

**Date:** March 2, 2021  
**To:** Nikki Gilmore, Chief Administrative Officer  
**From:** Lena Martin, Manager of Finance and Administration  
**Subject:** 2021 Budget Session #3 – Tax Implications

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**PURPOSE**

To present to the Committee of the Whole the draft 2021 Budget for review and comment.

**BACKGROUND**

At the Regular Council Meeting No. 1529, held Tuesday, December 8, 2020 Council approved the 2021 budget deliberation schedule This is the third of three sessions scheduled which will focus on the 2021 Operating, Project and Capital Expenses - TAX IMPLICATIONS.

**DISCUSSION AND COMMENTS**

This is the third opportunity the Committee has to review the 2021 Budget as prepared through consultation with the Village Department Managers. In Budget Session #2, taxes were shown with **1.8%** tax increase and Non-Market Change of \$75,477, balancing the budget. Council asked Staff to bring back tax implications for 2, 4, 6 and 8% tax increases, showing the effect of those increases on an average properties per Assessment Class.

Non-Market Change Report (NMC) for 2021 shows an average change in assessment value of 9.97% (**Appendix A**). Some classes show higher change while others show lower change, than the average. Those properties that show growth higher than average will see an increase in taxes, and properties that show growth lower than average will see a decrease in taxes, **with a 0% tax increase**.

Average Assessment Change by Class from prior year

01 - Residential	11.32%
02 - Utilities	0.66%
05 - Light Industry	3.19%
06 - Business And Other	3.90%
08 - Rec/Non Profit	-5.85%
09 - Farm	-7.44%
S.644LGA/398VC government	-4.57%

Total Roll Assessment – All Classes 2020 \$ 942,131,365  
 Total Roll Assessment – All Classes 2021 \$1,036,060,163  
 Average Change - 9.97% (NMC 5.21%, Market 4.76%)

## Tax Implications

Tax Implications for the average property owner from the Completed tax roll **with a 0% tax increase** due to Assessment Value Change;

<b>Residential</b>		<b>2020</b>	<b>2021</b>	<b>Tax Change</b>
		<b>Assessment</b>	<b>Assessment</b>	<b>\$</b>
House	Poplar (H)	800,000	869,000	\$ 54.98
House	Laurel Street (H)	792,000	864,000	\$ 59.97
House	Hemlock (H)	932,000	1,001,000	\$ 46.95
House	Pinewood (H)	1,121,000	1,219,000	\$ 79.02
House	Greenwood (H)	1,202,000	1,220,000	\$ (46.07)
House	Elmwood (H)	1,062,000	1,058,000	\$ (70.60)
Duplex	Laburnum (H)	763,000	820,000	\$ 39.21
Townhouse	Flint Street (TH)	377,900	388,700	\$ (6.76)
Townhouse	Park Street (TH)	573,600	590,900	\$ (8.90)
Townhouse	Laurel Street (TH)	546,000	563,000	\$ (7.67)
Townhouse	Vine (TH)	603,000	621,000	\$ (9.64)

<b>Light Industry</b>				
Industry	Highway 99	559,700	501,800	\$ (411.43)
Industry	Venture Place	926,700	998,200	\$ 173.51

<b>Commercial</b>				
Business	Downtown	424,000	424,000	\$ (58.02)
Business	Downtown	2,336,000	2,337,000	\$ (316.30)
Business	Downtown	3,232,700	3,176,800	\$ (631.31)
Business	Industrial Park	333,000	383,000	\$ 123.41
Business	Industrial Park	513,400	579,200	\$ 152.12
Business	Industrial Park	725,800	787,500	\$ 109.19
Business	Industrial Park	1,992,000	1,912,600	\$ (540.94)

<b>Rec/Non-Profit</b>				
	Downtown	350,600	368,600	\$ 5.71

<b>Farm</b>				
	Downtown	539,091	564,091	\$ 4.76

A shift of New Development and Market Sales for 2021 shows above average assessment values for larger residential homes resulting in higher taxes, lower assessment change and taxes are noted for residential townhouses and downtown businesses.

Tax Implications for the average property owner from the Completed tax roll **with a 1, 2, 4, 6 and 8% tax increase, in addition to assessment change** is shown below:

Residential		Assessment	1%	2%	4%	6%	8%
House	Poplar	\$ 54.98	\$ 13.05	\$ 26.11	\$ 52.21	\$ 78.32	\$ 104.42
House	Laurel Street	\$ 59.97	\$ 12.98	\$ 25.95	\$ 51.91	\$ 77.86	\$103.82
House	Hemlock	\$ 46.95	\$15.04	\$30.07	\$60.14	\$90.21	\$120.28
House	Pinewood	\$ 79.02	\$18.31	\$36.62	\$73.24	\$109.86	\$146.48
House	Greenwood	\$ (46.07)	\$18.32	\$36.65	\$73.30	\$109.95	\$146.60
House	Elmwood	\$ (70.60)	\$15.89	\$31.78	\$63.57	\$95.35	\$127.13
Duplex	Laburnum	\$ 39.21	\$12.32	\$24.63	\$49.27	\$73.90	\$98.53
Townhouse	Flint Street	\$ (6.76)	\$5.84	\$11.68	\$23.35	\$35.03	\$46.71
Townhouse	Park Street	\$ (8.90)	\$8.88	\$17.75	\$35.50	\$53.25	\$71.00
Townhouse	Laurel Street	\$ (7.67)	\$8.46	\$16.91	\$33.83	\$50.74	\$67.65
Townhouse	Vine	\$ (9.64)	\$9.33	\$18.66	\$37.31	\$55.97	\$74.62
<b>Light Industry</b>							
Industry	Highway 99	\$ (411.43)	\$25.63	\$51.25	\$102.51	\$153.76	\$205.01
Industry	Venture Place	\$ 173.51	\$50.98	\$101.95	\$203.91	\$305.86	\$407.81
<b>Commercial</b>							
Business	Downtown	\$ (58.02)	\$14.33	\$28.66	\$57.32	\$85.98	\$114.63
Business	Downtown	\$ (316.30)	\$78.98	\$157.96	\$315.92	\$473.88	\$631.84
Business	Downtown	\$ (631.31)	\$107.36	\$214.72	\$429.45	\$644.17	\$858.89
Business	Industrial Park	\$ 123.41	\$12.94	\$25.89	\$51.77	\$77.66	\$103.55
Business	Industrial Park	\$ 152.12	\$19.57	\$39.15	\$78.30	\$117.45	\$156.59
Business	Industrial Park	\$ 109.19	\$26.61	\$53.23	\$106.46	\$159.68	\$212.91
Business	Industrial Park	\$ (540.94)	\$64.64	\$129.27	\$258.55	\$387.82	\$517.10
<b>Rec/Non Profit</b>							
	Downtown	\$ 5.71	\$5.54	\$11.07	\$22.15	\$33.22	\$44.29
<b>Farm</b>							
	Downtown	\$ 4.76	\$8.47	\$16.95	\$33.89	\$50.84	\$67.78

