

Community Townhall 2020 Budget Meetings

On April 29, 2020 two virtual community townhall meetings were held to provide information on the budget and respond to questions. These are the questions and the answers.

Q1: What does DCC stand for?

A: DCC is the abbreviation for Development Cost Charges.

Development Cost Charges:

Municipalities and regional districts levy development cost charges on new development to pay for new or expanded infrastructure such as sewer, water, drainage, parks and roads necessary to adequately service the demands of that new development.

Q2: What is the \$200,000 grant/project budgeted for in the General Government category in 2020?

Summary of Changes by Object

General Operating Fund	Amount
Salaries and Benefits (Increase)	\$87,950
RCMP Contract (Increase)	\$23,105
Debt Interest	-
Contingency - Finance & Council (Decrease)	(\$25,000)
Transfers to Own Funds (Decrease)	(\$163,270)
Utilities, Hydro, Water (Increase)	\$45,211
Library Grant (Decrease)	(\$7,747)
Changes in IT Contracts (Increase)	\$48,501
Grant Revenue (Increase)	(\$237,588)
Reduction in Anticipated Wharf Parking Revenue	\$12,500
Bylaw Revenue	-
Airport Taxes	\$200
Increase in Airport Fuel Revenue (Increase)	(\$20,000)
Transfer to CARIP & Gas Tax	\$26,102
Sales Revenue (Decrease)	\$166,396

A: It was a from provincial Grant for \$200,000 for fencing around a sensitive area in Sechelt's Seawatch neighbourhood.

Q3: Why is the legal fees budget increasing by \$50,000 in 2020?

A: Legal fees are an estimate from year to year and you have to assess what cases you have going on and coming up and budget appropriately, and our assessment is that the legal fees have to increase this year and that is what we did.

Q4: The District appears to be granting raises to staff and an increase in property taxes.

A: The District has a collective agreement with staff and would be in breach of contract if we do not follow the terms and conditions, that is why you might be seeing increases in wages.

Q5: What is the logic for the specific dates for tax penalties during this COVID-19 pandemic?

A: We knew we needed to extend the penalty dates, the province put into play the October 1st for businesses and we have six 6.8 million dollars that we have to pay out to other levels of government by the first week of August. We had to maintain one early penalty on two of the classes, so 5% penalty on July 3rd and then the second penalty for residents we matched with the first penalty for business being on October 1st, and the second penalty date for business of December 1st was just to keep business motivated to pay their taxes prior to December 1st 2020 because we have another 5 million that we need to pay out in December.

Q6: How much does the District expect to borrow to cover short term cash shortfalls?

A: Staff will be taking a Revenue Anticipation Borrowing Bylaw to Council for their review, it is up to 12 million dollars for revenue anticipation borrowing. This is a precautionary measure to ensure we have the necessary money to pay out to other levels of government should we not get the revenue from people not paying their taxes. Revenue Anticipation Borrowing is only borrowing on revenues you have charged, but not received. If you must borrow a hundred thousand revenue anticipation, as soon as taxes come into that level, you pay back the loan at that time. It is not a traditional loan but more like a line of credit of sorts, it is the amount you pay based on what you get in taxation.



Q7: What surplus and reserves do we have, and are there any restrictions on using them?

A: If you use the reserves that are in reserve accounts they need to be spent on what they've been accumulated for, if we have a sewer capital reserve the money needs to be spent on sewer related capital and can't be used for different purposes. Generally, that is a rule of thumb, but the province is allowing some freedom from that to use the funds as bridging in this this time. as It would be it would be construed like the revenue anticipation borrowing where you are just, you are utilizing the funds, but the monies are staying in the reserve. We have several reserve funds and accounts and most of them have a couple hundred thousand dollars in them not a significant amount. Our DCC'S reserve are up over million dollars. Although we have reserves and we have surplus, it is limited.

Q8: Where can we find the details on surpluses and reserves?

A: Staff are taking the Audited Financial reports to Council May 6, 2020 and are listed in that report. They will be on the agenda posted on our website at www.sechelt.ca under City Hall Document Library. It is posted in the files under Agendas and Minutes and it will be called 2020-05-06 RC Agenda.

Q9: Why is there a large drop in public works expense?

Five-year Financial Plan Expenses

General Fund	2019 Actual Amounts	2019 Adopted Budget	2020 Draft Budget	Increase/ (Decrease)	2020	2021	2022	2023	2024
Expenditures:									
General Government	\$2,705,855	\$3,112,147	\$3,498,366	\$386,219	\$3,498,366	3,500,775	3,645,468	3,714,523	3,786,825
Planning and Development	\$1,131,830	\$1,356,344	\$1,360,806	\$4,462	\$1,360,806	1,338,903	1,361,054	1,385,619	1,410,674
Community Services	\$2,336,364	\$2,008,497	\$2,117,751	\$109,254	\$2,117,751	2,050,831	2,096,062	2,146,685	2,198,786
Public Works	\$2,041,897	\$2,553,338	\$2,298,914	-\$254,424	\$2,298,914	2,241,342	2,280,100	2,325,701	2,372,215
Facilities	\$581,072	\$586,860	\$650,377	\$63,517	\$650,377	628,006	635,659	646,092	656,735
Police Services	\$1,165,600	\$2,203,814	\$2,295,344	\$91,530	\$2,295,344	2,374,185	2,457,045	2,542,435	2,630,052
Solid Waste	\$1,032,246	\$933,240	\$1,064,194	\$130,954	\$1,064,194	1,074,836	1,085,584	1,107,296	1,129,442
Total Expenditures	\$10,994,864	\$12,754,240	\$13,285,752	\$531,512	\$13,285,752	13,208,878	13,560,972	13,868,351	14,184,729

A: Public works is inclusive of engineering and public works and the reduction is due to less funds being budgeted for consultants in the engineering department.

Q10: The Anticipation Borrowing Bylaw is making it so the District can borrow up to 12 million dollars. Is that so we can cover the amounts due to the other governments?

A: Yes, we can borrow on the value we tax out. When we tax residents we not only tax for the District of Sechelt, we tax for the Regional District, for the School District or the School Taxes and others and we are only allowed to borrow up to 75 percent of that value.

Q11: So many people are currently out of work due to the COVID-19 pandemic. What do you do if 10 % of taxpayers do not pay by December 1st, 2020? Or if they do not pay at all? How is this managed?

A: In the current year this would be managed by the Revenue Anticipation Borrowing that can go on longer than the year. The other things that we are looking at is strategically doing the capital work that is been listed here. If there is a project that is not under grant and not under timeline, we will delay the start of those until we know we are going to have enough funds paid from by taxes to do those works.

Q12: But capital work does not impact operational taxes?

A: It may or may not, if we do not have the cash flow the District has reserves that can be used as cash flow to make payments on invoices that are due. The District needs to hold on to as much cash as possible because of the cash flow problem that may come forward if one million of taxes are not paid. Revenue Anticipation Borrowing and to not start capital works are the biggest ones to assist in this. The biggest issues we will have is to maintain our cash flow and staff will do that by curbing the amount of capital that is started and by borrowing Revenue Anticipation Borrowing if need be.

Q13: Do you not use recurring taxes for capital projects?

A: In 2020 the district will be putting just over 700,00 of taxation into a capital reserve and then we fund capital out of that reserve.

Q14: Is this presentation going to be published for others to watch in the future.

A: The presentation is already published on the website and the live stream videos are available on YouTube under the District of Sechelt's channel by date of meeting. The questions and answers will also be posted to the website and our For the Record page.