

**CITY OF CRANBROOK
2020 – 2024
FIVE YEAR FINANCIAL PLAN
SUMMARY**

City of Cranbrook
Five Year Financial Plan Summary
2020 – 2024

Message from the CFO

Each year, under Section 165 and 166 of the Community Charter, the City must develop a five-year financial plan and undertake a public consultation process before the plan is adopted. On October 22nd and 23rd, the City hosted public budget meetings where departments presented their proposed operating and capital budgets. The public was invited to submit comments on the information that was presented during the two days.

The *Five-Year Financial Plan Summary (2020 – 2024)* summarizes the five-year financial plan and is the accumulation of efforts by Administration to capture Council's objectives and priorities that include maintaining existing service levels, strategic addition of new services, continuing the momentum built around the road program while keeping the tax increase affordable.

Operating budget increases have been targeted at 2%. Some budget areas are experiencing increases greater than this target, particularly fuel and utilities. Revenues are typically estimated conservatively, however, where appropriate, they have been increased to reflect changes brought about by market conditions. The result is a 2020 general tax increase of 1.88%.

The City's annual 1% road dedicated tax continues through each of the five years of the plan. Over the 5 years, this initiative will add almost \$15,500,000 to the capital works program.

Administration uses the prior year's tax levy to calculate the percent increase for the following year. The Financial plan reflects an increase to the 2019 tax levy of 2.88%. This increase, as described above, breaks down as follows:

- 1.88% net general tax increase
- 1.00% road dedicated tax

In 2019, the City engaged several consultants and began the process of turning the former Tembec property into investment-ready parcels that would attract interest from diverse business sectors. The 2020 budget allocates \$5,680,000 to the project. The funds will be used to undertake installation of deep and shallow utilities and an internal road. Where possible, the work will be phased in based on development demand. Further development of the property is also expected to be on a phased-in basis. The City is currently collecting revenue from three tenants. The lease revenue is being used to fund a portion of the purchase as well as marketing costs.

The repair of the barrel roof at Western Financial Place planned for 2020, represents the final stage of the roof project. The 2020 budget is \$2,690,000, including the barrel roof with warranty as well as full repair to the fascia and soffit overhang. When complete, the project will have been phased in over 3 years. Including work already completed, the project is valued at \$5,438,000.

The five-year financial plan makes strategic use of reserve balances to fund new and necessary projects. Of the \$15.6 million new capital proposed for 2020, reserves will fund almost \$9,000,000, including the \$2,750,000 borrowed from the Moir Park Reserve for development of the Tembec property.

COMMUNITY PROFILE

Cranbrook is a thriving community with a proud history and an exciting future. Nestled in a broad open valley located between the Rocky Mountains to the east and the older Purcell Mountains to the west, Cranbrook is surrounded by world class scenery, recreation and wildlife. Mild winters and warm sunny summers characterize our beautiful mountain environment.

The 18th largest city in BC with a population of 20,047 people, our community is home to the Canadian Rockies International Airport, the East Kootenay Regional Hospital, the College of the Rockies, the 600 seat Key City Theatre, the Western Financial Place recreational complex, which houses the BCHL Cranbrook Bucks hockey team, and a spectacular and growing summer Farmer's Market.



Downtown Cranbrook Farmers Market

Located on Highway 3, BC's southern Trans-Canada highway and on the Canadian Pacific Railway line, Cranbrook is the hub for business and for retail shopping for the East Kootenay region, boasting a total population of 56,702.

Over the past ten years, Cranbrook has received recognition and accolades numerous times for the quality of life enjoyed by area residents. Most recently, Maclean's ranked Cranbrook #52 on its best communities list out of 415 communities across Canada. As well, this year Cranbrook was recognized as one of ten age-friendly communities by the Province of BC.

Canadian Rockies International Airport (YXC) offers the convenience of flying from, and most importantly returning home to our own backyard. Air Canada, WestJet, and Pacific Coastal are the airlines that fly in and out of YXC, with direct flights to Calgary, Vancouver, and Kelowna.

City of Cranbrook - Mayor and Council



L-R: Councillor Wesly Graham, Councillor Mike Peabody, Councillor Norma Blissett, Mayor Lee Pratt, Councillor John Hudak, Councillor Wayne Price, Councillor Ron Popoff

ORGANIZATIONAL STRUCTURE

There are eight departments within the City, each of which reports to the Chief Administrative Officer. They are:

- ❖ Corporate Administration
- ❖ Department of Development Services
- ❖ Finance
- ❖ Public Works
- ❖ Community Services
- ❖ Fire & Emergency Services
- ❖ Airport
- ❖ RCMP (through a contract)

The eight departments deliver a broad group of services to Cranbrook residents, including:

- ❖ Infrastructure Planning, Maintenance, and Delivery
- ❖ Parks, Recreation and Culture
- ❖ Water and Sanitary Sewer Services
- ❖ Solid Waste Management
- ❖ Fire Protection & Emergency Preparedness
- ❖ Policing
- ❖ Bylaw Enforcement
- ❖ Planning & Development
- ❖ Financial Planning and Accounting
- ❖ Airport Operation and Maintenance
- ❖ Public Transit, including HandiDart Services

FINANCIAL PLAN OVERVIEW

The City must prepare a Five-Year Financial Plan each year that is based on Sections 165 and 166 of the *Community Charter*. The budget must be balanced, meaning that the proposed expenses for a year cannot exceed the total of the proposed funding sources and transfers from other funds. The Financial Plan must be adopted annually, by bylaw, after a period of public consultation has taken place.

This year's budget process began with strategic planning sessions between City Council and senior management. Priority projects were identified and categorized based on importance and alignment with Council's objectives and ultimately formed the basis of the 2020 to 2024 Five Year Financial Plan.

Public budget meetings were held in October and November 2019, where all the departments presented their detailed 2020 work plans and summarized their major projects planned for 2021 through 2024. The public was invited to attend and submit written comments.

Council received the budget information and directed staff to make some adjustments where they felt better alignment with their objectives could be achieved. The public consultation period was open from December 10 through December 20, 2019. In January 2020, after the public consultation period, Council reviewed comments from the public, and gave the 2020 to 2024 Five Year Financial Plan Bylaw three readings and it was adopted January 27, 2020.

If necessary, a budget amendment bylaw will be presented to Council later in 2020, which will include any unexpected changes that may arise after the initial budget was adopted. Prior to May 15, 2020 the Cranbrook Tax Rates Bylaw will be presented to Council for consideration.



BUDGET HIGHLIGHTS

Tax Levy:

The total tax levy for 2020 is projected to be \$28,363,481. This reflects an overall property tax levy increase of 2.88%, of which 1% is collected solely to fund Capital Works Road Projects like water, sewer and storm infrastructure, road surface and sidewalk replacements, and the addition and replacement of other road related assets.

The 1% tax collected for road related projects will amount to \$2,504,189 in 2020.

A 2.88% tax increase will result in approximately \$5.42 per month increase for an average residential property assessed at \$300,000.

Non-market change will provide additional property tax revenue estimated at \$240,000 from new construction and changes in classification status.

Capital Roads Projects:

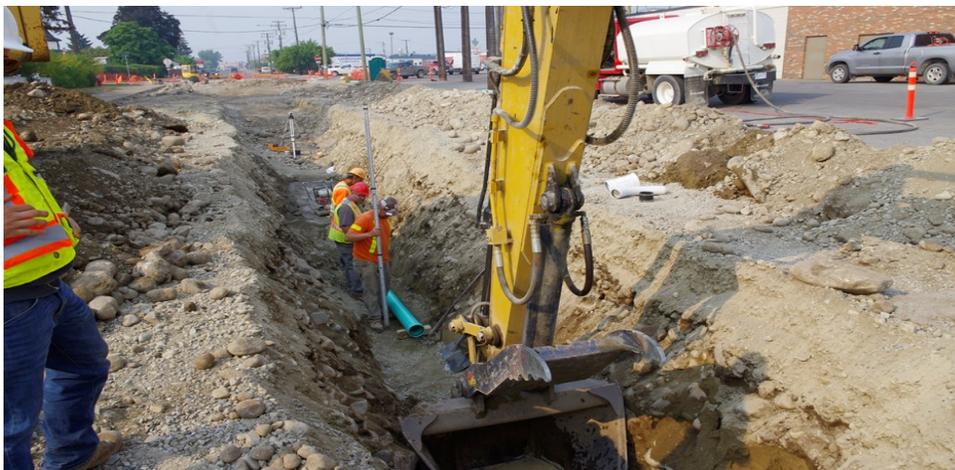
Extensive road resurfacing and rehabilitation will continue throughout all five years of the plan, with a total budget of \$25,113,635 allocated for capital roads projects. The 1% Capital Works tax collected in 2020 is equal to \$2,504,189 (2019 - \$2,230,821) and will be used for capital road projects, deep utilities at the Industrial Lands, and Highway 95A/Theatre Road signalization.

The funding breakdown for the 2020 capital roads program is:

Taxation and Utility Fees	\$ 1,170,000
1% Capital Works Tax	\$ 1,577,439
Reserves	\$ 856,900
Total 2020 Program	\$ 3,604,339

In 2019, approximately \$4.3 million was spent on capital roads projects that employed five local contractors. Throughout the city, 2.1 km of roads were paved, 1.0 km of water mains were replaced, 2.9 km of sewer mains were relined, and 1.7 km of sidewalks were laid.

Details of the 2020 preliminary road improvement program, pending firm construction pricing and other considerations, will be published at a later date.



Kootenay Street Storm Replacement

Cranbrook Industrial Lands (former Tembec property):

Looking ahead to build for the future, is one of the biggest reasons the City of Cranbrook purchased the previous Tembec property in 2018. This has added 99 acres of industrial zoned land supply available for development in the City. The goal of the purchase is to attract employment rich, diverse, value-added industry to the community, enhancing our economic base.

In June 2019, three engineering studies were initiated by the City. The first was an environmental engineering study, the second was a civil engineering study, and the third was a geotechnical study. It is anticipated these studies will be completed early in 2020.

City staff continue to work on the overall concept and strategy for the former Tembec property with a focus on marketing to investors, developers and other business interests.

Cranbrook Industrial Lands

Year	Item	Components	Cost	Totals
2018	Land Purchase	Land Acquisition Costs	\$ 3,069,862	\$ 3,069,862
2019	Studies	Engineering & Geotechnical	\$ 200,000	\$ 529,000
		Environmental	\$ 244,000	
		Property Analysis	\$ 85,000	
2020	Land Development	Remediation	\$ 370,000	\$ 5,680,000
		Deep Utilities	\$ 2,500,000	
		Shallow Utilities and Road	\$ 2,750,000	
		Fibre Conduit	\$ 30,000	
		Marketing Costs	\$ 30,000	

*** To date all project costs will be coming from reserves and accumulated surplus. The City will also pursue Federal/Provincial Infrastructure Grants and other funding partnerships.*



Industrial Lands located at 1479 Theatre Road

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For the development of the property, \$2.5 million is included in the 2020 budget for installation of deep utilities, and \$2.75 million for installation of shallow utilities and a road.

There have been some early successes on site, with the introduction of C & C Wood Products and Caliper creating good paying jobs and restoring life into the former Tembec lands.

Upon the successful development of the Tembec lands, we expect new lease and sales revenue, property tax revenue, the creation of more jobs and many other important spinoffs which will positively impact the overall economy of Cranbrook.

Looking ahead, the economic outlook and overall goals for the property are strong. New investment and growth will create positive direct and indirect impacts in the local job market and in the local business economy. Work is underway from an economic development perspective to build on the historic strengths of the area, foster local innovation and investment, and help diversify our economy and create jobs.

Western Financial Place:

In 2020, work on the Western Financial Place roof replacement will continue through to completion. Additional funds in the amount of \$2,690,000 have been allocated for 2020 to complete the barrel roof over the arena.

Western Financial Place will become home to the newest BCHL expansion team, the Cranbrook Bucks, starting in September 2020. The team will play in the Interior division and bring exciting hockey back to the city after the departure of the Kootenay Ice last March.



Projected revenues in 2020 from WFP, including special events are \$765,000. Operating expenses, including the curling rink, are estimated to be \$3,240,821 before debt payments of \$1,591,130.



Roof Replacement at Western Financial Place

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Several big name events were held at Western Financial Place in 2019, including Foreigner, FMX World Tour, The Offspring, and Sum 41. Events will continue in 2020 starting with the BC Curling Championships and Theory of a Deadman in January and February.

Larger capital projects budgeted for 2020 through 2024 include completion of the roof, new arena boards, replacement of the brine chiller and refrigeration condenser, and a new dehumidification system at the arena.

Canadian Rockies International Airport

The Canadian Rockies International Airport is forecasting operating revenues of \$2,804,546 and operating expenses of \$1,664,755 in 2020. Continued passenger growth is expected with Air Canada, Westjet, and Pacific Coastal currently offering direct service to Vancouver, Calgary, and Kelowna. 2020 passenger counts are expected to be approximately 176,200.



Pacific Coastal Airlines

Thirteen new capital projects are planned for the airport in 2020, ranging in focus from preventative maintenance to critical safety upgrades. The airport infrastructure will continue to be developed with upgrades to the HVAC systems as well as accessibility updates. The 1980 Mack dump truck and plow will be replaced, pending ACAP funding approval, and the internet connection at the Airport will see significant improvements in speed and reliability of service with the upgrade to a fibre optic connection.

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Airport Terminal upgrades completed in 2017

The 2021 to 2024 extended capital plan is designed to meet the anticipated needs of safety, customer service and infrastructure maintenance. In 2021, the main car parking lot and airside service road will be repaved as they are anticipated to begin to fail by that time. The capital project to replace the Airfield Lighting Cabling and Transformers will be submitted for ACAP (Airport Capital Assistance Program) funding in 2020 with anticipated approval to begin the project in 2022.

Passenger numbers are anticipated to grow sufficiently by 2023 to warrant an expansion to the screening point and departures lounge.

Taxation Levels

The proposed overall property tax increase reflects an increase in line with inflation rates (2019 CPI = 2.0%). Taxation revenue is based on the service delivery levels approved by Council each year during the budget process. The 2020 to 2024 Five Year Financial Plan includes budgeted property tax revenues as follows:

<u>Year</u>	<u>Taxation Revenue (Levy)</u>
2020	\$ 28,363,481
2021	\$ 29,388,074
2022	\$ 30,708,622
2023	\$ 31,796,215
2024	\$ 32,532,490



Estimated impact of the 2020 tax increase

The 2020 general municipal property tax increase for an average residential property in Cranbrook (excluding school and other non-City taxes) is projected to be 2.88% or approximately \$64 for the year.

In 2019, the BC Assessment Authority valued the average residential property in Cranbrook at \$296,000. Based on the 2019 assessed value, the 2020 projected municipal taxes for an average home will be about \$2,275, or \$6.24 per day, before the Provincial Homeowner Grant.

			
Residential Value	\$200,000	\$300,000	\$400,000
Estimated 2020 Taxes ^	\$1,537	\$2,305	\$3,074
Increase over 2019 **	\$43	\$65	\$86

^ Municipal property taxes only
 ** Estimated annual increase

Eligible residential property owners can apply for an annual homeowner grant which is deducted from their total tax bill. The grant amounts are \$770 – basic; \$1,045 – senior/disability.

Your Municipal Tax Dollars at Work
A Comparative View
What does \$6.24 per day get you?

Average Residential Property in Cranbrook is assessed at \$296,000



Est. 2020 Municipal Taxes = \$2,275 (\$6.24 per day)



Municipal Services

- Fire & Emergency Services
- Police Protection
- Bylaw Services
- Construction and maintenance of safe roads
- Snow Removal
- Parks & Trails
- Public Transit
- Library
- Recreational Facilities
- Community Events

VS

Venti sized Special Coffee

or

One pound lean ground beef

or

Pint of Beer

or

Glass of Wine

or

One Lotto Max Ticket + Extra

or

One day of Cable & Internet

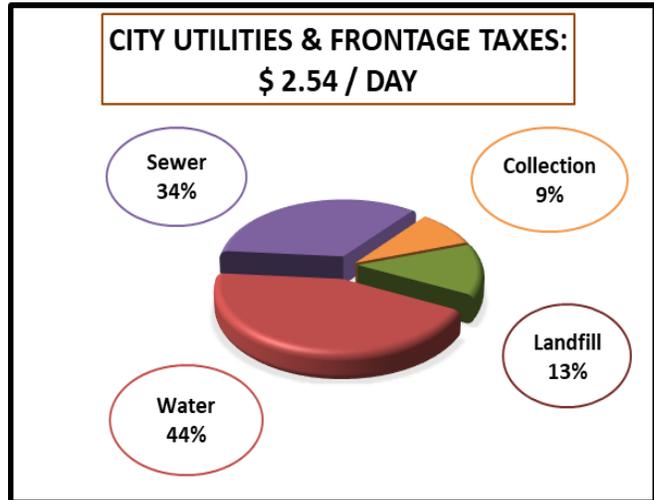
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Impact of 2020 Utilities Fees

For an average home in Cranbrook, the projected 2020 utility and frontage tax fees will total \$928 (\$2.54 per day). This amount remains unchanged from 2019.

A 5% discount off the total annual utility bill will be provided to those property owners who pay in full before the end of April.

In 2019, utility billings were changed to three times per year from six, and the prepayment period was extended from February to April.



Utility and Parcel Tax Rates

The 2020 monthly utility fees for water, sewer, and solid waste will remain at 2019 levels, and are projected to be:

<u>Year</u>	<u>Monthly Rate</u>	<u>Revenue</u>
2020	\$ 59.50	\$ 7,305,130
2021	\$ 59.50	\$ 7,327,044
2022	\$ 59.50	\$ 7,349,025
2023	\$ 59.50	\$ 7,371,073
2024	\$ 59.50	\$ 7,393,186

(2019 - \$59.50)

The annual parcel tax charges will also remain unchanged, and are projected to be:

<u>Year</u>	<u>Rate per Taxable Meter Frontage</u>	<u>Revenue</u>	<u>Annual charge to average home (based on 15.25 m. lot)</u>
2020	\$ 14.00	\$ 2,492,462	\$ 214
2021	\$ 14.00	\$ 2,497,447	\$ 214
2022	\$ 14.00	\$ 2,502,442	\$ 214
2023	\$ 14.00	\$ 2,507,447	\$ 214
2024	\$ 14.00	\$ 2,512,462	\$ 214

(2019 - \$14.00 per taxable m)

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Capital Projects

Like most communities, Cranbrook faces significant costs related to the replacement and maintenance of our infrastructure. The projects identified in the 2020 – 2024 Five Year Financial Plan have been identified as priority projects.

Whenever possible, capital projects are funded from reserve funds. In 2020, 71% of projects will be paid for by reserves or accumulated surplus. The remainder will be funded from grants or tax revenue.

Projects scheduled for completion in 2020 include:

- \$ 3,604,339 Capital Roads Program (includes underground water & sewer services)
- \$ 2,690,000 Western Financial Place Roof Replacement (not including carryforward funds)
- \$ 2,500,000 Industrial Land Deep Utilities Servicing (water, sanitary sewer, storm sewer)
- \$ 2,750,000 Industrial Land Shallow Utilities and Gravel Road
- \$ 1,400,000 Ladder Truck Replacement
- \$ 666,000 Downtown Revitalization
- \$ 504,000 Pressure Reducing Station #5 Construction



2nd Street North - Paving

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The amounts designated for municipal capital expenditures over the next five years, excluding previously approved amounts that may be carried forward from 2019, are:

By Department:

	2020	2021	2022	2023	2024
Corporate Administration	666,000	-	-	-	-
Finance	-	-	40,000	-	-
Department of Development Services	132,000	215,000	120,000	85,000	35,000
Protective Services	334,000	235,000	100,000	765,000	170,000
Public Works/ IPD	7,076,189	5,020,873	4,537,642	4,787,047	5,676,517
Recreation & Culture	2,945,000	1,233,000	945,000	1,040,000	2,469,000
Water Fund	2,248,000	1,048,333	7,580,000	975,000	23,167,500
Sewer Fund	1,313,250	743,334	6,560,000	5,890,000	717,500
Solid Waste Fund	-	1,000,000	280,000	-	-
Airport Fund	950,000	1,585,000	3,002,507	2,100,000	85,000
Total Capital Projects	15,664,439	11,080,540	23,165,149	15,642,047	32,320,517

By Type:

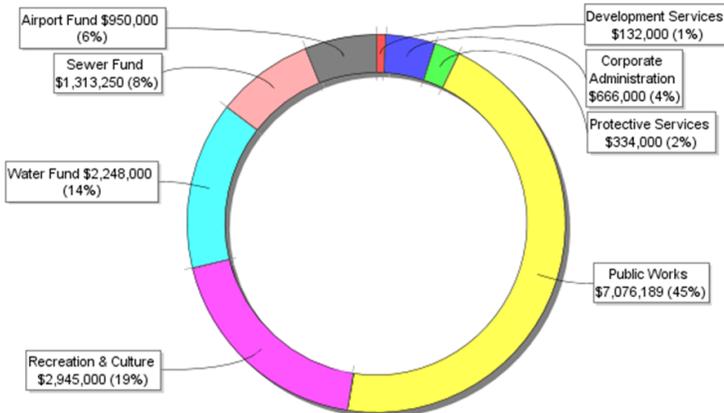
	2020	2021	2022	2023	2024
Land Development	1,046,750	-	-	-	-
Building Improvements	2,905,000	1,025,000	570,000	1,438,000	1,509,000
Mobile Equipment	653,000	353,333	125,000	832,000	192,000
Other Equipment	327,000	468,000	200,000	225,000	105,000
Roads & Sidewalks	5,380,439	4,386,540	4,172,642	3,851,047	4,294,517
Other Infrastructure	666,000	30,000	50,000	-	-
Parks & Trails	175,000	441,000	625,000	331,000	2,250,000
Water Fund	2,248,000	1,048,333	7,580,000	975,000	23,167,500
Sewer Fund	1,313,250	743,334	6,560,000	5,890,000	717,500
Solid Waste Fund	-	1,000,000	280,000	-	-
Airport Fund	950,000	1,585,000	3,002,507	2,100,000	85,000
Total Capital Projects	15,664,439	11,080,540	23,165,149	15,642,047	32,320,517

By Funding Source:

