



TOWN OF VIEW ROYAL 2019-2023 FINANCIAL PLAN

March 12, 2019





GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Town of View Royal
British Columbia**

For the Fiscal Year Beginning

January 1, 2018

Christopher P. Morill

Executive Director

View Royal was honoured to receive the Government Finance Officers' Association (GFOA) Distinguished Budget Presentation Award for its 2018-2022 Financial Plan. This award is given to local governments whose budget document meets criteria established by GFOA best practices and industry standards for budgeting and reflects the highest quality achievable. Documents submitted to the Budget Awards Program are reviewed by selected members of the GFOA professional staff and by outside reviewers with experience in public-sector budgeting.

TABLE OF CONTENTS

MESSAGE FROM THE CHIEF ADMINISTRATIVE OFFICER	4
VIEW ROYAL OVERVIEW	5
Community Profile	6
Town Mission, Vision and Values.....	9
Strategic Plan	10
Organization Profile.....	11
FINANCIAL MANAGEMENT	15
Financial Planning Approach	16
Consolidated Financial Plan.....	21
Capital Plan	28
Debt.....	33
Reserves and Surplus	35
SERVICE PLANS	39
General Government.....	40
Protective Services.....	45
Transportation	49
Environmental Health	53
Development Services	57
Parks	61
Recreation and Culture	65
Fiscal Services	67
GLOSSARY AND REFERENCE	70
APPENDICES	73

Message from the Chief Administrative Officer

Built on View Royal's Strategic Plan, the 2019-2023 Financial Plan supports the enhancement of livability in View Royal through investments in roads, parks and trails, fire services equipment, technology and a commitment to service excellence.

During budget working sessions in February 2019, Council specified changes to the draft financial plan that will result in a total tax increase of 3.5% in 2019. An additional 3% tax increase is funded through real property assessment growth (non-market change of \$246,000 in 2018 tax dollars). The new provincially imposed Employer Health Tax requires nearly a 1% tax increase while non-core projects – those initiatives that represent one-time costs or changes in levels of service – make up less than a half of one percent. In April, Council will consider various tax rate scenarios that will determine the relative tax burden for each property class. Property owners may experience the increase in taxation differently, depending not only on which assessment class applies to the property, but also the specific change in the property's assessment in relation to the average change for all other properties in the class.

One of the key priorities of View Royal's Strategic Plan is financial sustainability. To a certain extent, future demand for revenue is the result of decisions made today, and financial sustainability is possible only if we consider these costs. In order to convey the future costs of implementing new programs or acquiring assets, proposed projects include the estimated costs associated with maintaining the asset or service level in each of the future five years of the financial plan.

The Strategic Plan identifies the development of a long-term financial plan that recommends optimal reserve levels to support financial sustainability. This plan will be based in part on an asset management plan that estimates the future cost of renewing the tangible assets that deliver services to the residents and guests of View Royal. This budget includes funding for long-term asset management planning and in the meantime, maintains enough reserves to ensure a level of resiliency for the near horizon. Where possible, major capital acquisitions are funded through sources other than debt because of its negative effect on future flexibility.

The budget document is provided in two parts – a higher level overview that describes the implications of budget decisions on services, projects, capital investments, reserves and debt; and a separate appendix document that provides the complete details of the 2019-2023 Financial Plan. Through sharing ideas and discussing the implications of the financial plan for View Royal's residents and guests, we will lay a foundation for the "resilient, vibrant community that fosters and balances social, environmental and economic well-being" idealized by the Strategic Plan.



Kim Anema, CPA, CGA
Chief Administrative Officer

VIEW ROYAL OVERVIEW



Community Profile

View Royal is an attractive, largely residential community of over 10,000 people in the centre-west part of the Capital Region on Vancouver Island in British Columbia, Canada. It shares boundaries with several other jurisdictions – Esquimalt, Saanich, Langford, Colwood, Highlands, and the Esquimalt and Songhees First Nations. The municipality was incorporated in December 1988; previously, it had been an Electoral Area of the Capital Regional District (CRD).

View Royal is traversed by three major transportation routes – Highway 1 (Trans-Canada Highway), the Island Highway and the E & N (Esquimalt and Nanaimo) rail line. These routes have had a significant impact on the development pattern of View Royal for several decades.



The form and character of View Royal has also been shaped by a rich variety of ecosystems. These include the salt-water environment of Esquimalt Harbour and Portage Inlet, the blending of salt and fresh waters in Craigflower and Millstream Creeks and their estuaries, and the freshwater ecosystems of Thetis, Prior and McKenzie Lakes. Terrestrial environments are equally varied, ranging from the moist Douglas Fir forest habitat to the drier, rockier areas that produce the unique and rich Garry Oak meadows.

Statistics at a Glance



Incorporated
1988



14.36 km² land area
10,400 population
725 people/km² density



4,300
households



40% single-detached houses
4% semi-detached houses



22% duplex units
17% townhouses

15% apartments <5 stories
2% apartments >5+ stories



69% of property tax base is from residential
30% from business
1% from other property

730 hectares parkland
71 parks
27 km trails



57 km roads
42 km storm sewers
47 km sanitary sewers

73% drive to work **6%** are passengers

12% walk, cycle **9%** use public transit



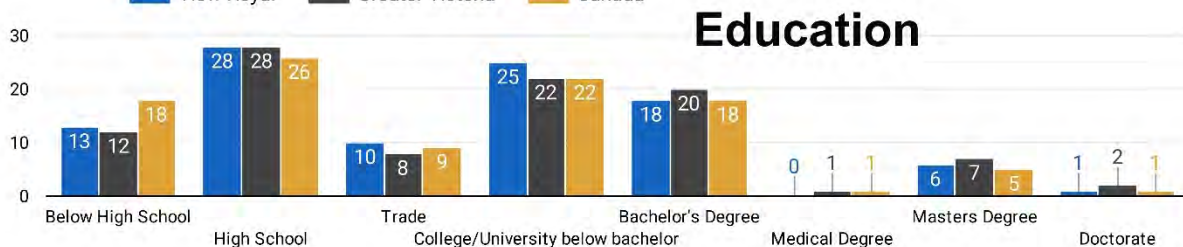
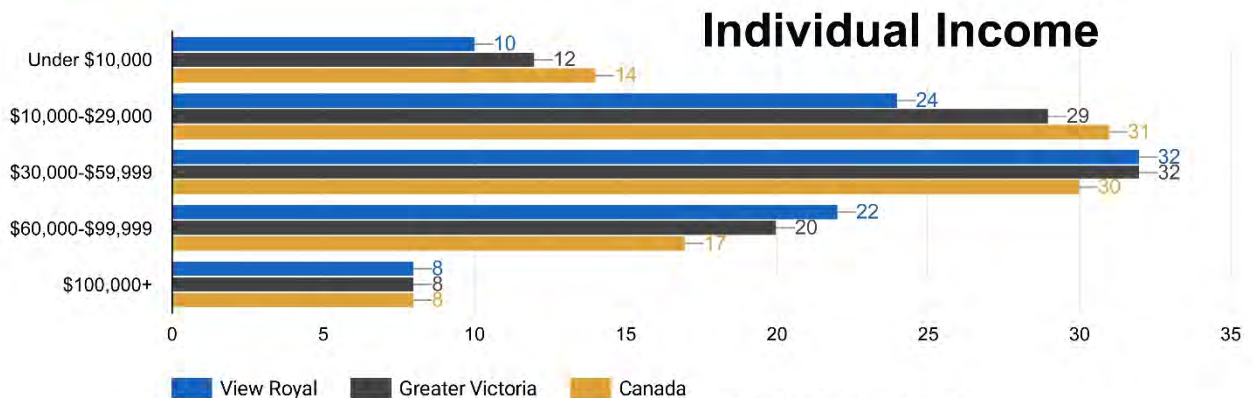
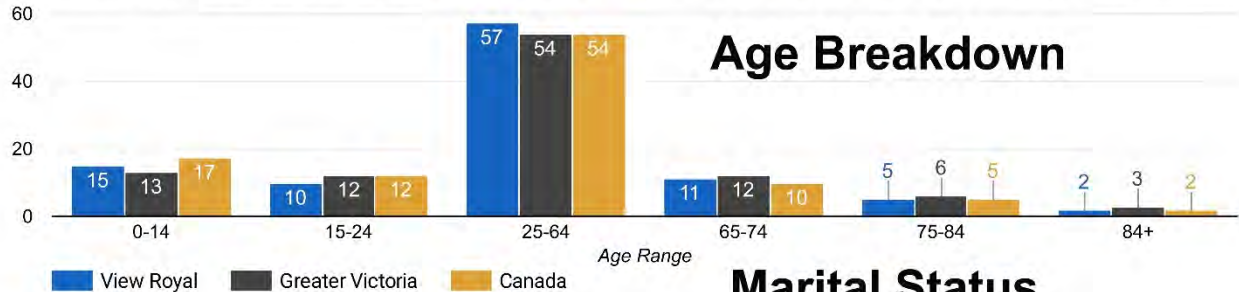
Sources: Statistics Canada, 2016 Census of Population
Town of View Royal

A Village of 100

Based on the 2016 census, if View Royal was made up of 100 people:

48 males and 52 females

compared to 48 males and 52 females in Greater Victoria and 49 males and 51 females in Canada



Miscellaneous

- 4 are unemployed** (5 Greater Victoria 7 Canada)
- 8 are earning a low income** (13 Greater Victoria 14 Canada)
- 28 are renters** (37 Greater Victoria 32 Canada)
- 26 are living alone** (33 Greater Victoria 28 Canada)
- 4 are single parents** (4 Greater Victoria 5 Canada)
- 4 have aboriginal identity** (5 in both Greater Victoria and Canada)
- 14 are visible minorities** (14 in Greater Victoria 22 in Canada)
- 16 are immigrants** (18 in Greater Victoria 22 in Canada)

Language

- 92 speak English most often at home** (92 Greater Victoria 64 Canada)
- 9 have knowledge of both official languages** (10 Greater Victoria 18 Canada)
- 5 speak languages other than English and French most often at home** (5 Greater Victoria 12 Canada)



Town Mission, Vision and Values

Our Mission

To build a resilient, vibrant community that fosters and balances social, environmental and economic well-being.

Our Vision

Liveable View Royal – simply the best place to call home!

Our Values

The Town of View Royal pursues good community through a corporate culture that is:

Accountable

Innovative

Respectful

Proactive

Ethical

Efficient and effective

Collaborative

Strategic Plan

At a series of sessions focused on identifying important initiatives that will help View Royal in realizing its overarching vision and mission, Council developed a strategic plan that highlights specific areas of focus. The strategic plan is reviewed at least once each quarter, with additional time spent each year updating the specific projects and initiatives as needed to keep it current. Council has expressed its intention to have an extended strategic planning process that engages the public more fully, starting with a statistically-significant citizen satisfaction survey early in 2019. Results and analysis from this survey will inform Council and help direct choices in future budgeting cycles.

The strategic plan focuses on these key areas:

Financial sustainability and service excellence

- Optimized corporate efficiencies
- Confidence in the fiscal health and financial sustainability of the Town
- Diversified revenue base
- Predictable property tax and user fee increases

Enhance liveability in View Royal

- Stewardship of valued parkland
- Alignment of community values with enforcement tools
- Build relationships and engagement through community events
- A strong and growing volunteer corps, investing in View Royal

Community and economic growth

- Private investment in the redevelopment of strategic sites on significant community corridors and at gateways to View Royal because Town seen as desirable place to be
- Engagement with business community to understand how the Town can support economic development
- Diversified revenue base
- Strategic municipal investment in the public realm
- Continued implementation of the official Community Plan (2011)

Maintain strong relationships with our neighbours

- Continue to be a “bridge” between the “core” and “western” communities
- Respected participant in the region
- Recognized as a progressive and innovative municipality

Organization Profile

Mayor and Council

View Royal provides municipal services to the community directly through in-house staff, partnerships with contracted service providers and not-for-profit organizations and participation in regional services provided through the Capital Regional District.



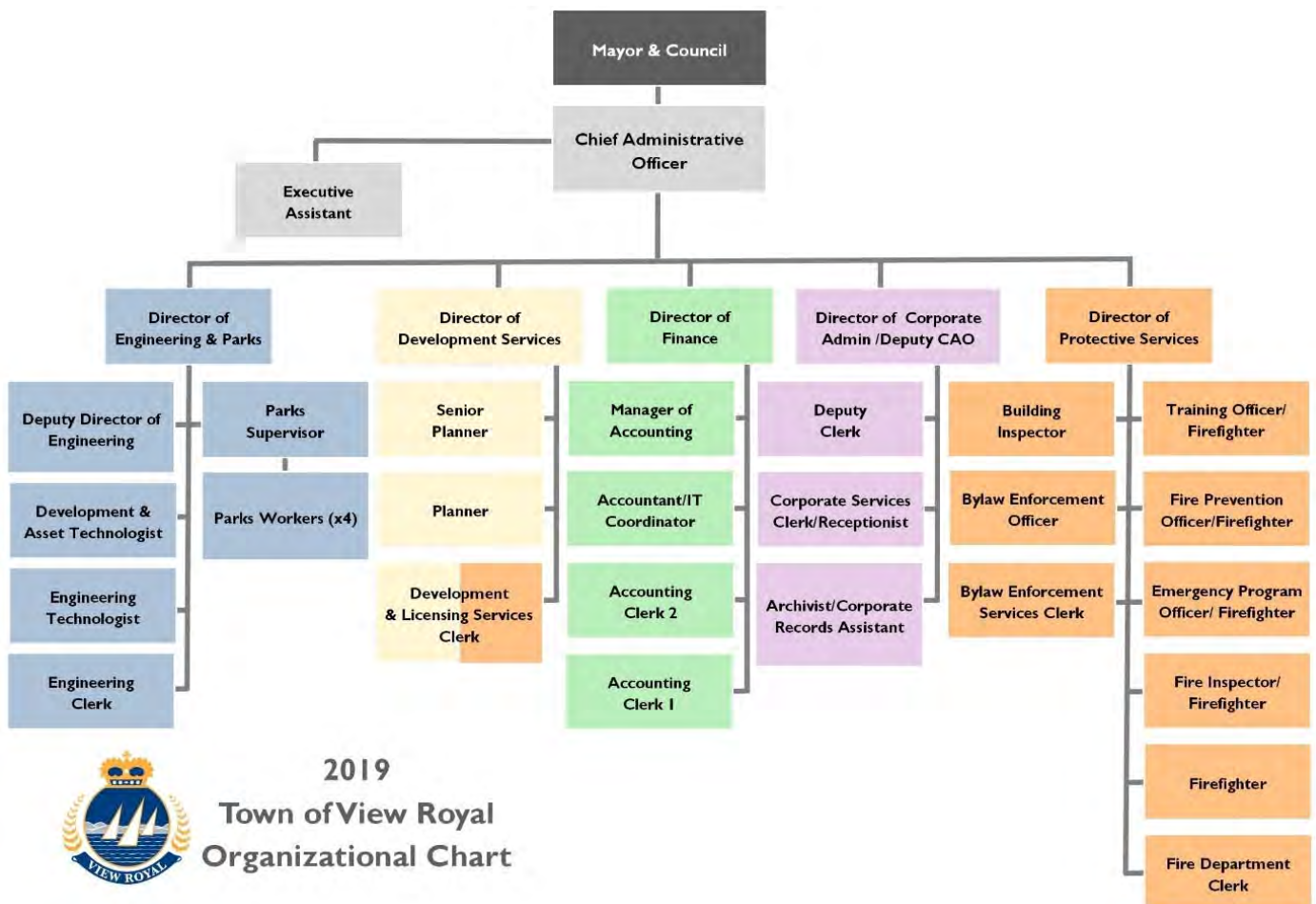
(Left to right) Councillor Ron Mattson, Councillor Damian Kowalewich, Mayor David Screech, Councillor John Rogers, Councillor Gery Lemon

View Royal's Municipal Council comprises a mayor and four councillors who represent its citizens and provides leadership and strategic direction for staff. Provincial legislation governs municipal elections, which are held every four years. The current Council, elected in October 2018 is led by Mayor David Screech, with Councillors Damian Kowalewich, Gery Lemon, Ron Mattson and John Rogers - a combined total of 61 years as elected officials.

View Royal Staff

The Chief Administrative Officer leads a small team of employees who are responsible for delivering the services envisioned by Council as supported by the annual financial plan.

View Royal employs 40 full and part-time employees and coordinates with approximately 55-60 volunteer firefighters and emergency support personnel. Police services are provided under contract with the RCMP, with municipal administrative support provided by the City of Langford. View Royal provides public works services (road maintenance) through a contract with Victoria Contracting.



Staff labour costs are allocated to functional service units based on their primary area(s) of responsibility.