**1% Budget Increase** \$ 18,302  
**2% Budget Increase** \$ 36,604  
**4% Budget Increase** \$ 73,209  
**6% Budget Increase** \$ 109,814  
**8% Budget Increase** \$ 146,418

A review of 2020 tax rates of member municipalities for comparison for an average residential home assessed at \$900,000 is shown below:

	Rate	2020 Taxes	*2021 Tax Increase
<b>Village of Pemberton</b>	<b>1.5628</b>	<b>\$ 1,406.52</b>	<b>1.8%</b>
Whistler	1.558	\$ 1,402.20	4.89% amended to 1.08%
Squamish	2.9735	\$ 2,676.15	6.6% draft
Lillooet	3.9420	\$ 3,547.80	2.9% draft

## Financial Planning

At Budget Session #2, discussion focused on the effect of continued low tax increases that do not match operational cost increases, leading to a depletion of reserves and necessitating larger future tax increases in subsequent annual budgets.

In 2020, at the beginning of the COVID–19 pandemic, Staff presented a Long-Term Financial Information report with a view on Operating Costs/Asset Maintenance Increases, Financing/Debt, Future Capital Expenditures, and Capital Reserves. **(Appendix B)**

For many years, municipalities have been faced with major management challenges. With ever-increasing operating costs, they are called upon to provide more services (i.e. transportation, road networks, leisure services, etc.), while revenues struggle to keep up.

As a result, municipalities are often faced with shrinking flexibility, due to the imbalance between the financial needs of municipalities and the inability to pay. While contributions have helped to rebalance the budget to a certain extent through the implementation of a municipal infrastructure programs, municipalities continue to face major challenges as several grants require payment of at least a third of project funding.

The goal is to provide sufficient services while taking into account taxpayers’ ability to pay while implementing the best financial strategies and financing the most advantageous projects while maintaining a reasonable debt level.

The Village is currently compiling an Asset Management Plan to identify tangible capital assets that are at, or will reach, the end of their useful lives within the planning horizon of the long-term financial plan. The financial model forecasted \$9.8 million in capital expenditures over the next five years (2020-2024 Financial Plan Bylaw). At current reserve levels, the Village will be unable to generate the necessary level of incremental funding for capital expenditures due to constraints of affordability and will rely on debt financing. However, in order to ensure sufficient financing for future capital expenditures, the Village may wish to consider increasing the level of available capital funding through the implementation of a multi-year capital levy.

The Village currently has an average level of long-term debt, however, the Village’s continued focus on infrastructure investment, both reinvestment in existing infrastructure as well as new projects, may increase the borrowing to a level that exceeds the allowable borrowing capacity.

To the extent that the Village chooses to expand the use of debt financing for capital purposes, it may wish to consider doing so in conjunction with the suggested capital levy, with the proceeds of the capital levy used to fund debt servicing costs.

The intent of the financial plan is to demonstrate the need for, and impact of, the above. While the long-term financial plan does not address service level changes, it is important to recognize that services and service levels ultimately drive costs. As the Village expands services, enhances service levels or expands through development, its costs will increase accordingly. Similarly, the ability of the Village to keep taxes low, will need to be accompanied by a corresponding decrease in services and/or service levels.

It should also be noted that that for every new tax dollar created by new development, the municipality needs to re-invest in maintaining the new or updated services (Roads, sidewalks, water, sewer, etc.) and amenities (Parks, trails, etc.), which will result in the need for increased taxation. It is also imperative that the non-market tax dollars (from new development/construction dollars), is reinvested in the municipality so that services can be efficiently and effectively delivered to the public rather than utilizing these funds for new opportunities.

In 2021, the Village has seen a shift in revenues as previous years projects complete and tax increases remained low (0 – 2% annually). As such, tax revenues and user fees for services are utilized in operating the annual budget rather than increasing the Capital Reserves required for Future Capital Improvements and Replacement.

The future meetings tentatively scheduled, as approved at the Regular Council Meeting No. 1529, held Tuesday, December 8, 2020 are shown below.

<b>Date</b>	<b>Description</b>
<b>Tuesday, March 16</b>	Public Budget Information Session 2020 review ( <b>prior to Council</b> )
<b>Tuesday, March 16</b>	<b>Committee of the Whole Meeting</b> <ul style="list-style-type: none"> <li>Budgeting Session #3 – 2021 Final Budget with Tax Implications and 5 Year Financial Plan review prior to Bylaws coming forward for adoption.</li> </ul>
<b>Tuesday, April 13</b>	<b>Regular Council Meeting</b> <ul style="list-style-type: none"> <li>2021 - 2025 Five Year Financial Plan Bylaw 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> readings (S.165 <i>Community Charter (CC)</i>)</li> </ul>
<b>Tuesday, April 27</b>	<b>Regular Council Meeting</b> <ul style="list-style-type: none"> <li>2021 - 2025 Five Year Financial Plan Bylaw 4<sup>th</sup> &amp; Final</li> <li>2021 Tax Rates Bylaw 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> readings</li> </ul>
<b>Tuesday, May 11</b>	<b>Regular Council Meeting</b> <ul style="list-style-type: none"> <li>2021 Tax Rates Bylaw 4<sup>th</sup> &amp; Final (S.197 CC)</li> </ul>

## **COMMUNICATIONS**

Residents will again be able to participate in the budget process by submitting their questions to the Village at [budget@pemberton.ca](mailto:budget@pemberton.ca). Answers will be summarized and included in the Budget Information Session to be held on Tuesday, March 10, 2021 prior to the Regular Council meeting.