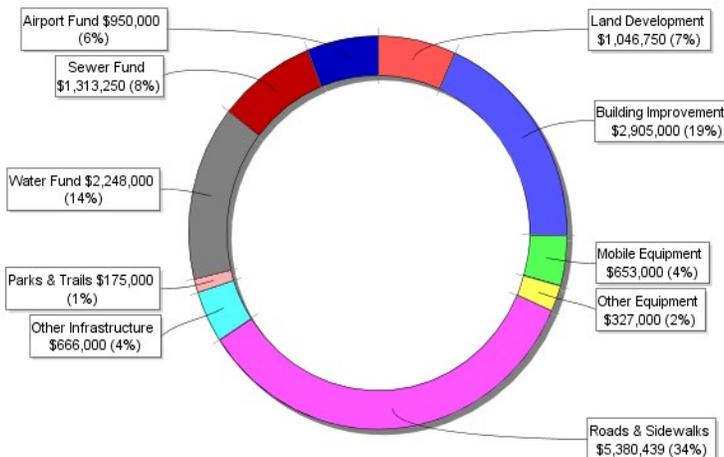
	2020	2021	2022	2023	2024
Revenue	3,582,091	4,111,340	4,319,542	4,131,047	4,405,517
Surplus	2,386,750	1,440,000	943,852	3,250,000	335,000
Borrowing	-	-	4,333,333	2,740,000	8,666,667
Reserves	6,076,098	4,650,274	2,614,000	4,422,699	3,048,372
Borrowing from Moir Reserve	2,750,000				
Grants & Contributions	869,500	761,326	10,954,422	630,000	15,864,961
Development Cost Charges	-	117,600	-	468,301	-
Total Capital Budget	15,664,439	11,080,540	23,165,149	15,642,047	32,320,517

City of Cranbrook Five Year Financial Plan Summary 2020 – 2024

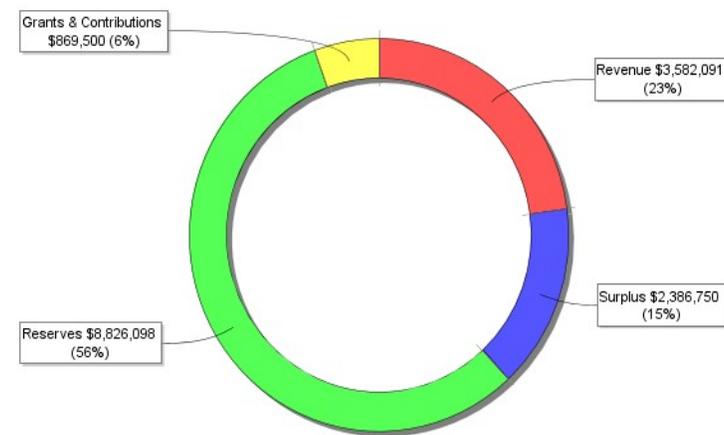
Capital Projects By Department - 2020



Capital Projects by Type - 2020



Capital Projects by Funding Source - 2020



15th Avenue S Water Main Replacement

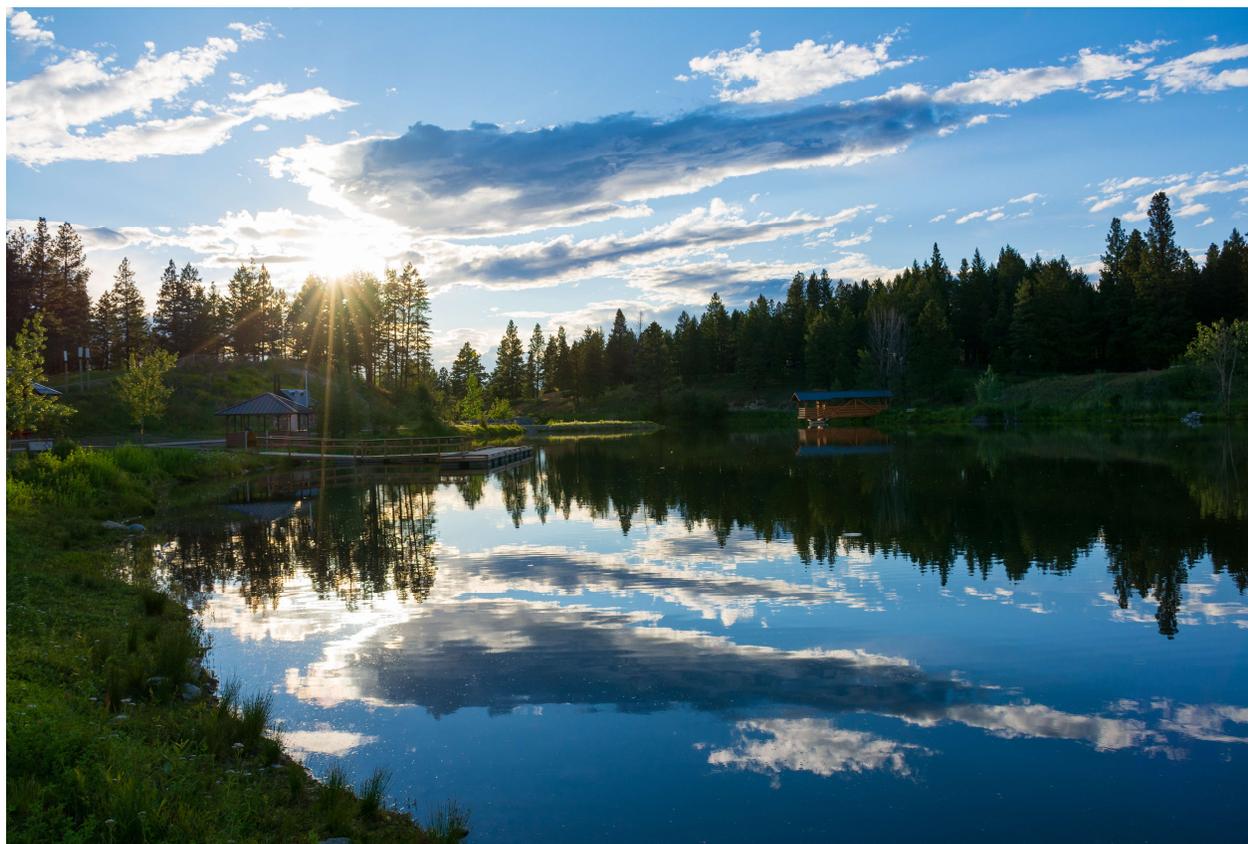
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Carry Forward Projects

Projects that are incomplete at December 31, 2019 will be carried forward to 2020. The funding for these projects was included in the 2019 – 2023 Five Year Financial Plan Bylaw, which was adopted on February 4, 2019.

Projects being carried forward include:

• RCMP CCVE & Member Changeroom	• Fire Ladder Truck
• Fire Protection Mitigation Projects	• Spray Irrigation Groundwater Prog.
• WFP Brine Chiller	• Kinsmen & WFP Arena Boards
• WFP Roof Replacement	• Airport Fibre Optic Service
• Flood Mitigation Planning	• WFP Videotron
• Water Quality Asset Mgmt Plan	• Multidiscipline Staff Development
• Airport Dump Truck	• Airport Dump Truck
• Downtown Transportation / Street Improvement Plan	



Idlewild Park Rehabilitation project – completed 2019

Financial Support to Community Organizations

Recognizing the benefits provided by the efforts of not-for-profit organizations and service groups, City Council has approved grant funding and fees for services to 28 organizations in 2020. These organizations include the Cranbrook Public Library, Key City Theatre, Chamber of Commerce, Cranbrook History Centre, Cranbrook Search & Rescue, and Cranbrook Curling Club. In 2020, the funding is budgeted to be \$1,133,227.

In addition, City Council has approved permissive tax exemptions to not-for-profit organizations in 2020 in the estimated amount of \$273,402. Permissive exemptions are at Council's discretion and must be applied for each year.



Royal Alexandra Hall – Cranbrook History Centre

Regional Landfill

The annual payment to the RDEK for the regional landfill fee is budgeted to be \$1,600,000 in the years 2020 through 2024.

RCMP

The City has a contract with the RCMP to provide police services for the City. The 2020 contract for 26 Officers is budgeted at \$4,727,219 (2019 - \$4,615,929). Separate from the policing contract, the City has budgeted over \$1,640,000 in 2020 for RCMP operations, building maintenance, and security upgrades at the detachment.

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Transfers to/from Reserves

Reserves and reserve funds receive annual contributions from the operating budget to assist with creating a solid financial position to support the City's future cash requirements. Budgeted transfers to reserve funds in 2020 amount to \$4,244,480. Some of the larger deposits include:

\$ 1,852,163	Recapitalization reserves for capital asset replacement
\$ 954,772	Federal gas tax transfer to fund eligible projects
\$ 224,595	Airport Improvement Fees
\$ 145,000	Lagoon Desludging Reserve
\$ 122,886	Buildings reserve
\$ 99,105	Industrial Lands Reserve
\$ 65,815	Carbon Offset Reserve

Reserve funds have been established and set aside, either by a municipal bylaw or legislative requirement, and are used to fund future capital requirements. In 2020, reserve withdrawals amount to \$13,702,311. Some of the larger projects funded from reserves are:

\$ 6,225,611	Western Financial Place Roof, Arena Chiller/Boards, Aquatic Improvement
\$ 3,148,000	Industrial Lands Development
\$ 1,013,000	Mobile Equipment Replacement
\$ 856,900	Capital Road Program
\$ 690,252	Building upgrades
\$ 475,000	Storm/Flood Water Projects
\$ 216,000	Downtown Revitalization Projects

Public Transit

In partnership with BC Transit, the City provides an integrated transit system that allows riders convenience and flexibility when travelling within city limits.

The costs associated with conventional and custom transit are shared with the Province. The City's share for 2020 operations is budgeted at \$748,000 net of revenue.



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Amortization of Capital Assets

Effective in 2009, the Public Sector accounting rules required all local governments to begin amortizing (depreciating) tangible assets over their useful life. The City's amortization charge for 2020 has been budgeted at \$8,000,000 and has been included in the Financial Plan.

Borrowing

Over the five-year period 2020 to 2024, the City plans to borrow approximately \$16,400,000 for various capital projects as follows:

<u>Capital Project:</u>	<u>Year</u>	<u>Amount</u>	*	<u>Term</u>	<u>Annual Payment</u>
Fire Ladder Truck	2021	1,400,000		5 years	298,823
Transfer Pipeline - Phase II	2022	2,000,000		20 years	154,431
Gold Creek Dam	2022	2,333,333		20 years	180,170
Lagoon Dyke and Piping upgrade	2023	2,000,000		20 years	154,431
Water Treatment Plant & Distribution	2024	<u>8,666,667</u>		20 years	669,203
		<u>\$16,400,000</u>			
* Assumed Interest rate of 4.0% - reviewed with MFA					

Salaries and Wages

The City's Collective Agreement with CUPE Local 2090 is in effect from March 1, 2017 to February 28, 2021.

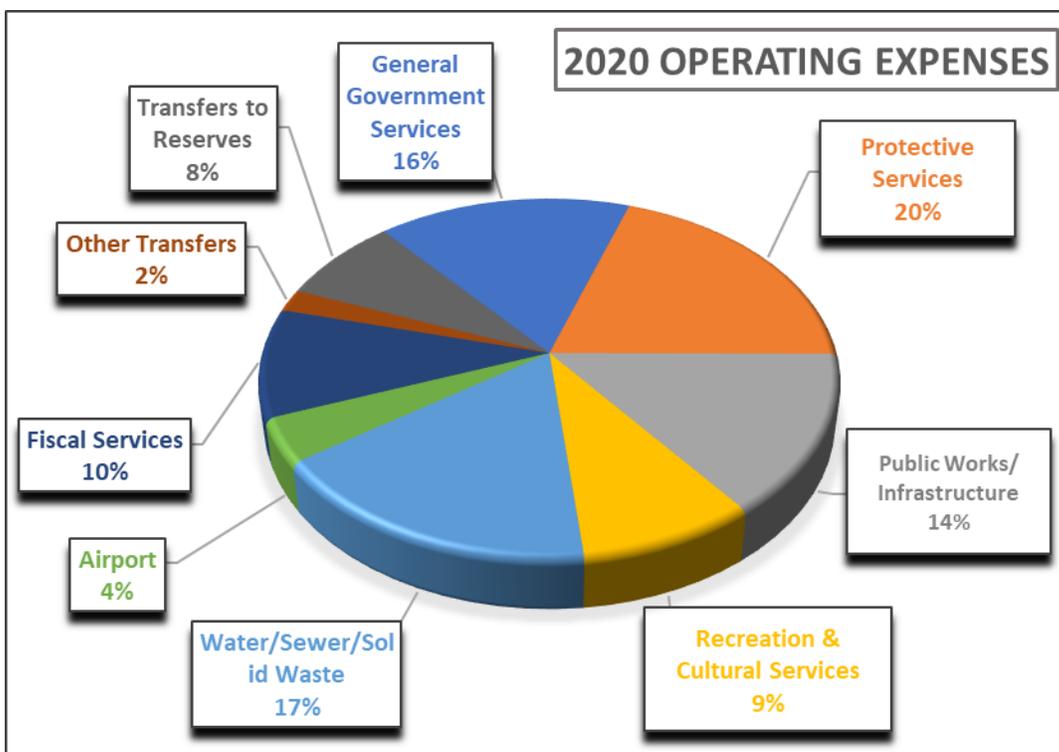
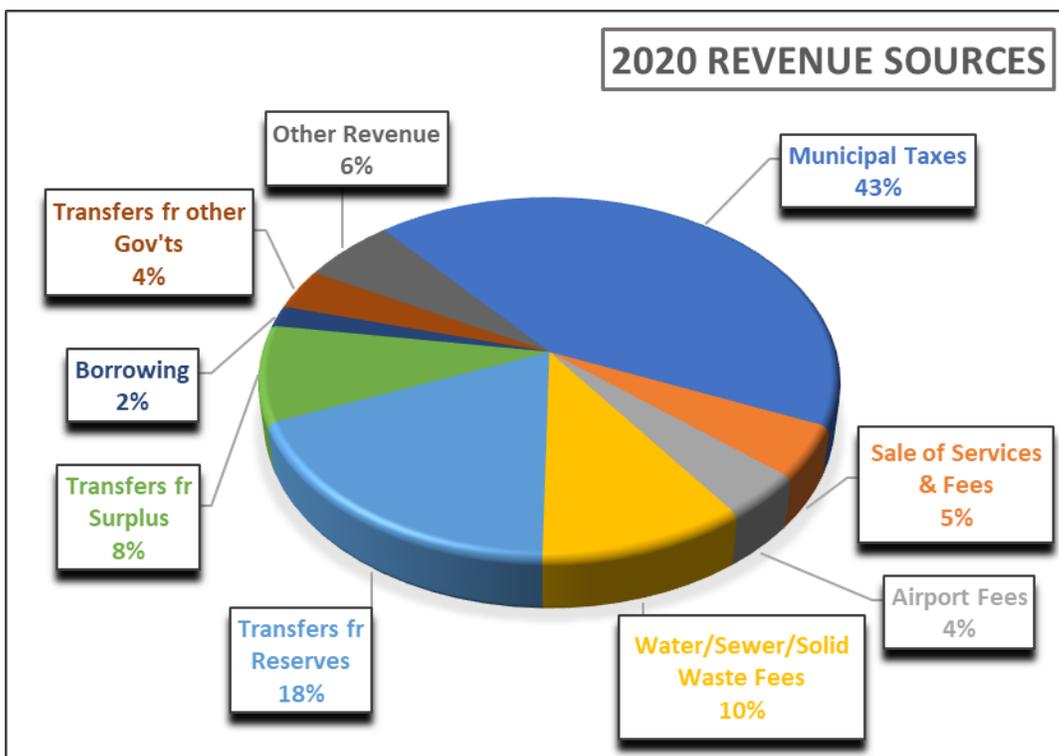
Exempt staff salaries will be reviewed based on performance results during each year.

The City's Collective Agreement with Cranbrook Fire Fighters Local 1253 is in effect from January 1, 2015 to December 31, 2019.

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THE CORPORATION OF THE CITY OF CRANBROOK CONSOLIDATED FIVE YEAR FINANCIAL PLAN 2020 TO 2024 UNAUDITED					
	2020	2021	2022	2023	2024
REVENUE					
MUNICIPAL PROPERTY TAXES	(28,681,282)	(29,705,875)	(31,026,423)	(32,114,016)	(32,850,291)
PAYMENTS IN LIEU OF TAXES	(340,000)	(340,000)	(340,000)	(340,000)	(340,000)
PARCEL & LOCAL AREA SERVICE TAXES	(2,666,818)	(2,543,303)	(2,548,298)	(2,528,046)	(2,533,061)
SALE OF SERVICES AND FEES	(3,452,018)	(3,540,695)	(3,646,723)	(3,659,293)	(3,701,463)
AIRPORT FEES	(2,968,408)	(3,023,904)	(3,080,508)	(3,138,243)	(3,197,136)
WATER/SEWER/SOLID WASTE FEES	(7,550,830)	(7,572,744)	(7,594,725)	(8,085,074)	(7,638,886)
RENTALS	(522,244)	(455,564)	(387,061)	(388,921)	(420,549)
NON-FUNDED AMORTIZATION	(8,000,000)	(8,000,000)	(8,000,000)	(8,000,000)	(8,000,000)
RETURN ON INVESTMENTS	(1,147,051)	(1,018,058)	(994,108)	(1,018,238)	(925,316)
TRANSFERS FROM RESERVES	(13,702,311)	(4,822,426)	(2,868,688)	(4,563,502)	(3,330,312)
TRANSFERS FROM SURPLUS	(6,415,070)	(2,683,829)	(859,727)	(3,275,000)	(335,000)
BORROWING FOR CAPITAL	(1,400,000)	-	(4,333,333)	(2,740,000)	(8,666,667)
OTHER REVENUE	(2,741,542)	(2,769,896)	(2,660,493)	(2,483,557)	(4,507,094)
TRANSFERS FROM OTHER GOVERNMENTS	(2,717,982)	(2,278,478)	(12,610,285)	(2,340,063)	(15,546,788)
COLLECTIONS FOR OTHER GOVERNMENTS	(8,428,983)	(8,428,983)	(8,428,983)	(8,428,983)	(8,428,983)
Total REVENUE	(90,734,539)	(77,183,755)	(89,379,355)	(83,102,936)	(100,421,546)
OPERATING EXPENSES					
GENERAL GOVERNMENT SERVICES	8,499,719	8,301,027	8,503,507	8,492,576	8,623,034
PROTECTIVE SERVICES	10,424,729	10,563,232	10,815,174	11,205,842	11,483,439
PUBLIC WORKS/INFRASTRUCTURE PLANNING & DELIVERY	7,596,549	7,055,945	7,248,314	7,394,627	7,439,338
RECREATION & CULTURAL SERVICES	4,565,753	4,373,878	4,427,452	4,558,306	4,725,898
WATER/SEWER/SOLID WASTE	8,871,735	7,477,439	7,605,626	7,648,170	7,720,166
AIRPORT	2,077,872	2,050,010	2,109,178	2,164,405	2,185,710
FISCAL SERVICES	5,121,760	4,996,628	4,041,657	3,913,896	3,875,959
TRANSFERS TO RESERVES	4,095,387	3,949,235	4,099,134	4,164,894	4,084,845
OTHER TRANSFERS	1,050,273	837,354	866,447	875,546	934,656
AMORTIZATION	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
TRANSFERS TO OTHER GOVERNMENTS	8,428,983	8,428,983	8,428,983	8,428,983	8,428,983
Total OPERATING EXPENSES	68,732,760	66,033,731	66,145,472	66,847,245	67,502,028
CAPITAL EXPENSES **					
GENERAL GOVERNMENT SERVICES	292,000	215,000	160,000	85,000	35,000
PROTECTIVE SERVICES	1,964,000	235,000	100,000	765,000	170,000
PUBLIC WORKS/INFRASTRUCTURE PLANNING & DELIVERY	8,100,107	4,945,357	4,606,376	5,370,691	6,275,518
RECREATION & CULTURE	6,634,422	1,378,000	945,000	1,070,000	2,469,000
WATER FUND	2,248,000	1,048,333	7,580,000	975,000	23,167,500
SEWER FUND	1,313,250	743,334	6,560,000	5,890,000	717,500
SOLID WASTE FUND	-	1,000,000	280,000	-	-
AIRPORT FUND	1,450,000	1,585,000	3,002,507	2,100,000	85,000
Total CAPITAL EXPENSES	22,001,779	11,150,024	23,233,883	16,255,691	32,919,518

** 2019 Carry-forward projects are not included



City of Cranbrook
Five Year Financial Plan Summary
2020 – 2024



THE CORPORATION OF THE
CITY OF CRANBROOK

BYLAW NO. 3998

FIVE YEAR FINANCIAL PLAN (2020 to 2024) BYLAW

A bylaw to establish the Financial Plan for the Five Year Period from January 1, 2020 through December 31, 2024.

The Municipal Council of the Corporation of the City of Cranbrook, in open meeting assembled, enacts as follows:

1. THAT Schedule "A" and Schedule "B" attached hereto and forming part of this Bylaw is hereby declared to be the Five Year Financial Plan for the years 2020 to 2024, inclusive.
2. THAT this bylaw may be cited as "Five Year Financial Plan (2020 to 2024) Bylaw No. 3998, 2020."

Read a first time this 6th day of January, 2020.

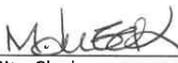
Read a second time this 6th day of January, 2020.

Read a third time this 6th day of January, 2020.

Adopted this 27th day of January, 2020.



Mayor



City Clerk

City of Cranbrook
Five Year Financial Plan Summary
2020 – 2024

THE CORPORATION OF THE CITY OF CRANBROOK					
FIVE YEAR FINANCIAL PLAN (2020-2024) BYLAW 3998, 2020					
SCHEDULE A					
	2020	2021	2022	2023	2024
REVENUE					
MUNICIPAL PROPERTY TAXES	(28,681,282)	(29,705,875)	(31,026,423)	(32,114,016)	(32,850,291)
PAYMENTS IN LIEU OF TAXES	(340,000)	(340,000)	(340,000)	(340,000)	(340,000)
PARCEL & LOCAL AREA SERVICE TAXES	(2,666,818)	(2,543,303)	(2,548,298)	(2,528,046)	(2,533,061)
SALE OF SERVICES AND FEES	(3,452,018)	(3,540,695)	(3,646,723)	(3,659,293)	(3,701,463)
AIRPORT FEES	(2,968,408)	(3,023,904)	(3,080,508)	(3,138,243)	(3,197,136)
WATER/SEWER/SOLID WASTE FEES	(7,550,830)	(7,572,744)	(7,594,725)	(8,085,074)	(7,638,886)
RENTALS	(522,244)	(455,564)	(387,061)	(388,921)	(420,549)
NON-FUNDED AMORTIZATION	(8,000,000)	(8,000,000)	(8,000,000)	(8,000,000)	(8,000,000)
RETURN ON INVESTMENTS	(1,147,051)	(1,018,058)	(994,108)	(1,018,238)	(925,316)
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AMORTIZATION	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
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Total CAPITAL EXPENSES	22,001,779	11,150,024	23,233,883	16,255,691	32,919,518

City of Cranbrook
 Five Year Financial Plan Summary
 2020 – 2024

**CORPORATION OF THE CITY OF CRANBROOK
 2020 – 2024 FIVE YEAR FINANCIAL PLAN
 FIVE YEAR FINANCIAL PLAN BYLAW NO. 3998, 2020
 SCHEDULE B**

In accordance with Section 165(3.1) of the *Community Charter*, the City is required to include in the Five Year Financial Plan, objectives and policies regarding each of the following:

1. The proportion of total revenue that comes from each of the funding sources described in Section 165(7) of the *Community Charter*;
2. The distribution of property taxes among the property classes; and
3. The use of permissive tax exemptions.