Full-time equivalencies (FTEs)

Service	2018	2019 Proposed	Change	Comments
General government	10.6	10.8	+0.2	Archivist/records management
Protective	10.0	10.0	-	
Transportation	4.8	5.1	+0.3	Summer student
Environmental	0.5	0.5	-	
Development	3.5	3.5	-	
Parks	5.6	5.6	-	
TOTAL	35.0	35.5	+0.5	

Functional Units

The Town of View Royal is a diversified municipal organization that provides a wide range of services to its citizens. Municipal services are provided by departments and their activities are reported separately, both in the budget and in reports to Council throughout the year.

The financial plan includes the following functional units for operational and capital budgets:

General Government Services

The General Government function provides corporate administration, finance, information technology, human resources support, and legislative services.

Protective Services

The Protective Services function includes View Royal Fire Rescue which is a composite paid and volunteer fire department responsible for fire suppression, fire inspections, and related training and education. This function encompasses policing provided by the RCMP through the West Shore detachment, emergency planning and preparedness, and enforcement of animal control, building, and other municipal bylaws.

Transportation Services

The maintenance and capital programs for View Royal's roads, streets, bridges, sidewalks, street signage, boulevards, bus shelters, street lighting, traffic signals and storm drains are provided by the Transportation Services department. This department works closely with Development Services to support development and growth.

Environmental Services

Through its Environmental Services function View Royal provides both solid waste and liquid waste management (sanitary sewer) services to properties within its boundaries. Water services are provided by the Capital Regional District (CRD) and billed directly to the consumer; therefore, this financial plan excludes provision of water services.

Development Services

The Development Services function provides the current and future land use, planning, and zoning work for View Royal and is responsible for the Official Community Plan that guides future growth. Additionally, Development Services supports economic development initiatives and programs.

Parks

The Parks department is responsible for the maintenance and development of all parks and green spaces within View Royal, including implementation of the capital program each year.

Recreation and Culture

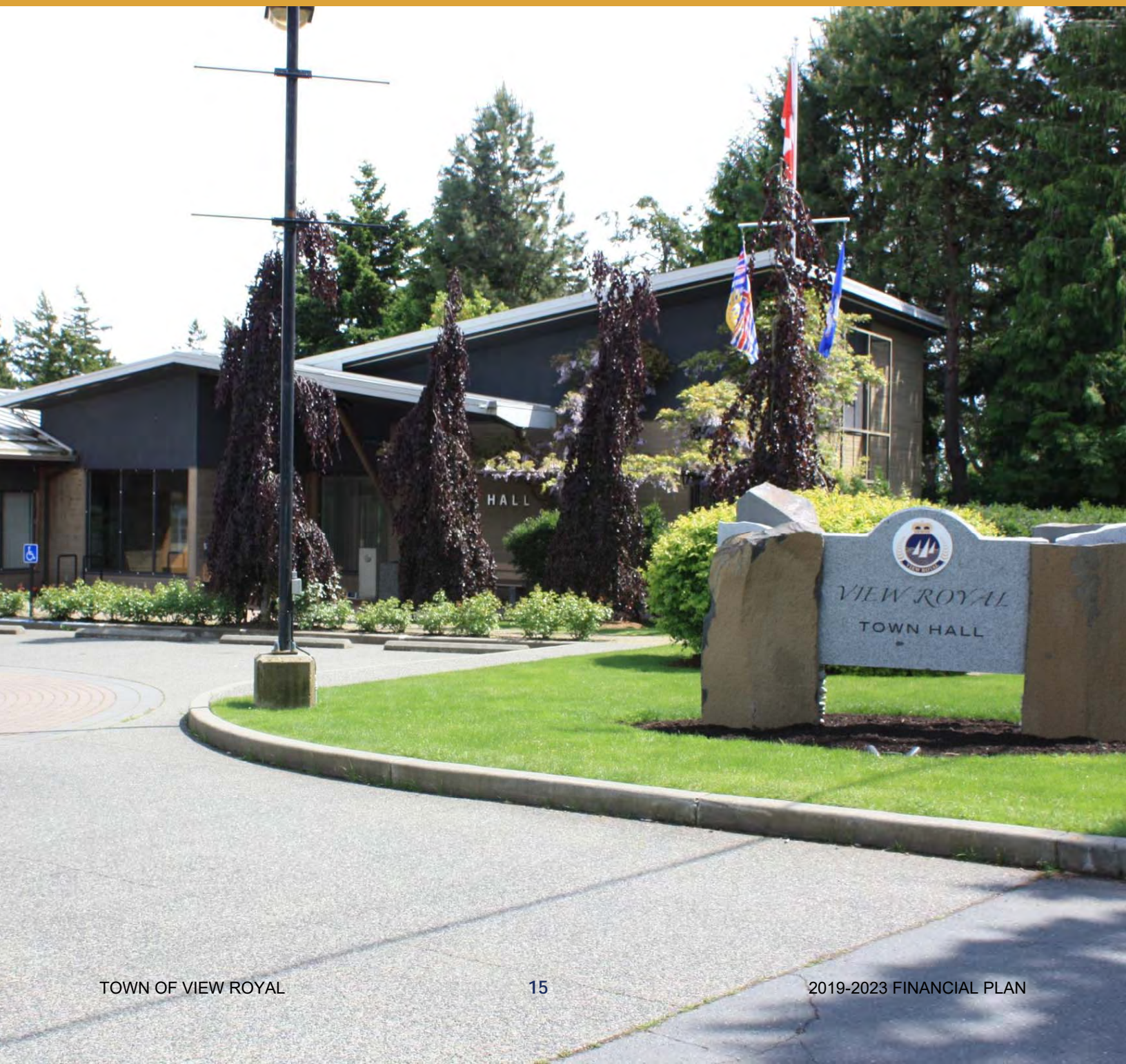
While View Royal does not have sole ownership or control of any recreational or cultural facilities, it provides these services to its constituents through partnerships with the Greater Victoria Public Library and West Shore Parks and Recreation Society.

Fiscal Services

The Fiscal Services segment of the financial plan supports all other functions and comprises taxation, debt servicing, reserve transfers, grants and other contributions, amortization and revenue not directly attributable to other departments.



FINANCIAL MANAGEMENT



Financial Planning Approach

Financial planning at View Royal is a year-round venture, however efforts are more focused at certain times of the year. The Strategic Plan and other plans such as the Official Community Plan and related master plans guide the development of service plans and work projects to ensure progress toward the objectives outlined. Department managers examine budgets within their area of responsibility to ensure that costs are based on specific activities that deliver the desired levels of service. The annual financial plan describes projected expense and anticipated revenue for both operating and capital activities planned over the five-year horizon and includes actual values from the prior year for comparative purposes. Items that represent a change to a level of service or are infrequent or one-time items are identified as “non-core” items. Projects approved in the prior year’s financial plan that are in progress are carried forward to the current financial plan and any additional funds required to complete the project are noted. Most importantly, the public have an opportunity to view the proposed financial plan and provide input to Council through open meetings and electronic access.

Provincial legislation requires municipalities to adopt a five-year financial plan by bylaw by May 15 of each year. The tax rate bylaw, also due by May 15, is based on this financial plan. Financial plans must be balanced, that is expense in any given year must not exceed anticipated revenue from all sources for that year. In any year in which a deficit occurs, legislation requires the amount to be recovered the following year.

The financial plan may be amended at any time by bylaw; typically, this is done near the end of the year to capture unforeseen expenses or Council-approved initiatives that missed the original budget cycle.

Non-core and Capital Priority Ranking

Each non-core and capital item is assigned a priority designation based on staff’s understanding of the underlying nature of the project in relation to several criteria, including risk, timing, and community interest.

Priority Designations

Priority	Description
1 – Critical	This is this most urgent priority; exclusion of this project increases risk to the municipality, has a negative future cost impact, or both.
2 – Required	External factors drive the need for this project – either outside agencies, internal policy, or previous approval and initiation of the project such that exclusion would risk non-compliance or loss of previous investment.
3 – Strategic	This project is either specifically identified in the municipality’s strategic plan or it represents an increase in capacity to achieve Council’s strategic goals.
4 – Optimal	The project may have one or more dependencies with another project; while on its own it may be fully discretionary but completing this project at this time represents future a cost savings, an increase in value, or reduction of risk.
5 - Discretionary	The project is a specific request of Council, constituent or other stakeholder that has not been identified in strategic or other master plans and represents no risk to the municipality if it is not approved.

Budget Calendar

Each year, the financial planning process is presented to Council and dates are set for key budget deliverables and discussions. The detailed financial planning process (see calendar below) results in the approval of the finalized financial plan and tax rate bylaws prior to the legislated May 15 deadline. Dates and times are subject to changes; check View Royal's website for updated information at www.viewroyal.ca. This document is intended to inform the public and Council in advance of the mid-February budget deliberations and will be revised and reissued based on the decisions at those meetings.

2019-2023 Financial Planning Calendar

Year	Month	Purpose	Who	Date
2018	September	Approval of Financial Planning calendar	Committee of the Whole	September 18
	November	Review financial planning policies and fleet replacement plans	Committee of the Whole	November 13
	December	Consideration of Council proposed initiatives Strategic planning – initiation	Committee of the Whole Council	December 11 Dates TBD
2019	February	Publication of proposed 2019-2023 Financial Plan	Distribution to Council	February 11
		Budget workshops:		
		Introduction and overview	Council *	Feb 19 – 7 pm
		Consideration of non-core requests	Special COW– Budget *	Feb 20 – 6 pm
		Consideration of capital plan	Special COW– Budget * <i>if required</i>	Feb 21 – 5:30 pm
		Presentation of service plans Consideration of reserve transfers	Special COW– Budget *	Feb 26 – 5:45 pm
	March	Consideration of grant-in-aid applications; recommendation for approval	Committee of the Whole	March 12 – 7 pm
		Opportunity for public participation	Open House	March 19 – 5 pm
		Presentation of consolidated financial plan for approval in principle	Council *	March 19 – 7 pm
		Approval of grants-in-aid	Council *	March 19 – 7 pm
	April	First three readings of financial plan bylaw	Council *	April 2
		Consideration of tax rate options	Committee of the Whole	April 9
		Adoption of financial plan bylaw	Council	April 16
		First three readings of tax rates bylaw		
	May	Adoption of tax rates bylaw	Council	May 7
		Information about financial plan, taxes and user fees included with tax notice mail out and on website	Staff	May

* These sessions will include opportunities to address comments from the public

Financial Policies

One of the first steps in the financial planning process is a review of the policies and practices that influence development of the financial plan. These guidelines ensure that the resulting plan is consistent with Council's goals and objectives. To the extent that the policies, principles and practices are documented, they foster a common understanding of the process while increasing transparency for the interested public.

Over time, Council has considered and approved several financial policies that guide the development of the financial plan, subsequent decisions, and annual financial outcomes. Where there are no stated policies, staff relies on past practice or Council direction.

Summary of Financial Policies and Practices

Key Topic	Policy or Source	Description	Purpose	Last Update
Financial Assistance	1600-012	Grants in Aid	To provide financial assistance to non-for-profit or community organizations that provide a public benefit	2012
	1600-018	Permissive Tax Exemptions		2012
Expenditures	1600-019	Tangible Capital Assets	To identify specifics for the accounting of capital assets, including definitions, thresholds, and amortization parameters	2012
	n/a	Asset Management Planning	To identify parameters for the development, maintenance and implementation of asset management plans, such as methodologies, strategies, and acceptable levels of service and risk	n/a
	Practice	Budget Variance Reporting	To specify guidelines for periodic financial reporting, such as frequency, report organization, level of detail, and comparative information	n/a
	n/a	Debt	To specify acceptable maximums or targets for total debt burden and debt service costs	
Revenues	1600-020	Reserves and Surplus	To guide the development, maintenance and use of financial reserve funds	2017
	Practice	Revenue	To guide the management of revenue, including diversification targets, basis for fees and charges, and use of one-time or unpredictable revenues	n/a
	Council Direction	Taxation	To identify long-term property taxation strategies, including targets for assessment class multiples	annual
Process	Practice	Financial Planning Process	To guide the development, maintenance and implementation of financial plans, including basis of budgeting, definitions of core and non-core items, and opportunities for public consultation	n/a

Fund Structure

Traditionally, municipalities in Canada use an accounting fund structure to segregate financial reports into various components. Public sector accounting standards now require presentation of financial information on a consolidated basis for the annual financial statements and this financial plan takes a similar approach. However, certain aspects of the financial plan are highlighted as areas that may be of special interest to the reader, which coincide in some cases with the traditional fund structure.

Presentation of Funds

Accounting	Financial Plan	Financial Statements
General operating fund Sewer operating fund	Operating budget by functional unit	Financial position and operations
General capital fund Sewer capital fund	Capital budget by functional unit	Non-financial assets
Reserve funds	Reserve funds	Reserves and equity

Basis of Budgeting

Both the consolidated financial statements and the financial plan are prepared in accordance with Canadian public sector accounting principles for governments as recommended by the Public Sector Account Board. This includes following the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and the goods or services received (for the financial statements) or as planned (for the financial plan). While much of the budget is based on the same accounting standards under which the financial statements are prepared, there are a few key differences.

View Royal is a part owner in the West Shore Parks and Recreation Society (WSPRS) that operates the Juan de Fuca Recreation Centre. The financial plan includes the annual contribution required by the agreements governing the partnership, however, it does not incorporate its proportionate share of the WSPRS budgeted operating and capital budgets. The financial statements consolidate these numbers and provide detailed note disclosure.

The financial plan includes amortization expense, but because amortization represents a reduction in the equity in tangible capital assets which is not funded by taxation, the budget also includes a “transfer from equity in capital assets” to offset the amortization expense.

The capital plan and related funding sources are treated as revenues and expenses in the financial plan, however, these items result in an increase to tangible capital assets on the balance sheet (Consolidated Statement of Financial Position) rather than the income statement (Consolidated Statement of Operations) in the annual financial statements. Likewise, debt principle repayments and debt proceeds result in changes to long-term debt liabilities on the balance sheet (Consolidated Statement of Financial Position) but are included as expenses or revenue for the purposes of the financial plan.

Inter-fund transfers, such as transfers to or from reserves or surplus accounts are excluded from the financial statements but are identified in the financial plan as required by legislation. Similarly, internal borrowing and internal debt repayment is treated as internal transfers and described in the debt section of the financial plan but is not included with external debt on the financial statements.

Legislation also requires that the financial plan be balanced; that is, that the total of all proposed expenses must not exceed the total of all proposed funding sources. The financial statements include a reconciliation to the financial plan of all revenues, expenses and the annual deficit or surplus.

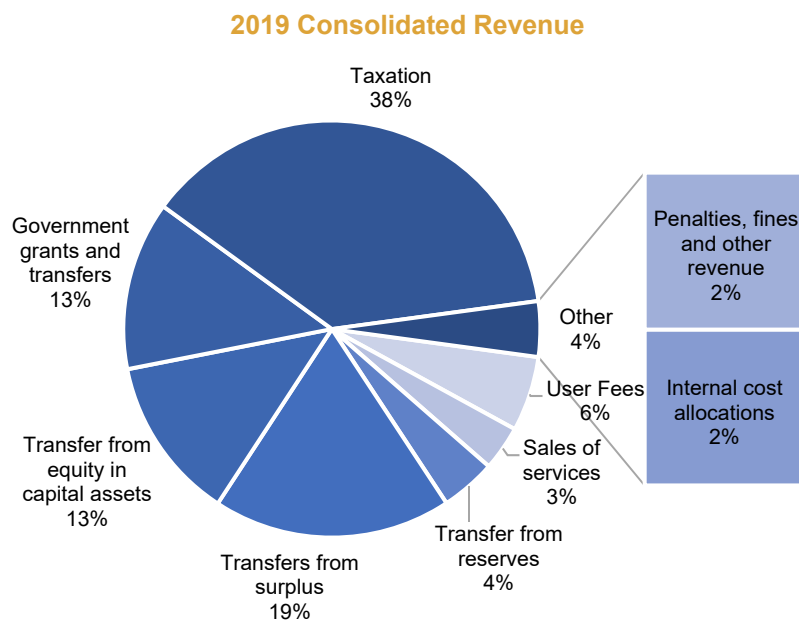


Consolidated Financial Plan

The consolidated financial plan encompasses all expenditures and sources of revenue for the current and subsequent four years for all funds. The consolidated plan describes operating revenue and expense separately from uses of and contributions to reserves. The proposed 2019 budget is summarized as follows:

	2018 YTD	2018 Budget	2019 Budget	Change \$	Change %
Revenue					
Operating revenue	\$ 18,211,562	\$ 14,223,978	\$ 14,468,019	\$ 244,041	2%
Transfers for operations	4,293,585	4,862,334	5,379,829	424,536	11%
Revenue from capital sources	3,594,743	308,685	172,261	(136,424)	(44%)
Proceeds from borrowing	-	800,000	-	(800,000)	(100%)
Transfers for capital	1,355,075	1,990,400	3,447,251	1,456,851	73%
	27,454,965	22,185,397	23,467,360	1,281,963	6%
Expense					
Operating expense	10,758,349	12,041,553	12,923,183	881,630	7%
Internal cost allocations	-	492,476	502,326	9,850	2%
Capital expenditures	4,970,392	3,099,085	3,619,512	520,427	17%
Amortization	2,841,075	2,870,900	2,979,400	108,500	4%
Transfers to reserves/surplus	6,997,552	3,374,913	3,136,469	(238,444)	(7%)
Principal payment on debt	306,470	306,470	306,470	-	0%
	25,873,838	22,185,397	23,467,360	1,281,963	6%
Surplus / (deficit)	\$ 1,581,127	\$ -	\$ -	\$ -	

The 2019 plan projects an overall 6% increase in both total revenue and expenses, of which 1% is supported by growth in property assessments. Sixty-two percent of total expense is funded from revenue sources other than taxation. The financial plan predicts receipt of gas tax and casino revenue grants totaling nearly \$2.5 million. Capital expenditures are financed primarily from reserves, casino revenue, and gas tax (Community Works Fund). Transfers from reserves and surplus (excluding transfer from equity in capital) represent 23% of the total revenue requirement. One of Council's strategic priorities is to develop a long-term financial plan that will identify optimal levels of reserves to ensure future financial sustainability.