An advertisement was placed in the Pique Newspaper on Thursday, Feb 11, 2021, as well as included in the Village's eNEWS, on the Village Website and Facebook page.

### **LEGAL CONSIDERATIONS**

The development and review of the annual budget meets with the requirements as set out in legislation.

### **IMPACT ON BUDGET & STAFFING**

The development of the annual budget is a component of the day-to-day operations of the Finance Department and has been incorporated into the annual work plan.

### **INTERDEPARTMENTAL IMPACT & APPROVAL**

The Finance Department coordinates with Managers on each department budget and will move forward with the projects as approved by Council.

### **IMPACT ON THE REGION OR NEIGHBOURING JURISDICTIONS**

Development of the 2021 draft budget has no impact on the region or neighboring jurisdictions at this time.

### **ALTERNATIVE OPTIONS**

There are no alternative options for consideration.

### **RECOMMENDATIONS**

**THAT** the Committee of the Whole provide direction to Staff with respect to any changes to the 2021 Draft Budget as presented.

### **Attachments:**

**Appendix A:** NMC Roll Comparison by Property Class

**Appendix B:** Five Year Financial Plan 2020-2024 Information Report, dated April 28, 2020

Submitted by:	Lena Martin, Manager of Finance
CAO Approval by:	Nikki Gilmore, Chief Administrative Officer

**NMC Roll Comparison by Property Class**  
 2021 Net General Taxable Values  
 Completed Roll run on 05/Dec/2020

**Area** 08 - North Shore-Squamish Valley  
**Jurisdiction** 560 - Village of Pemberton

[NMC by Neigh](#)  
[NMC Detail](#)

Property Class	2020 Cycle 10	2021 Completed	NMC Land	NMC Impr	NMC Total	% Chg Due to NMC	% Chg Due to Market	% Chg
Res Vacant	\$71,531,400	\$65,065,700	-\$8,604,000	\$0	-\$8,604,000	-12.03%	2.99%	-9.04%
Res Single Family	\$384,695,600	\$452,847,900	\$17,339,000	\$26,990,900	\$44,329,900	11.52%	6.19%	17.72%
Res ALR	\$10,378,000	\$14,249,000	\$3,466,000	\$0	\$3,466,000	33.40%	3.90%	37.30%
Res Farm	\$462,125	\$22,750	\$0	\$0	\$0	0.00%	-95.08%	-95.08%
Res Strata	\$281,231,000	\$315,515,600	\$12,669,000	\$8,819,400	\$21,488,400	7.64%	4.55%	12.19%
Res Other	\$36,313,900	\$25,759,300	-\$685,000	-\$13,050,000	-\$13,735,000	-37.82%	8.76%	-29.06%
<b>01 - Residential Total</b>	<b>\$784,612,025</b>	<b>\$873,460,250</b>	<b>\$24,185,000</b>	<b>\$22,760,300</b>	<b>\$46,945,300</b>	<b>5.98%</b>	<b>5.34%</b>	<b>11.32%</b>
02 - Utilities	\$15,886,670	\$15,991,850	\$0	\$0	\$0	0.00%	0.66%	0.66%
03 - Supportive Housing	\$0	\$0	\$0	\$0	\$0			
04 - Major Industry	\$0	\$0	\$0	\$0	\$0			
05 - Light Industry	\$10,852,700	\$11,199,300	\$94,800	\$163,700	\$258,500	2.38%	0.81%	3.19%
06 - Business And Other	\$125,858,301	\$130,770,001	\$783,900	\$1,221,500	\$2,005,400	1.59%	2.31%	3.90%
07 - Managed Forest Land	\$0	\$0	\$0	\$0	\$0			
08 - Rec/Non Profit	\$3,771,600	\$3,550,900	\$0	\$0	\$0	0.00%	-5.85%	-5.85%
09 - Farm	\$337,369	\$312,262	-\$25,108	\$0	-\$25,108	-7.44%	0.00%	-7.44%
S.644LGA/398VC	\$812,700	\$775,600	\$0	-\$67,500	-\$67,500	-8.31%	3.74%	-4.57%
<b>Total All Classes</b>	<b>\$942,131,365</b>	<b>\$1,036,060,163</b>	<b>\$25,038,592</b>	<b>\$24,078,000</b>	<b>\$49,116,592</b>	<b>5.21%</b>	<b>4.76%</b>	<b>9.97%</b>

The numbers on this report will remain static as of the Completed Roll non-market change cutoff date (December 3, 2020).

**Non Market Change (NMC) Reasons (valueBC)**

Note: If there is more than one reason for a property, only one reason will be reported. The following is the hierarchy for reporting and a short description of each.

- Boundary Extension: Jurisdiction change, usually the result of a municipal incorporation or annexation
- Property Class Change: A change in property class i.e. from Residential to Commercial
- Exemption Status Change: A change in exemption status i.e. taxable to non taxable or vice versa
- Additions or Deletions: Adding a new folio or deleting a folio. A subdivision would result in an Add for the new folios and either an Inventory Change or a Deletion of the parent property depending on how the subdivision was processed.
- Inventory Change: A modification of data that is not related to market shifts that will cause a change to the value of a property i.e. new construction
- Zoning Change: Change in property zoning



**Date:** April 28, 2020

**To:** Nikki Gilmore, Chief Administrative Officer

**From:** Lena Martin, Manager of Finance and Administration

**Subject:** Village of Pemberton Five Year Financial Plan – Information Report

As defined by the Government Finance Officers Association ('GFOA'), long-term financial planning combines financial forecasting and strategizing and in doing so, allows municipalities to address future issues by developing and evaluating different financial scenarios. More formally, financial planning involves *'the process of projecting revenues and expenditures over a long-term period, using assumptions about economic conditions, future spending scenarios and other salient variables'* thereby allowing municipalities to *'align financial capacity with long-term service objectives'*.<sup>1</sup>

#### **Government Finance Officers Association (GFOA) – Best Practices**

Long-term financial planning combines financial forecasting with strategizing. It is a highly collaborative process that considers future scenarios and helps governments navigate challenges and works best as part of an overall strategic plan.