Total Revenues

During its preparation of the Five Year Financial Plan, the City of Cranbrook maintains the following objectives:

1. To keep property taxes and user fees affordable for the City's residents;
2. To provide sustainable levels of service;
3. To maintain City owned assets and infrastructure in a good state of repair; and
4. To lessen the tax burden on property owners by pursuing other revenue sources.

The proposed 2020 total revenues by funding sources are:

Revenue Source	% of Total Revenue
Property Value Taxes	39%
Parcel Taxes	3%
User Fees & Utility Charges	19%
Other sources	10%
Reserves & Surplus	27%
Proceeds from Borrowing	2%

- **Property Value Taxes:**

The majority of the City's revenue is obtained through property taxes. As a revenue source, property taxation offers a number of advantages, for example, it is simple to administer and it is fairly easy for residents to understand. It offers a stable and reliable source of revenue for services that are difficult or undesirable to fund on a user-pay basis. These include services such as general administration, fire protection, police services, bylaw enforcement and street lighting.

- **Parcel Taxes:**

The revenue from water and sewer parcel taxes will primarily be used to finance existing capital debt, new capital projects, operations, and to maintain or build reserves for future purposes, within the water and sewer funds.

City of Cranbrook
Five Year Financial Plan Summary
2020 – 2024

- **User Fees and Utility Charges:**

User fees and utility charges will make up 19% of the 2020 revenue. The fees and charges are generated from services that are measured and charged on a user-pay basis, and attempt to apportion the value of a service to those who use the service. Such fees include water and sewer usage, licences and permits, airport fees, and leisure programs. User fees are reviewed annually to ensure they adequately meet both the capital and delivery costs of the service.

- **Other Sources:**

Other sources of revenue include conditional transfers from senior levels of government in the form of grants. The City will pursue such funding whenever the programs advance municipal goals. Funding agreements from Federal, Provincial, and Regional Governments will contribute 4% of total 2020 revenue.

Other sources vary from year to year, and can include franchise fee, investment income, and rental income. The City continually seeks out other sources of revenue in order to reduce the reliance on property taxes.

- **Reserves and Surplus:**

Reserve funds are a critical component of long-term financial planning, as they provide key funding sources for future capital expenses. In 2020, the City will fund 47% of its capital projects from reserves.

The *Community Charter* does not allow municipalities to plan for operating surpluses or deficits. To ensure this does not happen the City budgets revenues conservatively and closely monitors its expenses. Any surplus funds are accumulated and reviewed by Council annually to determine whether the funds will be used for one-time projects or saved for later use. In 2020, 9% of total revenue will come from accumulated surplus.

- **Borrowing Proceeds:**

The City will borrow for projects that are necessary to achieve our objectives limiting borrowing to projects that are considered significant and capital in nature.

Distribution of Property Taxes

The following table illustrates the distribution of property taxes among the property classes. Residential properties in Cranbrook form the largest assessment base, consume the majority of city services, and therefore provide the largest proportion of tax revenue.

The class distribution is reviewed on an annual basis to ensure that the property tax burden is distributed fairly, and to ensure that the distributions are comparable to other BC municipalities of similar size and structure. The City continues to maintain and encourage economic development initiatives designed to attract more commercial businesses and industry to invest in the community.

City of Cranbrook
 Five Year Financial Plan Summary
 2020 – 2024

The estimated Distribution of Property Taxes by Class (based on 2019 actuals):

Property Class	2020 Distribution (based on 2019 actual)	% of Total Property Taxation (based on 2019 actual)
Residential (01)	1.00	61.4%
Utilities (02)	6.43	1.3%
Light Industry (05)	2.70	1.2%
Business (06)	2.57	35.7%
Recreation/non-profit (08)	2.34	0.4%
Farm (09)	3.50	0.0%

Permissive Property Tax Exemptions

The City of Cranbrook is committed to the continuing development of the City as a successful and progressive community, and to preserving and further enhancing the high quality of life enjoyed by its citizens. One means of achieving the maximum benefit for the community is through the provision of permissive property tax exemptions.

In 2019, Council adopted the City of Cranbrook Annual Taxation Exemption Bylaw 3984 to exempt certain properties from taxation in 2020. The amount of foregone tax revenue is estimated to be \$254,400. As well, Special Taxation Exemption Bylaw 3949 will exempt approximately \$19,000 of municipal taxes on golf course lands in 2019.

Permissive Property Tax Exemption Policy No. 40-550A was created in 2019 which capped the amount for future years' exemptions at 1% of the prior years' tax levy. For 2020, the amount allocated to property tax exemptions has been capped at \$273,400, which equates to an 85% exemption of the eligible assessed value of each property.

Under the current practice, in order to be eligible for a City of Cranbrook Permissive Tax Exemption, non-profit organizations must own the land and improvements or lease the property from the City, demonstrate financial need, and meet the description of at least one of the following categories:

1. **Special Needs and Supportive Housing Properties:** short term emergency or crisis protection for members of the community; supportive housing for people with special needs; halfway, transitional, or group homes with supportive staff and programs; affordable rental housing provided to people with impairments due to disability or aging.
2. **Social Service Properties:** support services and programs available to members of the community who are in some way disadvantaged and need assistance in maximizing their quality of life.
3. **Arts and Cultural facilities:** preparation and delivery of artistic and cultural events or exhibits to the public.
4. **Emergency Rescue Services:** volunteer search and rescue services provided to area residents and visitors.
5. **Places of Worship:** land surrounding places for public worship; church halls and meeting spaces; properties occupied by a religious organization as a tenant, for the purpose of public worship.

City of Cranbrook
Five Year Financial Plan Summary
2020 – 2024

6. **Athletic or Recreational Facilities:** space and/or equipment are provided for the physical and mental enjoyment of participants, and associated fees are substantially lower than those of similar for profit organizations.
7. **Environmental Protection:** areas of land owned by non-profit organizations and held for the specific purpose of protecting plant or animal habitat.

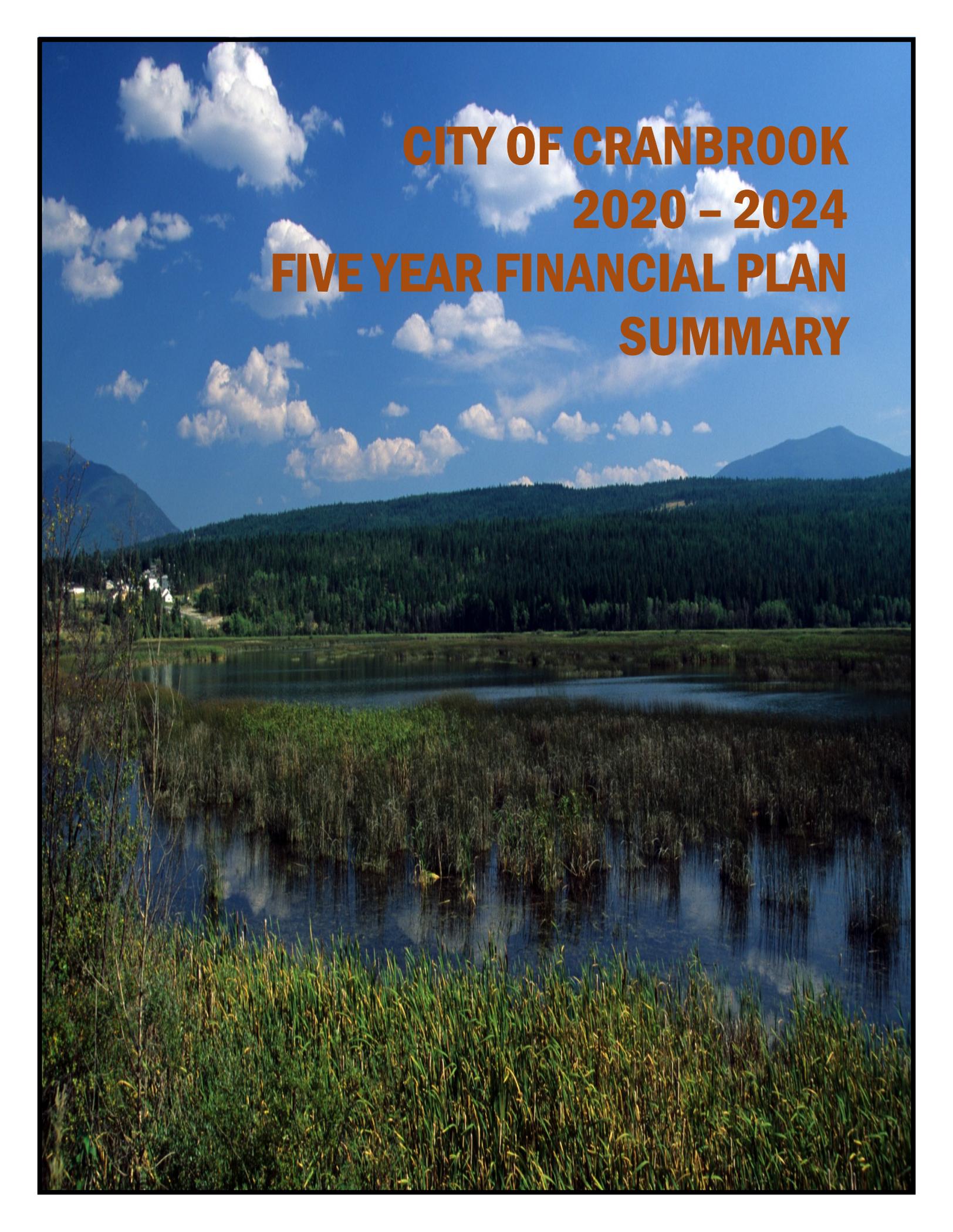


MOUNTAINS OF OPPORTUNITY

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250-426-4211
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**CITY OF CRANBROOK
2020 – 2024
FIVE YEAR FINANCIAL PLAN
SUMMARY**

City of Cranbrook
Five Year Financial Plan Summary
2020 – 2024

Message from the CFO

Each year, under Section 165 and 166 of the Community Charter, the City must develop a five-year financial plan and undertake a public consultation process before the plan is adopted. On October 22nd and 23rd, the City hosted public budget meetings where departments presented their proposed operating and capital budgets. The public was invited to submit comments on the information that was presented during the two days.

The *Five-Year Financial Plan Summary (2020 – 2024)* summarizes the five-year financial plan and is the accumulation of efforts by Administration to capture Council's objectives and priorities that include maintaining existing service levels, strategic addition of new services, continuing the momentum built around the road program while keeping the tax increase affordable.

Operating budget increases have been targeted at 2%. Some budget areas are experiencing increases greater than this target, particularly fuel and utilities. Revenues are typically estimated conservatively, however, where appropriate, they have been increased to reflect changes brought about by market conditions. The result is a 2020 general tax increase of 1.88%.

The City's annual 1% road dedicated tax continues through each of the five years of the plan. Over the 5 years, this initiative will add almost \$15,500,000 to the capital works program.

Administration uses the prior year's tax levy to calculate the percent increase for the following year. The Financial plan reflects an increase to the 2019 tax levy of 2.88%. This increase, as described above, breaks down as follows:

- 1.88% net general tax increase
- 1.00% road dedicated tax

In 2019, the City engaged several consultants and began the process of turning the former Tembec property into investment-ready parcels that would attract interest from diverse business sectors. The 2020 budget allocates \$5,680,000 to the project. The funds will be used to undertake installation of deep and shallow utilities and an internal road. Where possible, the work will be phased in based on development demand. Further development of the property is also expected to be on a phased-in basis. The City is currently collecting revenue from three tenants. The lease revenue is being used to fund a portion of the purchase as well as marketing costs.

The repair of the barrel roof at Western Financial Place planned for 2020, represents the final stage of the roof project. The 2020 budget is \$2,690,000, including the barrel roof with warranty as well as full repair to the fascia and soffit overhang. When complete, the project will have been phased in over 3 years. Including work already completed, the project is valued at \$5,438,000.

The five-year financial plan makes strategic use of reserve balances to fund new and necessary projects. Of the \$15.6 million new capital proposed for 2020, reserves will fund almost \$9,000,000, including the \$2,750,000 borrowed from the Moir Park Reserve for development of the Tembec property.

COMMUNITY PROFILE

Cranbrook is a thriving community with a proud history and an exciting future. Nestled in a broad open valley located between the Rocky Mountains to the east and the older Purcell Mountains to the west, Cranbrook is surrounded by world class scenery, recreation and wildlife. Mild winters and warm sunny summers characterize our beautiful mountain environment.

The 18th largest city in BC with a population of 20,047 people, our community is home to the Canadian Rockies International Airport, the East Kootenay Regional Hospital, the College of the Rockies, the 600 seat Key City Theatre, the Western Financial Place recreational complex, which houses the BCHL Cranbrook Bucks hockey team, and a spectacular and growing summer Farmer's Market.



Downtown Cranbrook Farmers Market

Located on Highway 3, BC's southern Trans-Canada highway and on the Canadian Pacific Railway line, Cranbrook is the hub for business and for retail shopping for the East Kootenay region, boasting a total population of 56,702.

Over the past ten years, Cranbrook has received recognition and accolades numerous times for the quality of life enjoyed by area residents. Most recently, Maclean's ranked Cranbrook #52 on its best communities list out of 415 communities across Canada. As well, this year Cranbrook was recognized as one of ten age-friendly communities by the Province of BC.

Canadian Rockies International Airport (YXC) offers the convenience of flying from, and most importantly returning home to our own backyard. Air Canada, WestJet, and Pacific Coastal are the airlines that fly in and out of YXC, with direct flights to Calgary, Vancouver, and Kelowna.

City of Cranbrook - Mayor and Council



L-R: Councillor Wesly Graham, Councillor Mike Peabody, Councillor Norma Blissett, Mayor Lee Pratt, Councillor John Hudak, Councillor Wayne Price, Councillor Ron Popoff

ORGANIZATIONAL STRUCTURE

There are eight departments within the City, each of which reports to the Chief Administrative Officer. They are:

- ❖ Corporate Administration
- ❖ Department of Development Services
- ❖ Finance
- ❖ Public Works
- ❖ Community Services
- ❖ Fire & Emergency Services
- ❖ Airport
- ❖ RCMP (through a contract)

The eight departments deliver a broad group of services to Cranbrook residents, including:

- ❖ Infrastructure Planning, Maintenance, and Delivery
- ❖ Parks, Recreation and Culture
- ❖ Water and Sanitary Sewer Services
- ❖ Solid Waste Management
- ❖ Fire Protection & Emergency Preparedness
- ❖ Policing
- ❖ Bylaw Enforcement
- ❖ Planning & Development
- ❖ Financial Planning and Accounting
- ❖ Airport Operation and Maintenance
- ❖ Public Transit, including HandiDart Services

FINANCIAL PLAN OVERVIEW

The City must prepare a Five-Year Financial Plan each year that is based on Sections 165 and 166 of the *Community Charter*. The budget must be balanced, meaning that the proposed expenses for a year cannot exceed the total of the proposed funding sources and transfers from other funds. The Financial Plan must be adopted annually, by bylaw, after a period of public consultation has taken place.

This year's budget process began with strategic planning sessions between City Council and senior management. Priority projects were identified and categorized based on importance and alignment with Council's objectives and ultimately formed the basis of the 2020 to 2024 Five Year Financial Plan.

Public budget meetings were held in October and November 2019, where all the departments presented their detailed 2020 work plans and summarized their major projects planned for 2021 through 2024. The public was invited to attend and submit written comments.

Council received the budget information and directed staff to make some adjustments where they felt better alignment with their objectives could be achieved. The public consultation period was open from December 10 through December 20, 2019. In January 2020, after the public consultation period, Council reviewed comments from the public, and gave the 2020 to 2024 Five Year Financial Plan Bylaw three readings and it was adopted January 27, 2020.

If necessary, a budget amendment bylaw will be presented to Council later in 2020, which will include any unexpected changes that may arise after the initial budget was adopted. Prior to May 15, 2020 the Cranbrook Tax Rates Bylaw will be presented to Council for consideration.



BUDGET HIGHLIGHTS

Tax Levy:

The total tax levy for 2020 is projected to be \$28,363,481. This reflects an overall property tax levy increase of 2.88%, of which 1% is collected solely to fund Capital Works Road Projects like water, sewer and storm infrastructure, road surface and sidewalk replacements, and the addition and replacement of other road related assets.

The 1% tax collected for road related projects will amount to \$2,504,189 in 2020.

A 2.88% tax increase will result in approximately \$5.42 per month increase for an average residential property assessed at \$300,000.

Non-market change will provide additional property tax revenue estimated at \$240,000 from new construction and changes in classification status.

Capital Roads Projects:

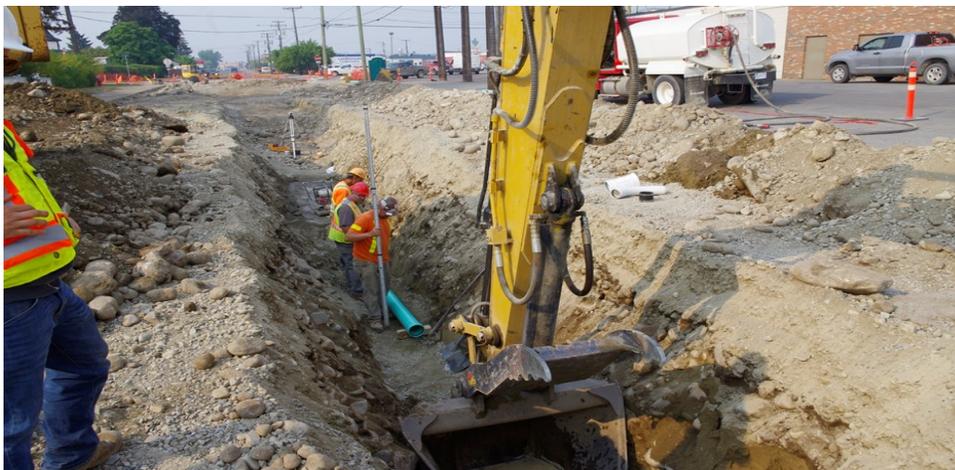
Extensive road resurfacing and rehabilitation will continue throughout all five years of the plan, with a total budget of \$25,113,635 allocated for capital roads projects. The 1% Capital Works tax collected in 2020 is equal to \$2,504,189 (2019 - \$2,230,821) and will be used for capital road projects, deep utilities at the Industrial Lands, and Highway 95A/Theatre Road signalization.

The funding breakdown for the 2020 capital roads program is:

Taxation and Utility Fees	\$ 1,170,000
1% Capital Works Tax	\$ 1,577,439
Reserves	\$ 856,900
Total 2020 Program	\$ 3,604,339

In 2019, approximately \$4.3 million was spent on capital roads projects that employed five local contractors. Throughout the city, 2.1 km of roads were paved, 1.0 km of water mains were replaced, 2.9 km of sewer mains were relined, and 1.7 km of sidewalks were laid.

Details of the 2020 preliminary road improvement program, pending firm construction pricing and other considerations, will be published at a later date.



Kootenay Street Storm Replacement

Cranbrook Industrial Lands (former Tembec property):

Looking ahead to build for the future, is one of the biggest reasons the City of Cranbrook purchased the previous Tembec property in 2018. This has added 99 acres of industrial zoned land supply available for development in the City. The goal of the purchase is to attract employment rich, diverse, value-added industry to the community, enhancing our economic base.

In June 2019, three engineering studies were initiated by the City. The first was an environmental engineering study, the second was a civil engineering study, and the third was a geotechnical study. It is anticipated these studies will be completed early in 2020.

City staff continue to work on the overall concept and strategy for the former Tembec property with a focus on marketing to investors, developers and other business interests.

Cranbrook Industrial Lands

Year	Item	Components	Cost	Totals
2018	Land Purchase	Land Acquisition Costs	\$ 3,069,862	\$ 3,069,862
2019	Studies	Engineering & Geotechnical	\$ 200,000	\$ 529,000
		Environmental	\$ 244,000	
		Property Analysis	\$ 85,000	
2020	Land Development	Remediation	\$ 370,000	\$ 5,680,000
		Deep Utilities	\$ 2,500,000	
		Shallow Utilities and Road	\$ 2,750,000	
		Fibre Conduit	\$ 30,000	
		Marketing Costs	\$ 30,000	

*** To date all project costs will be coming from reserves and accumulated surplus. The City will also pursue Federal/Provincial Infrastructure Grants and other funding partnerships.*



Industrial Lands located at 1479 Theatre Road

City of Cranbrook
Five Year Financial Plan Summary
2020 – 2024

For the development of the property, \$2.5 million is included in the 2020 budget for installation of deep utilities, and \$2.75 million for installation of shallow utilities and a road.

There have been some early successes on site, with the introduction of C & C Wood Products and Caliper creating good paying jobs and restoring life into the former Tembec lands.

Upon the successful development of the Tembec lands, we expect new lease and sales revenue, property tax revenue, the creation of more jobs and many other important spinoffs which will positively impact the overall economy of Cranbrook.

Looking ahead, the economic outlook and overall goals for the property are strong. New investment and growth will create positive direct and indirect impacts in the local job market and in the local business economy. Work is underway from an economic development perspective to build on the historic strengths of the area, foster local innovation and investment, and help diversify our economy and create jobs.

Western Financial Place:

In 2020, work on the Western Financial Place roof replacement will continue through to completion. Additional funds in the amount of \$2,690,000 have been allocated for 2020 to complete the barrel roof over the arena.

Western Financial Place will become home to the newest BCHL expansion team, the Cranbrook Bucks, starting in September 2020. The team will play in the Interior division and bring exciting hockey back to the city after the departure of the Kootenay Ice last March.



Projected revenues in 2020 from WFP, including special events are \$765,000. Operating expenses, including the curling rink, are estimated to be \$3,240,821 before debt payments of \$1,591,130.