Proposed capital investments in new, renewed or improved assets represents 15% of consolidated expense in 2019. Debt remains low for 2019 with 2% of total expense required for principal and interest payments.

The complete consolidated five-year plan with comparative figures is presented in [Appendix 1 Consolidated Financial Plan](#).

Operating Revenue and Transfers for Operations

Operating revenue comprises primarily property taxes, user fees and other income that results from the provision of services such as fire protection or development services. Operating revenue excludes transfers from reserves and surplus and internal cost allocations as these items are not the result of the current year's operations. It is important to understand the extent to which balancing the budget relies on reserves and surplus, since doing so is not sustainable in the long term.

Revenue component	2018 YTD	2018 Budget	2019 Budget	Change %
Taxation and payments in lieu	\$ 8,290,169	\$ 8,475,680	\$ 8,878,636	5%
User fees	1,354,904	1,346,035	1,365,566	1%
Sales of services	1,260,519	812,650	814,240	0%
Gov't grants and transfers	3,099,231	3,211,733	3,060,915	(5%)
Other revenue	4,206,739	377,880	348,662	(8%)
Total operating revenue	18,211,562	14,223,978	14,468,019	2%
Transfers for operating	4,293,585	4,862,334	5,379,829	11%
Total revenue and transfers	\$22,505,147	\$19,086,312	\$19,847,848	4%

[Appendix 1 Schedule 1.3 Operating Revenue Summary](#) provides five-year projections and details for operating revenue in the proposed financial plan.

Assumptions and Trends

Taxation revenue, including payment in lieu of taxes, is projected to increase a total of 5% to fund increases in the cost of labour, including the new Provincial Employer Health Tax, increases in other core operating costs, and new non-core requests.

The proposed financial plan predicts user fees will increase by about 1.3% or \$4.60 per household for curbside garbage pickup and sanitary sewer services.

Estimates for future Casino revenue have been revised from the previous plan based on 2018 results. Growth in future revenue is based on historical patterns where applicable.

Assessments and Taxation

As with most municipal governments, View Royal's property tax is one of the primary sources of revenue that supports the delivery of services to its residents. In British Columbia, property assessments are based on the market value of land, improvements or both as assessed by BC Assessment, an independent property appraisal body. Legislation requires annual municipal tax rates

to be adopted by bylaw after the five-year financial plan bylaw is adopted, but no later than May 15 of each year. Tax notices are issued in May, with property taxes due the first business day in July.

Each year Council carefully examines the implications for representatives from each property class and compares these with corresponding values from the prior year and other municipalities. This analysis helps Council consider increases in taxation with principles of affordability, predictability and consistency in mind.

Council considered the tax implications of the first iteration of the financial plan at its February 19-26, 2019 budget meetings. During those sessions, Council directed specific changes to the financial plan that reduced the requirement for total property tax revenue. Council will consider tax rate options, including the distribution between property assessment classes, at the April 9, 2019 Committee of the Whole meeting.

Assessed Taxable Values

The following table compares 2019 property assessments (Completed Roll) with 2018 assessments and identifies market versus non-market change. Non-market change (NMC) in assessed values results from subdivisions, rezoning and new construction, while market value change is the result of a variety of factors, including supply and demand. A negative non-market change value may occur when a property is reclassified from one property class to another, or when buildings are demolished or removed. Non-market change comprises nearly \$72 million of the total \$365 million increase in assessments in 2019, giving rise to an estimated \$246,000 or 3% increase in tax revenue.

Property Class	2018 Revised Roll	2019 Completed Roll	Total Change	Non-market Change	NMC Change %	Market Change %	Total Change %
1 Residential	\$2,360,936,903	\$2,690,260,603	\$329,323,700	\$55,809,400	2.4%	11.6%	13.6%
2 Utilities	321,800	333,700	11,900	-	0.0%	3.7%	3.7%
5 Light Industry	3,298,000	3,632,000	334,000	-	0.0%	10.1%	10.1%
6 Business/Other	282,978,700	318,805,800	35,827,100	15,905,900	5.6%	7.0%	12.7%
8 Rec/Non-profit	5,741,000	5,632,000	(109,000)	-	0.0%	-1.9%	-1.9%
9 Farm	60,496	33,563	(26,933)	(26,934)	-44.5%	0.0%	-44.5%
Total all classes	\$2,653,336,899	\$3,018,697,666	\$365,360,767	\$71,688,366	2.7%	11.1%	13.8%

2019 Property Taxes

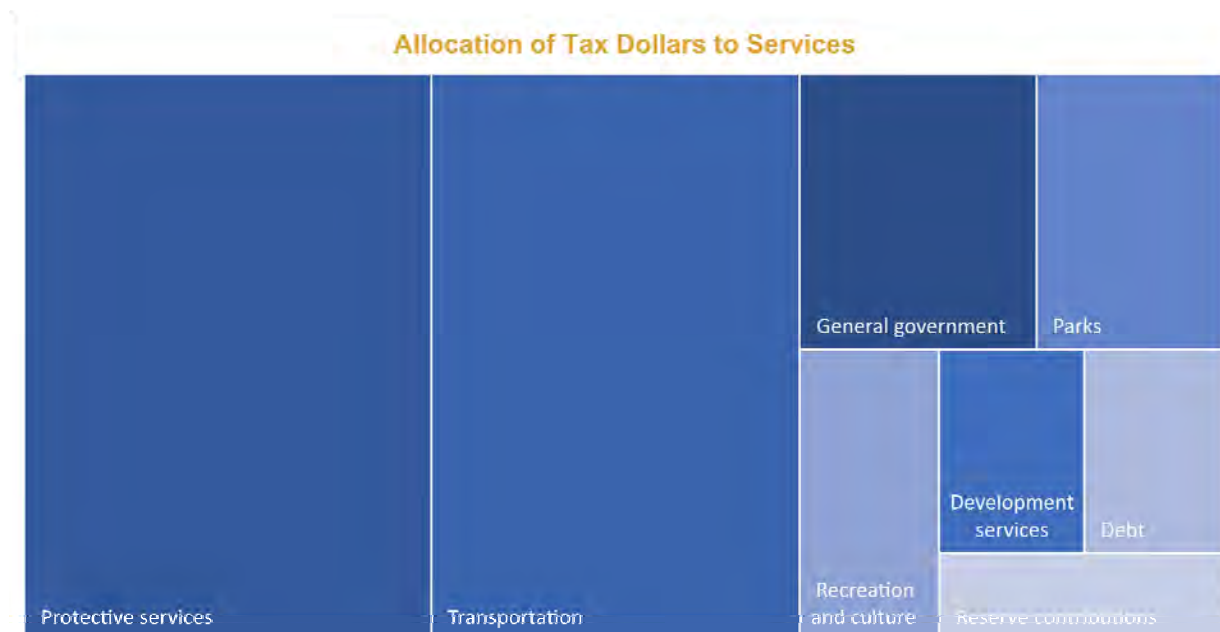
The next table demonstrates that the increase in taxation predicted by the financial plan is primarily required to support existing services at current levels. In other words, a 7.07% increase in taxation is required for the core operating budget that includes increases in labour costs, including the new Provincial Employer Health Tax, and the full-year costs of decisions made in the prior year. If all non-core requests were approved an additional 1.32% of taxation would be required.

2019 Taxation Requirement Details

	Amount	% Change
Estimated property taxes at 2018 rates (based on Completed Roll)		
2018 property taxation	\$ 8,147,788	
2019 non-market change (NMC)	245,994	
2019 property taxation at 0% increase	8,393,782	
Taxation increase required for core operating budget		
Increase in labour costs (including new Employer Health Tax)	295,408	3.5%
Decrease in costs of other core expenses	(11,228)	(0.1%)
Decrease in revenue estimates	55,894	0.7%
Decrease in transfers from reserves and surplus	101,265	1.2%
Increase in transfers to reserves	61,189	0.7%
Total taxation increase required for core operating budget	502,528	6.0%
Taxation increase required for non-core requests and operational cost of capital	38,625	0.4%
Total taxation increase required	541,153	6.4%
Revenue from new construction	(245,994)	2.9%
2019 tax increase required	295,159	3.5%
2019 total taxation revenue	\$ 8,688,941	

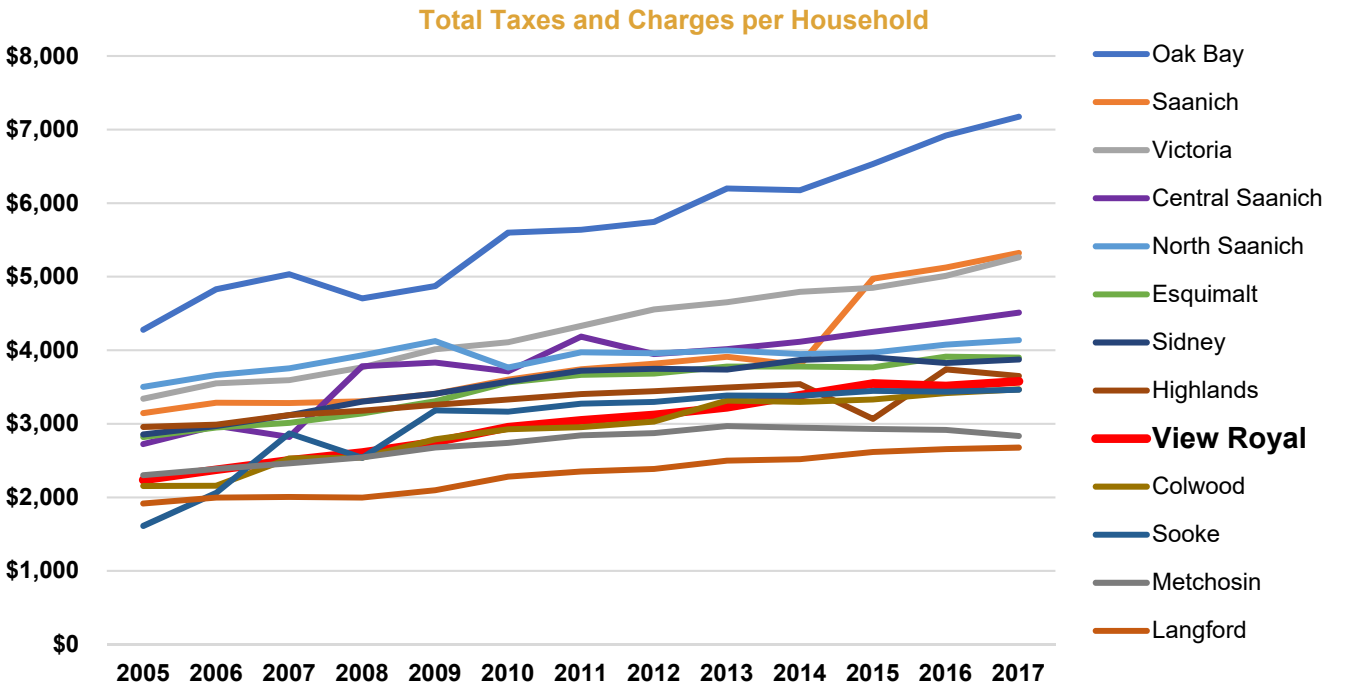
The first calculation in the table above demonstrates if there were no changes to the tax rates in 2019 a total of nearly \$8.4 million would be raised. Each 1% increase equates to approximately \$84,000 in tax revenue. This financial plan estimates a 3.5% tax increase is required to fund core services, including the new Employer Health tax and non-core requests.

Nearly \$0.65 out of every tax dollar funds protective and transportation services, while \$0.10 funds general government services including support to Council and overall corporate administration.



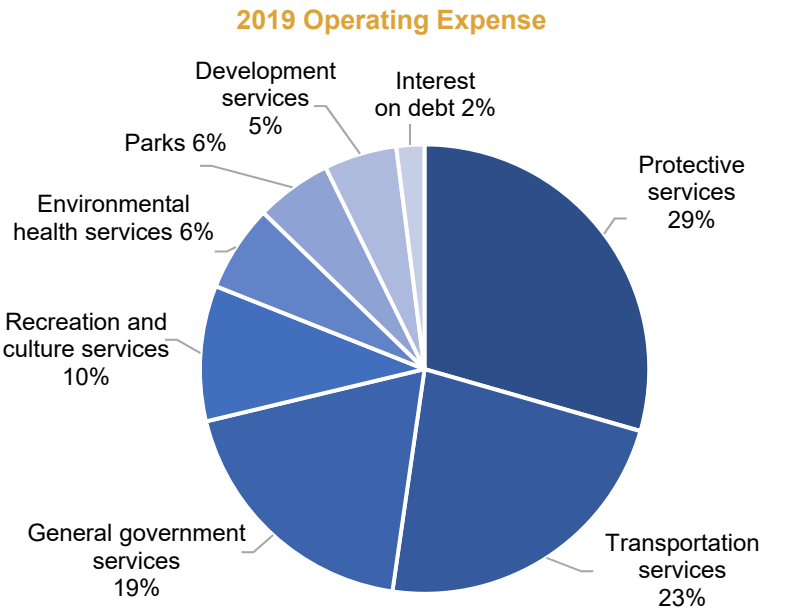
Regional Comparisons

A comparison of the total property taxes and charges per household for the 13 municipalities in the Capital Regional District indicates that in 2017, View Royal had the fifth lowest taxes and charges per household in the region.



Operating Expense and Transfers

Operating expense is presented by function and includes proposed non-core requests. Protective and transportation services comprise over half of the 2019 operating expense budget, while general government, including administrative support for Council is 19%. Together, parks, recreation and culture consume 16% of total operating expense.



Assumptions and Trends

Staff generally make conservative inflationary assumptions when projecting expenses; market inflation is assumed to be 2% for most operating items. Contingencies are not automatically built in to budgets. Many of View Royal's services are provided through contractual arrangements with external service providers. Labour costs in 2019 comprise just over \$4 million or 34% of the \$12 million operating budget and are assumed to increase by 2% each year. Starting in 2019, View Royal is subject to the new Provincial Employer Health Tax (EHT) at the rate of 1.95% on total employee remuneration. This tax will replace Medical Services Plan (MSP) premiums in 2020, but for 2019 total estimated EHT will add nearly \$70,000 to labour costs, in addition to \$12,000 for View Royal's share of MSP premiums.

With two exceptions, View Royal does not allocate internal support costs such as general administration, finance and information technology to taxation-supported services. These costs are included in the general government services category. An administration fee is charged as an internal cost allocation to both garbage collection and sanitary sewer functions to ensure that user fees collected represent the full cost of providing the service. In the proposed 2019-2023 Financial Plan, internal cost allocations total just over \$500,000 in 2019 and increase by 2% per year thereafter.

Details about operating expenses and the changes from the prior year are provided in the service plan for each function.