Financial forecasting is the process of projecting revenues and expenditures over a long-term period, using assumptions about economic conditions, future spending scenarios, and other salient variables. Further, long-term financial planning is the process of aligning financial capacity with long-term service objectives.

Financial planning uses forecasts to provide insight into future financial capacity so that strategies can be developed to achieve long-term sustainability in light of the government's service objectives and financial challenges.

A long-term financial plan stimulates discussion and engenders a long-range perspective for decision makers. It can be used as a tool to prevent financial challenges; it stimulates long-term and strategic thinking; it can give consensus on long-term financial direction; and it is useful for communications with internal and external stakeholders.

#### **Key Assumptions**

In projecting the 2020-2024 long-term financial plan, several assumptions were made that reflect the past and future financial environment and trends for the Village. The main assumptions include the following:

- Operating costs will increase at annual rates ranging from a low of 2% to 5%, depending on the nature of the expenditure, with the majority set to a 2% CPI increase.

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<sup>1</sup> Government Finance officers Association, Resources, Best Practices, Long Term Financial Planning, [www.gfoa.org](http://www.gfoa.org)

- Payroll and benefit related costs are projected to increase at a rate of 2% to 5% per year, reflecting anticipated settlements under the Village's collective bargaining agreements, corresponding increases for non – union staff, escalations in benefit costs and other staffing adjustments.
- Transfers to external agencies are forecasted to increase at a rate of 2% per year.
- Water rates will not increase until a water rates review is completed, total sewer user fees will increase annually by \$40,000 in order to build the reserve for future capital expenditures, as part of an Asset Management Plan.
- A 10% Administration Fee will be charged to individual user requests and tasks.
- General Reserve allocation increases will resume in 2021 and be increased by \$54,000 each year for the years 2021 – 2024 as part of an Asset Management Plan.
- General debt collections, frontage and/or parcel taxes, will equal the general debenture interest and principle payments. This tax is paid by all property owners within the Village of Pemberton who have the ability to connect to the Village's Infrastructure.

For many years, municipalities have been faced with major management challenges. With ever-increasing operating costs, they are called upon to provide more services (i.e. transportation, road networks, leisure services, etc.), while revenues struggle to keep up.

As a result, municipalities are often faced with shrinking flexibility, due to the imbalance between the financial needs of a municipality and the inability to pay. While contributions have helped to rebalance the budget to a certain extent through the implementation of municipal infrastructure granting programs from both the provincial and federal governments, municipalities still continue to face major challenges as grants often require payment of at least a third of project funding depending on the funding program.

The goal is to provide sufficient services, taking into account taxpayers' ability to pay, while implementing the best financial strategies and financing the most advantageous projects and yet maintaining a reasonable debt level.

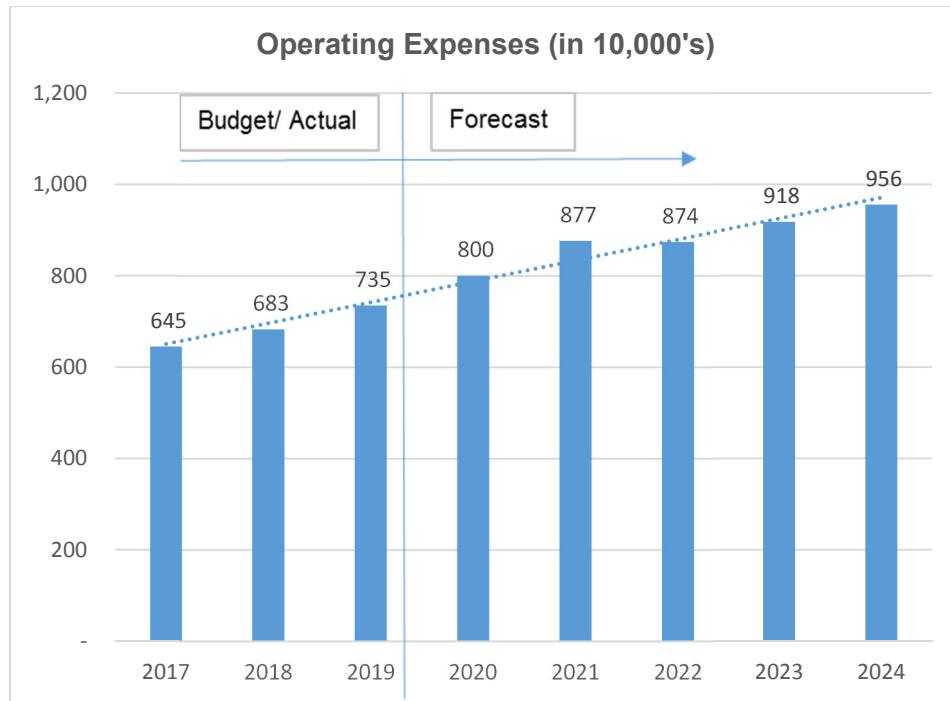
The long-term financial plan represents a forecast of the Village's financial performance and position under a series of assumptions that are documented within the plan. *It is important to recognize that there is a difference between the long-term financial plan and the City's annual financial budgets, with the annual budget being the vehicle for approval of the City's spending and associated funding.*

## **Projected Financial Performance and Position**

### **Operating expenditures**

Total operating expenses for the Village are projected to increase from \$8 million in 2020 to \$9.56 million in 2024, representing an average increase of 4.6% per year.

Salaries and benefits including EI, CPP, WCB, Employee Health Tax (EHT) for Exempt Staff, Union Staff, Non-Union Staff, Council and Volunteer Firefighters increases from \$3.32 million in 2020 to \$4.52 million in 2024 with the potential addition of new Staff in 2021, 2022 and 2024.