Roof Replacement at Western Financial Place

City of Cranbrook
Five Year Financial Plan Summary
2020 – 2024

Several big name events were held at Western Financial Place in 2019, including Foreigner, FMX World Tour, The Offspring, and Sum 41. Events will continue in 2020 starting with the BC Curling Championships and Theory of a Deadman in January and February.

Larger capital projects budgeted for 2020 through 2024 include completion of the roof, new arena boards, replacement of the brine chiller and refrigeration condenser, and a new dehumidification system at the arena.

Canadian Rockies International Airport

The Canadian Rockies International Airport is forecasting operating revenues of \$2,804,546 and operating expenses of \$1,664,755 in 2020. Continued passenger growth is expected with Air Canada, Westjet, and Pacific Coastal currently offering direct service to Vancouver, Calgary, and Kelowna. 2020 passenger counts are expected to be approximately 176,200.



Pacific Coastal Airlines

Thirteen new capital projects are planned for the airport in 2020, ranging in focus from preventative maintenance to critical safety upgrades. The airport infrastructure will continue to be developed with upgrades to the HVAC systems as well as accessibility updates. The 1980 Mack dump truck and plow will be replaced, pending ACAP funding approval, and the internet connection at the Airport will see significant improvements in speed and reliability of service with the upgrade to a fibre optic connection.

City of Cranbrook
Five Year Financial Plan Summary
2020 – 2024



Airport Terminal upgrades completed in 2017

The 2021 to 2024 extended capital plan is designed to meet the anticipated needs of safety, customer service and infrastructure maintenance. In 2021, the main car parking lot and airside service road will be repaved as they are anticipated to begin to fail by that time. The capital project to replace the Airfield Lighting Cabling and Transformers will be submitted for ACAP (Airport Capital Assistance Program) funding in 2020 with anticipated approval to begin the project in 2022.

Passenger numbers are anticipated to grow sufficiently by 2023 to warrant an expansion to the screening point and departures lounge.

Taxation Levels

The proposed overall property tax increase reflects an increase in line with inflation rates (2019 CPI = 2.0%). Taxation revenue is based on the service delivery levels approved by Council each year during the budget process. The 2020 to 2024 Five Year Financial Plan includes budgeted property tax revenues as follows:

<u>Year</u>	<u>Taxation Revenue (Levy)</u>
2020	\$ 28,363,481
2021	\$ 29,388,074
2022	\$ 30,708,622
2023	\$ 31,796,215
2024	\$ 32,532,490



Estimated impact of the 2020 tax increase

The 2020 general municipal property tax increase for an average residential property in Cranbrook (excluding school and other non-City taxes) is projected to be 2.88% or approximately \$64 for the year.

In 2019, the BC Assessment Authority valued the average residential property in Cranbrook at \$296,000. Based on the 2019 assessed value, the 2020 projected municipal taxes for an average home will be about \$2,275, or \$6.24 per day, before the Provincial Homeowner Grant.

			
Residential Value	\$200,000	\$300,000	\$400,000
Estimated 2020 Taxes ^	\$1,537	\$2,305	\$3,074
Increase over 2019 **	\$43	\$65	\$86

^ Municipal property taxes only
 ** Estimated annual increase

Eligible residential property owners can apply for an annual homeowner grant which is deducted from their total tax bill. The grant amounts are \$770 – basic; \$1,045 – senior/disability.

Your Municipal Tax Dollars at Work
A Comparative View
What does \$6.24 per day get you?

Average Residential Property in Cranbrook is assessed at \$296,000



Est. 2020 Municipal Taxes = \$2,275 (\$6.24 per day)



Municipal Services

- Fire & Emergency Services
- Police Protection
- Bylaw Services
- Construction and maintenance of safe roads
- Snow Removal
- Parks & Trails
- Public Transit
- Library
- Recreational Facilities
- Community Events

VS

Venti sized Special Coffee

or

One pound lean ground beef

or

Pint of Beer

or

Glass of Wine

or

One Lotto Max Ticket + Extra

or

One day of Cable & Internet

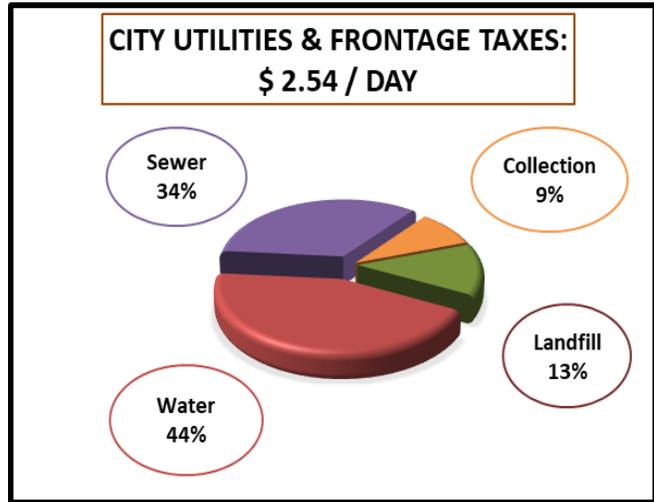
City of Cranbrook
 Five Year Financial Plan Summary
 2020 – 2024

Impact of 2020 Utilities Fees

For an average home in Cranbrook, the projected 2020 utility and frontage tax fees will total \$928 (\$2.54 per day). This amount remains unchanged from 2019.

A 5% discount off the total annual utility bill will be provided to those property owners who pay in full before the end of April.

In 2019, utility billings were changed to three times per year from six, and the prepayment period was extended from February to April.



Utility and Parcel Tax Rates

The 2020 monthly utility fees for water, sewer, and solid waste will remain at 2019 levels, and are projected to be:

<u>Year</u>	<u>Monthly Rate</u>	<u>Revenue</u>
2020	\$ 59.50	\$ 7,305,130
2021	\$ 59.50	\$ 7,327,044
2022	\$ 59.50	\$ 7,349,025
2023	\$ 59.50	\$ 7,371,073
2024	\$ 59.50	\$ 7,393,186

(2019 - \$59.50)

The annual parcel tax charges will also remain unchanged, and are projected to be:

<u>Year</u>	<u>Rate per Taxable Meter Frontage</u>	<u>Revenue</u>	<u>Annual charge to average home (based on 15.25 m. lot)</u>
2020	\$ 14.00	\$ 2,492,462	\$ 214
2021	\$ 14.00	\$ 2,497,447	\$ 214
2022	\$ 14.00	\$ 2,502,442	\$ 214
2023	\$ 14.00	\$ 2,507,447	\$ 214
2024	\$ 14.00	\$ 2,512,462	\$ 214

(2019 - \$14.00 per taxable m)

City of Cranbrook
Five Year Financial Plan Summary
2020 – 2024

Capital Projects

Like most communities, Cranbrook faces significant costs related to the replacement and maintenance of our infrastructure. The projects identified in the 2020 – 2024 Five Year Financial Plan have been identified as priority projects.

Whenever possible, capital projects are funded from reserve funds. In 2020, 71% of projects will be paid for by reserves or accumulated surplus. The remainder will be funded from grants or tax revenue.

Projects scheduled for completion in 2020 include:

- \$ 3,604,339 Capital Roads Program (includes underground water & sewer services)
- \$ 2,690,000 Western Financial Place Roof Replacement (not including carryforward funds)
- \$ 2,500,000 Industrial Land Deep Utilities Servicing (water, sanitary sewer, storm sewer)
- \$ 2,750,000 Industrial Land Shallow Utilities and Gravel Road
- \$ 1,400,000 Ladder Truck Replacement
- \$ 666,000 Downtown Revitalization
- \$ 504,000 Pressure Reducing Station #5 Construction



2nd Street North - Paving

City of Cranbrook
 Five Year Financial Plan Summary
 2020 – 2024

The amounts designated for municipal capital expenditures over the next five years, excluding previously approved amounts that may be carried forward from 2019, are:

By Department:

	2020	2021	2022	2023	2024
Corporate Administration	666,000	-	-	-	-
Finance	-	-	40,000	-	-
Department of Development Services	132,000	215,000	120,000	85,000	35,000
Protective Services	334,000	235,000	100,000	765,000	170,000
Public Works/ IPD	7,076,189	5,020,873	4,537,642	4,787,047	5,676,517
Recreation & Culture	2,945,000	1,233,000	945,000	1,040,000	2,469,000
Water Fund	2,248,000	1,048,333	7,580,000	975,000	23,167,500
Sewer Fund	1,313,250	743,334	6,560,000	5,890,000	717,500
Solid Waste Fund	-	1,000,000	280,000	-	-
Airport Fund	950,000	1,585,000	3,002,507	2,100,000	85,000
Total Capital Projects	15,664,439	11,080,540	23,165,149	15,642,047	32,320,517

By Type:

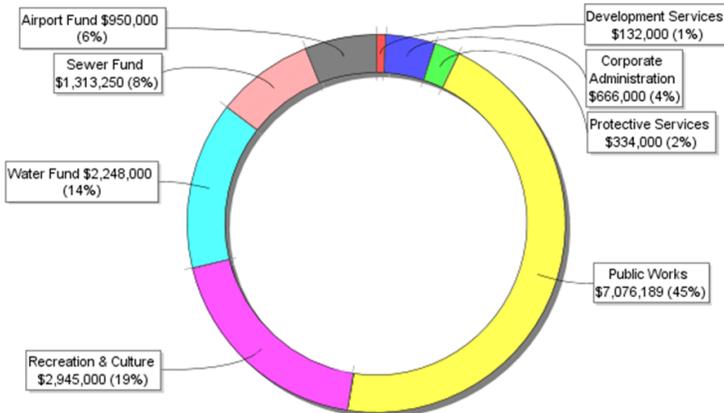
	2020	2021	2022	2023	2024
Land Development	1,046,750	-	-	-	-
Building Improvements	2,905,000	1,025,000	570,000	1,438,000	1,509,000
Mobile Equipment	653,000	353,333	125,000	832,000	192,000
Other Equipment	327,000	468,000	200,000	225,000	105,000
Roads & Sidewalks	5,380,439	4,386,540	4,172,642	3,851,047	4,294,517
Other Infrastructure	666,000	30,000	50,000	-	-
Parks & Trails	175,000	441,000	625,000	331,000	2,250,000
Water Fund	2,248,000	1,048,333	7,580,000	975,000	23,167,500
Sewer Fund	1,313,250	743,334	6,560,000	5,890,000	717,500
Solid Waste Fund	-	1,000,000	280,000	-	-
Airport Fund	950,000	1,585,000	3,002,507	2,100,000	85,000
Total Capital Projects	15,664,439	11,080,540	23,165,149	15,642,047	32,320,517

By Funding Source:

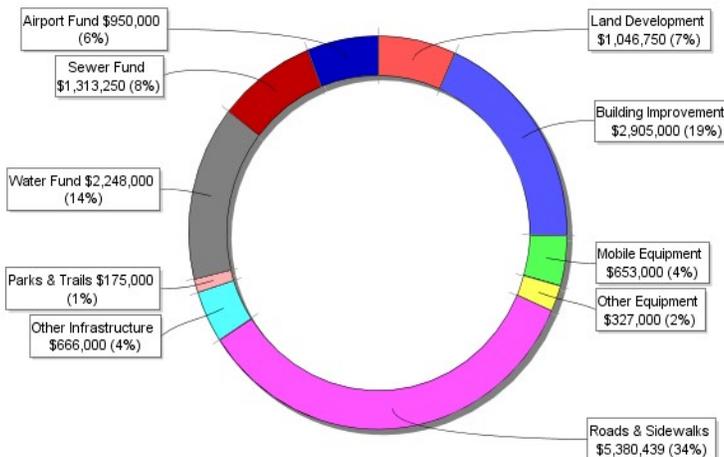
	2020	2021	2022	2023	2024
Revenue	3,582,091	4,111,340	4,319,542	4,131,047	4,405,517
Surplus	2,386,750	1,440,000	943,852	3,250,000	335,000
Borrowing	-	-	4,333,333	2,740,000	8,666,667
Reserves	6,076,098	4,650,274	2,614,000	4,422,699	3,048,372
Borrowing from Moir Reserve	2,750,000				
Grants & Contributions	869,500	761,326	10,954,422	630,000	15,864,961
Development Cost Charges	-	117,600	-	468,301	-
Total Capital Budget	15,664,439	11,080,540	23,165,149	15,642,047	32,320,517

City of Cranbrook Five Year Financial Plan Summary 2020 – 2024

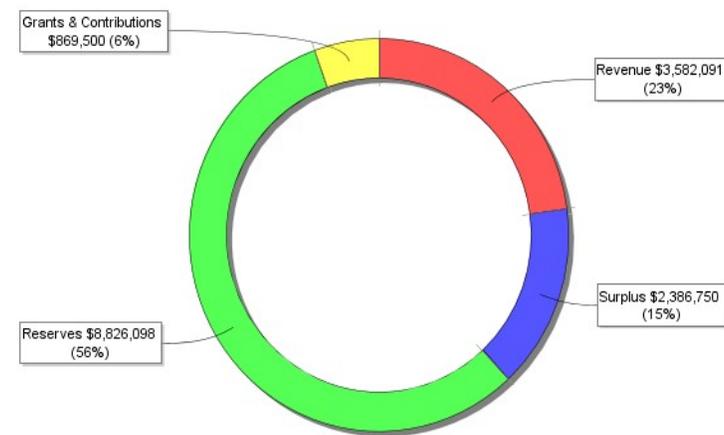
Capital Projects By Department - 2020



Capital Projects by Type - 2020



Capital Projects by Funding Source - 2020



15th Avenue S Water Main Replacement

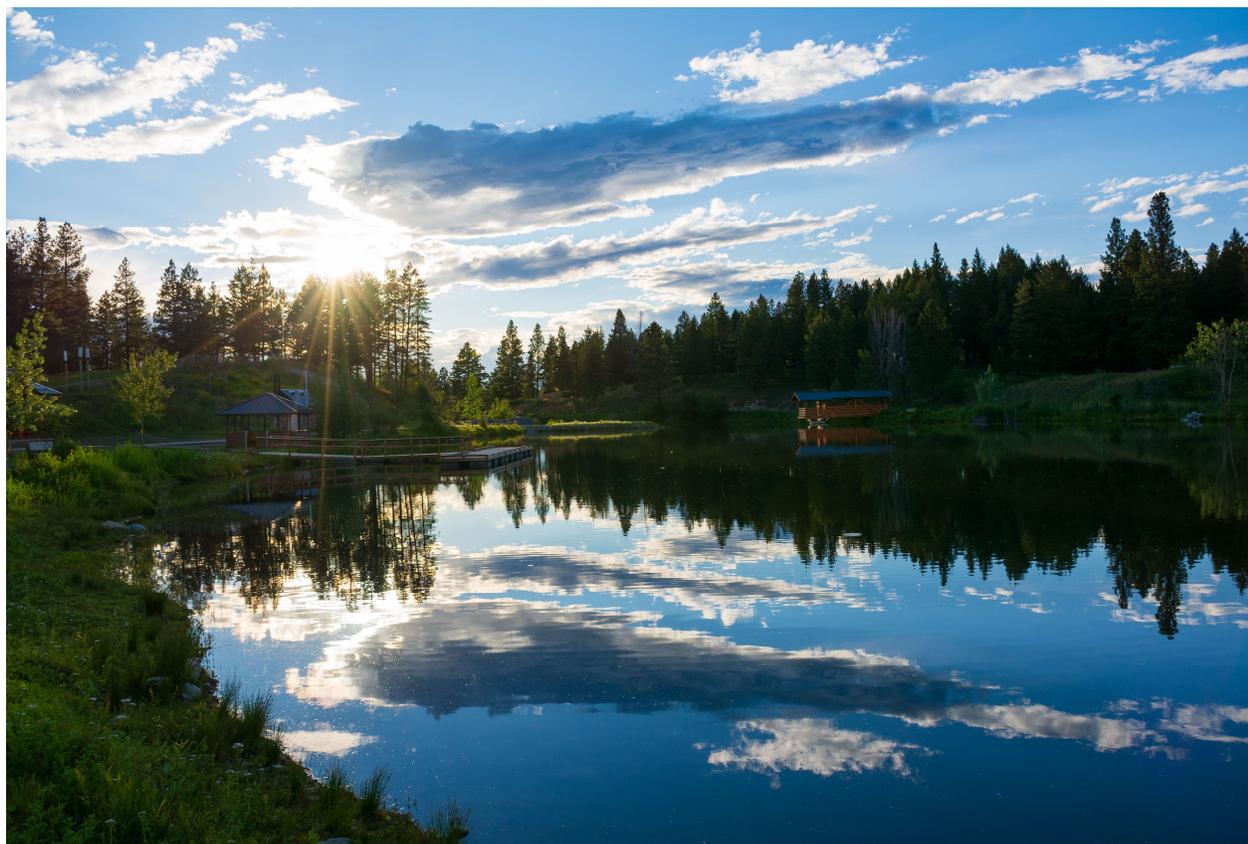
City of Cranbrook
 Five Year Financial Plan Summary
 2020 – 2024

Carry Forward Projects

Projects that are incomplete at December 31, 2019 will be carried forward to 2020. The funding for these projects was included in the 2019 – 2023 Five Year Financial Plan Bylaw, which was adopted on February 4, 2019.

Projects being carried forward include:

• RCMP CCVE & Member Changeroom	• Fire Ladder Truck
• Fire Protection Mitigation Projects	• Spray Irrigation Groundwater Prog.
• WFP Brine Chiller	• Kinsmen & WFP Arena Boards
• WFP Roof Replacement	• Airport Fibre Optic Service
• Flood Mitigation Planning	• WFP Videotron
• Water Quality Asset Mgmt Plan	• Multidiscipline Staff Development
• Airport Dump Truck	• Airport Dump Truck
• Downtown Transportation / Street Improvement Plan	



Idlewild Park Rehabilitation project – completed 2019

Financial Support to Community Organizations

Recognizing the benefits provided by the efforts of not-for-profit organizations and service groups, City Council has approved grant funding and fees for services to 28 organizations in 2020. These organizations include the Cranbrook Public Library, Key City Theatre, Chamber of Commerce, Cranbrook History Centre, Cranbrook Search & Rescue, and Cranbrook Curling Club. In 2020, the funding is budgeted to be \$1,133,227.

In addition, City Council has approved permissive tax exemptions to not-for-profit organizations in 2020 in the estimated amount of \$273,402. Permissive exemptions are at Council's discretion and must be applied for each year.



Royal Alexandra Hall – Cranbrook History Centre

Regional Landfill

The annual payment to the RDEK for the regional landfill fee is budgeted to be \$1,600,000 in the years 2020 through 2024.

RCMP

The City has a contract with the RCMP to provide police services for the City. The 2020 contract for 26 Officers is budgeted at \$4,727,219 (2019 - \$4,615,929). Separate from the policing contract, the City has budgeted over \$1,640,000 in 2020 for RCMP operations, building maintenance, and security upgrades at the detachment.

City of Cranbrook
Five Year Financial Plan Summary
2020 – 2024

Transfers to/from Reserves

Reserves and reserve funds receive annual contributions from the operating budget to assist with creating a solid financial position to support the City's future cash requirements. Budgeted transfers to reserve funds in 2020 amount to \$4,244,480. Some of the larger deposits include:

\$ 1,852,163	Recapitalization reserves for capital asset replacement
\$ 954,772	Federal gas tax transfer to fund eligible projects
\$ 224,595	Airport Improvement Fees
\$ 145,000	Lagoon Desludging Reserve
\$ 122,886	Buildings reserve
\$ 99,105	Industrial Lands Reserve
\$ 65,815	Carbon Offset Reserve

Reserve funds have been established and set aside, either by a municipal bylaw or legislative requirement, and are used to fund future capital requirements. In 2020, reserve withdrawals amount to \$13,702,311. Some of the larger projects funded from reserves are:

\$ 6,225,611	Western Financial Place Roof, Arena Chiller/Boards, Aquatic Improvement
\$ 3,148,000	Industrial Lands Development
\$ 1,013,000	Mobile Equipment Replacement
\$ 856,900	Capital Road Program
\$ 690,252	Building upgrades
\$ 475,000	Storm/Flood Water Projects
\$ 216,000	Downtown Revitalization Projects

Public Transit

In partnership with BC Transit, the City provides an integrated transit system that allows riders convenience and flexibility when travelling within city limits.

The costs associated with conventional and custom transit are shared with the Province. The City's share for 2020 operations is budgeted at \$748,000 net of revenue.



City of Cranbrook
 Five Year Financial Plan Summary
 2020 – 2024

Amortization of Capital Assets

Effective in 2009, the Public Sector accounting rules required all local governments to begin amortizing (depreciating) tangible assets over their useful life. The City's amortization charge for 2020 has been budgeted at \$8,000,000 and has been included in the Financial Plan.

Borrowing

Over the five-year period 2020 to 2024, the City plans to borrow approximately \$16,400,000 for various capital projects as follows:

<u>Capital Project:</u>	<u>Year</u>	<u>Amount</u>	*	<u>Term</u>	<u>Annual Payment</u>
Fire Ladder Truck	2021	1,400,000		5 years	298,823
Transfer Pipeline - Phase II	2022	2,000,000		20 years	154,431
Gold Creek Dam	2022	2,333,333		20 years	180,170
Lagoon Dyke and Piping upgrade	2023	2,000,000		20 years	154,431
Water Treatment Plant & Distribution	2024	<u>8,666,667</u>		20 years	669,203
		<u>\$16,400,000</u>			
* Assumed Interest rate of 4.0% - reviewed with MFA					

Salaries and Wages

The City's Collective Agreement with CUPE Local 2090 is in effect from March 1, 2017 to February 28, 2021.