Expense component	2018 YTD	2018 Budget	2019 Budget	Change %
General government services	\$ 2,040,914	\$ 2,276,905	\$ 2,451,758	8%
Protective services	3,314,170	3,615,373	3,805,618	5%
Transportation services	2,155,716	2,714,168	2,951,326	9%
Environmental health services	684,225	796,259	807,005	1%
Development services	433,514	485,175	676,373	39%
Parks	624,338	644,802	708,501	10%
Recreation and culture services	1,244,840	1,248,238	1,261,969	1%
Interest on debt	260,633	260,633	260,633	0%
Total operating expense	10,758,349	12,041,553	12,923,183	7%
Amortization, debt and transfers	10,145,097	7,044,759	6,924,665	(2%)
Total expense and transfers	\$20,903,446	\$19,086,312	\$19,847,848	4%

Non-core Requests

Non-core requests are those projects or activities that represent a change to service levels or are new non-recurring or infrequent items. These projects are different from capital projects, as they don't involve the purchase or improvement of an asset. These requests arise from Council or constituents' initiatives, recommendations from staff, or in response to factors external to the municipality. Ongoing non-core requests approved in prior years become operational items in subsequent budgets, typically funded by taxation.

Significant 2019 non-core items included in the 2019-2023 Financial Plan are outlined below. Of the total \$592,550 proposed for non-core projects in 2019, \$33,725 is funded from taxes, representing a 0.4% increase in taxation. A total of \$226,410 is funded from Casino revenue, \$25,000 from reserves, and \$119,000 from prior year surplus. Five projects are eligible for grants totaling \$188,415, including \$130,000 from federal gas tax (Community Works Fund).

2019 Non-core Requests

Priority	Description	2019 Budget
1-Critical	Town Hall exterior repairs - roof and lighting	19,000
	Projects under \$10,000 (1 project)	2,000
2-Required	Atkins Road drainage rehabilitation study	15,000
	Archives staff time increase	11,625
	Projects under \$10,000 (2 projects)	16,285
3-Strategic	Commercial precinct plans	60,000
	Housing strategy	40,000
	Development of road ends-implementation	40,000
	Community survey	40,000
	View Royal Park development - Master Plan review	35,000
	Long-term financial plan and sustainability review	30,000
	Emergency evacuation route plan	25,000
	Trails Master Plan development	25,000
	Parks signage and branding	20,000
	Noise Bylaw review	10,000
	Projects under \$10,000 (4 projects)	23,640
4-Optimal	Road network asset inventory data collection system	115,000
	Six Mile Rd improvements-Phase 3 Atkins roundabout-study	40,000
	Projects under \$10,000 (1 project)	8,000
5-Discretionary	Watkiss Way lighting improvements-Burnside Rd W to Highland Rd	15,000
	Projects under \$10,000 (4 projects)	2,000
Total non-core requests		\$ 592,550

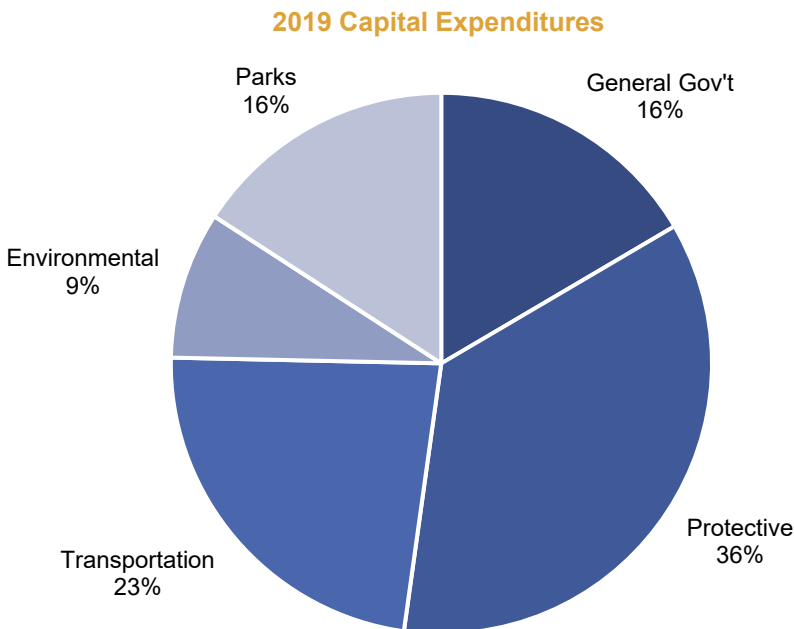
Non-core requests are listed in the service plans for each function. [Appendix 2 Non-core Requests](#) provides the complete 5-year listing of all non-core requests including planned sources of funding.

Each project is described in detail in project summaries contained in [Appendix 5 Project Summaries](#) organized sequentially by unique reference number.

Capital Plan

Capital items are those projects or activities that result in the acquisition of tangible capital assets as defined by policy. These items arise from Council’s or constituents’ initiatives, recommendations from staff, master plans or factors external to the municipality.

View Royal’s Strategic Plan includes the development of an asset management plan that moves the Town toward long-term financial sustainability. The asset management plan would identify the timing and costs of renewing assets to ensure continued service delivery, while ensuring the burden on the taxpayer is stable and affordable. This plan will be used to predict levels of reserve funds and debt required to support the renewal of capital assets. While this fulsome plan is being developed, capital asset replacement planning for the 2019-2023 Financial Plan considers all available information such as asset age, condition, history of failure, maintenance requirements, ability to meet service requirements, and other factors. Projects are prioritized based on these and other factors, such as availability of grants and community expectations.



View Royal’s investment in new or replacement capital infrastructure totals \$14.8 million over the 5-year planning horizon, or about 95% of amortization. Since amortization is based on the historical cost values of assets, rather than projected replacement costs, this rough measure indicates that capital investments currently are not keeping pace. Strategies in the asset management plan will need to include extending the service lives of assets to help move View Royal toward financial sustainability.

Overview

The proposed financial plan includes \$3.62 million in total capital investments in 2019. Of this total, \$1.74 million is for projects that were approved in the prior year and are currently in progress. New capital projects or those that were scheduled to begin in 2019 in prior financial plans total \$1.88 million. The capital plan has been developed with consideration of View Royal’s Strategic Plan and other master plans, such as the Transportation and Parks Master Plans that identify areas of priority for investment in tangible assets. The plan builds on previous plans with investments in technology that enhance taxpayers’ and visitors’ experience and ensures technological currency. Investments in protective services capital supports continued reliable service delivery and expanded emergency program capability. Transportation capital projects replace or enhance existing networked systems and improve pedestrian and cyclist safety. Sanitary sewer projects comprise upgrades or replacements of infrastructure to ensure continued dependable service. Investments in parks infrastructure improve the safety, accessibility and availability of recreational opportunities in View Royal.

Capital Plan Summary

Capital projects	2019 Budget	2020 Budget	2021 Budget	2022 Budget	2023 Budget
General government services	\$ 555,137	\$ 58,700	\$ 40,000	\$ 58,700	\$ 58,700
Protective services	1,291,000	75,800	15,100	810,000	1,126,000
Transportation services	837,066	3,565,000	3,055,000	15,000	-
Environmental services	362,600	350,000	50,000	-	-
Parks	573,709	446,400	730,000	300,900	435,640
Total capital projects	3,619,512	4,495,900	3,890,100	1,184,600	1,620,340

Funding	2019 Budget	2020 Budget	2021 Budget	2022 Budget	2023 Budget
Grants and contributions	14,000	2,000,000	666,667	-	-
Other revenue	158,261	-	-	-	-
Proceeds from borrowing ¹	-	-	-	700,000	1,126,000
Transfers from reserves	982,439	655,700	563,433	198,400	173,140
Transfers from reserve accounts and surplus	2,464,812	1,840,200	2,660,000	286,200	321,200
Total funding	\$3,619,512	\$4,495,900	\$3,890,100	\$1,184,600	\$1,620,340

¹ Includes both internal borrowing and financing from an external lender.

2019 Capital Projects

Projects that are approved in a budget year that are either multi-year projects or not completed at year-end are carried forward to the next budget year. The carried forward amount is reviewed to ensure the project can be completed within the existing budget, and if not, additional funds are requested. Projects are funded from the same source of funding as originally approved, unless otherwise requested as identified below. The 2019 capital plan includes \$1.74 million for projects that were approved in 2018.

[Appendix 3 \(Capital Plan\)](#) provides the complete 5-year listing of all capital projects and the planned sources of funding.

[Appendix 5 \(Project Summaries\)](#) includes detailed information for all proposed projects to be completed in the term of this financial plan, outlining the scope, objectives and risks, costs and benefits and proposed sources of funding. Project summaries are organized sequentially by unique reference number.

Capital Projects Approved in the Prior Year

Capital Project	2018 Budget	Carry Forward	Addition Requested	2019 Budget
General Government Services				
Council Chambers renovation ²	\$ 30,000	\$ 23,837	\$ -	\$ 23,837
Microsoft Office productivity suite upgrade ²	165,000	129,400	-	129,400
Records information management system ^{(Note 1), 2}	21,000	17,000	148,000	165,000
Secondary suites online renewal ²	20,300	20,300	4,700	25,000
Land Acquisition ^{2,3}	100,000	100,000	-	100,000
Mobile inspection hardware and integration ²	44,215	5,000	-	5,000
Protective Services				
Fire services vehicle replacement-rescue truck ^{3,4,7}	900,000	900,000	-	900,000
Public Safety Building public art ⁶	35,000	35,000	-	35,000
Transportation Services				
Island Hwy improvement project-Phase 2 design ⁵	50,000	27,066	-	27,066
Kayak launch on Shoreline Drive ²	20,000	14,300	30,700	45,000
Environmental Services				
Price Bay pump station upgrade ^{3,7}	385,970	55,923	13,077	69,000
Parks				
Portage Park stairs replacement (from Glentana Rd) ²	25,000	10,753	-	10,753
Parks signage and branding ²	5,000	5,000	-	5,000
Chilco trails plan implementation ⁵	140,000	54,356	-	54,356
View Royal Park bike skills park ²	50,000	50,000	100,000	150,000
Total capital projects	1,991,485	1,447,935	296,477	1,744,412

Funding	2018 Budget	Carry Forward	Addition Requested	2019 Budget
¹ Grant funding	-	-	-	-
² Casino revenue funding	420,515	315,590	283,400	598,990
³ Reserves funding	445,970	60,000	230,739	290,739
⁴ Proceeds from borrowing (internal debt)	800,000	580,000	-	580,000
⁵ Prior year surplus-gas tax (Community Works Fund)	190,000	81,422	-	81,422
⁶ Prior year surplus	35,000	35,000	-	35,000
⁷ Other revenue	100,000	158,261	-	158,261
Total funding	\$1,991,485	\$1,230,273	\$ 514,139	\$1,744,412

Note 1: Multi-year project started in 2018; \$135,000 was originally budgeted for 2019 in the previous financial plan

2019 Capital Projects

Capital Project	Priority	Ref	2019 Budget
General Government Services			
Information technology infrastructure hardware replacement ²	2-Required	C-38	18,700
Information technology workstation ever-greening ²	3-Strategic	C-40	40,000
Vadim iCity online upgrade ²	3-Strategic	C-70	33,200
Town Hall change room expansion ⁵	5-Discretionary	C-74	15,000
Protective Services			
Self-contained breathing apparatus cylinders ²	1-Critical	C-69	25,000
Fire hose replacement ²	1-Critical	C-60	12,000
Public Safety Building parking lot expansion ²	2-Required	C-68	52,000
Fire services vehicle replacement 2009 Chev Tahoe ³	2-Required	C-61	85,000
Fire dispatch-mobile data terminals ²	2-Required	C-09	14,000
Emergency Operations Centre equipment and supplies ¹	2-Required	C-59	14,000
RCMP capital projects ³	2-Required	C-10	154,000
Transportation Services			
Drainage upgrades - Chalmers Court ²	1-Critical	C-56	15,000
Drainage main replacement-Beaumont Ave (View Royal Ave to Kerwood St) ²	2-Required	C-55	175,000
Island Hwy upgrades - Hart Rd to Wilfert Rd ²	2-Required	C-66	30,000
Electric vehicle charging stations ⁵	3-Strategic	C-58	45,000
Electric fleet vehicle ⁵	3-Strategic	C-57	45,000
Pedestrian safety improvements - Burnett Rd to View Royal Park ⁵	3-Strategic	C-67	360,000
Island Hwy LED lighting upgrade - Colwood border to Colwood interchange ⁵	3-Strategic	C-65	30,000
Watkiss Way at Burnside Road W boulevard beautification ²	5-Discretionary	C-73	25,000
Island Hwy protected walking path – PSB to Prince Robert Drive ²	5-Discretionary	C-75	40,000
Environmental Services			
Hallowell pump station pump replacements ³	2-Required	C-63	30,000
Hospital pump station kiosk replacement ³	2-Required	C-64	220,000
Vadim iCity utility billing module ³	2-Required	C-71	43,600
Parks			
MacLennan Trail improvements-guard rails and paving ²	1-Critical	C-16	20,000
Parks vehicle replacement plan-1/2 ton pickup ³	2-Required	C-31	35,000
Parks vehicle replacement plan-Kubota tractor/backhoe ³	2-Required	C-31	81,600
Playground replacement program-Marler Park ^{2,3}	3-Strategic	C-32	85,000
Beaumont access improvements ²	4-Optimal	C-41	40,000
Portage Inlet linear park improvements ²	5-Discretionary	C-44	12,000
Eagle Creek trail-circular path completion ²	5-Discretionary	C-52	55,000
Centennial Park improvement-access and amenities ²	5-Discretionary	C-53	16,000
Garry Oak Meadows Park improvements ²	5-Discretionary	C-62	6,000
View Royal Park toilets ²	5-Discretionary	C-72	3,000
Total 2019 capital projects			\$ 1,875,100

Funding	2019 Budget
¹ Grant funding	\$ 14,000
² Casino revenue funding	674,400
³ Reserves funding	691,700
⁴ Proceeds from borrowing	-
⁵ Transfers from reserve accounts-gas tax (Community Works Fund)	495,000
⁶ Prior year surplus	-
⁷ Other revenue	-
Total funding	\$ 1,875,100

Operational Costs of Capital

As capital projects are completed, ongoing costs to maintain the asset are included in future years' core operating budgets. These future costs are one of several factors considered before each project is recommended for approval. If a capital item has an anticipated cost of ongoing maintenance, the estimated cost is included in the operating budget as shown on the project summary and listed on [*Schedule 3.5 Operational Costs of Capital Projects Detail*](#). These costs include activities such as the supply of electricity or gas, or inspection and maintenance. They do not include amortization or the cost to replace the asset at the end of its service life.

The estimated operational costs of capital totals \$4,900 in 2019. Generally these costs are greater in the year following the acquisition of capital assets. If all proposed capital projects were approved, property taxes would need to increase by 1.7% in 2020, 2% in 2021, and approximately 3.6% each year thereafter, based on 2018's level of taxation.

Operating expense	2019 Budget	2020 Budget	2021 Budget	2022 Budget	2023 Budget
Increase in supplies of goods and services	\$ 4,900	\$48,630	\$73,860	\$101,695	\$214,298
Total operational costs of capital	\$ 4,900	\$48,630	\$73,860	\$101,695	\$214,298
Estimated property tax impact	0.1%	0.6%	0.9%	1.2%	2.6%

Complete details about the Capital Plan can be referenced [*Appendix 3 \(Capital Plan\)*](#).

[*Appendix 5 \(Project Summaries\)*](#) includes project summaries for all proposed projects to be completed in the term of this financial plan, including estimates of future operating costs associated with each project. Projects summaries are organized sequentially by unique reference number.

Debt

Overview

View Royal uses debt for infrastructure renewal or replacement and structures the term to be less than the estimated useful life of the underlying asset.

Provincial legislation requires municipalities to undertake an elector approval process for any proposed new external debt with a term of greater than five years or if the total annual debt service cost exceeds 5% of core operating revenue. Additionally, there is a legislated ceiling, called a liability limit, based on the municipality's core operating revenues that ensures the ability to service the debt.

External Debt

External debt is any form of financing from an entity external to View Royal for a term that exceeds the current fiscal period. The Municipal Finance Authority (MFA) provides economical financing through a variety of structures, such as short-term capital financing for up to five years and bond issues ideal for terms greater than five years. Currently, rates projected for new MFA debt are 2.63% for short-term financing and 3.06% for long-term debt fixed for a 10-year term.

Internal Debt

View Royal may borrow internally from its own funds provided the loan amount is not required by the lending fund prior to repayment. Interest is repaid at the rate the fund would have earned had it not been loaned. Internal loans are not classified as debt on the annual financial statements but are disclosed for information. This budget accounts for internal debt repayment as transfers rather than debt service costs. Some presentations may combine internal and external debt for illustrative purposes only.

The 2019-2023 Financial Plan includes internal borrowing of up to \$700,000 in 2022 from the Casino Revenue reserve account for a new rescue truck for the fire department.

Current Debt

Annual debt service costs total \$567,102; View Royal does not currently have any internal debt.