\*excludes transfers to Other Governments and non-cash items (amortization)

\*2020 New Service - Recreation

### **Property Tax Strategies**

In establishing tax rates, the Village is required to develop tax ratios, which indicate the proportionate weighting of the various property tax classes as a percentage of the residential tax class (which has a ratio of 1.00000). The determination of tax ratios considers parameters established by the Province of British Columbia. In addition, the Ministry of Municipal Affairs and Housing also sets a ceiling for the maximum allowable rate for Class 2 (Utilities). Rural properties that were included in the 2011 Boundary Extension (Order in Council No. 165) under Class 2 (\*Utility) is set each year as per Sections 5 and 6 of the *Taxation (Rural Area) Act Regulation, BC Reg. 387/82*:

The following table outlines the distribution of taxes between the property tax classes.

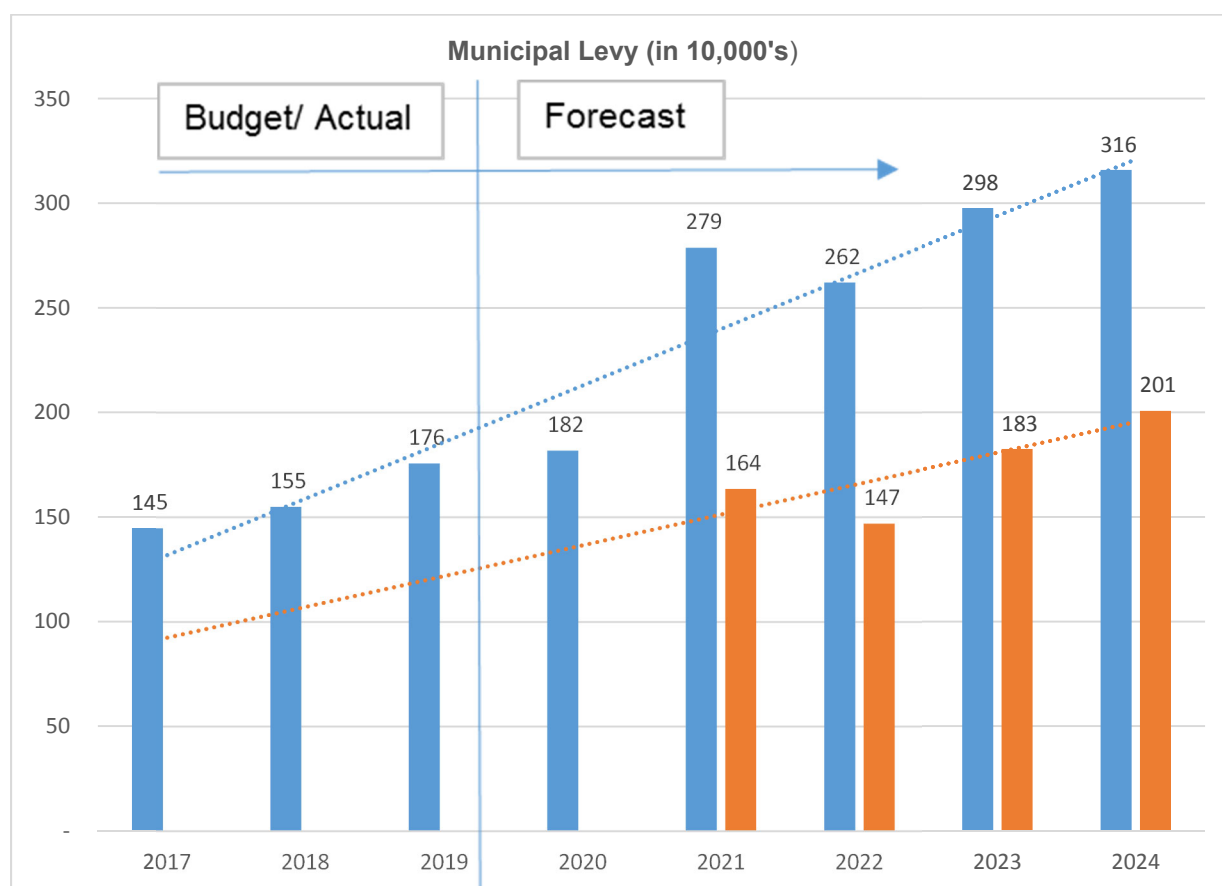
<b>Property Class</b>	<b>Municipal Tax Rates</b>	<b>% of Total Property Assessment Value (\$943,301,365)</b>	<b>% of Total Property Tax</b>
Residential (Class 01)	1.5707	83.22%	67.8%
Utilities (Class 02)	8.8354	0.17%	0.8%
Utilities (Class 02) Rural	3.9400	1.51%	3.1%
Light Industry (Class 05)	5.3405	1.15%	3.2%
Business/Commercial (Class 06)	3.5341	13.51%	24.8%
Rec/Non-Profit (Class 08)	1.5707	0.40%	0.3%
Farm (Class 09)	1.5707	0.04%	0.0%
<b>Total</b>		<b>100%</b>	<b>100%</b>

\* The 2020 Class 2 (Utility) Rural Tax Rate is 3.94 per each \$1,000 of actual value of property. This rate is set each year as per Sections 5 and 6 of the *Taxation (Rural Area) Act Regulation, BC Reg. 387/82* as per Order in Council No. 165 (2011) Village Boundary Extension.

**Range of fairness** – The Province has established limits for tax ratios for non-residential property classes that are intended to ensure that municipalities do not unfairly shift tax burden from residential to non-residential properties through a change in tax ratios.

**Threshold ratios** – In addition to the restrictions imposed by the range of fairness, the Province has also established threshold ratios for non-residential property taxes which preclude municipalities from increasing municipal taxes on property classes where the ratios exceed the threshold ratios. *BC Regulation 329/96* defines a rate ceiling for Class 02 property for 2000 and subsequent years, the regulation states:

- “2. In setting the tax or levy rate for Class 2 property for general municipal purposes, a municipality must not exceed the greater of
  - a) \$40 for each \$1,000 of assessed value, and
  - b) 2.5 times the rate applicable to Class 6 property for general municipal purposes in the municipality for the same taxation year.”