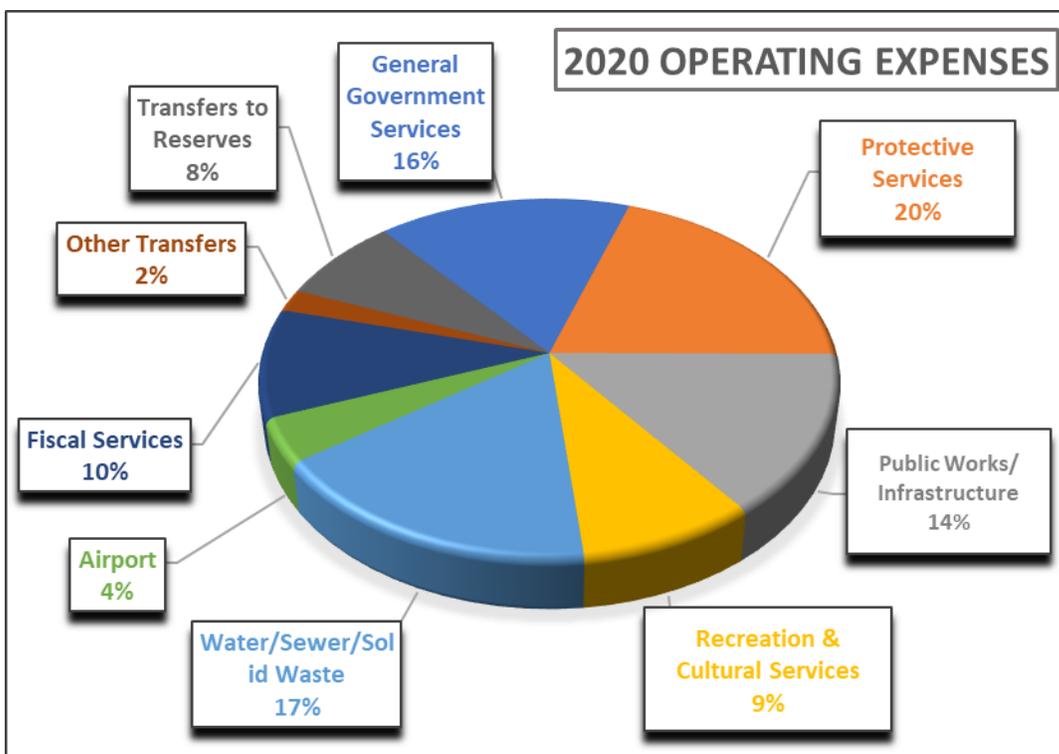
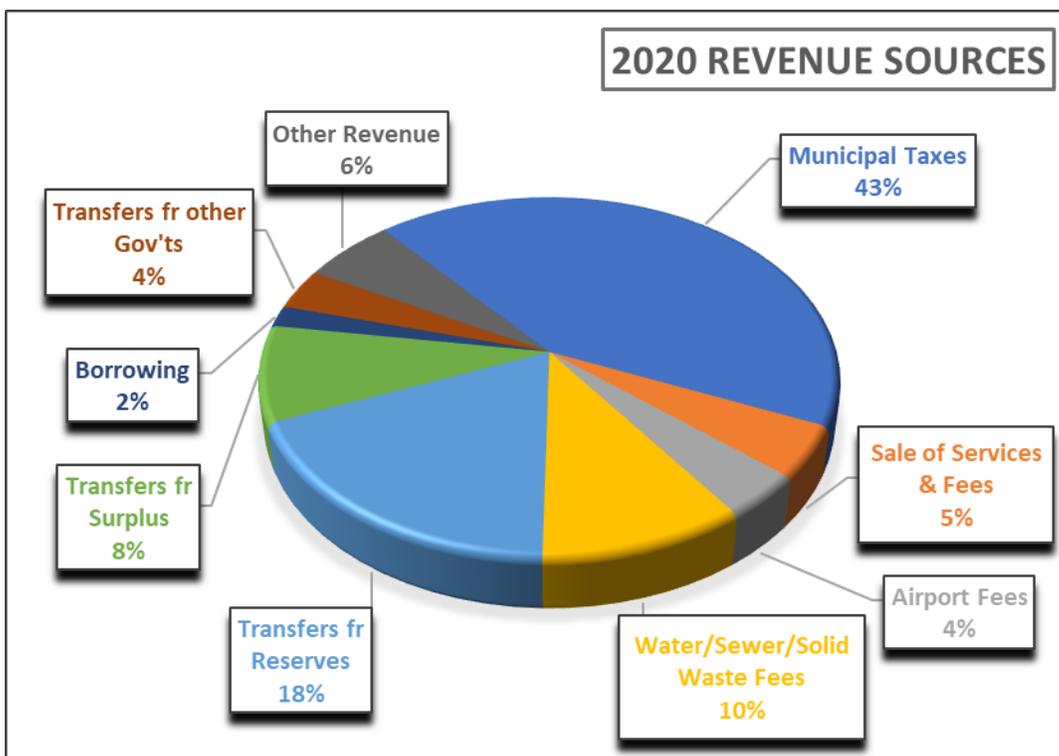
Exempt staff salaries will be reviewed based on performance results during each year.

The City's Collective Agreement with Cranbrook Fire Fighters Local 1253 is in effect from January 1, 2015 to December 31, 2019.

City of Cranbrook
Five Year Financial Plan Summary
2020 – 2024

THE CORPORATION OF THE CITY OF CRANBROOK CONSOLIDATED FIVE YEAR FINANCIAL PLAN 2020 TO 2024 UNAUDITED					
	2020	2021	2022	2023	2024
REVENUE					
MUNICIPAL PROPERTY TAXES	(28,681,282)	(29,705,875)	(31,026,423)	(32,114,016)	(32,850,291)
PAYMENTS IN LIEU OF TAXES	(340,000)	(340,000)	(340,000)	(340,000)	(340,000)
PARCEL & LOCAL AREA SERVICE TAXES	(2,666,818)	(2,543,303)	(2,548,298)	(2,528,046)	(2,533,061)
SALE OF SERVICES AND FEES	(3,452,018)	(3,540,695)	(3,646,723)	(3,659,293)	(3,701,463)
AIRPORT FEES	(2,968,408)	(3,023,904)	(3,080,508)	(3,138,243)	(3,197,136)
WATER/SEWER/SOLID WASTE FEES	(7,550,830)	(7,572,744)	(7,594,725)	(8,085,074)	(7,638,886)
RENTALS	(522,244)	(455,564)	(387,061)	(388,921)	(420,549)
NON-FUNDED AMORTIZATION	(8,000,000)	(8,000,000)	(8,000,000)	(8,000,000)	(8,000,000)
RETURN ON INVESTMENTS	(1,147,051)	(1,018,058)	(994,108)	(1,018,238)	(925,316)
TRANSFERS FROM RESERVES	(13,702,311)	(4,822,426)	(2,868,688)	(4,563,502)	(3,330,312)
TRANSFERS FROM SURPLUS	(6,415,070)	(2,683,829)	(859,727)	(3,275,000)	(335,000)
BORROWING FOR CAPITAL	(1,400,000)	-	(4,333,333)	(2,740,000)	(8,666,667)
OTHER REVENUE	(2,741,542)	(2,769,896)	(2,660,493)	(2,483,557)	(4,507,094)
TRANSFERS FROM OTHER GOVERNMENTS	(2,717,982)	(2,278,478)	(12,610,285)	(2,340,063)	(15,546,788)
COLLECTIONS FOR OTHER GOVERNMENTS	(8,428,983)	(8,428,983)	(8,428,983)	(8,428,983)	(8,428,983)
Total REVENUE	(90,734,539)	(77,183,755)	(89,379,355)	(83,102,936)	(100,421,546)
OPERATING EXPENSES					
GENERAL GOVERNMENT SERVICES	8,499,719	8,301,027	8,503,507	8,492,576	8,623,034
PROTECTIVE SERVICES	10,424,729	10,563,232	10,815,174	11,205,842	11,483,439
PUBLIC WORKS/INFRASTRUCTURE PLANNING & DELIVERY	7,596,549	7,055,945	7,248,314	7,394,627	7,439,338
RECREATION & CULTURAL SERVICES	4,565,753	4,373,878	4,427,452	4,558,306	4,725,898
WATER/SEWER/SOLID WASTE	8,871,735	7,477,439	7,605,626	7,648,170	7,720,166
AIRPORT	2,077,872	2,050,010	2,109,178	2,164,405	2,185,710
FISCAL SERVICES	5,121,760	4,996,628	4,041,657	3,913,896	3,875,959
TRANSFERS TO RESERVES	4,095,387	3,949,235	4,099,134	4,164,894	4,084,845
OTHER TRANSFERS	1,050,273	837,354	866,447	875,546	934,656
AMORTIZATION	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
TRANSFERS TO OTHER GOVERNMENTS	8,428,983	8,428,983	8,428,983	8,428,983	8,428,983
Total OPERATING EXPENSES	68,732,760	66,033,731	66,145,472	66,847,245	67,502,028
CAPITAL EXPENSES **					
GENERAL GOVERNMENT SERVICES	292,000	215,000	160,000	85,000	35,000
PROTECTIVE SERVICES	1,964,000	235,000	100,000	765,000	170,000
PUBLIC WORKS/INFRASTRUCTURE PLANNING & DELIVERY	8,100,107	4,945,357	4,606,376	5,370,691	6,275,518
RECREATION & CULTURE	6,634,422	1,378,000	945,000	1,070,000	2,469,000
WATER FUND	2,248,000	1,048,333	7,580,000	975,000	23,167,500
SEWER FUND	1,313,250	743,334	6,560,000	5,890,000	717,500
SOLID WASTE FUND	-	1,000,000	280,000	-	-
AIRPORT FUND	1,450,000	1,585,000	3,002,507	2,100,000	85,000
Total CAPITAL EXPENSES	22,001,779	11,150,024	23,233,883	16,255,691	32,919,518

** 2019 Carry-forward projects are not included



City of Cranbrook
Five Year Financial Plan Summary
2020 – 2024



THE CORPORATION OF THE
CITY OF CRANBROOK

BYLAW NO. 3998

FIVE YEAR FINANCIAL PLAN (2020 to 2024) BYLAW

A bylaw to establish the Financial Plan for the Five Year Period from January 1, 2020 through December 31, 2024.

The Municipal Council of the Corporation of the City of Cranbrook, in open meeting assembled, enacts as follows:

1. THAT Schedule "A" and Schedule "B" attached hereto and forming part of this Bylaw is hereby declared to be the Five Year Financial Plan for the years 2020 to 2024, inclusive.
2. THAT this bylaw may be cited as "Five Year Financial Plan (2020 to 2024) Bylaw No. 3998, 2020."

Read a first time this 6th day of January, 2020.

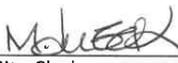
Read a second time this 6th day of January, 2020.

Read a third time this 6th day of January, 2020.

Adopted this 27th day of January, 2020.



Mayor



City Clerk

City of Cranbrook
Five Year Financial Plan Summary
2020 – 2024

THE CORPORATION OF THE CITY OF CRANBROOK					
FIVE YEAR FINANCIAL PLAN (2020-2024) BYLAW 3998, 2020					
SCHEDULE A					
	2020	2021	2022	2023	2024
REVENUE					
MUNICIPAL PROPERTY TAXES	(28,681,282)	(29,705,875)	(31,026,423)	(32,114,016)	(32,850,291)
PAYMENTS IN LIEU OF TAXES	(340,000)	(340,000)	(340,000)	(340,000)	(340,000)
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TRANSFERS FROM SURPLUS	(6,415,070)	(2,683,829)	(859,727)	(3,275,000)	(335,000)
BORROWING FOR CAPITAL	(1,400,000)	-	(4,333,333)	(2,740,000)	(8,666,667)
OTHER REVENUE	(2,741,542)	(2,769,896)	(2,660,493)	(2,483,557)	(4,507,094)
TRANSFERS FROM OTHER GOVERNMENTS	(2,717,982)	(2,278,478)	(12,610,285)	(2,340,063)	(15,546,788)
COLLECTIONS FOR OTHER GOVERNMENTS	(8,428,983)	(8,428,983)	(8,428,983)	(8,428,983)	(8,428,983)
Total REVENUE	(90,734,539)	(77,183,755)	(89,379,355)	(83,102,936)	(100,421,546)
OPERATING EXPENSES					
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PROTECTIVE SERVICES	10,424,729	10,563,232	10,815,174	11,205,842	11,483,439
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RECREATION & CULTURAL SERVICES	4,565,753	4,373,878	4,427,452	4,558,306	4,725,898
WATER/SEWER/SOLID WASTE	8,871,735	7,477,439	7,605,626	7,648,170	7,720,166
AIRPORT	2,077,872	2,050,010	2,109,178	2,164,405	2,185,710
FISCAL SERVICES	5,121,760	4,996,628	4,041,657	3,913,896	3,875,959
TRANSFERS TO RESERVES	4,095,387	3,949,235	4,099,134	4,164,894	4,084,845
OTHER TRANSFERS	1,050,273	837,354	866,447	875,546	934,656
AMORTIZATION	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
TRANSFERS TO OTHER GOVERNMENTS	8,428,983	8,428,983	8,428,983	8,428,983	8,428,983
Total OPERATING EXPENSES	68,732,760	66,033,731	66,145,472	66,847,245	67,502,028
CAPITAL EXPENSES					
GENERAL GOVERNMENT SERVICES	292,000	215,000	160,000	85,000	35,000
PROTECTIVE SERVICES	1,964,000	235,000	100,000	765,000	170,000
PUBLIC WORKS/INFRASTRUCTURE PLANNING & DELIVERY	8,100,107	4,945,357	4,606,376	5,370,691	6,275,518
RECREATION & CULTURE	6,634,422	1,378,000	945,000	1,070,000	2,469,000
WATER FUND	2,248,000	1,048,333	7,580,000	975,000	23,167,500
SEWER FUND	1,313,250	743,334	6,560,000	5,890,000	717,500
SOLID WASTE FUND	-	1,000,000	280,000	-	-
AIRPORT FUND	1,450,000	1,585,000	3,002,507	2,100,000	85,000
Total CAPITAL EXPENSES	22,001,779	11,150,024	23,233,883	16,255,691	32,919,518

City of Cranbrook
 Five Year Financial Plan Summary
 2020 – 2024

**CORPORATION OF THE CITY OF CRANBROOK
 2020 – 2024 FIVE YEAR FINANCIAL PLAN
 FIVE YEAR FINANCIAL PLAN BYLAW NO. 3998, 2020
 SCHEDULE B**

In accordance with Section 165(3.1) of the *Community Charter*, the City is required to include in the Five Year Financial Plan, objectives and policies regarding each of the following:

1. The proportion of total revenue that comes from each of the funding sources described in Section 165(7) of the *Community Charter*;
2. The distribution of property taxes among the property classes; and
3. The use of permissive tax exemptions.

Total Revenues

During its preparation of the Five Year Financial Plan, the City of Cranbrook maintains the following objectives:

1. To keep property taxes and user fees affordable for the City's residents;
2. To provide sustainable levels of service;
3. To maintain City owned assets and infrastructure in a good state of repair; and
4. To lessen the tax burden on property owners by pursuing other revenue sources.

The proposed 2020 total revenues by funding sources are:

Revenue Source	% of Total Revenue
Property Value Taxes	39%
Parcel Taxes	3%
User Fees & Utility Charges	19%
Other sources	10%
Reserves & Surplus	27%
Proceeds from Borrowing	2%

- **Property Value Taxes:**

The majority of the City's revenue is obtained through property taxes. As a revenue source, property taxation offers a number of advantages, for example, it is simple to administer and it is fairly easy for residents to understand. It offers a stable and reliable source of revenue for services that are difficult or undesirable to fund on a user-pay basis. These include services such as general administration, fire protection, police services, bylaw enforcement and street lighting.

- **Parcel Taxes:**

The revenue from water and sewer parcel taxes will primarily be used to finance existing capital debt, new capital projects, operations, and to maintain or build reserves for future purposes, within the water and sewer funds.

City of Cranbrook
Five Year Financial Plan Summary
2020 – 2024

- **User Fees and Utility Charges:**

User fees and utility charges will make up 19% of the 2020 revenue. The fees and charges are generated from services that are measured and charged on a user-pay basis, and attempt to apportion the value of a service to those who use the service. Such fees include water and sewer usage, licences and permits, airport fees, and leisure programs. User fees are reviewed annually to ensure they adequately meet both the capital and delivery costs of the service.

- **Other Sources:**

Other sources of revenue include conditional transfers from senior levels of government in the form of grants. The City will pursue such funding whenever the programs advance municipal goals. Funding agreements from Federal, Provincial, and Regional Governments will contribute 4% of total 2020 revenue.

Other sources vary from year to year, and can include franchise fee, investment income, and rental income. The City continually seeks out other sources of revenue in order to reduce the reliance on property taxes.

- **Reserves and Surplus:**

Reserve funds are a critical component of long-term financial planning, as they provide key funding sources for future capital expenses. In 2020, the City will fund 47% of its capital projects from reserves.

The *Community Charter* does not allow municipalities to plan for operating surpluses or deficits. To ensure this does not happen the City budgets revenues conservatively and closely monitors its expenses. Any surplus funds are accumulated and reviewed by Council annually to determine whether the funds will be used for one-time projects or saved for later use. In 2020, 9% of total revenue will come from accumulated surplus.

- **Borrowing Proceeds:**

The City will borrow for projects that are necessary to achieve our objectives limiting borrowing to projects that are considered significant and capital in nature.

Distribution of Property Taxes

The following table illustrates the distribution of property taxes among the property classes. Residential properties in Cranbrook form the largest assessment base, consume the majority of city services, and therefore provide the largest proportion of tax revenue.

The class distribution is reviewed on an annual basis to ensure that the property tax burden is distributed fairly, and to ensure that the distributions are comparable to other BC municipalities of similar size and structure. The City continues to maintain and encourage economic development initiatives designed to attract more commercial businesses and industry to invest in the community.

City of Cranbrook
 Five Year Financial Plan Summary
 2020 – 2024

The estimated Distribution of Property Taxes by Class (based on 2019 actuals):

Property Class	2020 Distribution (based on 2019 actual)	% of Total Property Taxation (based on 2019 actual)
Residential (01)	1.00	61.4%
Utilities (02)	6.43	1.3%
Light Industry (05)	2.70	1.2%
Business (06)	2.57	35.7%
Recreation/non-profit (08)	2.34	0.4%
Farm (09)	3.50	0.0%

Permissive Property Tax Exemptions

The City of Cranbrook is committed to the continuing development of the City as a successful and progressive community, and to preserving and further enhancing the high quality of life enjoyed by its citizens. One means of achieving the maximum benefit for the community is through the provision of permissive property tax exemptions.

In 2019, Council adopted the City of Cranbrook Annual Taxation Exemption Bylaw 3984 to exempt certain properties from taxation in 2020. The amount of foregone tax revenue is estimated to be \$254,400. As well, Special Taxation Exemption Bylaw 3949 will exempt approximately \$19,000 of municipal taxes on golf course lands in 2019.

Permissive Property Tax Exemption Policy No. 40-550A was created in 2019 which capped the amount for future years' exemptions at 1% of the prior years' tax levy. For 2020, the amount allocated to property tax exemptions has been capped at \$273,400, which equates to an 85% exemption of the eligible assessed value of each property.

Under the current practice, in order to be eligible for a City of Cranbrook Permissive Tax Exemption, non-profit organizations must own the land and improvements or lease the property from the City, demonstrate financial need, and meet the description of at least one of the following categories:

1. **Special Needs and Supportive Housing Properties:** short term emergency or crisis protection for members of the community; supportive housing for people with special needs; halfway, transitional, or group homes with supportive staff and programs; affordable rental housing provided to people with impairments due to disability or aging.
2. **Social Service Properties:** support services and programs available to members of the community who are in some way disadvantaged and need assistance in maximizing their quality of life.
3. **Arts and Cultural facilities:** preparation and delivery of artistic and cultural events or exhibits to the public.
4. **Emergency Rescue Services:** volunteer search and rescue services provided to area residents and visitors.
5. **Places of Worship:** land surrounding places for public worship; church halls and meeting spaces; properties occupied by a religious organization as a tenant, for the purpose of public worship.

City of Cranbrook
Five Year Financial Plan Summary
2020 – 2024

6. **Athletic or Recreational Facilities:** space and/or equipment are provided for the physical and mental enjoyment of participants, and associated fees are substantially lower than those of similar for profit organizations.
7. **Environmental Protection:** areas of land owned by non-profit organizations and held for the specific purpose of protecting plant or animal habitat.

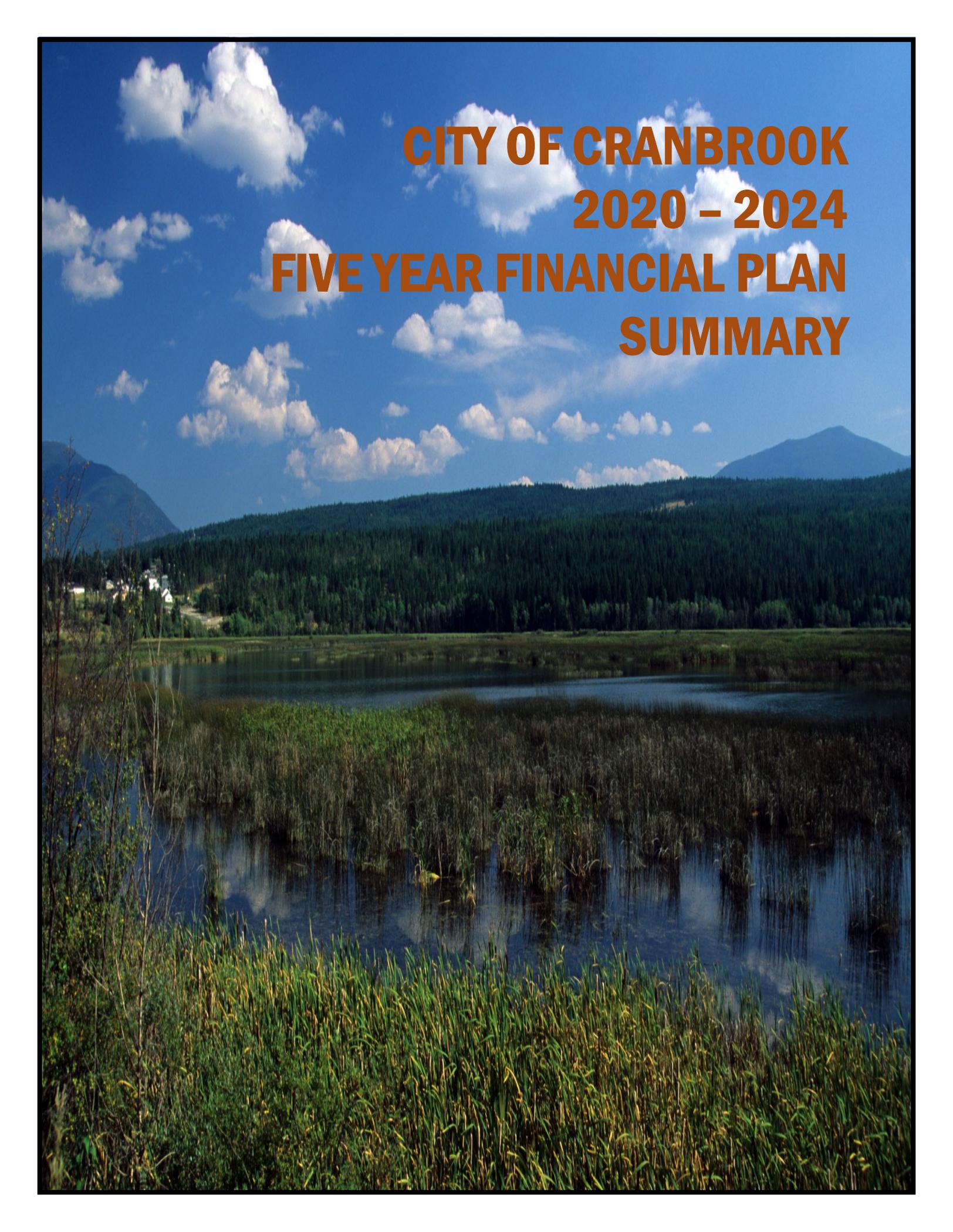


MOUNTAINS OF OPPORTUNITY

CRANBROOK

40 – 10th Avenue S.
Cranbrook, BC
V1C 2M8
250-426-4211
www.cranbrook.ca





**CITY OF CRANBROOK
2020 – 2024
FIVE YEAR FINANCIAL PLAN
SUMMARY**

City of Cranbrook
Five Year Financial Plan Summary
2020 – 2024

Message from the CFO

Each year, under Section 165 and 166 of the Community Charter, the City must develop a five-year financial plan and undertake a public consultation process before the plan is adopted. On October 22nd and 23rd, the City hosted public budget meetings where departments presented their proposed operating and capital budgets. The public was invited to submit comments on the information that was presented during the two days.