Current Debt Structure

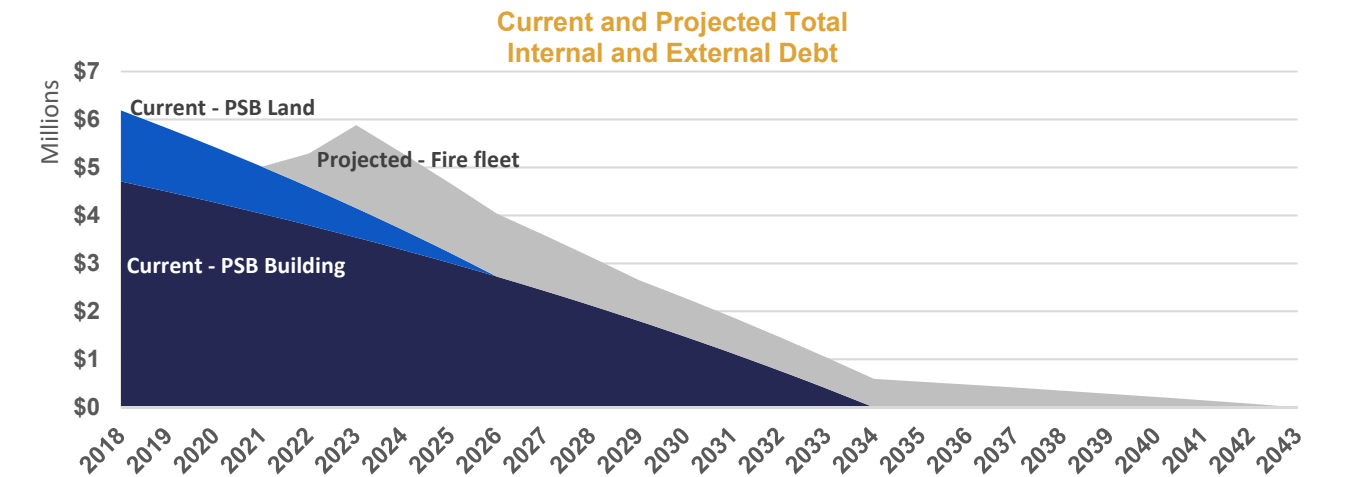
Debt purpose	Initial Balance	Rate	2018 Balance	2023 Balance	Maturity	Annual service costs
View Royal Fire Rescue Land	\$2,445,000	3.25%	\$1,480,571	\$ 610,259	October 2026	\$201,568
Public Safety Building	5,490,000	3.30%	4,707,106	3,538,915	April 2034	365,534
Total	\$7,935,000		\$6,187,677	\$4,149,174		\$567,102

Projected Debt

The 2019-2023 Financial Plan includes two proposed capital asset replacements funded by debt. Using debt spreads the cost of the capital item over time, helping to stabilize tax rates. Internal debt achieves desired tax rate smoothing while avoiding external interest costs. External debt is used when internal funding is not expected to be available.

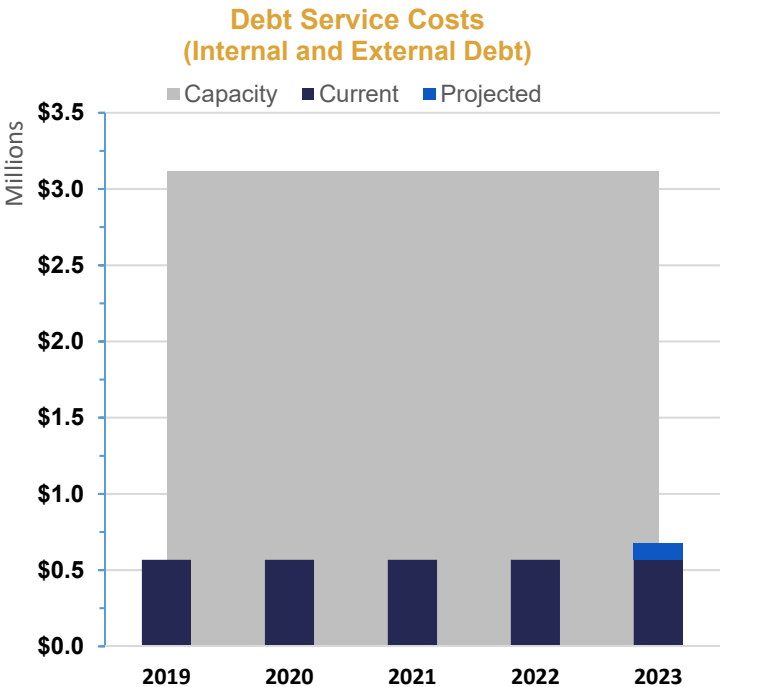
Projected Debt Assumptions

Purpose	Starting Year	Debt Type	Initial Balance	Estimated Rate	Term	Annual service costs
Fire services brush truck	2022	Internal	\$700,000	2.00%	7 years	\$108,158
Fire services apparatus	2024	External	\$1,126,000	3.00%	20 years	\$75,685



Debt Service Costs

Legislation requires municipalities to calculate and report debt service capacity each year, based on core operating revenues. Internal debt is included for the purposes of this presentation, as it represents a future financial commitment. Currently, View Royal's annual debt service costs consume 18% of the \$3.1 million capacity available and is anticipated to rise to 22% by 2023.



Reserves and Surplus

Adequate reserves serve to mitigate current and future financial risks, ensure stable taxation and demonstrate financial commitment to long-range infrastructure and master plans. The 2019-2023 Financial Plan includes transfers to and from reserves based on guidelines established by View Royal's reserves and surplus policy.

View Royal's reserves and surpluses are categorized according to the nature of the reserve as operating, capital, statutory and reserve accounts as defined by policy and summarized below.

Reserve and Surplus Categories

Reserve category	Definition	Reserves
Capital reserve funds	Funds set aside for a specified capital purpose by Council pursuant to the <i>Community Charter</i> , established by bylaw.	Capital works and land Capital renewal Park improvement Machinery and equipment Fire department equipment Police capitalization Sewer capital
Operating reserve funds	Funds set aside for a specified operating purpose by Council pursuant to the <i>Community Charter</i> , established by bylaw.	Future expenditures Police operating
Statutory reserve funds	Funds set aside for a specified purpose as required by and pursuant to specific legislation, established by bylaw; non-discretionary.	Development cost charges (DCCs) Parks and open space
Reserve accounts	Appropriations of surplus designated by Council for specific uses; discretionary to extent permitted by grantor (where applicable)	Casino revenue Community Works Funds (gas tax) Tree replacement

The 2019-2023 Financial Plan includes contributions to capital reserve funds of \$406,000-\$566,000 annually, equivalent to 5-6% of budgeted tax revenue. View Royal's Strategic Plan has identified development of a long-term financial plan that includes the maintenance of reserve funds as a priority to support financial sustainability.

One of the uses of the Future Expenditures reserve is to offset a shortfall of tax revenue due to property reassessments mid-year. Each year BC Assessment advises of the risk to the assessment roll due to property owners appealing their assessment. The latest information indicates that up to \$102,000 in property tax revenue is under appeal for the 2018 tax year. If this loss is realized and the reserve is used to offset the revenue shortfall, contributions to the Future Expenditures may need to be increased in subsequent years to maintain an optimal balance.

Reserves and Surplus Policy

In 2016, Council approved a Reserves and Surplus Policy (#1600-020) to provide guidance on the development, maintenance and use of financial reserve funds. The policy is based on the following principles:

- Reserves are important in achieving financial health and stability for View Royal
- Reserve goals need to be consistent with and supportive of established long-term financial plans
- Reserve fund management needs to confirm to statutory and legal requirements, and to generally accepted accounting principles and public sector accounting board recommendations.

The Reserves and Surplus Policy identifies the purpose, minimum and optimum targets for each established reserve as follows:

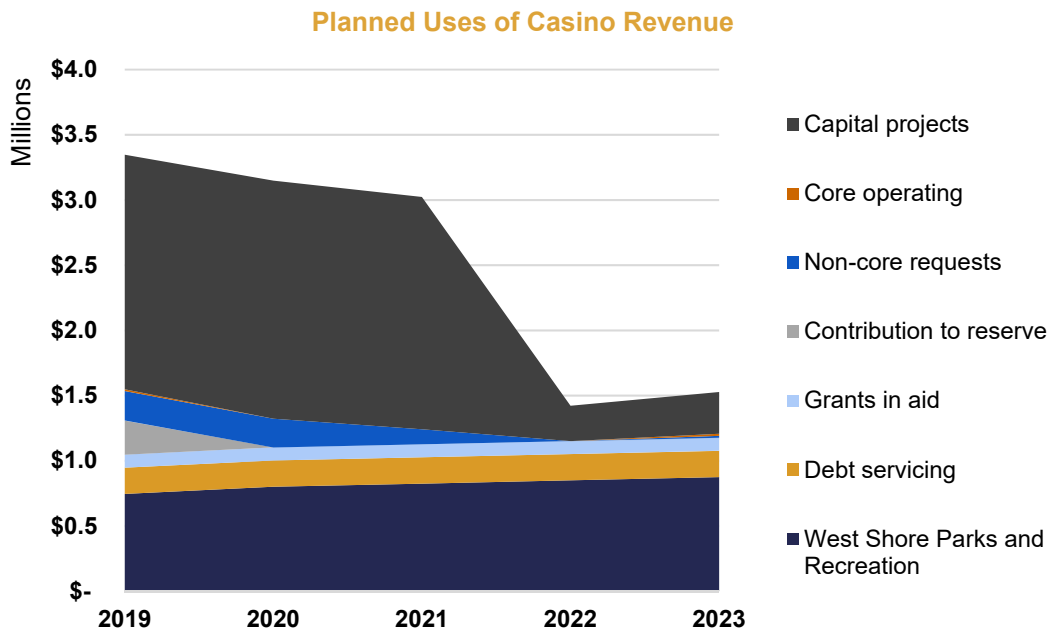
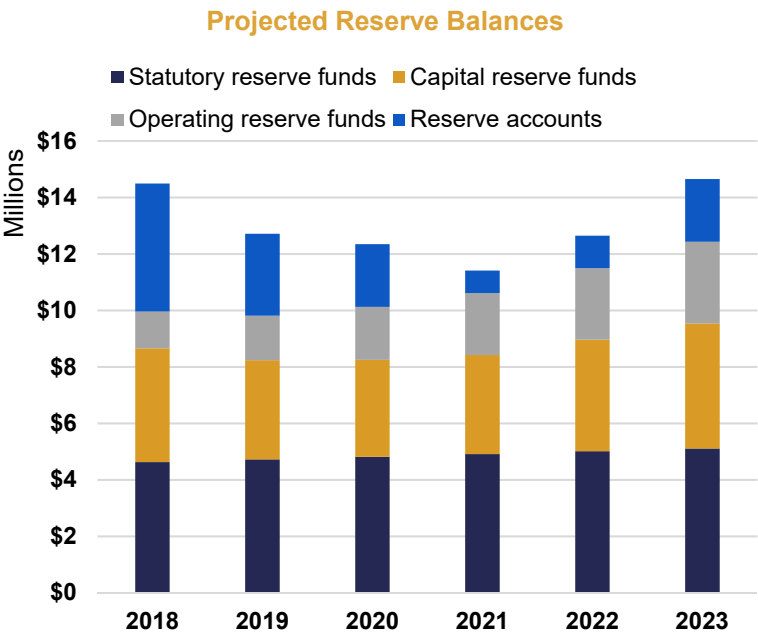
Reserve name	Purpose	Minimum	Optimum
Future Expenditures	For one-time and intermittent projects, and to offset unrealized revenues	1% of General Operating Fund Revenues	2.5% of General Operating Fund Revenues
Police Operating	For future police operating costs	20% of RCMP contract expenditures rounded to nearest \$10,000	Adequate to fund police funding strategy, including increased costs related to reaching population of 15,000
Capital Works and Land	For new or enhanced infrastructure or equipment (one-time capital) not specifically funded from other established Reserves	N/A	Adequate to fund all one-time capital projects and new / additional assets identified as capital funded in the long-term capital plan
Capital Renewal	For expenditures associated with the rehabilitation, renewal or replacement of existing transportation and storm drain infrastructure	1% of original cost of transportation and storm drain Engineering structures	Minimum 1% of original cost plus forecasted cash flow requirements of the planned long-term capital renewal program
Park Improvement	For expenditures associated with park improvements, including playground	N/A	Forecasted cash flow requirements for park improvements identified in the approved parks master plan and long-term capital plan
Machinery and Equipment	To replace municipal vehicles and equipment included in the Town's fleet (excluding Fire)	1% of original cost of machinery & equipment	Minimum 1% of original cost plus forecasted cash flow requirements of the vehicle and equipment replacement plan
Fire Department Equipment	To replace Fire vehicles and licenced equipment and other equipment such as self-contained breathing apparatus	1% of original cost of Fire vehicles and equipment	Minimum 1% of original cost plus forecasted cash flow requirements of the Fire vehicle and equipment replacement plan
Sewer Capital	To fund sewer utility capital projects required for sewer operations or identified in the Sewer Master Plan, and Sewer equipment not included in the Town's licenced fleet	1% of original cost of Sewer Engineering structures	Minimum 1% of original cost plus forecasted cash flow requirements of the planned sewer capital program
Police Capitalization	To fund the Town's share of the Police building repairs and upgrades, and equipment.	Adequate to fund 2 years of police capital per 5-year plan	Adequate to fund forecasted cash flow requirements of the planned 5-year Police capital program

Projected Reserve Balances

The proposed 2019-2023 Financial Plan predicts an overall reduction in total reserves for the first three years of the plan, due primarily to significant capital projects in those years. These projections include implications of internal borrowing on the affected reserve.

Planned Uses of Casino Revenue

The Casino revenue reserve account is used to enhance livability and affordability in View Royal. Planned uses of Casino revenue for operating purposes total \$1.3 to \$1.5 million annually over the five-year plan. Casino revenue will fund capital projects totaling \$5.4 million in the first three years of the plan.



Appendix 6 Projected Reserve Balances contains a listing of View Royal’s reserves and shows the projected balances for each year and at the end of the five-year plan.



PORTAGE PARK

SERVICE PLANS



General Government



Overview

General Government services provides administrative support for Council and all other service divisions. While the Chief Administrative Officer's primary responsibility is to implement Council's Strategic Plan and other key objectives set by Council, this administrative division provides operational support through customer service, meeting management, communications, web and social media, archives and records management, information and privacy compliance, legal and risk management and elections administration. This division plays a key role in strategic planning and community engagement.

Finance and information technology functions also support all other divisions by providing the systems, tools, processes and personnel to plan, record and report View Royal's financial position and operations. The Finance department is instrumental in preparing the annual five-year financial plan, financial statements, tax and utility billings and ensuring suppliers and employees are paid accurately and on time.

Performance Measures and Key Statistics

Activity / statistic	2017	2018	2019 Plan	Comments
Employees (FTEs)	10.6	10.6	10.8	+0.2 Archives/records management
WorkSafe BC claims	5	4	3	
Freedom of information requests	40	32	35	
Agenda packages & minutes	65	51	53	
Website page views	35,900	36,427	37,000	
Social media followers	1,639	1,969	2,300	
Direct deposits to vendors (% of total payments)	42%	68%	75%	
Online payments from customers (% of total receipts)	24%	26%	30%	

2019 Budget Summary

The proposed 2019 General Government Services budget totals nearly \$2.5 million, supporting Council and the whole organization in delivering services to View Royal.

Incremental analysis	\$	Change %	Est Tax %
2018 budget	\$ 2,234,723		
Net increase in core operations	60,364	2.7%	0.7%
Non-core requests	120,265	5.4%	0.2%
Operational costs of capital projects	500	0.0%	0.0%
2019 proposed budget	\$ 2,415,852	8.1%	0.9%

Core Operations

Funding	2018 YTD	2018 Budget	2019 Budget	Change \$	Change %
Sale of services and other revenue	\$ 80,713	\$ 31,980	\$ 18,100	(\$ 13,880)	(43.4%)
Total funding	80,713	31,980	18,100	(13,880)	(43.4%)

Operating expense	2018 YTD	2018 Budget	2019 Budget	Change \$	Change %
Legislative	132,402	156,206	155,798	(408)	(0.3%)
Public relations	191,818	202,535	207,624	5,089	2.5%
Administrative	1,014,304	1,210,265	1,217,119	6,854	0.6%
Finance	522,874	555,999	592,366	36,367	6.5%
Information technology	151,344	141,698	140,280	(1,418)	(1.0%)
Total operating expense	2,012,742	2,266,703	2,313,187	46,484	2.1%

Net property tax required	\$ 1,932,029	\$ 2,234,723	\$ 2,295,087	\$ 60,364	2.7%
Estimated property tax impact				0.7%	

[*Appendix 4 Service Plan Budget Details*](#) provides a detailed look at all five years of this service plan budget.