\*Municipal portion of Tax Notice

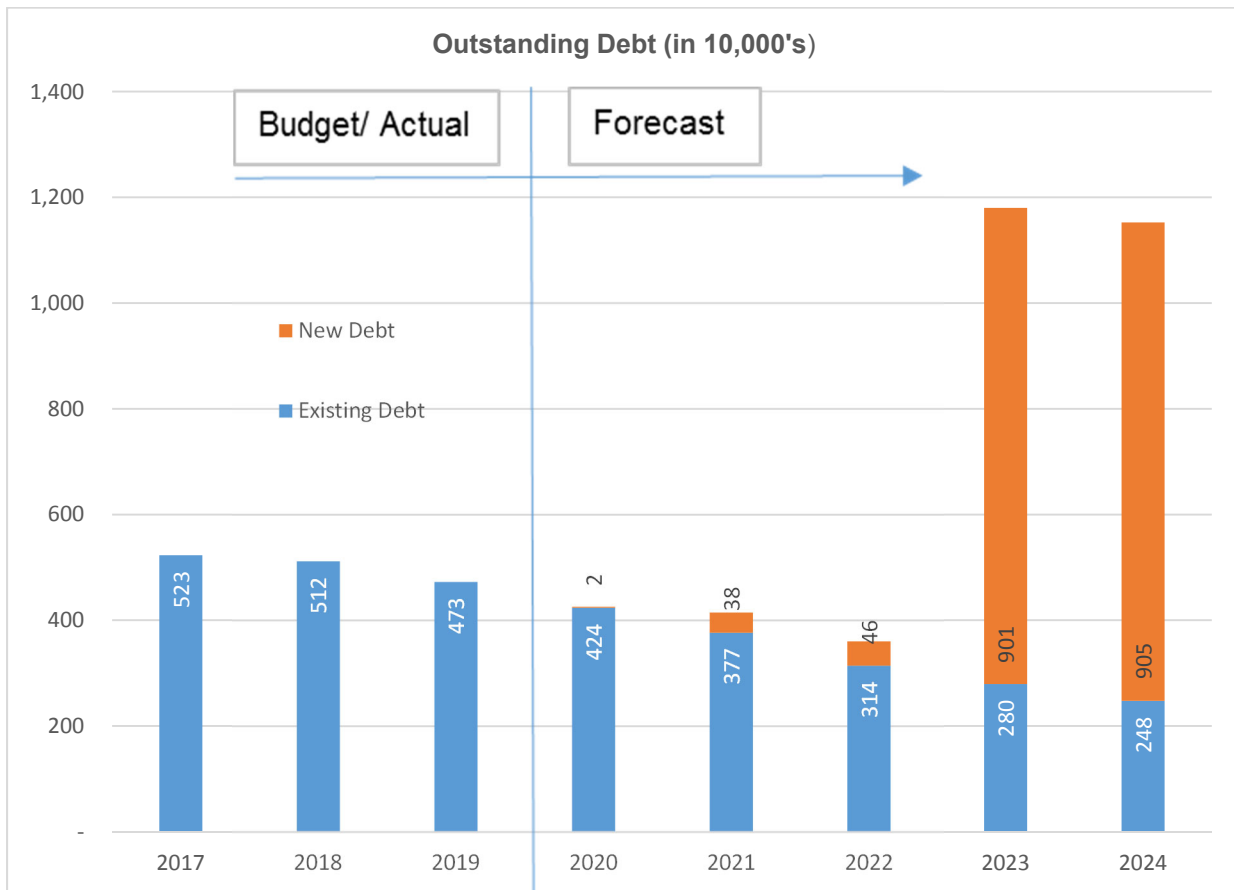
\*Comparable trend with 2020 Surplus applied to forecast (\$1,152,267)

\*Downward trend in Tax Levy with a gradual return to Financial Stability

## Projected Short and Long Term Debt Funding

The Village is projected to have a total of \$4.24 million in outstanding debt at the beginning of the 2020 fiscal year, with an additional \$9.8 million in new debt issued and \$1.39 million in payments over the next five years:

Bylaw Truck	\$40,000
Municipal Hall	\$2,000,000
Fire Hall	\$6,250,000
Fire Truck 50%	\$450,000
Downtown Enhancement Remaining	\$300,000
PW Equipment	\$100,000
PW Equipment	\$150,000
Recreation Truck	\$20,516
Gen Set	\$500,000
<b>Grand Total</b>	<b>\$9,810,516</b>



