.
- Establish a water-meter bylaw, install water, meters and bill according to a pay per usage formula (for example: fixed basic fee, plus charge for additional water used).
- Implement fines for bylaw infractions. If fines are left unpaid, then add to yearly municipal tax fees.
- Reduce travel costs for council and staff by attending teams/zoom meetings, whenever possible.

On the document for proposed reductions to service levels/department budgets I suggest that we DO NOT cut:

- The fire department expense of exhaust filtering and purchasing a storage cabinet. These are safety issues, and we should consider the volunteers safety.
- Annual street sweeping. There is a big buildup of sand/debris on our roads after the winter season and deposits of gravel:sand accumulates. This poses a safety issue for skidding when people are riding bikes, motor bikes and motorcycles, and vehicles coming to quick stops.

I would like to see signage for the dedicated ATV route that was passed several years ago as designated access within the village from the back roads.

I request that the concrete ramp at the gazebo be installed in early spring, so it is completed prior to Canada Day. This will complete the project and increase safe access to the gazebo, and improve the site aesthetics.

QUESTIONS:

Should we have a budget line for a contingency fund for unexpected breakdowns/costs, etc. For example, replacing a boiler that blows up?

There is no budget line for monetary requests for grants in aid. It is understood that the village does not make monetary donations, but will provide grant in-kind donations. If request is presented to council for consideration, well before the event, I would like to see a written policy established regarding this donation policy.

Other random thoughts to consider:

- Discontinue permissive tax exemptions as they expire (for example, Sayward Futures Society, Lands Trust, Legion).
- Review village memberships with agencies, such as chamber of commerce, based on return of benefit received.
- decrease printing costs by providing fewer attachments to each council agenda. For instance, I have received 2022 strategic plans with subsequent agendas after the initial print out. A note on the agenda to refer to the document in a previous agenda package would save lots of paper and printer costs.
- No Tourism budget for 2023 until the status of the previous tourism committee is resolved.

That's it for me.

Sue

Sent from my iPhone

Options for Addressing Deficit

- Increase taxes and user fees (water, sewer, solid waste)
- Create new internal revenue sources: Frontage or parcel tax, water meters, Parks & Recreation programming (including campground), increase Fees & Charges
- New Development (non-market change)
 - 711 Kelsey Way
 - Couverdon (Island Timberlands)
 - Adama subdivision
 - Van Brocklin subdivision
- Provincial and Federal transfers
- Grants
- Strathcona Regional District contributions for shared services (Kelsey Centre, Health Clinic, Age-Friendly Van, Fire Department, Sayward News etc.) **Note: this is a Council priority in the draft 2023 Strategic Plan**
- Operating budget reductions or cuts
- Use of Reserves
- Use of Surpluses

Connecting 2023 Strategic Priorities 2024-2027 to long term fiscal sustainability for Sayward:

- Agreement in place with SRD to contribute to shared services: Kelsey Centre, Health Clinic, Age-Friendly Van, Fire Department, Sayward News etc.
- Establish Water Meter bylaw
- Review tax ratios and user fees (water, sewer, solid waste) for 2024 and beyond
- Implement frontage or parcel tax to fund reserves for capital infrastructure projects
- Grant funding to continue to be sourced and applied for

Estimated balance of Surpluses & Reserves Dec 31, 2022

| Reserve/Surplus | Balance January 1, 2022 | 2022 Withdrawals | 2022 Additions | Balance December 31, 2022 |
|---------------------------------------|-------------------------------|---------------------|-------------------|---------------------------------|
| General surplus | 336,564 | 115,000 (a) | 35,000 | 256,564 |
| Sewer surplus | 219,480 | 85,600 (b) | 417 | 134,297 |
| Water surplus | 167,840 | 90,000 (c) | 6,000 | 83,840 |
| CWF (gas tax) | 264,842 | 176,700 (c, d) | 71,568 | 159,710 |
| Transportation Infrastructure Reserve | 17,478 | 17,000 (e) | | 478 |
| Election Reserve | 7,614 | 7,600 (f) | | 14 |
| COVID-19 | 188,648 | 97,275 (g) | | 91,373 |
| Total | 1,202,466 | 589,175 | 112,985 | 726,276 |

(a) Land purchase for Drainage project

(b) Lift station generator project (remainder, total cost \$177k)

(c) Newcastle Dam project (remainder)

(d) Water and Sewer capacity studies

(e) Crack sealing 2022

(f) 2022 Election transfer

(g) Council approved COVID-19 related expenditures

REVISED: Grant Summary/Capital expenditures for 2023

- Projects are subject to grant funding
- If successful, Village contribution to be added to Financial Plan once funding source determined (Growing Communities Fund?)
- Drainage project has been added to 2023 Financial Plan as a capital project

| Grant funder/program | Project Name | Total Project Budget | Comments |
|---|--|----------------------|--|
| Investing in Canada Infrastructure Program | Drainage Improvements Project | 1,743,000 | Awaiting decision, Village contribution \$465k |
| Disaster Risk Reduction - Climate Adaptation | Kelsey Recreation Centre - Emergency Cooling Enhancement Project | 72,000 | Awaiting decision, staff asked to provide additional information by Feb 23, 2023 |
| Strategic Priorities Fund | Water System Supply and Conservation Improvements | 3,053,280 | Awaiting decision |
| BC Destination Development Fund | Sayward Campground and First Nation Visitor Centre | 1,173,000 | Not selected for funding |
| Rural Economic Diversification and Infrastructure Program (REDIP) | Sayward Campground and First Nation Visitor Centre | 1,173,000 | Awaiting decision (\$900k), part of project to potentially be funded via ICET |
| ICET | Sayward Campground and First Nation Visitor Centre | 1,173,000 | 20% of campground project |
| Community Emergency Preparedness Fund Volunteer & Composite Fire Departments Equipment & Training | Village of Sayward - Wildfire Fighting Equipment | 29,910 | Approved |
| Green and Inclusive Community Building | Kelsey Centre | 2,652,071 | Application submitted February 28, 2023 |
| Community Emergency Preparedness Fund Emergency Operation Centre | EOC upgrades - generator for Fire Hall #1 | 55,000 | Village contribution \$25k towards generator |
| Prov of BC/ICET | Community Based Advisor for Sayward | 70,000 | Application due March 17, 2023 |