

## **FIVE YEAR FINANCIAL PLAN (2018-2022) PROPOSED AMENDMENT SUMMARY**

The attached schedules summarize the proposed changes to City of Cranbrook Five Year Financial Plan (2018-2022) Bylaw No. 3919, 2017.

Written comments will be received until 4 pm on Friday, June 22, 2018, and will be reviewed by Council at the June 25<sup>th</sup> Regular Council Meeting.

For more information, please contact Susan King at [susan.king@cranbrook.ca](mailto:susan.king@cranbrook.ca), or (250) 489-0228.

# Public Consultation Package

## Five Year Financial Plan (2018 – 2022) Amendment

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The City's Five Year Financial Plan (2018 – 2022) Bylaw No. 3919, 2017 was adopted on January 8, 2018. Since then, amounts to be carried forward for projects not completed in 2017 and planning for the 2018 capital roads program have been finalized. Both items were included in the bylaw adopted on January 8<sup>th</sup>; however, the amounts need to be updated. The plans for important City initiatives have been clarified and several unanticipated issues have needed to be dealt with. These items were not reflected in the Financial Plan adopted in January.

The Five Year Financial Plan (2018 – 2022) needs to be amended to incorporate these changes.

**Prior to amendment of the Financial Plan, the City must undertake a process of public consultation. The public is hereby invited to review the proposed amendments to the Five Year Financial Plan (2018 – 2022). Written comments will be received up to 4 pm on Friday, June 22, 2018.**

The following represents the changes that will be made to the Plan:

- Industrial land supply for future redevelopment - \$3,250,000
  - funded from Land Sales Reserve (\$900,000) and general fund accumulated surplus (\$2,350,000)
  - this increases the existing land acquisition budget of \$500,000

The project represents an integral part of the Industrial Land Supply Strategy and provides an economic development opportunity for the City.

- Activities include:
  - Candidate land acquisition and feasibility review
- 2018 Capital Roads Program
  - DCC Funding - \$950,000

On March 26, 2018 Council approved the use of \$950,000 in DCC funding for eligible costs associated with the Cobham Avenue project. \$450,000 will be budgeted from the Storm Sewer DCCs and \$500,000 from Arterial Roads DCCs. The use of DCCs for eligible costs will free up funds for other priority road projects.
  - Carry Forward Reallocations

On March 26, 2018, Council approved the reallocation of carry forward balances from the City's 2017 Capital Roads Program to align available funding with priorities identified for the 2018 Capital Roads Program.

    - Reallocations to the Roads portion of the Program:
      - \$12,120 – from Storm Sewers
      - \$377,444 – from Sanitary Sewers
      - \$520,096 – from Water

These reallocations are reflected in the attached carry forward schedule

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## Five Year Financial Plan (2018 – 2022) Amendment

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- Key City Theatre Structural Upgrades - \$150,000
  - funded from the Key City Theatre Reserve (\$115,000) and general fund accumulated surplus (\$35,000)

On March 12, 2018, Council approved a grant for the Key City Theatre in the amount of \$150,000.

Columbia Basin Trust has awarded a \$500,000 grant to the Theater for trussing and roofing upgrades. A further \$300,000 needed for the project will be shared between the City of Cranbrook and School District 5; each will contribute \$150,000.
- IT Infrastructure Upgrades - \$120,000
  - funded from general fund accumulated surplus

The IT division is undertaking measures that will prepare the City for efficient disaster recovery.
- Watershed Creek Flow Monitoring - \$100,000
  - funded from grants

On March 13, 2018, the Columbia Basin Trust confirmed that the City has been approved for a \$100,000 grant for its Watershed Monitoring and Climate Adaption projects. The scope of the existing project with a budget of \$119,387, will be increased to include monitoring installations on other creeks for flood mitigation, along with the original intent to focus on drinking water security in Joseph and Gold Creeks.
- MFA Debt Proceeds Holdback - \$100,000
  - funded from MFA Refunds Reserve (\$75,000) and accumulated surplus (\$25,000)

The Municipal Finance Authority has held 1% of the loan proceeds in a reserve to be refunded to the City once the \$10 million loan has been repaid. In order to fully fund the 2018 capital roads program, \$75,000 in funding will be allocated from the MFA Refunds Reserve, and \$20,000 and \$5,000 from the water and sewer funds accumulated surplus respectively
- RDEK Rural Fire Protection - \$59,719
  - funded from general fund accumulated surplus

A new ten year Rural Fire Protection Local Service Agreement was negotiated with the RDEK and approved by Council in February 2018. The new agreement provides for annual increases of 3.75% over the term of the agreement. This will provide budget stability for the RDEK while continuing to support the City's current and future Fire and Emergency Services needs. Based on the fee structure in the previous agreement, an 11% increase to the revenue collected from the RDEK was reflected in the City's financial plan for 2018. Under the terms of the new contract where annual increases are locked in at 3.75%, 2018 revenue would be \$59,719 less than originally planned.