\*2020 Transfer of Recreation Equipment Debt

\*2021 New Bylaw Truck, Remaining Downtown Enhancement, Public Works Equipment

\*2022 Renew Expired Equipment Leases Final term

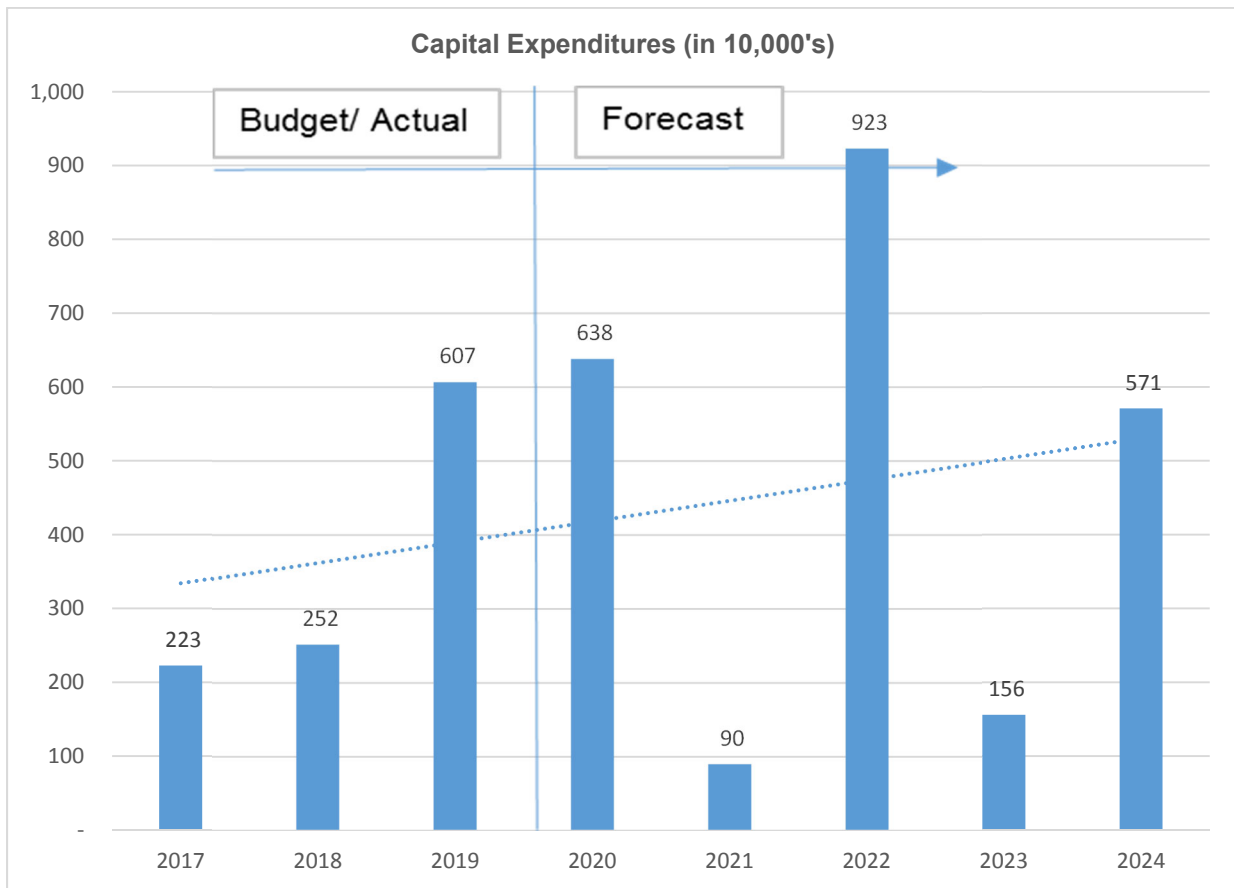
\*2023 New Municipal Hall and Fire Hall, Public Works Equipment, Water Service Equipment

\*2024 New Fire Truck

## Capital Expenditures

The Village is projected to have a total of \$23.78 million in capital, infrastructure and improvements, from 2020 through 2024. Revenues for these expenditures are made up of \$9.8 million in new debt issued, \$5.17 million in grants and contributions, \$5 million in future debt funding (2025), \$0.409 million from other governments (recreation) and \$3.4 million in reserves/taxes:

Capital Expenditures	2020	2021	2022	2023	2024
<b>Admin Department</b>					
Bylaw Truck		40,000			
White Building Paint and Roof Repair		55,000			
E Charging Station			20,000		
Municipal Hall			2,000,000		
<b>Total Admin Department</b>	-	<b>95,000</b>	<b>2,020,000</b>	-	-
<b>Fire Department</b>					
SCBA Replacements	7,500				
Portable Radios, New Recruits	8,232				
IPAD for Engine 1	2,800				
Rope Rescue Training Materials	3,000				
Fire hall Design	20,000				
SCBA Replacements		7,500	7,500	7,500	7,500
Equipment		10,000	10,000	10,000	10,000
Capital Building			6,250,000		
New Fire Truck				900,000	
Used Fire Truck					150,000
<b>Total Fire Department</b>	<b>41,532</b>	<b>17,500</b>	<b>6,267,500</b>	<b>917,500</b>	<b>167,500</b>
<b>Public Works &amp; Parks</b>					
PW Washroom Phase I	25,000				
Farm Road E Trail (Funded)	306,000				
Tiyata Area Sidewalk (Funded)	76,000				
Downtown Enhancements Final (MFA Funded)	300,000				
Soccer Field II (only if funded)	4,224,405				
Farm Road East Paving (DCC)	217,000				
One Mile Lake Swingset (only if funded)	50,000				
PW Equipment		100,000		150,000	
PW Washroom Phase II		45,000			
Boardwalk		150,000			
Frontier Drainage			100,000		
PW Building				100,000	
<b>Total PW/Parks Department</b>	<b>5,198,405</b>	<b>295,000</b>	<b>100,000</b>	<b>250,000</b>	-
<b>Water (Reserves)</b>					
Well 4 Construct	360,000				
Fencing for Reservoir (Benchlands)	45,000				
Chlorine Booster Pump	60,000				
Water Truck w/crane	60,000				
Water Feasibility		100,000			
Fernwood Watermain		150,000			
Water Well Design			500,000		
AC Line Trailer Park				150,000	
Gen Set					500,000
New Well					5,000,000
<b>Total Water Department</b>	<b>525,000</b>	<b>250,000</b>	<b>500,000</b>	<b>150,000</b>	<b>5,500,000</b>
<b>Sewer (Reserves)</b>					
Air Valves (2019 Project)	50,000				
Scada/ 9 Lift Stations/ Software + Radio	50,000				
Confined Space Winch (2019 Project)	11,500				
Outfall NHC initial report/Outfall Cascade	92,133				
Outfall NHC permanent fix - Emergency Fund 20%	200,000				
Liftstation Pump Replace and Rebuild Industrial Park	22,000				
Inflow/Infiltration Study		50,000			
Walnut Lift Station		100,000			
Frontier Drainage			100,000		
Liftstation #1 Move			200,000		
Inflow/Infiltration Repair				200,000	
<b>Total Sewer Department</b>	<b>425,633</b>	<b>150,000</b>	<b>300,000</b>	<b>200,000</b>	-
<b>Total Capital Expenditures</b>	<b>6,190,570</b>	<b>807,500</b>	<b>9,187,500</b>	<b>1,517,500</b>	<b>5,667,500</b>