The *Five-Year Financial Plan Summary (2020 – 2024)* summarizes the five-year financial plan and is the accumulation of efforts by Administration to capture Council's objectives and priorities that include maintaining existing service levels, strategic addition of new services, continuing the momentum built around the road program while keeping the tax increase affordable.

Operating budget increases have been targeted at 2%. Some budget areas are experiencing increases greater than this target, particularly fuel and utilities. Revenues are typically estimated conservatively, however, where appropriate, they have been increased to reflect changes brought about by market conditions. The result is a 2020 general tax increase of 1.88%.

The City's annual 1% road dedicated tax continues through each of the five years of the plan. Over the 5 years, this initiative will add almost \$15,500,000 to the capital works program.

Administration uses the prior year's tax levy to calculate the percent increase for the following year. The Financial plan reflects an increase to the 2019 tax levy of 2.88%. This increase, as described above, breaks down as follows:

- 1.88% net general tax increase
- 1.00% road dedicated tax

In 2019, the City engaged several consultants and began the process of turning the former Tembec property into investment-ready parcels that would attract interest from diverse business sectors. The 2020 budget allocates \$5,680,000 to the project. The funds will be used to undertake installation of deep and shallow utilities and an internal road. Where possible, the work will be phased in based on development demand. Further development of the property is also expected to be on a phased-in basis. The City is currently collecting revenue from three tenants. The lease revenue is being used to fund a portion of the purchase as well as marketing costs.

The repair of the barrel roof at Western Financial Place planned for 2020, represents the final stage of the roof project. The 2020 budget is \$2,690,000, including the barrel roof with warranty as well as full repair to the fascia and soffit overhang. When complete, the project will have been phased in over 3 years. Including work already completed, the project is valued at \$5,438,000.

The five-year financial plan makes strategic use of reserve balances to fund new and necessary projects. Of the \$15.6 million new capital proposed for 2020, reserves will fund almost \$9,000,000, including the \$2,750,000 borrowed from the Moir Park Reserve for development of the Tembec property.

COMMUNITY PROFILE

Cranbrook is a thriving community with a proud history and an exciting future. Nestled in a broad open valley located between the Rocky Mountains to the east and the older Purcell Mountains to the west, Cranbrook is surrounded by world class scenery, recreation and wildlife. Mild winters and warm sunny summers characterize our beautiful mountain environment.

The 18th largest city in BC with a population of 20,047 people, our community is home to the Canadian Rockies International Airport, the East Kootenay Regional Hospital, the College of the Rockies, the 600 seat Key City Theatre, the Western Financial Place recreational complex, which houses the BCHL Cranbrook Bucks hockey team, and a spectacular and growing summer Farmer's Market.



Downtown Cranbrook Farmers Market

Located on Highway 3, BC's southern Trans-Canada highway and on the Canadian Pacific Railway line, Cranbrook is the hub for business and for retail shopping for the East Kootenay region, boasting a total population of 56,702.

Over the past ten years, Cranbrook has received recognition and accolades numerous times for the quality of life enjoyed by area residents. Most recently, Maclean's ranked Cranbrook #52 on its best communities list out of 415 communities across Canada. As well, this year Cranbrook was recognized as one of ten age-friendly communities by the Province of BC.

Canadian Rockies International Airport (YXC) offers the convenience of flying from, and most importantly returning home to our own backyard. Air Canada, WestJet, and Pacific Coastal are the airlines that fly in and out of YXC, with direct flights to Calgary, Vancouver, and Kelowna.

City of Cranbrook - Mayor and Council



L-R: Councillor Wesly Graham, Councillor Mike Peabody, Councillor Norma Blissett, Mayor Lee Pratt, Councillor John Hudak, Councillor Wayne Price, Councillor Ron Popoff

ORGANIZATIONAL STRUCTURE

There are eight departments within the City, each of which reports to the Chief Administrative Officer. They are:

- ❖ Corporate Administration
- ❖ Department of Development Services
- ❖ Finance
- ❖ Public Works
- ❖ Community Services
- ❖ Fire & Emergency Services
- ❖ Airport
- ❖ RCMP (through a contract)

The eight departments deliver a broad group of services to Cranbrook residents, including:

- ❖ Infrastructure Planning, Maintenance, and Delivery
- ❖ Parks, Recreation and Culture
- ❖ Water and Sanitary Sewer Services
- ❖ Solid Waste Management
- ❖ Fire Protection & Emergency Preparedness
- ❖ Policing
- ❖ Bylaw Enforcement
- ❖ Planning & Development
- ❖ Financial Planning and Accounting
- ❖ Airport Operation and Maintenance
- ❖ Public Transit, including HandiDart Services

FINANCIAL PLAN OVERVIEW

The City must prepare a Five-Year Financial Plan each year that is based on Sections 165 and 166 of the *Community Charter*. The budget must be balanced, meaning that the proposed expenses for a year cannot exceed the total of the proposed funding sources and transfers from other funds. The Financial Plan must be adopted annually, by bylaw, after a period of public consultation has taken place.

This year's budget process began with strategic planning sessions between City Council and senior management. Priority projects were identified and categorized based on importance and alignment with Council's objectives and ultimately formed the basis of the 2020 to 2024 Five Year Financial Plan.

Public budget meetings were held in October and November 2019, where all the departments presented their detailed 2020 work plans and summarized their major projects planned for 2021 through 2024. The public was invited to attend and submit written comments.

Council received the budget information and directed staff to make some adjustments where they felt better alignment with their objectives could be achieved. The public consultation period was open from December 10 through December 20, 2019. In January 2020, after the public consultation period, Council reviewed comments from the public, and gave the 2020 to 2024 Five Year Financial Plan Bylaw three readings and it was adopted January 27, 2020.

If necessary, a budget amendment bylaw will be presented to Council later in 2020, which will include any unexpected changes that may arise after the initial budget was adopted. Prior to May 15, 2020 the Cranbrook Tax Rates Bylaw will be presented to Council for consideration.



BUDGET HIGHLIGHTS

Tax Levy:

The total tax levy for 2020 is projected to be \$28,363,481. This reflects an overall property tax levy increase of 2.88%, of which 1% is collected solely to fund Capital Works Road Projects like water, sewer and storm infrastructure, road surface and sidewalk replacements, and the addition and replacement of other road related assets.

The 1% tax collected for road related projects will amount to \$2,504,189 in 2020.

A 2.88% tax increase will result in approximately \$5.42 per month increase for an average residential property assessed at \$300,000.

Non-market change will provide additional property tax revenue estimated at \$240,000 from new construction and changes in classification status.

Capital Roads Projects:

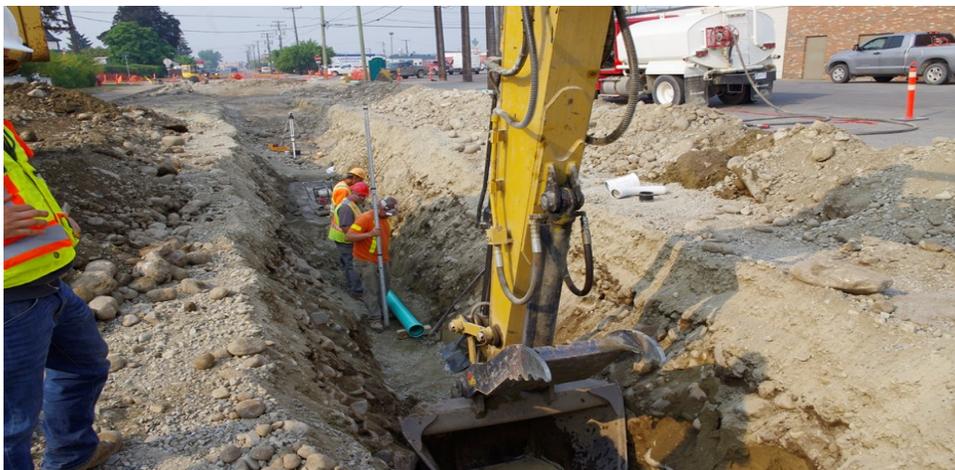
Extensive road resurfacing and rehabilitation will continue throughout all five years of the plan, with a total budget of \$25,113,635 allocated for capital roads projects. The 1% Capital Works tax collected in 2020 is equal to \$2,504,189 (2019 - \$2,230,821) and will be used for capital road projects, deep utilities at the Industrial Lands, and Highway 95A/Theatre Road signalization.

The funding breakdown for the 2020 capital roads program is:

Taxation and Utility Fees	\$ 1,170,000
1% Capital Works Tax	\$ 1,577,439
Reserves	\$ 856,900
Total 2020 Program	\$ 3,604,339

In 2019, approximately \$4.3 million was spent on capital roads projects that employed five local contractors. Throughout the city, 2.1 km of roads were paved, 1.0 km of water mains were replaced, 2.9 km of sewer mains were relined, and 1.7 km of sidewalks were laid.

Details of the 2020 preliminary road improvement program, pending firm construction pricing and other considerations, will be published at a later date.



Kootenay Street Storm Replacement

Cranbrook Industrial Lands (former Tembec property):

Looking ahead to build for the future, is one of the biggest reasons the City of Cranbrook purchased the previous Tembec property in 2018. This has added 99 acres of industrial zoned land supply available for development in the City. The goal of the purchase is to attract employment rich, diverse, value-added industry to the community, enhancing our economic base.

In June 2019, three engineering studies were initiated by the City. The first was an environmental engineering study, the second was a civil engineering study, and the third was a geotechnical study. It is anticipated these studies will be completed early in 2020.

City staff continue to work on the overall concept and strategy for the former Tembec property with a focus on marketing to investors, developers and other business interests.

Cranbrook Industrial Lands

Year	Item	Components	Cost	Totals
2018	Land Purchase	Land Acquisition Costs	\$ 3,069,862	\$ 3,069,862
2019	Studies	Engineering & Geotechnical	\$ 200,000	\$ 529,000
		Environmental	\$ 244,000	
		Property Analysis	\$ 85,000	
2020	Land Development	Remediation	\$ 370,000	\$ 5,680,000
		Deep Utilities	\$ 2,500,000	
		Shallow Utilities and Road	\$ 2,750,000	
		Fibre Conduit	\$ 30,000	
		Marketing Costs	\$ 30,000	

*** To date all project costs will be coming from reserves and accumulated surplus. The City will also pursue Federal/Provincial Infrastructure Grants and other funding partnerships.*



Industrial Lands located at 1479 Theatre Road

City of Cranbrook
Five Year Financial Plan Summary
2020 – 2024

For the development of the property, \$2.5 million is included in the 2020 budget for installation of deep utilities, and \$2.75 million for installation of shallow utilities and a road.

There have been some early successes on site, with the introduction of C & C Wood Products and Caliper creating good paying jobs and restoring life into the former Tembec lands.

Upon the successful development of the Tembec lands, we expect new lease and sales revenue, property tax revenue, the creation of more jobs and many other important spinoffs which will positively impact the overall economy of Cranbrook.

Looking ahead, the economic outlook and overall goals for the property are strong. New investment and growth will create positive direct and indirect impacts in the local job market and in the local business economy. Work is underway from an economic development perspective to build on the historic strengths of the area, foster local innovation and investment, and help diversify our economy and create jobs.

Western Financial Place:

In 2020, work on the Western Financial Place roof replacement will continue through to completion. Additional funds in the amount of \$2,690,000 have been allocated for 2020 to complete the barrel roof over the arena.

Western Financial Place will become home to the newest BCHL expansion team, the Cranbrook Bucks, starting in September 2020. The team will play in the Interior division and bring exciting hockey back to the city after the departure of the Kootenay Ice last March.



Projected revenues in 2020 from WFP, including special events are \$765,000. Operating expenses, including the curling rink, are estimated to be \$3,240,821 before debt payments of \$1,591,130.



Roof Replacement at Western Financial Place

City of Cranbrook
Five Year Financial Plan Summary
2020 – 2024

Several big name events were held at Western Financial Place in 2019, including Foreigner, FMX World Tour, The Offspring, and Sum 41. Events will continue in 2020 starting with the BC Curling Championships and Theory of a Deadman in January and February.

Larger capital projects budgeted for 2020 through 2024 include completion of the roof, new arena boards, replacement of the brine chiller and refrigeration condenser, and a new dehumidification system at the arena.

Canadian Rockies International Airport

The Canadian Rockies International Airport is forecasting operating revenues of \$2,804,546 and operating expenses of \$1,664,755 in 2020. Continued passenger growth is expected with Air Canada, Westjet, and Pacific Coastal currently offering direct service to Vancouver, Calgary, and Kelowna. 2020 passenger counts are expected to be approximately 176,200.



Pacific Coastal Airlines

Thirteen new capital projects are planned for the airport in 2020, ranging in focus from preventative maintenance to critical safety upgrades. The airport infrastructure will continue to be developed with upgrades to the HVAC systems as well as accessibility updates. The 1980 Mack dump truck and plow will be replaced, pending ACAP funding approval, and the internet connection at the Airport will see significant improvements in speed and reliability of service with the upgrade to a fibre optic connection.

City of Cranbrook
Five Year Financial Plan Summary
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Airport Terminal upgrades completed in 2017

The 2021 to 2024 extended capital plan is designed to meet the anticipated needs of safety, customer service and infrastructure maintenance. In 2021, the main car parking lot and airside service road will be repaved as they are anticipated to begin to fail by that time. The capital project to replace the Airfield Lighting Cabling and Transformers will be submitted for ACAP (Airport Capital Assistance Program) funding in 2020 with anticipated approval to begin the project in 2022.

Passenger numbers are anticipated to grow sufficiently by 2023 to warrant an expansion to the screening point and departures lounge.

Taxation Levels

The proposed overall property tax increase reflects an increase in line with inflation rates (2019 CPI = 2.0%). Taxation revenue is based on the service delivery levels approved by Council each year during the budget process. The 2020 to 2024 Five Year Financial Plan includes budgeted property tax revenues as follows:

<u>Year</u>	<u>Taxation Revenue (Levy)</u>
2020	\$ 28,363,481
2021	\$ 29,388,074
2022	\$ 30,708,622
2023	\$ 31,796,215
2024	\$ 32,532,490



Estimated impact of the 2020 tax increase

The 2020 general municipal property tax increase for an average residential property in Cranbrook (excluding school and other non-City taxes) is projected to be 2.88% or approximately \$64 for the year.

In 2019, the BC Assessment Authority valued the average residential property in Cranbrook at \$296,000. Based on the 2019 assessed value, the 2020 projected municipal taxes for an average home will be about \$2,275, or \$6.24 per day, before the Provincial Homeowner Grant.



Residential Value	\$200,000	\$300,000	\$400,000
Estimated 2020 Taxes ^	\$1,537	\$2,305	\$3,074
Increase over 2019 **	\$43	\$65	\$86

^ Municipal property taxes only
 ** Estimated annual increase

Eligible residential property owners can apply for an annual homeowner grant which is deducted from their total tax bill. The grant amounts are \$770 – basic; \$1,045 – senior/disability.

Your Municipal Tax Dollars at Work
A Comparative View
What does \$6.24 per day get you?

Average Residential Property in Cranbrook is assessed at \$296,000



Est. 2020 Municipal Taxes = \$2,275 (\$6.24 per day)



Municipal Services

- Fire & Emergency Services
- Police Protection
- Bylaw Services
- Construction and maintenance of safe roads
- Snow Removal
- Parks & Trails
- Public Transit
- Library
- Recreational Facilities
- Community Events

VS

Venti sized Special Coffee

or

One pound lean ground beef

or

Pint of Beer

or

Glass of Wine

or

One Lotto Max Ticket + Extra

or

One day of Cable & Internet

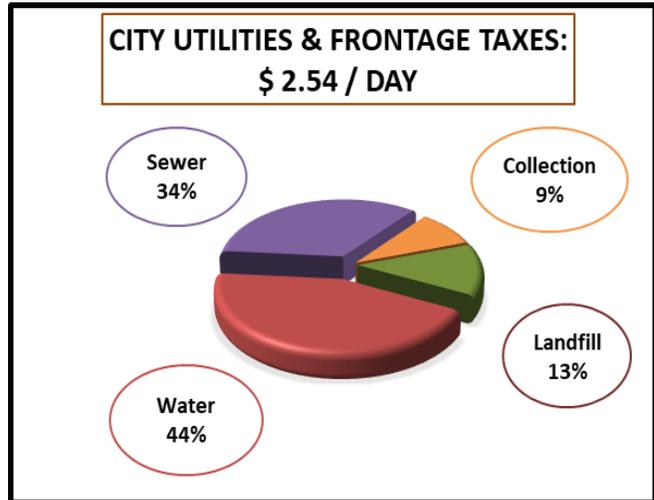
City of Cranbrook
 Five Year Financial Plan Summary
 2020 – 2024

Impact of 2020 Utilities Fees

For an average home in Cranbrook, the projected 2020 utility and frontage tax fees will total \$928 (\$2.54 per day). This amount remains unchanged from 2019.

A 5% discount off the total annual utility bill will be provided to those property owners who pay in full before the end of April.

In 2019, utility billings were changed to three times per year from six, and the prepayment period was extended from February to April.



Utility and Parcel Tax Rates

The 2020 monthly utility fees for water, sewer, and solid waste will remain at 2019 levels, and are projected to be:

<u>Year</u>	<u>Monthly Rate</u>	<u>Revenue</u>
2020	\$ 59.50	\$ 7,305,130
2021	\$ 59.50	\$ 7,327,044
2022	\$ 59.50	\$ 7,349,025
2023	\$ 59.50	\$ 7,371,073
2024	\$ 59.50	\$ 7,393,186

(2019 - \$59.50)

The annual parcel tax charges will also remain unchanged, and are projected to be:

<u>Year</u>	<u>Rate per Taxable Meter Frontage</u>	<u>Revenue</u>	<u>Annual charge to average home (based on 15.25 m. lot)</u>
2020	\$ 14.00	\$ 2,492,462	\$ 214
2021	\$ 14.00	\$ 2,497,447	\$ 214
2022	\$ 14.00	\$ 2,502,442	\$ 214
2023	\$ 14.00	\$ 2,507,447	\$ 214
2024	\$ 14.00	\$ 2,512,462	\$ 214

(2019 - \$14.00 per taxable m)

City of Cranbrook
Five Year Financial Plan Summary
2020 – 2024

Capital Projects

Like most communities, Cranbrook faces significant costs related to the replacement and maintenance of our infrastructure. The projects identified in the 2020 – 2024 Five Year Financial Plan have been identified as priority projects.

Whenever possible, capital projects are funded from reserve funds. In 2020, 71% of projects will be paid for by reserves or accumulated surplus. The remainder will be funded from grants or tax revenue.