Legislative and Elections

The legislative and elections function supports Council and includes costs for remuneration as set by policy. Costs for elections are included in the financial plan only for election years.

- The 2018 budget included costs for the municipal election, which is offset in 2019 by an increase in Council remuneration to compensate for the elimination of the federal one-third tax exemption for elected officials.

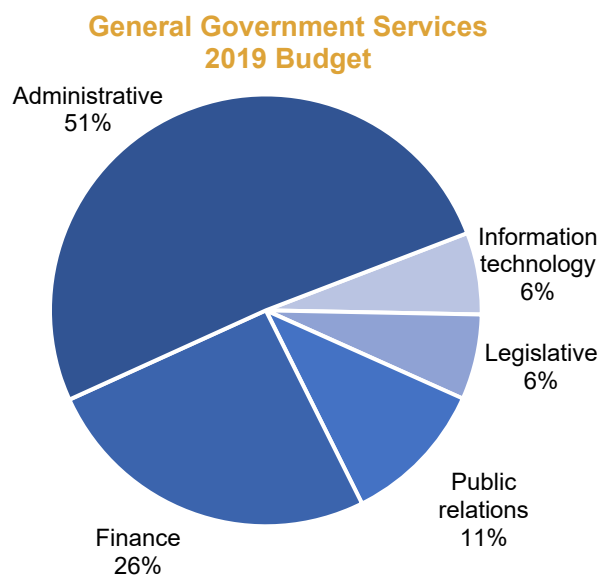
Public Relations and Archives

Public relations include grants in aid, set by policy to a maximum of 5% of the prior year's Casino revenue. Grants in aid are available to not-for-profit groups through an application process each spring.

- The 2019 grants in aid budget is increased by \$5,000 based on the prior year's Casino revenue.

Additionally, public relations include community events, such as the Canada Day celebration, volunteer outreach and View Royal's semi-annual newsletter.

The archives function is responsible for cataloging and safekeeping both corporate and community documents in paper and electronic formats. This financial plan includes a proposal for implementing an electronic records management system.



Administration

The administration function provides the corporate foundation for the entire organization and is staffed by the Chief Administrative Officer, Director of Corporate Administration and support staff.

Administration assists Council and committees, provides front counter reception, and supports main office operations, legal matters, communications, minutes and agenda preparation, special events and human resources. This function also manages the Town Hall facility.

Finance

The finance function supports all other departments by recording and reporting financial transactions, collecting tax, user fees, permits and licensing payments and assisting taxpayers with claiming Home Owner grants.

- Audit fees and labour costs have increased for 2019 and future years.

Information Technology (IT)

This function is responsible for the maintenance of electronic information systems and the delivery of technology enabled projects.

- The 2018 budget included operational cost increases for technology projects that have been allocated to other departmental budgets for 2019 and future years.

Non-core Requests

Project expense	Ref	2019 Budget	2020 Budget	2021 Budget	2022 Budget	2023 Budget
Town Hall exterior repairs - roof and lighting ³	N-46	\$ 19,000	\$ -	\$ -	\$ -	\$ -
Archives staff time increase ²	N-34	11,625	15,825	16,165	16,500	16,870
Community survey ¹	N-37	40,000	-	-	-	-
L/T financial plan and sustainability review ^{1,2}	N-42	30,000	45,000	45,000	25,000	25,000
Archives digitization project - phase 2 ¹	N-33	7,140	-	-	-	-
Employee recognition ²	N-38	3,500	3,500	3,500	3,500	3,500
IT services RFP process support ¹	N-41	9,000	-	-	-	-
IT strategic plan update ¹	N-28	-	15,000	-	-	-
Total project expense		120,265	79,325	64,665	45,000	45,370

Funding	2019 Budget	2020 Budget	2021 Budget	2022 Budget	2023 Budget
¹ Casino revenue funding	86,140	60,000	45,000	-	-
² Taxation	15,125	19,325	19,665	45,000	45,370
³ Prior year surplus	19,000	-	-	-	-
Total funding	\$120,265	\$ 79,325	\$ 64,665	\$ 45,000	\$ 45,370
Estimated property tax impact	0.2%	0.2%	0.2%	0.5%	0.5%

[Appendix 2 Non-core Requests](#) provides the complete 5-year listing of all non-core requests including planned sources of funding.

Each project is described in detail in project summaries contained in [Appendix 5 Project Summaries](#) organized sequentially by unique reference number.



Operational Costs of Capital

As capital projects are completed, ongoing costs to maintain the asset are included in future years' operational budgets. These future costs are one of several factors considered before each project is recommended for approval. Details of operational costs are presented in [*Schedule 3.5 Operational Costs of Capital Projects*](#).

Operating expense	2019 Budget	2020 Budget	2021 Budget	2022 Budget	2023 Budget
Increase in supplies of goods and services	\$ 500	\$ 24,480	\$ 24,700	\$ 25,150	\$ 25,650
Total operational cost of capital	\$ 500	\$ 24,480	\$ 24,700	\$ 25,150	\$ 25,650
Estimated property tax impact	0.0%	0.3%	0.3%	0.3%	0.3%

Protective Services



Overview

The Protective Services function includes View Royal Fire Rescue which is a composite paid and volunteer fire department responsible for fire suppression, fire inspections, and related training and education. This function encompasses policing provided under contract with the RCMP through the West Shore detachment, emergency planning and preparedness, and enforcement of animal control, building, and other municipal bylaws.

Performance Measures and Key Statistics

Activity / statistic	2017	2018	2019 Plan	Comments
Employees (FTEs)	9.5	10	10	No change
Volunteers	55	59	59	No change
Emergency response 90% of the time	4 min, 27 secs	n/a	4 min, 25 secs	
Bylaw complaints concluded within 2.4 days	n/a	77%	80%	

2019 Budget Summary

The proposed 2019 Protective Services budget totals nearly \$3 million to provide the full range of protective services to View Royal.

Incremental analysis	\$	Change %	Est Tax %
2018 budget	\$2,794,023		
Net increase in core operations	138,828	5.0%	1.7%
Non-core requests	33,185	1.2%	0.0%
2019 proposed budget	\$2,966,036	6.2%	1.7%

Core Operations

Funding	2018 YTD	2018 Budget	2019 Budget	Change \$	Change %
Sales of services-fire protection	\$ 330,597	\$ 230,150	\$ 234,750	\$ 4,600	2.0%
Suite rentals	21,900	14,400	22,032	7,632	53.0%
Sales of services-ESS	6,885	6,800	6,800	-	-
Building permits	616,910	377,000	384,540	7,540	2.0%
Business licences	41,735	40,000	40,800	800	2.0%
Animal control licences	8,530	9,000	9,180	180	2.0%
RCMP building rental	48,095	65,000	62,000	(3,000)	(4.6%)
Other policing revenue	12,712	15,000	15,300	300	2.0%
Traffic fine revenue sharing grant	69,736	55,000	55,000	-	-
Bylaw fines and MTI	2,840	9,000	9,180	180	2.0%
Revenue total	1,159,940	821,350	839,582	18,232	2.2%

Operating expense	2018 YTD	2018 Budget	2019 Budget	Change \$	Change %
Fire protection services	1,514,539	1,345,849	1,447,158	101,309	7.5%
Emergency planning	180,001	175,474	185,755	10,281	5.9%
Building inspection	151,904	155,474	160,483	5,009	3.2%
Other protective services	43,800	43,900	45,000	1,100	2.5%
Bylaw enforcement	88,207	135,390	152,337	16,947	12.5%
Police	1,455,590	1,759,286	1,781,700	22,414	1.3%
Total operating expense	3,434,041	3,615,373	3,772,433	157,060	4.3%

Net property tax required **\$ 2,274,101** **\$ 2,794,023** **\$ 2,932,851** **\$ 138,828** **5.0%**

Estimated property tax impact **1.7%**

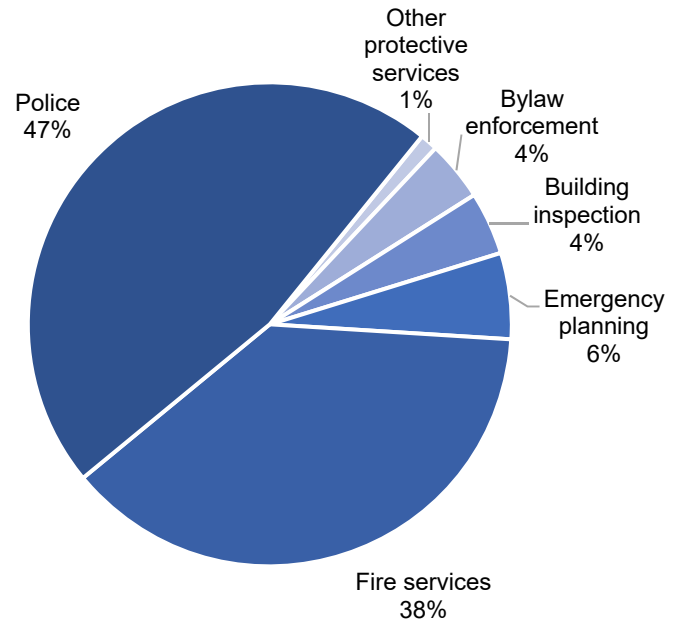
Appendix 4 Service Plan Budget Details provides a detailed look at all five years of this service plan budget.

Fire Protection Services

Responding to just under 1000 emergency calls in 2018, the fire department is responsible for all aspects of emergency and non-emergency response in the community. Functions include response to medical emergencies, vehicle accidents, structure fires, marine emergencies, technical rescues and searches as well as non-emergency assist calls. Six career staff and one administrative position manage all aspects of training, fire prevention, and maintenance within this division. We are continuously monitoring service level expectations and the potential effect on future staffing levels. Key drivers of cost increases include:

- Labour and related benefits costs.
- Operational costs of technology improvements implemented in 2018, originally budgeted in the IT budget, including the fibre internet gateway and connection to Town Hall that enables fast and secure connection for seamless operations and business continuity.
- Increased CREST equipment costs.

2019 Protective Services Budget



Emergency Planning

Emergency planning includes both preparing for and responding to emergency and disaster situations such as earthquakes and tsunamis. The department is managed by one career officer that supports 25 volunteers. This division is responsible for disaster planning, business resumption, business continuity and community response to fires and displaced residents due to an emergency.

Bylaw Enforcement and Animal Control

This division of protective services manages an average of 450 files per year. Working with RCMP and other View Royal departments the officer attends to a variety of calls for service. Homeless issues, vigils, parking, secondary suites and sign bylaw enforcement are an example of the types of files that are managed. Bylaw enforcement services are provided by one officer and one 0.5 FTE clerk.

Building Inspection

This office is responsible for all aspects of building inspection, plan review, oversight of permit issuance and secondary suite compliance. One full time inspector and one 0.5 FTE clerk supports this function. In addition to the building inspection role, the inspector is also back up for bylaw enforcement.

Policing

Police services are provided under contract with the RCMP located at the shared municipal West Shore detachment. Because View Royal's population is currently less than 15,000, the financial obligation is 70% of the total costs for municipalities with populations between 5,000 and 15,000 under contract with the RCMP through the province. These pooled costs are allocated to each municipality based on the number of RCMP members servicing the municipality; View Royal has a policing strength of 10.35 members.

Non-core Requests

Project expense	Ref	2019 Budget
Emergency Operations Centre equipment and supplies	C-59	\$ 8,185
Emergency evacuation route plan	N-49	25,000
Total project expense		33,185

Funding	2019 Budget
Grant funding (see Fiscal Services section)	33,185
Total funding	\$33,185

Estimated property tax impact **0.0%**

[Appendix 2 Non-core Requests](#) provides the complete 5-year listing of all non-core requests including planned sources of funding.

Each project is described in detail in project summaries contained in [Appendix 5 Project Summaries](#) organized sequentially by unique reference number.

Operational Costs of Capital

As capital projects are completed, ongoing costs to maintain the asset are included in future years' operational budgets. These future costs are one of several factors considered before each project is recommended for approval. Details of operational costs are presented in [Schedule 3.5 Operational Costs of Capital Projects](#).

Operating expense	2019 Budget	2020 Budget	2021 Budget	2022 Budget	2023 Budget
Increase in supplies of goods and services	\$ -	\$ 3,400	\$ 6,800	\$ 8,300	\$9,800
Total operational costs of capital	\$ -	\$ 3,400	\$ 6,800	\$ 8,300	\$9,800
Estimated property tax impact	0.0%	0.0%	0.1%	0.1%	0.1%

Transportation



Overview

The maintenance and capital programs for View Royal's roads, streets, bridges, sidewalks, street signage, boulevards, bus shelters, street lighting, traffic signals and storm drains are provided by the Transportation Services department. This department works closely with Development Services to support development and growth.

Performance Measures and Key Statistics

Activity / statistic	2017	2018	2019 Plan	Comments
Employees (FTEs)	3.5	4.5	4.5	No change
Summer students (FTEs)	0.3	0.3	0.6	+0.3 Engineering student
Tree permits (count)	91	114	100	
Customer issues or concerns	1,017	960	1,000	
Catch basins cleaned	774	793	813	
Drainage mains videoed (metres)	2,630	1,995	2,000	
Subdivision application reviews (count)	9	15	20	

2019 Budget Summary

The proposed 2019 Transportation Services budget totals nearly \$3 million to provide the full range of services to keep people moving safely. About two-thirds of the costs are provided through contracts with external providers.

Incremental analysis	\$	Change %	Est Tax %
2018 budget	\$ 2,615,968		
Net increase in core operations	37,008	1.4%	0.4%
Non-core requests	203,400	7.8%	0.2%
Operational costs of capital projects	200	0.0%	0.0%
2019 proposed budget	\$ 2,856,576	9.2%	0.6%

Core Operations

Funding	2018 YTD	2018 Budget	2019 Budget	Change \$	Change %
Sale of services, fees and other revenue	\$ 138,429	\$ 98,200	\$ 94,750	(\$ 3,450)	(0.4%)
Total funding	138,429	98,200	94,750	(3,450)	(0.4%)

Operating expense	2018 YTD	2018 Budget	2019 Budget	Change \$	Change %
Transportation administration	534,058	605,728	675,454	69,726	11.5%
Transportation roads	1,440,932	1,836,655	1,800,151	(36,504)	-2.0%
Drainage	181,642	271,785	272,121	336	0.1%
Expense total	2,156,632	2,714,168	2,747,726	33,558	1.2%

Net property tax required **\$ 2,018,202** **\$ 2,615,968** **\$ 2,652,976** **\$ 37,008** **1.4%**

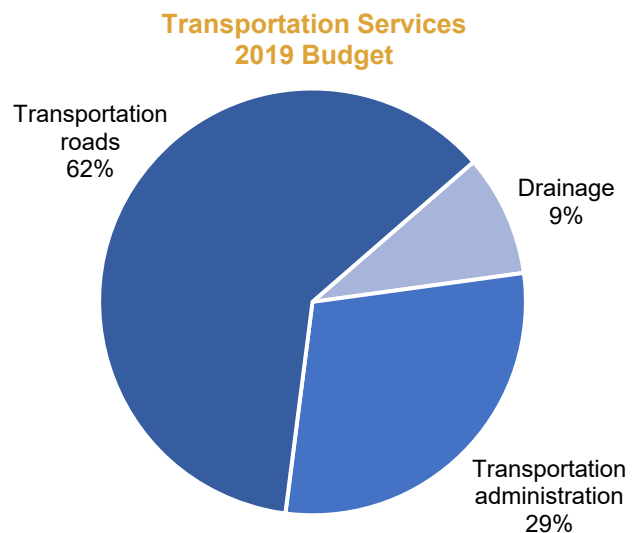
Estimated property tax impact **0.4%**

Appendix 4 Service Plan Budget Details provides a detailed look at all five years of this service plan budget.

Transportation Administration and Roads

The transportation function includes maintenance of View Royal's 57 kilometres of roads, as well as sidewalks, boulevards, signage, bridges, traffic signals and street lighting and offsite servicing for new developments. Most of the outside work is performed under contract with an external service provider. This section of the budget also includes administration of the engineering department that supports other related services such as parks maintenance. Key drivers for changes in the financial plan include:

- Increase in labour and benefits costs
- Projects delivered in the prior year using consultants are not ongoing in the core operational budget, resulting in a budget reduction



Drainage

This section includes all direct costs relating to the 42 kilometres of storm drainage pipes within View Royal.