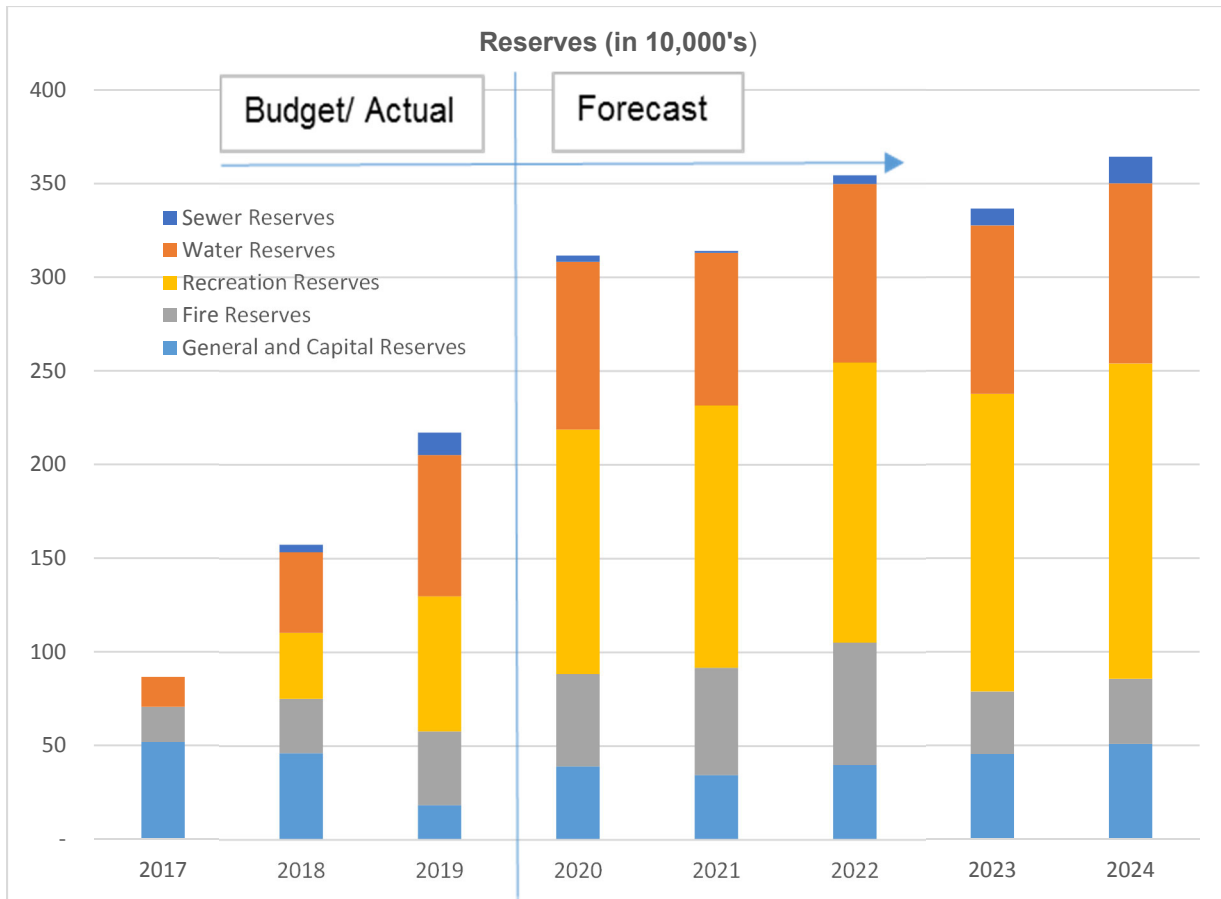
- \*2020 Soccer Field II (only if funded by Grant)
- \*2022 New Fire hall and Municipal Hall (Debt payments start following year)
- \*2024 New Water Well (Debt payments start following year)

**General/Capital Reserve**

The Village is currently compiling an Asset Management Plan to identify tangible capital assets that are at, or will reach, the end of their useful lives within the planning horizon of the long-term financial plan. The financial model forecasts \$23.78 million in capital expenditures over the next five years. At current reserve levels the Village will be unable to generate the necessary level of incremental funding for capital expenditures due to constraints of affordability and will rely on \$9.8 million in debt financing. However, in order to ensure sufficient financing for future capital expenditures, the Village may wish to consider increasing the level of available capital funding through the implementation of a multi-year capital levy.

The Village currently has an average level of long-term debt, however, the Village’s continued focus on infrastructure investment, both reinvestment in existing infrastructure as well as new projects, may increase the borrowing to a level that exceeds the allowable borrowing capacity.

To the extent that the Village chooses to expand the use of debt financing for capital purposes, it may wish to consider doing so in conjunction with the suggested capital levy, with the proceeds of the capital levy used to fund debt servicing costs.



**Summary**

The Five Year Financial Plan represents a forecast of the Village’s financial performance and position under a series of assumptions. It is important to recognize that there is a difference between the long-term financial plan and the annual financial budgets, with the annual budget being the vehicle for approval of the spending and associated funding.

On an annual basis, the long-term financial plan is updated to reflect its actual performance based on the indicators noted above. The updated long-term financial plan will also be used to assist in identifying and evaluating strategies that are intended to enhance financial sustainability and affordability. While contingent upon approval by Council, these strategies could include alternative revenue sources (e.g. user fees for services), debt financing, reserve transfers or expenditure reduction strategies through the rationalization of services and infrastructure through an Asset Management Plan. In addition, as major projects such as the new Municipal/Fire Halls proceed from planning to execution, the long-term financial plan will be updated to reflect the actual costs and associated financing.

The intent of the financial plan is to demonstrate the need for, and impact of, the above. While the long-term financial plan does not address service level changes, it is important to recognize that services and service levels ultimately drive costs. As the Village expands services or enhances service levels, its costs will increase accordingly. Similarly, the ability of the Village to significantly reduce costs will need to be accompanied by a corresponding decrease in services and/or service levels.