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## Five Year Financial Plan (2018 – 2022) Amendment

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- Flood Risk Assessment - \$59,700
  - funded from grant

The City has been approved in principle for a grant to perform a city-wide flood risk assessment. It is hoped the project will start this summer, pending final approval of the grant.

- Wildfire Mitigation and Response - \$30,000
  - funded from Fire Hazardous Fuels Reserve

Timber harvest revenue earned by the City is typically transferred into the Fire Hazardous Fuels Reserve. This reserve is used to fund special one-time projects related to fire mitigation. On April 23, 2018, Council approved a transfer of \$30,000 from the Fire Hazardous Fuels Reserve to Fire Services operations to fund prescribed burns that cannot be combined with the responsibilities of on-duty firefighters. The prescribed burns will be performed outside of regular work hours.

- Traffic Controller Upgrades - \$28,770
  - reallocation between operating and capital

Public Works recently upgraded traffic control equipment at the intersection of Kootenay Street and Victoria Avenue. Due to the value (\$53,770) and nature of the equipment, it is deemed to be a capital asset and should be funded from the capital fund. The \$25,000 allotted in 2018 capital budget for street and traffic lights will need to be supplemented by reallocating \$28,770 from the street/traffic lights operating account. The reallocation from operating to capital will not impact the 2018 traffic control work plan.

- Western Financial Place – Aquatic HVAC venting - \$51,000
  - reallocations of existing funding from other projects

An unexpected maintenance issue at WFP requires that the HVAC ducting in the aquatic centre be replaced during the annual June shutdown. In order to pay for the ducting, two 2018 projects at the pool will be deferred - the aquatic feature for \$15,000 and the pool sand filters for \$11,000, and \$25,000 will be reallocated from the WFP operating maintenance budget. The two deferred projects will be brought forward for reconsideration during the 2019 budget process.

- Primary File Storage (IT) - \$17,268
  - funded from general fund accumulated surplus

The IT department needs to update the network storage capabilities. This requires the purchase of a new server which will provide primary storage for home directories and department drives.

# Public Consultation Package

## Five Year Financial Plan (2018 – 2022) Amendment

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- 2017 Carry Forward Projects
  - funding sources vary

The attached schedule lists the projects carried forward from 2017 and adjustments, if any, to the amounts reflected in the 2018 – 2022 Five year Financial Plan adopted by Council on January 8, 2018.

Two additional attachments, *Supplementary Funding Information – GF Accumulated Surplus* and *Supplementary Funding Information – Reserves and DCCs* provide more funding details related to the proposed changes.

Five Year Financial Plan (2018 - 2022) Amendment  
Supplementary Funding Information

**GF Accumulated Surplus:**

Balance - December 31, 2017		8,238,000
Less: <u>Five Year Financial Plan (2018 - 2022) Bylaw No. 3919, 2017</u>		
Projects funded from general fund accumulated surplus	2018	(3,437,243)
	2019	(665,000)
	2020	(145,000)
	2021	(140,000)
	2022	(140,000)
		(4,527,243)
Less: Budget Amendment Items		
Industrial Land Supply		(2,350,000)
RDEK Fire Protection		(59,719)
IT Upgrades		(120,000)
Network Storage (IT)		(17,268)
Key City Theatre		(35,000)
		(2,581,987)
Projected Balance - December 31, 2022		<b>1,128,770</b>
Less: Surplus Policy target		<b>(2,500,000)</b>
Projected Policy Shortfall - December 31, 2022		<b>(1,371,230) (*)</b>

**NOTES:**

\* The schedule assumes no annual surpluses or deficits in any of the 5 years

\* Based on historical trends, moderate annual surpluses sufficient to eliminate the shortfall are likely although not guaranteed

Five Year Financial Plan (2018 - 2022) Amendment  
Supplementary Funding Information

**Reserves:**

Fire Hazardous Materials Reserve

Budgeted Balance - December 31, 2018	37,899
Wildfire Mitigation Response	<u>(30,000)</u>
Projected Balance - December 31, 2018	<b><u>7,899</u></b>

Land Sales Reserve

Budgeted Balance - December 31, 2018	970,322
Industrial Land Supply	<u>(900,000)</u>
Projected Balance - December 31, 2018	<b><u>70,322</u></b>

TSPR - MFA Refunds Reserve

Budgeted Balance - December 31, 2018	207,048
MFA Debt Proceeds Holdback	<u>(75,000)</u>
Projected Balance - December 31, 2018	<b><u>132,048</u></b>

Key City Theatre Reserve

Budgeted Balance - December 31, 2018	115,000
Contribution	<u>(115,000)</u>
Projected Balance - December 31, 2018	<b><u>-</u></b>

**DCCs:**

Budgeted Balance - December 31, 2018:	
Arterial Roads DCCs	669,319
Tsf to 2018 Capital Roads	<u>(500,000)</u>
Projected Balance - December 31, 2018	<b><u>169,319</u></b>

Storm Sewer DCCs	747,780
Tsf to 2018 Capital Roads	<u>(450,000)</u>
Projected Balance - December 31, 2018	<b><u>297,780</u></b>