Non-core Requests

Project expense	Ref	2019 Budget	2020 Budget	2021 Budget	2022 Budget	2023 Budget
Anti-graffiti pilot project ³	N-32	\$ 2,000	\$ 4,000	\$ -	\$ -	\$ -
GIS software license addition ³	N-39	8,100	8,260	8,430	8,595	8,770
Atkins Road drainage rehabilitation study ⁴	N-35	15,000	-	-	-	-
Engineering summer student ^{1,3}	N-08	8,000	8,000	8,000	-	-
Road network asset inventory data collection system ²	N-44	115,000	1,500	1,500	1,500	1,500
Six Mile Rd improvements-Phase 3 Atkins roundabout-study / public engagement ^{1,4}	C-18	40,000	-	-	-	-
Resident requested street lighting program ³	N-43	300	300	300	300	300
Watkiss way lighting improvements -Burnside Rd W to Highland Rd ²	N-50	15,000	-	-	-	-
Total project expense		203,400	22,060	18,230	10,395	10,570
Funding		2019 Budget	2020 Budget	2021 Budget	2022 Budget	2023 Budget
¹ Grant funding (see fiscal services section)		26,500	1,500	1,500	-	-
² Transfers from reserve accounts-gas tax (CWF)		130,000	-	-	-	-
³ Taxation		16,900	20,560	16,730	10,395	10,570
⁴ Prior year surplus		30,000	-	-	-	-
Total funding		\$203,400	\$ 22,060	\$ 18,230	\$ 10,395	\$ 10,570
Estimated property tax impact		0.2%	0.2%	0.2%	0.1%	0.1%

[Appendix 2 Non-core Requests](#) provides the complete 5-year listing of all non-core requests including planned sources of funding.

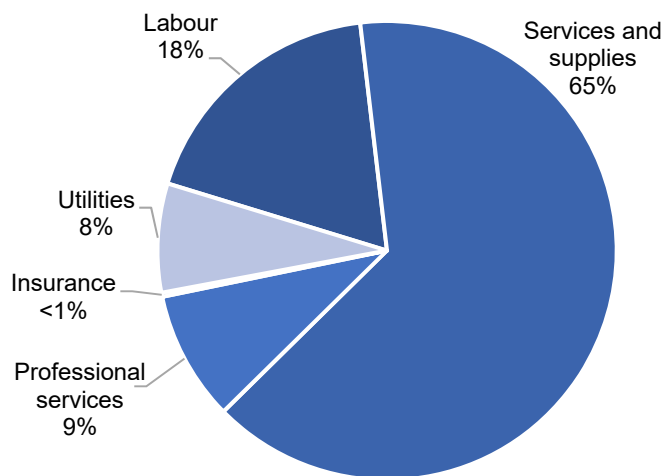
Each project is described in detail in project summaries contained in [Appendix 5 Project Summaries](#) organized sequentially by unique reference number.

Operational Costs of Capital

As capital projects are completed, ongoing costs to maintain the asset are included in future years' operational budgets. These future costs are one of several factors considered before each project is recommended for approval. Details of operational costs are presented in [Schedule 3.5 Operational Costs of Capital Projects](#).

Operating expense	2019 Budget	2020 Budget	2021 Budget	2022 Budget	2023 Budget
Increase in supplies of goods and services	\$ 200	\$ 3,300	\$ 18,800	\$ 42,800	\$ 45,100
Total operational costs of capital	\$ 200	\$ 3,300	\$ 18,800	\$ 42,800	\$ 45,100
Estimated property tax impact	0.0%	0.0%	0.2%	0.5%	0.5%

2019 Transportation Expense



Environmental Health



Overview

Through its Environmental Services function View Royal provides both solid waste (garbage) and liquid waste management (sanitary sewer) services to properties within its boundaries. Water services are provided by the Capital Regional District (CRD) and billed directly to the consumer; therefore, this financial plan excludes provision of water services.

Performance Measures and Key Statistics

Activity / statistic	2017	2018	2019 Plan	Comments
Employees (FTEs)	0.5	0.5	0.5	No change
Sanitary mains videoed (metres)	5,393	4,313	4,000	
Solid waste new customers	29	46	50	

2019 Budget Summary

The proposed 2019 Environmental Services budget totals nearly \$1.4 million funded from user fees collected from View Royal properties that benefit from the services. These functions do not have any non-core requests.

Incremental analysis	\$	Change %	Est User Fee % Change
2018 budget	\$ 1,375,535		
Net increase in core operations	20,596	1.5%	1.5%
2019 proposed budget	\$ 1,396,131	1.5%	1.5%

Core Operations

Since both garbage collection and sanitary sewer functions are funded from specific user fees, revenue and expense is presented separately for each.

Garbage Collection					
Funding	2018 YTD	2018 Budget	2019 Budget	Change \$	Change %
User fee revenue	\$ 504,984	\$ 505,535	\$ 512,516	\$ 6,981	1.4%
Total funding	504,984	505,535	512,516	6,981	1.4%

Operating expense	2018 YTD	2018 Budget	2019 Budget	Change \$	Change %
Garbage collection	440,834	440,459	446,138	5,679	1.3%
Internal cost allocation	-	65,076	66,378	1,302	2.0%
Total operating expense	440,834	505,535	512,516	6,981	1.4%

Net property tax required	\$ -	\$ -	\$ -	\$ -	-
----------------------------------	-------------	-------------	-------------	-------------	----------

Sanitary Sewer

Funding	2018 YTD	2018 Budget	2019 Budget	Change \$	Change %
User fee revenue	\$ 839,320	\$ 835,500	\$ 847,950	\$ 12,450	1.5%
Contributions from developers	1,255,495	7,500	-	(7,500)	(100%)
Interest on investments	-	10,000	10,000	-	0%
Transfers from surplus	-	17,000	25,665	8,665	50.9%
Total funding	2,094,815	870,000	883,615	13,615	1.6%

Operating expense	2018 YTD	2018 Budget	2019 Budget	Change \$	Change %
Sanitary sewer collection	243,493	355,800	360,867	5,067	1.4%
Internal cost allocation	-	427,400	435,948	8,548	2.0%
Transfer to reserve	1,339,776	86,800	86,800	-	-
Total operating expense	1,583,269	870,000	883,615	13,615	1.6%

Net property tax required	\$ -	\$ -	\$ -	\$ -	-
----------------------------------	-------------	-------------	-------------	-------------	----------

[**Appendix 4 Service Plan Budget Details**](#) provides a detailed look at all five years of this service plan budget. The Fiscal Services function accounts for internal cost allocation and transfer to reserve details.

Internal Cost Allocation

Both garbage collection and sanitary sewer services are charged an internal fee for general administration to ensure the user fees that fund the services recover the full cost of providing the services.

- 2019 internal cost allocations have increased by 2% to \$502,326 (2018 - \$492,476) to reflect the associated increase in administrations costs, primarily as a result of labour and benefits costs increases.

Garbage Collection

The garbage collection service includes weekly waste collection for over 2,700 homes. In addition to garbage and organics collection, the Town provides an annual autumn lawn and garden pickup, and year-round drop off service for residents.

As this service is provided under contract, it has no direct internal labour cost allocation. However, contract fees are subject to inflationary increases.

User fees for garbage collection are charged on a per dwelling unit basis and are expected to increase \$2.00 per unit in 2019, from \$185.00 to \$187.00 per dwelling unit.

Sanitary Sewer

The sanitary sewer system comprises 47 kilometres of pipes and 17 pump stations. The system is monitored via an electronic SCADA system to ensure continuous secure operations. View Royal's sewer system connects with the Capital Regional District's sanitary system, which provides treatment and discharge.

This function supports 0.5 FTE, with no changes anticipated in the five-year plan.

Property owners pay sewer costs in two increments: a sewer user fee to recover the collection system operated by View Royal, and a sewer tax component to the regional district for trunk lines and treatment components.

View Royal's user fee includes a flat base charge which represents 15% of the total cost of sewer collection operations, and a consumption charge based on the quantity of metered water consumed in the winter season. In 2018, the base charge was \$21.08 per dwelling unit and the consumption charge was \$1.59 per cubic metre. Based on an average home's winter water consumption of 87.83 cubic metres, the annual charge for a dwelling unit was about \$161 in 2018. The 2019 sewer user charge is projected to increase by an estimated \$2.60 or 1.6% to a total of nearly \$164 per dwelling unit.

Operational Costs of Capital

As capital projects are completed, ongoing costs to maintain the asset are included in future years' operational budgets. These future costs are one of several factors considered before each project is recommended for approval. Details of operational costs are presented in [*Schedule 3.5 Operational Costs of Capital Projects*](#).

Operating expense	2019 Budget	2020 Budget	2021 Budget	2022 Budget	2023 Budget
Increase in supplies of goods and services	\$ -	\$ 3,000	\$ 3,060	\$ 3,125	\$ 3,200
Total operational costs of capital	\$ -	\$ 3,000	\$ 3,060	\$ 3,125	\$ 3,200
Estimated property tax impact	0.0%	0.0%	0.0%	0.0%	0.0%



Development Services



Overview

The Development Services function provides the current and future land use, planning, and zoning work for View Royal and is responsible for the Official Community Plan that guides future growth. Additionally, Development Services supports economic development initiatives and programs.

Performance Measures and Key Statistics

Activity / statistic	2017	2018	2019 Plan	Comments
Employees (FTEs)	3.5	3.5	3.5	No change
Development permit applications	10	4	6	
Development variance permits applications	3	4	6	
Subdivision applications	0	4	3	
Rezoning applications	4	9	5	
Secondary suite permits issued	345	393	405	

2019 Budget Summary

The proposed 2019 Development Services budget totals nearly \$700,000 to provide the full range of planning and economic services to View Royal. Almost half of the budget is allocated to significant major planning projects.

Incremental analysis	Amount	Change %	Est Tax %
2018 budget	\$ 381,675		
Net decrease in core operations	(5,872)	(1.5%)	(0.1%)
Non-core requests	195,000	51.1%	0.0%
2019 proposed budget	\$ 570,803	49.6%	(0.1%)

Core Operations

The 2019 budget is based on conservative growth estimates. Increases in labour and benefits costs are offset by the elimination of consulting fees for prior year one-time projects not required in 2019.

Funding	2018 YTD	2018 Budget	2019 Budget	Change \$	Change %
Permits revenue	\$ 175,260	\$ 103,500	\$ 105,570	\$ 2,070	2.0%
Total funding	175,260	103,500	105,570	2,070	2.0%

Operating expense	2018 YTD	2018 Budget	2019 Budget	Change \$	Change %
Planning services	412,089	457,855	457,333	(522)	(0.1%)
Economic development	22,138	27,320	24,040	(3,280)	(12.0%)
Total operating expenses	434,227	485,175	481,373	(3,802)	(0.8%)

Net property tax required	\$ 258,967	\$ 381,675	\$ 375,803	\$ (5,872)	(1.5%)
----------------------------------	-------------------	-------------------	-------------------	-------------------	---------------

Estimated property tax impact	(0.1%)				
--------------------------------------	---------------	--	--	--	--

Appendix 4 Service Plan Budget Details provides a detailed look at all five years of this service plan budget.

Planning Services

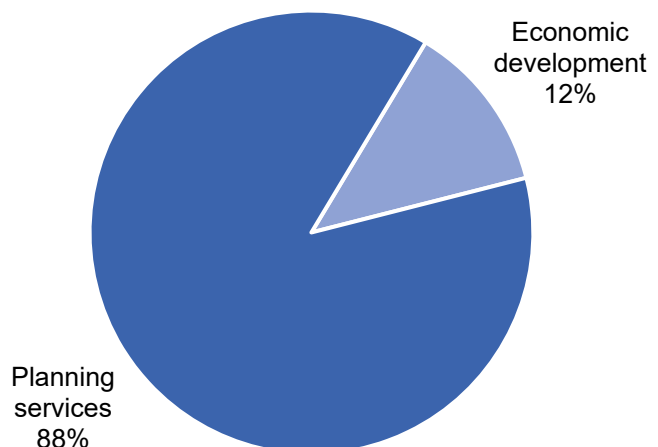
Planning services for View Royal include managing development applications of all types and long-range planning for the community through the development of bylaws or plans such as the Official Community Plan and the zoning bylaw. The department also takes on issues related to parks planning, heritage matters and provides support to other departments by writing policy or bylaws on their behalf. The Approving Officer function relating to subdivision of land is also included in the work performed by the department.

The department consists of 3.5 FTE staff and this is not expected to change in the next 5 years.

Economic Development

Economic development is a recent addition to View Royal's portfolio of activities. We work closely with external organizations like the South Island Prosperity Project and ensure that statistics with respect to the demographic and economic profile of the View Royal are available to interested parties.

2019 Development Services Budget



Non-core Requests

Project expense	Ref	2019 Budget	2020 Budget	2021 Budget	2022 Budget	2023 Budget
Official Community Plan review ¹	N-25	\$ -	\$ 80,000	\$ 70,000	\$ -	\$ -
Development of road ends-implementation ¹	N-12	40,000	-	-	-	-
Noise Bylaw review ²	N-13	10,000	-	-	-	-
Commercial precinct plans ^{2,4}	N-16	60,000	60,000	-	-	-
Parks signage and branding ¹	N-14	20,000	-	-	-	-
Trails Master Plan development ³	N-15	25,000	-	-	-	-
Community engagement strategy ¹	N-36	-	80,000	-	-	-
Housing strategy ¹	N-40	40,000	-	-	-	15,000
Total project expense		195,000	220,000	70,000	-	15,000

Funding	2019 Budget	2020 Budget	2021 Budget	2022 Budget	2023 Budget
¹ Casino revenue	100,000	160,000	70,000	-	15,000
² Prior year surplus	70,000	-	-	-	-
³ Reserves	25,000	-	-	-	-
⁴ Taxation	-	60,000	-	-	-
Total funding	\$ 195,000	\$ 220,000	\$ 70,000	-	\$ 15,000

Estimated property tax impact	0.0%	0.7%	0.0%	0.0%	0.0%
--------------------------------------	-------------	-------------	-------------	-------------	-------------

[Appendix 2 Non-core Requests](#) provides the complete 5-year listing of all non-core requests including planned sources of funding.

Each project is described in detail in project summaries contained in [Appendix 5 Project Summaries](#) organized sequentially by unique reference number.



Parks



Overview

The Parks department is responsible for the maintenance and development of over 70 parks in View Royal, including manicured and natural green spaces, trails and sport fields.

The parks department also maintains the grounds at View Royal's Town Hall and oversees building and fleet maintenance.

Performance Measures and Key Statistics

Activity / statistic	2017	2018	2019 Plan	Comments
Employees (FTEs)	4.6	5.0	5.0	No change
Summer students (FTEs)	0.3	0.6	0.6	No change

2019 Budget Summary

The proposed 2019 Parks Services budget totals just over \$710,000, including all non-core requests.

Incremental analysis	Amount	Change %	Est Tax %
2018 approved budget	\$ 644,802		
Net increase in core operations	18,799	2.9%	0.2%
Non-core requests	40,700	6.3%	0.0%
Operational costs of capital projects	4,200	0.7%	0.1%
2019 proposed budget	\$ 708,501	9.9%	0.3%

Core Operations

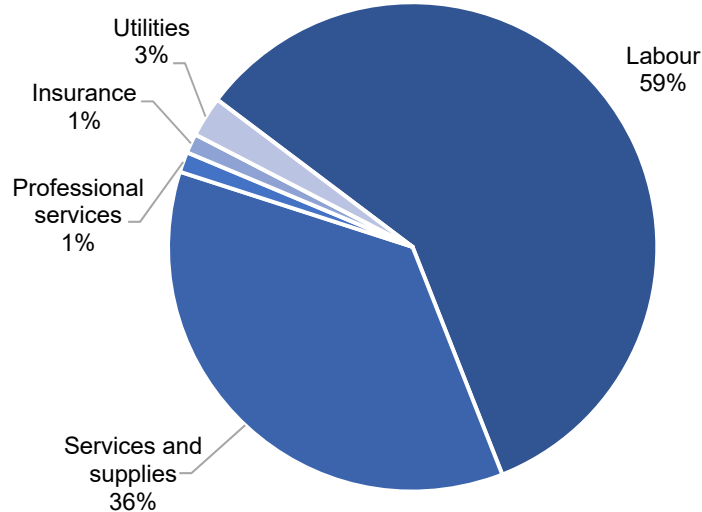
Parks services are primarily delivered through in-house staff. The key driver for 2019 core increases are the result of increasing labour and benefits costs. The function is funded fully from taxation.

Operating expense	2018 YTD	2018 Budget	2019 Budget	Change \$	Change %
Parks services	\$ 625,356	\$ 644,802	\$ 663,601	\$ 18,799	2.9%
Total operating expenses	625,356	644,802	663,601	18,799	2.9%
Net property tax required	\$ 625,356	\$ 644,802	\$ 663,601	\$ 18,799	2.9%
Estimated property tax impact	0.2%				

Increased costs reflect both increased labour and benefits costs and operational costs to inspect and maintain capital projects installed in the prior year.