Projects scheduled for completion in 2020 include:

- \$ 3,604,339 Capital Roads Program (includes underground water & sewer services)
- \$ 2,690,000 Western Financial Place Roof Replacement (not including carryforward funds)
- \$ 2,500,000 Industrial Land Deep Utilities Servicing (water, sanitary sewer, storm sewer)
- \$ 2,750,000 Industrial Land Shallow Utilities and Gravel Road
- \$ 1,400,000 Ladder Truck Replacement
- \$ 666,000 Downtown Revitalization
- \$ 504,000 Pressure Reducing Station #5 Construction



2nd Street North - Paving

City of Cranbrook
 Five Year Financial Plan Summary
 2020 – 2024

The amounts designated for municipal capital expenditures over the next five years, excluding previously approved amounts that may be carried forward from 2019, are:

By Department:

	2020	2021	2022	2023	2024
Corporate Administration	666,000	-	-	-	-
Finance	-	-	40,000	-	-
Department of Development Services	132,000	215,000	120,000	85,000	35,000
Protective Services	334,000	235,000	100,000	765,000	170,000
Public Works/ IPD	7,076,189	5,020,873	4,537,642	4,787,047	5,676,517
Recreation & Culture	2,945,000	1,233,000	945,000	1,040,000	2,469,000
Water Fund	2,248,000	1,048,333	7,580,000	975,000	23,167,500
Sewer Fund	1,313,250	743,334	6,560,000	5,890,000	717,500
Solid Waste Fund	-	1,000,000	280,000	-	-
Airport Fund	950,000	1,585,000	3,002,507	2,100,000	85,000
Total Capital Projects	15,664,439	11,080,540	23,165,149	15,642,047	32,320,517

By Type:

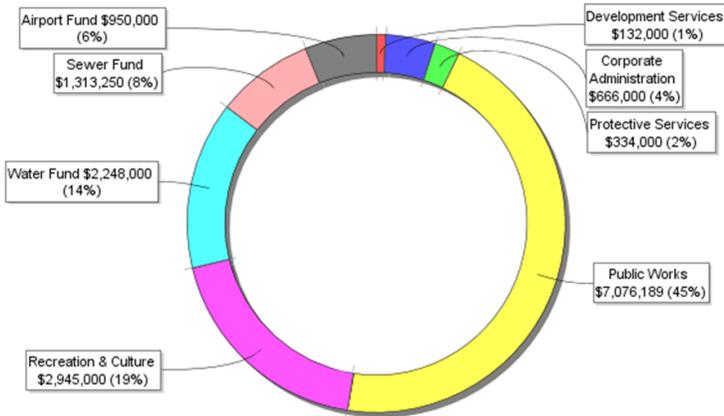
	2020	2021	2022	2023	2024
Land Development	1,046,750	-	-	-	-
Building Improvements	2,905,000	1,025,000	570,000	1,438,000	1,509,000
Mobile Equipment	653,000	353,333	125,000	832,000	192,000
Other Equipment	327,000	468,000	200,000	225,000	105,000
Roads & Sidewalks	5,380,439	4,386,540	4,172,642	3,851,047	4,294,517
Other Infrastructure	666,000	30,000	50,000	-	-
Parks & Trails	175,000	441,000	625,000	331,000	2,250,000
Water Fund	2,248,000	1,048,333	7,580,000	975,000	23,167,500
Sewer Fund	1,313,250	743,334	6,560,000	5,890,000	717,500
Solid Waste Fund	-	1,000,000	280,000	-	-
Airport Fund	950,000	1,585,000	3,002,507	2,100,000	85,000
Total Capital Projects	15,664,439	11,080,540	23,165,149	15,642,047	32,320,517

By Funding Source:

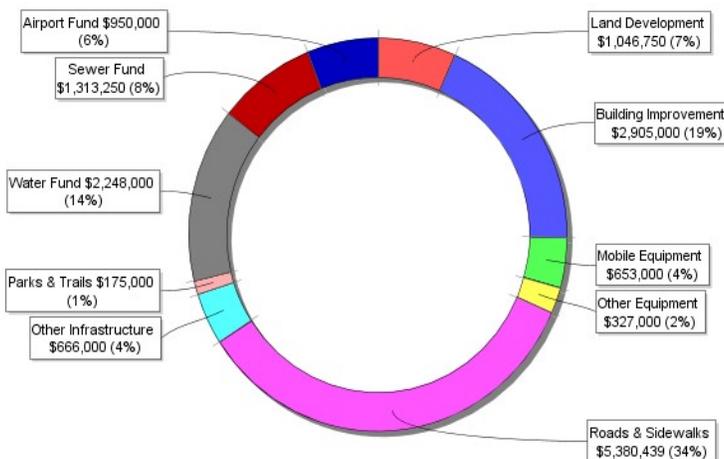
	2020	2021	2022	2023	2024
Revenue	3,582,091	4,111,340	4,319,542	4,131,047	4,405,517
Surplus	2,386,750	1,440,000	943,852	3,250,000	335,000
Borrowing	-	-	4,333,333	2,740,000	8,666,667
Reserves	6,076,098	4,650,274	2,614,000	4,422,699	3,048,372
Borrowing from Moir Reserve	2,750,000				
Grants & Contributions	869,500	761,326	10,954,422	630,000	15,864,961
Development Cost Charges	-	117,600	-	468,301	-
Total Capital Budget	15,664,439	11,080,540	23,165,149	15,642,047	32,320,517

City of Cranbrook Five Year Financial Plan Summary 2020 – 2024

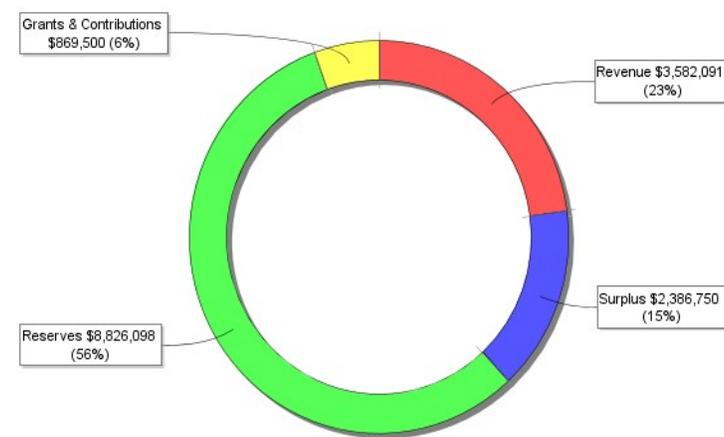
Capital Projects By Department - 2020



Capital Projects by Type - 2020



Capital Projects by Funding Source - 2020



15th Avenue S Water Main Replacement

City of Cranbrook
 Five Year Financial Plan Summary
 2020 – 2024

Carry Forward Projects

Projects that are incomplete at December 31, 2019 will be carried forward to 2020. The funding for these projects was included in the 2019 – 2023 Five Year Financial Plan Bylaw, which was adopted on February 4, 2019.

Projects being carried forward include:

• RCMP CCVE & Member Changeroom	• Fire Ladder Truck
• Fire Protection Mitigation Projects	• Spray Irrigation Groundwater Prog.
• WFP Brine Chiller	• Kinsmen & WFP Arena Boards
• WFP Roof Replacement	• Airport Fibre Optic Service
• Flood Mitigation Planning	• WFP Videotron
• Water Quality Asset Mgmt Plan	• Multidiscipline Staff Development
• Airport Dump Truck	• Airport Dump Truck
• Downtown Transportation / Street Improvement Plan	



Idlewild Park Rehabilitation project – completed 2019

Financial Support to Community Organizations

Recognizing the benefits provided by the efforts of not-for-profit organizations and service groups, City Council has approved grant funding and fees for services to 28 organizations in 2020. These organizations include the Cranbrook Public Library, Key City Theatre, Chamber of Commerce, Cranbrook History Centre, Cranbrook Search & Rescue, and Cranbrook Curling Club. In 2020, the funding is budgeted to be \$1,133,227.

In addition, City Council has approved permissive tax exemptions to not-for-profit organizations in 2020 in the estimated amount of \$273,402. Permissive exemptions are at Council's discretion and must be applied for each year.



Royal Alexandra Hall – Cranbrook History Centre

Regional Landfill

The annual payment to the RDEK for the regional landfill fee is budgeted to be \$1,600,000 in the years 2020 through 2024.

RCMP

The City has a contract with the RCMP to provide police services for the City. The 2020 contract for 26 Officers is budgeted at \$4,727,219 (2019 - \$4,615,929). Separate from the policing contract, the City has budgeted over \$1,640,000 in 2020 for RCMP operations, building maintenance, and security upgrades at the detachment.

City of Cranbrook
Five Year Financial Plan Summary
2020 – 2024

Transfers to/from Reserves

Reserves and reserve funds receive annual contributions from the operating budget to assist with creating a solid financial position to support the City's future cash requirements. Budgeted transfers to reserve funds in 2020 amount to \$4,244,480. Some of the larger deposits include:

\$ 1,852,163	Recapitalization reserves for capital asset replacement
\$ 954,772	Federal gas tax transfer to fund eligible projects
\$ 224,595	Airport Improvement Fees
\$ 145,000	Lagoon Desludging Reserve
\$ 122,886	Buildings reserve
\$ 99,105	Industrial Lands Reserve
\$ 65,815	Carbon Offset Reserve

Reserve funds have been established and set aside, either by a municipal bylaw or legislative requirement, and are used to fund future capital requirements. In 2020, reserve withdrawals amount to \$13,702,311. Some of the larger projects funded from reserves are:

\$ 6,225,611	Western Financial Place Roof, Arena Chiller/Boards, Aquatic Improvement
\$ 3,148,000	Industrial Lands Development
\$ 1,013,000	Mobile Equipment Replacement
\$ 856,900	Capital Road Program
\$ 690,252	Building upgrades
\$ 475,000	Storm/Flood Water Projects
\$ 216,000	Downtown Revitalization Projects

Public Transit

In partnership with BC Transit, the City provides an integrated transit system that allows riders convenience and flexibility when travelling within city limits.

The costs associated with conventional and custom transit are shared with the Province. The City's share for 2020 operations is budgeted at \$748,000 net of revenue.



City of Cranbrook
 Five Year Financial Plan Summary
 2020 – 2024

Amortization of Capital Assets

Effective in 2009, the Public Sector accounting rules required all local governments to begin amortizing (depreciating) tangible assets over their useful life. The City's amortization charge for 2020 has been budgeted at \$8,000,000 and has been included in the Financial Plan.

Borrowing

Over the five-year period 2020 to 2024, the City plans to borrow approximately \$16,400,000 for various capital projects as follows:

<u>Capital Project:</u>	<u>Year</u>	<u>Amount</u>	*	<u>Term</u>	<u>Annual Payment</u>
Fire Ladder Truck	2021	1,400,000		5 years	298,823
Transfer Pipeline - Phase II	2022	2,000,000		20 years	154,431
Gold Creek Dam	2022	2,333,333		20 years	180,170
Lagoon Dyke and Piping upgrade	2023	2,000,000		20 years	154,431
Water Treatment Plant & Distribution	2024	<u>8,666,667</u>		20 years	669,203
		<u>\$16,400,000</u>			
* Assumed interest rate of 4.0% - reviewed with MFA					

Salaries and Wages

The City's Collective Agreement with CUPE Local 2090 is in effect from March 1, 2017 to February 28, 2021.

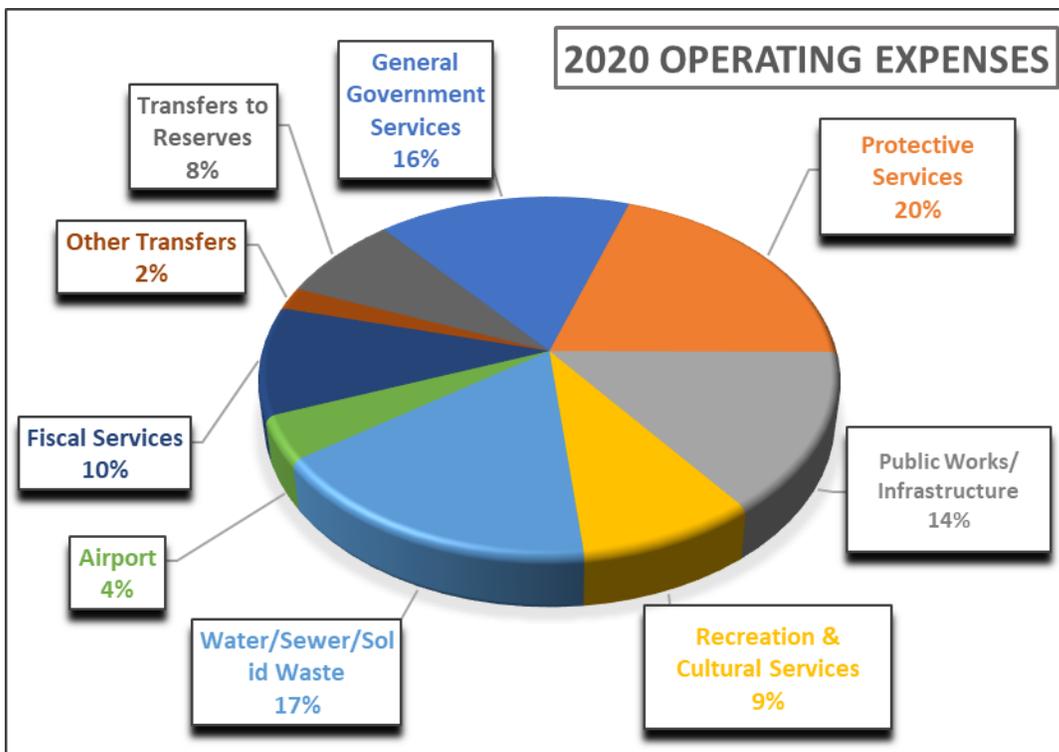
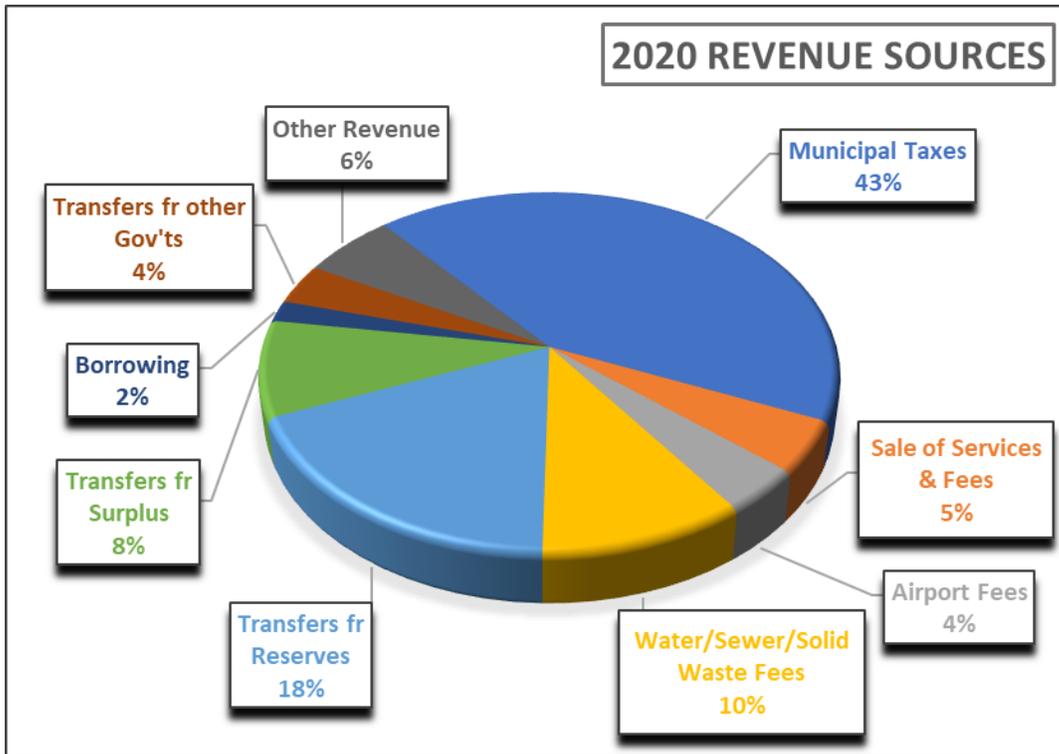
Exempt staff salaries will be reviewed based on performance results during each year.

The City's Collective Agreement with Cranbrook Fire Fighters Local 1253 is in effect from January 1, 2015 to December 31, 2019.

City of Cranbrook
Five Year Financial Plan Summary
2020 – 2024

THE CORPORATION OF THE CITY OF CRANBROOK CONSOLIDATED FIVE YEAR FINANCIAL PLAN 2020 TO 2024 UNAUDITED					
	2020	2021	2022	2023	2024
REVENUE					
MUNICIPAL PROPERTY TAXES	(28,681,282)	(29,705,875)	(31,026,423)	(32,114,016)	(32,850,291)
PAYMENTS IN LIEU OF TAXES	(340,000)	(340,000)	(340,000)	(340,000)	(340,000)
PARCEL & LOCAL AREA SERVICE TAXES	(2,666,818)	(2,543,303)	(2,548,298)	(2,528,046)	(2,533,061)
SALE OF SERVICES AND FEES	(3,452,018)	(3,540,695)	(3,646,723)	(3,659,293)	(3,701,463)
AIRPORT FEES	(2,968,408)	(3,023,904)	(3,080,508)	(3,138,243)	(3,197,136)
WATER/SEWER/SOLID WASTE FEES	(7,550,830)	(7,572,744)	(7,594,725)	(8,085,074)	(7,638,886)
RENTALS	(522,244)	(455,564)	(387,061)	(388,921)	(420,549)
NON-FUNDED AMORTIZATION	(8,000,000)	(8,000,000)	(8,000,000)	(8,000,000)	(8,000,000)
RETURN ON INVESTMENTS	(1,147,051)	(1,018,058)	(994,108)	(1,018,238)	(925,316)
TRANSFERS FROM RESERVES	(13,702,311)	(4,822,426)	(2,868,688)	(4,563,502)	(3,330,312)
TRANSFERS FROM SURPLUS	(6,415,070)	(2,683,829)	(859,727)	(3,275,000)	(335,000)
BORROWING FOR CAPITAL	(1,400,000)	-	(4,333,333)	(2,740,000)	(8,666,667)
OTHER REVENUE	(2,741,542)	(2,769,896)	(2,660,493)	(2,483,557)	(4,507,094)
TRANSFERS FROM OTHER GOVERNMENTS	(2,717,982)	(2,278,478)	(12,610,285)	(2,340,063)	(15,546,788)
COLLECTIONS FOR OTHER GOVERNMENTS	(8,428,983)	(8,428,983)	(8,428,983)	(8,428,983)	(8,428,983)
Total REVENUE	(90,734,539)	(77,183,755)	(89,379,355)	(83,102,936)	(100,421,546)
OPERATING EXPENSES					
GENERAL GOVERNMENT SERVICES	8,499,719	8,301,027	8,503,507	8,492,576	8,623,034
PROTECTIVE SERVICES	10,424,729	10,563,232	10,815,174	11,205,842	11,483,439
PUBLIC WORKS/INFRASTRUCTURE PLANNING & DELIVERY	7,596,549	7,055,945	7,248,314	7,394,627	7,439,338
RECREATION & CULTURAL SERVICES	4,565,753	4,373,878	4,427,452	4,558,306	4,725,898
WATER/SEWER/SOLID WASTE	8,871,735	7,477,439	7,605,626	7,648,170	7,720,166
AIRPORT	2,077,872	2,050,010	2,109,178	2,164,405	2,185,710
FISCAL SERVICES	5,121,760	4,996,628	4,041,657	3,913,896	3,875,959
TRANSFERS TO RESERVES	4,095,387	3,949,235	4,099,134	4,164,894	4,084,845
OTHER TRANSFERS	1,050,273	837,354	866,447	875,546	934,656
AMORTIZATION	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
TRANSFERS TO OTHER GOVERNMENTS	8,428,983	8,428,983	8,428,983	8,428,983	8,428,983
Total OPERATING EXPENSES	68,732,760	66,033,731	66,145,472	66,847,245	67,502,028
CAPITAL EXPENSES **					
GENERAL GOVERNMENT SERVICES	292,000	215,000	160,000	85,000	35,000
PROTECTIVE SERVICES	1,964,000	235,000	100,000	765,000	170,000
PUBLIC WORKS/INFRASTRUCTURE PLANNING & DELIVERY	8,100,107	4,945,357	4,606,376	5,370,691	6,275,518
RECREATION & CULTURE	6,634,422	1,378,000	945,000	1,070,000	2,469,000
WATER FUND	2,248,000	1,048,333	7,580,000	975,000	23,167,500
SEWER FUND	1,313,250	743,334	6,560,000	5,890,000	717,500
SOLID WASTE FUND	-	1,000,000	280,000	-	-
AIRPORT FUND	1,450,000	1,585,000	3,002,507	2,100,000	85,000
Total CAPITAL EXPENSES	22,001,779	11,150,024	23,233,883	16,255,691	32,919,518

** 2019 Carry-forward projects are not included



City of Cranbrook
Five Year Financial Plan Summary
2020 – 2024



THE CORPORATION OF THE
CITY OF CRANBROOK

BYLAW NO. 3998

FIVE YEAR FINANCIAL PLAN (2020 to 2024) BYLAW

A bylaw to establish the Financial Plan for the Five Year Period from January 1, 2020 through December 31, 2024.

The Municipal Council of the Corporation of the City of Cranbrook, in open meeting assembled, enacts as follows:

1. THAT Schedule "A" and Schedule "B" attached hereto and forming part of this Bylaw is hereby declared to be the Five Year Financial Plan for the years 2020 to 2024, inclusive.
2. THAT this bylaw may be cited as "Five Year Financial Plan (2020 to 2024) Bylaw No. 3998, 2020."

Read a first time this 6th day of January, 2020.

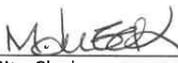
Read a second time this 6th day of January, 2020.

Read a third time this 6th day of January, 2020.

Adopted this 27th day of January, 2020.



Mayor



City Clerk

City of Cranbrook
 Five Year Financial Plan Summary
 2020 – 2024

THE CORPORATION OF THE CITY OF CRANBROOK					
FIVE YEAR FINANCIAL PLAN (2020-2024) BYLAW 3998, 2020					
SCHEDULE A					
	2020	2021	2022	2023	2024
REVENUE					
MUNICIPAL PROPERTY TAXES	(28,681,282)	(29,705,875)	(31,026,423)	(32,114,016)	(32,850,291)
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Total CAPITAL EXPENSES	22,001,779	11,150,024	23,233,883	16,255,691	32,919,518

City of Cranbrook
 Five Year Financial Plan Summary
 2020 – 2024

**CORPORATION OF THE CITY OF CRANBROOK
 2020 – 2024 FIVE YEAR FINANCIAL PLAN
 FIVE YEAR FINANCIAL PLAN BYLAW NO. 3998, 2020
 SCHEDULE B**

In accordance with Section 165(3.1) of the *Community Charter*, the City is required to include in the Five Year Financial Plan, objectives and policies regarding each of the following:

1. The proportion of total revenue that comes from each of the funding sources described in Section 165(7) of the *Community Charter*;
2. The distribution of property taxes among the property classes; and
3. The use of permissive tax exemptions.

Total Revenues

During its preparation of the Five Year Financial Plan, the City of Cranbrook maintains the following objectives:

1. To keep property taxes and user fees affordable for the City's residents;
2. To provide sustainable levels of service;
3. To maintain City owned assets and infrastructure in a good state of repair; and
4. To lessen the tax burden on property owners by pursuing other revenue sources.

The proposed 2020 total revenues by funding sources are:

Revenue Source	% of Total Revenue
Property Value Taxes	39%
Parcel Taxes	3%
User Fees & Utility Charges	19%
Other sources	10%
Reserves & Surplus	27%
Proceeds from Borrowing	2%

- **Property Value Taxes:**

The majority of the City's revenue is obtained through property taxes. As a revenue source, property taxation offers a number of advantages, for example, it is simple to administer and it is fairly easy for residents to understand. It offers a stable and reliable source of revenue for services that are difficult or undesirable to fund on a user-pay basis. These include services such as general administration, fire protection, police services, bylaw enforcement and street lighting.

- **Parcel Taxes:**

The revenue from water and sewer parcel taxes will primarily be used to finance existing capital debt, new capital projects, operations, and to maintain or build reserves for future purposes, within the water and sewer funds.

City of Cranbrook
Five Year Financial Plan Summary
2020 – 2024

- **User Fees and Utility Charges:**

User fees and utility charges will make up 19% of the 2020 revenue. The fees and charges are generated from services that are measured and charged on a user-pay basis, and attempt to apportion the value of a service to those who use the service. Such fees include water and sewer usage, licences and permits, airport fees, and leisure programs. User fees are reviewed annually to ensure they adequately meet both the capital and delivery costs of the service.

- **Other Sources:**

Other sources of revenue include conditional transfers from senior levels of government in the form of grants. The City will pursue such funding whenever the programs advance municipal goals. Funding agreements from Federal, Provincial, and Regional Governments will contribute 4% of total 2020 revenue.

Other sources vary from year to year, and can include franchise fee, investment income, and rental income. The City continually seeks out other sources of revenue in order to reduce the reliance on property taxes.

- **Reserves and Surplus:**

Reserve funds are a critical component of long-term financial planning, as they provide key funding sources for future capital expenses. In 2020, the City will fund 47% of its capital projects from reserves.