[Appendix 4 Service Plan Budget Details](#) provides a detailed look at all five years of this service plan budget.

2019 Parks Expense



Non-core Requests

Project expense	Ref	2019 Budget	2020 Budget	2021 Budget	2022 Budget	2023 Budget
View Royal Park development – Master Plan review ¹	C-35	\$ 35,000	\$ -	\$ -	\$ -	\$ -
Welland Legacy Park - Lifecycles projects ¹	N-21	4,000	-	-	-	-
Shoreline School waste diversion program ²	N-45	1,700	200	200	200	200
View Royal Park community garden expansion ²	N-30	-	2,400	-	-	-
Total project expense		40,700	2,600	200	200	200

Funding	2019 Budget	2020 Budget	2021 Budget	2022 Budget	2023 Budget
¹ Casino revenue	39,000	-	200	200	200
² Taxation	1,700	2,600	-	-	-
Total funding	\$ 40,700	\$ 2,600	\$ 200	\$ 200	\$ 200

Estimated property tax impact	0.0%	0.0%	0.0%	0.0%	0.0%
--------------------------------------	-------------	-------------	-------------	-------------	-------------

[Appendix 2 Non-core Requests](#) provides the complete 5-year listing of all non-core requests including planned sources of funding.

Each project is described in detail in project summaries contained in [Appendix 5 Project Summaries](#) organized sequentially by unique reference number.

Operational Costs of Capital

As capital projects are completed, ongoing costs to maintain the asset are included in future years' operational budgets. These future costs are one of several factors considered before each project is recommended for approval. Details of operational costs are presented in [Schedule 3.5 Operational Costs of Capital Projects](#).

Operating expense	2019 Budget	2020 Budget	2021 Budget	2022 Budget	2023 Budget
Increase in park maintenance, inspections and supplies	\$4,200	\$14,450	\$20,500	\$22,320	\$22,390
Total operational costs of capital projects	\$ 4,200	\$14,450	\$20,500	\$22,320	\$22,390

Estimated property tax impact	0.1%	0.2%	0.2%	0.3%	0.3%
--------------------------------------	-------------	-------------	-------------	-------------	-------------



Recreation and Culture



Overview

Library

View Royal contributes to the Greater Victoria Public Library system through an annual requisition, as well as shares in the cost of maintaining the central library branch.

Recreation

View Royal is one of municipal owners of the West Shore Parks and Recreation Society which operates the Juan de Fuca Recreation Centre under an agreement with the Society.

The Centre provides multiple recreational opportunities for the citizens and guests with an arena, curling rink, pool and water slide, weight room, and viewing areas. There is also a nine-hole golf course and many other outdoor park amenities and sports fields.

Library and recreation services are provided under contract and have no direct internal labour cost allocation.

2019 Budget Summary

The proposed Recreation and Culture budget totals nearly \$1.3 million to contribute to recreational and library services for View Royal residents and visitors.

Incremental analysis	Amount	Change %	Est Tax %
2018 budget	\$ 1,248,238		
Net increase in core operations	13,731	1.1%	0.2%
2019 proposed budget	\$ 1,261,969	1.1%	0.2%

Core Operations

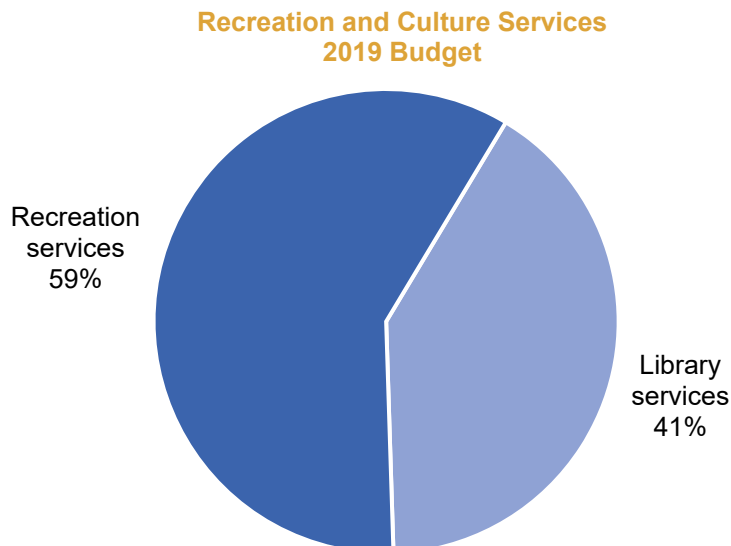
Historically, both the library and recreation services budgets were funded from Casino revenue. As a result of a strategic focus on financial sustainability, the dependence on Casino revenue has been reduced to support the recreation service only.

Funding	2018 YTD	2018 Budget	2019 Budget	Change \$	Change %
Casino revenue (see Fiscal Services budget)	\$ 729,656	\$ 729,839	\$ 746,000	\$ 16,161	2.2%
Total funding	729,656	729,839	746,000	16,161	2.2%

Operating expense	2018 YTD	2018 Budget	2019 Budget	Change \$	Change %
Library services	515,184	518,399	515,969	(2,430)	(0.1%)
Recreation services	729,656	729,839	746,000	16,161	2.2%
Total operating expenses	1,244,840	1,248,238	1,261,969	13,731	1.1%

Net property tax required	\$ 515,184	\$ 518,399	\$ 515,969	(\$ 2,430)	(0.1%)
Estimated property tax impact	0.0%				

[Appendix 4 Service Plan Budget Details](#) provides a detailed look at all five years of this service plan budget.



Fiscal Services



Overview

The fiscal services function administers property taxes, internal transfers, grants, contributions and government transfers not allocated to a specific project. This section also tracks debt service costs and annual amortization of tangible capital assets.

The 2019-2023 Financial Plan matches the accounting treatment for casino and gas tax revenue to current standards. As a result, both grants are treated as revenue when received rather than deferred and only recognized as revenue as used. However, because the financial plan doesn't necessarily anticipate consuming 100% of these grants each year, the amounts are transferred to surplus until needed to fund specific projects as approved by Council each year.

Fiscal services activities are provided by corporate administration personnel. There are no direct labour costs allocated to this function.

2019 Budget Summary

The proposed 2019 Fiscal Services budget provides funding to all other service plans, primarily through taxation revenue and transfers from other funds.

Incremental analysis	\$	Change %	Est Tax %
2018 budgeted funding	\$ 9,340,153		
Net increase in core operations funding	253,008	2.7%	3.0%
Non-core requests funding	592,550	6.3%	0.4%
Operational costs of capital projects funding	4,900	0.0%	0.1%
2019 proposed budget	\$ 10,190,611	9.0%	3.5%

Core Operations

The 2019 budget provides funding for all service plan operations and facilitates contributions to reserves and debt repayment. Planned uses of Casino revenue totals just over \$1 million in 2019, shown here as transfers from surplus.

Funding	2018 YTD	2018 Budget	2019 Budget	Change \$	Change %
Property taxes and payments in lieu	\$ 8,290,169	\$ 8,475,680	\$ 8,840,011	\$ 364,331	4.3%
Interest, penalties and commissions	286,772	150,000	155,000	5,000	3.3%
Grants and contributions	3,029,495	3,156,733	2,947,500	(209,233)	(6.6%)
Contributions from developers	2,501,035	28,000	-	(28,000)	-
Transfers from reserves	24,437	76,300	-	(76,300)	-
Transfers from reserve accounts	1,364,398	1,313,408	1,322,028	8,620	0.7%
Transfers from surplus	63,674	92,250	50,000	(42,250)	(45.8%)
Transfer from equity in capital assets	2,841,075	2,870,900	2,979,400	108,500	3.8%
Internal cost allocations	-	492,476	502,326	9,850	2.0%
Total funding	18,401,055	16,655,747	16,796,265	140,518	0.8%

Operating expense	2018 YTD	2018 Budget	2019 Budget	Change \$	Change %
Other fiscal services	30,288	10,202	17,806	7,604	74.5%
Transfers to reserves	2,212,662	605,280	666,469	61,189	10.1%
Transfers to reserve accounts	5,025,310	2,769,633	2,470,000	(299,633)	(10.8%)
Transfers to capital fund	65,456	-	-	-	-
Amortization	2,841,075	2,870,900	2,979,400	108,500	3.8%
External debt	567,102	567,103	567,103	-	-
Internal cost allocations	-	492,476	502,326	9,850	2.0%
Total operating expenses	10,741,893	7,315,594	7,203,104	(112,490)	(1.5%)

Net funding to other services	\$ 7,659,162	\$ 9,340,153	\$ 9,593,161	\$ 253,008	2.7%
--------------------------------------	---------------------	---------------------	---------------------	-------------------	-------------

Appendix 4 Service Plan Budget Details provides a detailed look at all five years of this service plan budget.

Non-core Requests

Fiscal services provides funding for non-core requests from taxation, grants and transfers from reserves or surplus.

Project funding	2019 Budget	2020 Budget	2021 Budget	2022 Budget	2023 Budget
Taxation	\$ 33,725	\$ 102,485	\$ 36,595	\$ 55,595	\$ 56,140
Casino revenue	226,410	220,000	115,000	-	15,000
Reserves	25,000	-	-	-	-
Grant funding	58,415	1,500	1,500	-	-
Transfers from surplus	119,000	-	-	-	-
Gas tax (Community Works Fund)	130,000	-	-	-	-
Total project funding	\$ 592,550	\$ 323,985	\$ 153,095	\$ 55,595	\$ 71,140

Operational Costs of Capital

As capital projects are completed, ongoing costs to maintain the asset are included in future years' operational budgets. These future costs are one of several factors considered before each project is recommended for approval. Details of operational costs are presented in [Schedule 3.5 Operational Costs of Capital Projects](#). Because of the ongoing nature of these costs, they are funded from taxation each year.

Operating funding	2019 Budget	2020 Budget	2021 Budget	2022 Budget	2023 Budget
Increase in taxation for costs of capital	\$ 4,900	\$ 48,630	\$ 73,860	\$ 101,695	\$ 214,298
Total funding for operational costs of capital	\$ 4,900	\$ 48,630	\$ 73,860	\$ 101,695	\$ 214,298
Estimated property tax impact	0.1%	0.6%	0.9%	1.2%	2.6%

GLOSSARY AND REFERENCE

Glossary

Appropriated surplus	Surplus funds arising from an excess of revenue over expense from prior years that are unrestricted by any external entity or legislation and which have been internally designated for a specified purpose.
Capital budget	Planned expenses and sources of funding for the acquisition of tangible capital assets, construction of infrastructure, or the betterment of existing assets.
Carry forward	An expense item or project that was approved but not completed in a prior year.
Community Charter	Provincial legislation applicable to municipalities in British Columbia.
Community Works Funds (CWF) (Gas tax revenue)	Federal grant transfers under agreement with British Columbia and BC municipalities for predictable, long-term and stable funding for investment in infrastructure and capacity building projects.
Debt service	Annual principal and interest payments on debt.
Deficit	The net result of operating activities when actual expenses exceed actual revenues in a year. A deficit must be “paid back” by being included in the next year’s financial plan as an expenditure in that year.
Development cost charges (DCCs)	Fees collected from land developers to offset that portion of the costs related to municipal services that are incurred as a direct result of new development.
Direct costs	Expenses for goods or services that are clearly attributable to a specific service or function, such as maintenance of a park or snow removal.
Financial plan	Also referred to as the <i>budget</i> , the financial plan identifies the proposed expenditures, funding sources and transfers to or between funds for the next five years. The <i>Community Charter</i> requires the financial plan to balance; that is the total of all proposed expenditures and transfers to other funds for a year must not exceed the total of the proposed funding sources and transfers from other funds for the year.
Full-time equivalents (FTEs)	The number of employees on full-time schedules plus the number of employees on part-time schedules converted to a full-time basis. For example, an employee who works a 3.5 hour shift where a 7-hour day is considered full-time is expressed as a 0.5 FTE.
Functional unit	A reporting classification for expenses according to the activity for which the expense was incurred, such as protective or transportation services. Both legislation and accounting standards require the reporting of expenses by function.
Fund	A set of self-balancing accounts to record assets, liabilities, residual equity balances and the results of operations for specific set of activities or purpose.
Grant	A transfer of money from one organization to another other than payment for goods or services received. Local government grants are usually classified as either <i>conditional</i> or <i>unconditional</i> . Conditional grants are monies transferred for a specific purpose that may not be used for any other project. Unconditional grants can be used for any purpose the recipient sees fit.
Grants-in-aid	A grant program designed to assist not-for-profit and community organizations in achieving their objectives for the benefit of the municipality and its constituents.
Indirect costs	Expenses for goods or services that are <i>not</i> clearly attributable to a specific service or function, such as the maintenance of Town Hall or liability insurance.

Local Government Act	Provincial legislation applicable to municipalities in British Columbia.
Municipality	An incorporated area within a regional district with an elected governing body (mayor and council).
Non-core items	Projects or activities that represent a change to service levels or are non-recurring or infrequent items. These items arise from Council or constituents' initiatives, recommendations from staff, or factors external to the municipality.
Operating budget	Planned expenses, estimated future costs and forecasted income required for the delivery of services.
Operational costs of capital	Estimated incremental future costs of new assets. This may include costs such as the supply of electricity or gas, inspection, or maintenance. It does not include amortization or the cost to replace the asset at the end of its service life.
Payments in lieu of taxes (PILTs)	Also known as <i>grants in lieu of taxes</i> , these are payments transferred by both the federal and provincial governments under special legislation. Crown properties are exempt from local government taxation, but special legislation allows payments to local governments in the place of property taxes.
Public Sector Accounting Board (PSAB)	An independent body with the authority to set accounting standards for the public sector. Legislation applicable to municipalities requires the adherence to standards set by PSAB and generally accepted accounting principles.
Regional service	An activity, work or facility undertaken or provided by or on behalf of the regional district.
Reserve accounts	Appropriations of accumulated surplus designated at the discretion of Council for specific uses.
Reserve funds	Money that is set aside for a specified purpose by Council pursuant to the <i>Community Charter</i> . These reserves are established by bylaws at the discretion of Council. Reserve funds may be used for operating or capital purposes as stated in the establishing bylaw.
Service	Basic services that residents expect the government to provide in exchange for taxes and user fees. Typical services include sanitation, sewer collection and treatment, parks, recreation and culture, fire protection, and bylaw enforcement.
Statutory reserve funds	Money designated for a specified purpose by bylaw as required by specific legislation rather than at the discretion of Council.
Surplus	Funds arising from an excess of revenue over expense; may be appropriated or unappropriated and accumulated over time.
Tangible capital assets	Non-financial assets having physical substance that are held for use in the production or supply of goods and services, have useful economic lives beyond the fiscal period, will be used on a continuing basis, and are not for sale in the ordinary course of business.
Tax rates	Rates expressed as an amount per \$1,000 of assessed net taxable property value that result in revenue to support municipal services.
Unappropriated surplus	Surplus funds arising from an excess of revenue over expense from prior years that are unrestricted by any external entity or legislation and which have not been internally designated for a specified purpose.
User fees	An alternative to property taxation for generating revenue and recovering the cost of providing services. User fees are generally applied on a user-pay basis so that those who benefit from the operation of a service bear the costs.

Reference

Information about the following topics are available on View Royal's website at www.viewroyal.ca and are hyperlinked in the electronic version of this document.

[2015-2018 View Royal Strategic Plan](#)

[Strategic Plan Priorities 2018](#)

[Official Community Plan](#)

[Council Remuneration Policy](#)

[Permissive Tax Exemptions](#)

[Grants in aid](#)

[User fees](#)

APPENDICES

The following appendices containing the details of this financial plan are available in a supplementary document titled **2019-2023 Financial Plan Appendices** available from View Royal's website at www.viewroyal.ca.

Appendix 1 Consolidated Financial Plan

- Schedule 1.1 Consolidated Financial Plan Summary
- Schedule 1.2 Consolidated Capital Plan Summary
- Schedule 1.3 Operating Revenue Summary
- Schedule 1.4 Operating Expense Summary

Appendix 2 Non-core Requests

- Schedule 2.1 Non-core Requests Summary
- Schedule 2.2 Non-core Requests Funding Detail

Appendix 3 Capital Plan

- Schedule 3.1 Capital Plan Summary
- Schedule 3.2 Capital Projects Approved in the Prior Year
- Schedule 3.3 2019-2023 Capital Projects
- Schedule 3.4 Capital Plan Funding Detail
- Schedule 3.5 Operational Costs of Capital Projects Detail

Appendix 4 Service Plans Budget Details

Appendix 5 Project Summaries

Appendix 6 Projected Reserve Balances



TOWN OF VIEW ROYAL
45 View Royal Avenue
Victoria, BC