The *Community Charter* does not allow municipalities to plan for operating surpluses or deficits. To ensure this does not happen the City budgets revenues conservatively and closely monitors its expenses. Any surplus funds are accumulated and reviewed by Council annually to determine whether the funds will be used for one-time projects or saved for later use. In 2020, 9% of total revenue will come from accumulated surplus.

- **Borrowing Proceeds:**

The City will borrow for projects that are necessary to achieve our objectives limiting borrowing to projects that are considered significant and capital in nature.

Distribution of Property Taxes

The following table illustrates the distribution of property taxes among the property classes. Residential properties in Cranbrook form the largest assessment base, consume the majority of city services, and therefore provide the largest proportion of tax revenue.

The class distribution is reviewed on an annual basis to ensure that the property tax burden is distributed fairly, and to ensure that the distributions are comparable to other BC municipalities of similar size and structure. The City continues to maintain and encourage economic development initiatives designed to attract more commercial businesses and industry to invest in the community.

City of Cranbrook
 Five Year Financial Plan Summary
 2020 – 2024

The estimated Distribution of Property Taxes by Class (based on 2019 actuals):

Property Class	2020 Distribution (based on 2019 actual)	% of Total Property Taxation (based on 2019 actual)
Residential (01)	1.00	61.4%
Utilities (02)	6.43	1.3%
Light Industry (05)	2.70	1.2%
Business (06)	2.57	35.7%
Recreation/non-profit (08)	2.34	0.4%
Farm (09)	3.50	0.0%

Permissive Property Tax Exemptions

The City of Cranbrook is committed to the continuing development of the City as a successful and progressive community, and to preserving and further enhancing the high quality of life enjoyed by its citizens. One means of achieving the maximum benefit for the community is through the provision of permissive property tax exemptions.

In 2019, Council adopted the City of Cranbrook Annual Taxation Exemption Bylaw 3984 to exempt certain properties from taxation in 2020. The amount of foregone tax revenue is estimated to be \$254,400. As well, Special Taxation Exemption Bylaw 3949 will exempt approximately \$19,000 of municipal taxes on golf course lands in 2019.

Permissive Property Tax Exemption Policy No. 40-550A was created in 2019 which capped the amount for future years' exemptions at 1% of the prior years' tax levy. For 2020, the amount allocated to property tax exemptions has been capped at \$273,400, which equates to an 85% exemption of the eligible assessed value of each property.

Under the current practice, in order to be eligible for a City of Cranbrook Permissive Tax Exemption, non-profit organizations must own the land and improvements or lease the property from the City, demonstrate financial need, and meet the description of at least one of the following categories:

1. **Special Needs and Supportive Housing Properties:** short term emergency or crisis protection for members of the community; supportive housing for people with special needs; halfway, transitional, or group homes with supportive staff and programs; affordable rental housing provided to people with impairments due to disability or aging.
2. **Social Service Properties:** support services and programs available to members of the community who are in some way disadvantaged and need assistance in maximizing their quality of life.
3. **Arts and Cultural facilities:** preparation and delivery of artistic and cultural events or exhibits to the public.
4. **Emergency Rescue Services:** volunteer search and rescue services provided to area residents and visitors.
5. **Places of Worship:** land surrounding places for public worship; church halls and meeting spaces; properties occupied by a religious organization as a tenant, for the purpose of public worship.

City of Cranbrook
Five Year Financial Plan Summary
2020 – 2024

6. **Athletic or Recreational Facilities:** space and/or equipment are provided for the physical and mental enjoyment of participants, and associated fees are substantially lower than those of similar for profit organizations.
7. **Environmental Protection:** areas of land owned by non-profit organizations and held for the specific purpose of protecting plant or animal habitat.

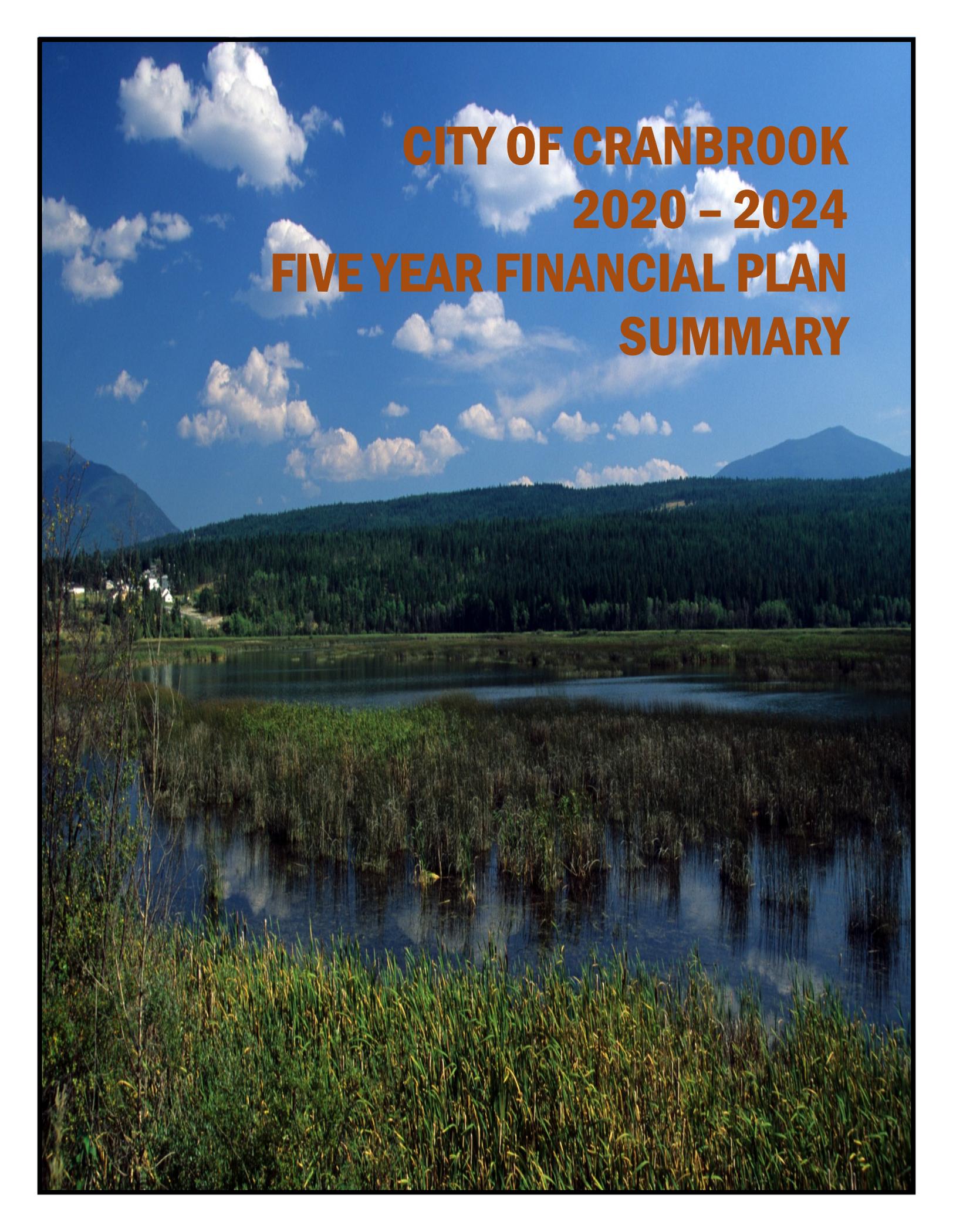


MOUNTAINS OF OPPORTUNITY

CRANBROOK

40 – 10th Avenue S.
Cranbrook, BC
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**CITY OF CRANBROOK
2020 – 2024
FIVE YEAR FINANCIAL PLAN
SUMMARY**

City of Cranbrook
Five Year Financial Plan Summary
2020 – 2024

Message from the CFO

Each year, under Section 165 and 166 of the Community Charter, the City must develop a five-year financial plan and undertake a public consultation process before the plan is adopted. On October 22nd and 23rd, the City hosted public budget meetings where departments presented their proposed operating and capital budgets. The public was invited to submit comments on the information that was presented during the two days.

The *Five-Year Financial Plan Summary (2020 – 2024)* summarizes the five-year financial plan and is the accumulation of efforts by Administration to capture Council's objectives and priorities that include maintaining existing service levels, strategic addition of new services, continuing the momentum built around the road program while keeping the tax increase affordable.

Operating budget increases have been targeted at 2%. Some budget areas are experiencing increases greater than this target, particularly fuel and utilities. Revenues are typically estimated conservatively, however, where appropriate, they have been increased to reflect changes brought about by market conditions. The result is a 2020 general tax increase of 1.88%.

The City's annual 1% road dedicated tax continues through each of the five years of the plan. Over the 5 years, this initiative will add almost \$15,500,000 to the capital works program.

Administration uses the prior year's tax levy to calculate the percent increase for the following year. The Financial plan reflects an increase to the 2019 tax levy of 2.88%. This increase, as described above, breaks down as follows:

- 1.88% net general tax increase
- 1.00% road dedicated tax

In 2019, the City engaged several consultants and began the process of turning the former Tembec property into investment-ready parcels that would attract interest from diverse business sectors. The 2020 budget allocates \$5,680,000 to the project. The funds will be used to undertake installation of deep and shallow utilities and an internal road. Where possible, the work will be phased in based on development demand. Further development of the property is also expected to be on a phased-in basis. The City is currently collecting revenue from three tenants. The lease revenue is being used to fund a portion of the purchase as well as marketing costs.

The repair of the barrel roof at Western Financial Place planned for 2020, represents the final stage of the roof project. The 2020 budget is \$2,690,000, including the barrel roof with warranty as well as full repair to the fascia and soffit overhang. When complete, the project will have been phased in over 3 years. Including work already completed, the project is valued at \$5,438,000.

The five-year financial plan makes strategic use of reserve balances to fund new and necessary projects. Of the \$15.6 million new capital proposed for 2020, reserves will fund almost \$9,000,000, including the \$2,750,000 borrowed from the Moir Park Reserve for development of the Tembec property.

COMMUNITY PROFILE

Cranbrook is a thriving community with a proud history and an exciting future. Nestled in a broad open valley located between the Rocky Mountains to the east and the older Purcell Mountains to the west, Cranbrook is surrounded by world class scenery, recreation and wildlife. Mild winters and warm sunny summers characterize our beautiful mountain environment.

The 18th largest city in BC with a population of 20,047 people, our community is home to the Canadian Rockies International Airport, the East Kootenay Regional Hospital, the College of the Rockies, the 600 seat Key City Theatre, the Western Financial Place recreational complex, which houses the BCHL Cranbrook Bucks hockey team, and a spectacular and growing summer Farmer's Market.



Downtown Cranbrook Farmers Market

Located on Highway 3, BC's southern Trans-Canada highway and on the Canadian Pacific Railway line, Cranbrook is the hub for business and for retail shopping for the East Kootenay region, boasting a total population of 56,702.

Over the past ten years, Cranbrook has received recognition and accolades numerous times for the quality of life enjoyed by area residents. Most recently, Maclean's ranked Cranbrook #52 on its best communities list out of 415 communities across Canada. As well, this year Cranbrook was recognized as one of ten age-friendly communities by the Province of BC.

Canadian Rockies International Airport (YXC) offers the convenience of flying from, and most importantly returning home to our own backyard. Air Canada, WestJet, and Pacific Coastal are the airlines that fly in and out of YXC, with direct flights to Calgary, Vancouver, and Kelowna.

City of Cranbrook - Mayor and Council



L-R: Councillor Wesly Graham, Councillor Mike Peabody, Councillor Norma Blissett, Mayor Lee Pratt, Councillor John Hudak, Councillor Wayne Price, Councillor Ron Popoff

ORGANIZATIONAL STRUCTURE

There are eight departments within the City, each of which reports to the Chief Administrative Officer. They are:

- ❖ Corporate Administration
- ❖ Department of Development Services
- ❖ Finance
- ❖ Public Works
- ❖ Community Services
- ❖ Fire & Emergency Services
- ❖ Airport
- ❖ RCMP (through a contract)

The eight departments deliver a broad group of services to Cranbrook residents, including:

- ❖ Infrastructure Planning, Maintenance, and Delivery
- ❖ Parks, Recreation and Culture
- ❖ Water and Sanitary Sewer Services
- ❖ Solid Waste Management
- ❖ Fire Protection & Emergency Preparedness
- ❖ Policing
- ❖ Bylaw Enforcement
- ❖ Planning & Development
- ❖ Financial Planning and Accounting
- ❖ Airport Operation and Maintenance
- ❖ Public Transit, including HandiDart Services

FINANCIAL PLAN OVERVIEW

The City must prepare a Five-Year Financial Plan each year that is based on Sections 165 and 166 of the *Community Charter*. The budget must be balanced, meaning that the proposed expenses for a year cannot exceed the total of the proposed funding sources and transfers from other funds. The Financial Plan must be adopted annually, by bylaw, after a period of public consultation has taken place.

This year's budget process began with strategic planning sessions between City Council and senior management. Priority projects were identified and categorized based on importance and alignment with Council's objectives and ultimately formed the basis of the 2020 to 2024 Five Year Financial Plan.

Public budget meetings were held in October and November 2019, where all the departments presented their detailed 2020 work plans and summarized their major projects planned for 2021 through 2024. The public was invited to attend and submit written comments.

Council received the budget information and directed staff to make some adjustments where they felt better alignment with their objectives could be achieved. The public consultation period was open from December 10 through December 20, 2019. In January 2020, after the public consultation period, Council reviewed comments from the public, and gave the 2020 to 2024 Five Year Financial Plan Bylaw three readings and it was adopted January 27, 2020.

If necessary, a budget amendment bylaw will be presented to Council later in 2020, which will include any unexpected changes that may arise after the initial budget was adopted. Prior to May 15, 2020 the Cranbrook Tax Rates Bylaw will be presented to Council for consideration.



BUDGET HIGHLIGHTS

Tax Levy:

The total tax levy for 2020 is projected to be \$28,363,481. This reflects an overall property tax levy increase of 2.88%, of which 1% is collected solely to fund Capital Works Road Projects like water, sewer and storm infrastructure, road surface and sidewalk replacements, and the addition and replacement of other road related assets.

The 1% tax collected for road related projects will amount to \$2,504,189 in 2020.

A 2.88% tax increase will result in approximately \$5.42 per month increase for an average residential property assessed at \$300,000.

Non-market change will provide additional property tax revenue estimated at \$240,000 from new construction and changes in classification status.

Capital Roads Projects:

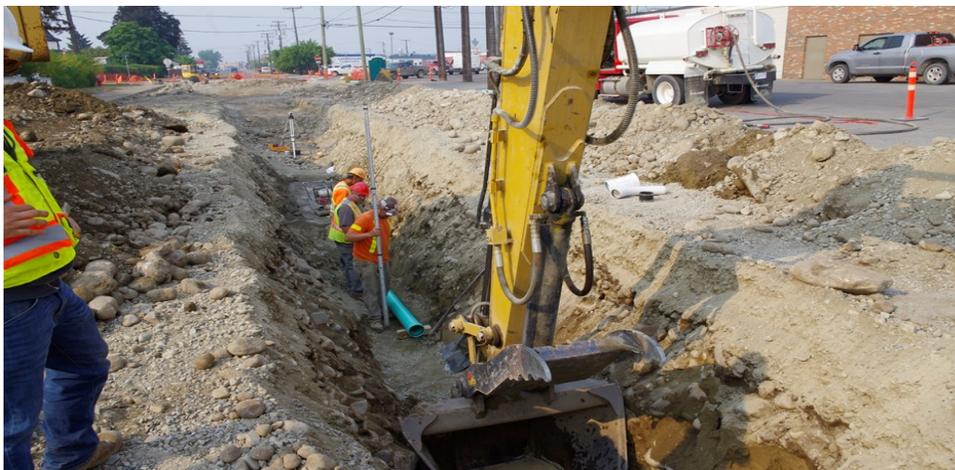
Extensive road resurfacing and rehabilitation will continue throughout all five years of the plan, with a total budget of \$25,113,635 allocated for capital roads projects. The 1% Capital Works tax collected in 2020 is equal to \$2,504,189 (2019 - \$2,230,821) and will be used for capital road projects, deep utilities at the Industrial Lands, and Highway 95A/Theatre Road signalization.

The funding breakdown for the 2020 capital roads program is:

Taxation and Utility Fees	\$ 1,170,000
1% Capital Works Tax	\$ 1,577,439
Reserves	\$ 856,900
Total 2020 Program	\$ 3,604,339

In 2019, approximately \$4.3 million was spent on capital roads projects that employed five local contractors. Throughout the city, 2.1 km of roads were paved, 1.0 km of water mains were replaced, 2.9 km of sewer mains were relined, and 1.7 km of sidewalks were laid.

Details of the 2020 preliminary road improvement program, pending firm construction pricing and other considerations, will be published at a later date.



Kootenay Street Storm Replacement

Cranbrook Industrial Lands (former Tembec property):

Looking ahead to build for the future, is one of the biggest reasons the City of Cranbrook purchased the previous Tembec property in 2018. This has added 99 acres of industrial zoned land supply available for development in the City. The goal of the purchase is to attract employment rich, diverse, value-added industry to the community, enhancing our economic base.

In June 2019, three engineering studies were initiated by the City. The first was an environmental engineering study, the second was a civil engineering study, and the third was a geotechnical study. It is anticipated these studies will be completed early in 2020.

City staff continue to work on the overall concept and strategy for the former Tembec property with a focus on marketing to investors, developers and other business interests.

Cranbrook Industrial Lands

Year	Item	Components	Cost	Totals
2018	Land Purchase	Land Acquisition Costs	\$ 3,069,862	\$ 3,069,862
2019	Studies	Engineering & Geotechnical	\$ 200,000	\$ 529,000
		Environmental	\$ 244,000	
		Property Analysis	\$ 85,000	
2020	Land Development	Remediation	\$ 370,000	\$ 5,680,000
		Deep Utilities	\$ 2,500,000	
		Shallow Utilities and Road	\$ 2,750,000	
		Fibre Conduit	\$ 30,000	
		Marketing Costs	\$ 30,000	

*** To date all project costs will be coming from reserves and accumulated surplus. The City will also pursue Federal/Provincial Infrastructure Grants and other funding partnerships.*



Industrial Lands located at 1479 Theatre Road

City of Cranbrook
Five Year Financial Plan Summary
2020 – 2024

For the development of the property, \$2.5 million is included in the 2020 budget for installation of deep utilities, and \$2.75 million for installation of shallow utilities and a road.

There have been some early successes on site, with the introduction of C & C Wood Products and Caliper creating good paying jobs and restoring life into the former Tembec lands.

Upon the successful development of the Tembec lands, we expect new lease and sales revenue, property tax revenue, the creation of more jobs and many other important spinoffs which will positively impact the overall economy of Cranbrook.

Looking ahead, the economic outlook and overall goals for the property are strong. New investment and growth will create positive direct and indirect impacts in the local job market and in the local business economy. Work is underway from an economic development perspective to build on the historic strengths of the area, foster local innovation and investment, and help diversify our economy and create jobs.

Western Financial Place:

In 2020, work on the Western Financial Place roof replacement will continue through to completion. Additional funds in the amount of \$2,690,000 have been allocated for 2020 to complete the barrel roof over the arena.

Western Financial Place will become home to the newest BCHL expansion team, the Cranbrook Bucks, starting in September 2020. The team will play in the Interior division and bring exciting hockey back to the city after the departure of the Kootenay Ice last March.



Projected revenues in 2020 from WFP, including special events are \$765,000. Operating expenses, including the curling rink, are estimated to be \$3,240,821 before debt payments of \$1,591,130.



Roof Replacement at Western Financial Place

City of Cranbrook
Five Year Financial Plan Summary
2020 – 2024

Several big name events were held at Western Financial Place in 2019, including Foreigner, FMX World Tour, The Offspring, and Sum 41. Events will continue in 2020 starting with the BC Curling Championships and Theory of a Deadman in January and February.

Larger capital projects budgeted for 2020 through 2024 include completion of the roof, new arena boards, replacement of the brine chiller and refrigeration condenser, and a new dehumidification system at the arena.

Canadian Rockies International Airport

The Canadian Rockies International Airport is forecasting operating revenues of \$2,804,546 and operating expenses of \$1,664,755 in 2020. Continued passenger growth is expected with Air Canada, Westjet, and Pacific Coastal currently offering direct service to Vancouver, Calgary, and Kelowna. 2020 passenger counts are expected to be approximately 176,200.



Pacific Coastal Airlines

Thirteen new capital projects are planned for the airport in 2020, ranging in focus from preventative maintenance to critical safety upgrades. The airport infrastructure will continue to be developed with upgrades to the HVAC systems as well as accessibility updates. The 1980 Mack dump truck and plow will be replaced, pending ACAP funding approval, and the internet connection at the Airport will see significant improvements in speed and reliability of service with the upgrade to a fibre optic connection.

City of Cranbrook
Five Year Financial Plan Summary
2020 – 2024



Airport Terminal upgrades completed in 2017

The 2021 to 2024 extended capital plan is designed to meet the anticipated needs of safety, customer service and infrastructure maintenance. In 2021, the main car parking lot and airside service road will be repaved as they are anticipated to begin to fail by that time. The capital project to replace the Airfield Lighting Cabling and Transformers will be submitted for ACAP (Airport Capital Assistance Program) funding in 2020 with anticipated approval to begin the project in 2022.

Passenger numbers are anticipated to grow sufficiently by 2023 to warrant an expansion to the screening point and departures lounge.

Taxation Levels

The proposed overall property tax increase reflects an increase in line with inflation rates (2019 CPI = 2.0%). Taxation revenue is based on the service delivery levels approved by Council each year during the budget process. The 2020 to 2024 Five Year Financial Plan includes budgeted property tax revenues as follows:

<u>Year</u>	<u>Taxation Revenue (Levy)</u>
2020	\$ 28,363,481
2021	\$ 29,388,074
2022	\$ 30,708,622
2023	\$ 31,796,215
2024	\$ 32,532,490



Estimated impact of the 2020 tax increase

The 2020 general municipal property tax increase for an average residential property in Cranbrook (excluding school and other non-City taxes) is projected to be 2.88% or approximately \$64 for the year.

In 2019, the BC Assessment Authority valued the average residential property in Cranbrook at \$296,000. Based on the 2019 assessed value, the 2020 projected municipal taxes for an average home will be about \$2,275, or \$6.24 per day, before the Provincial Homeowner Grant.

			
Residential Value	\$200,000	\$300,000	\$400,000
Estimated 2020 Taxes ^	\$1,537	\$2,305	\$3,074
Increase over 2019 **	\$43	\$65	\$86

^ Municipal property taxes only
 ** Estimated annual increase

Eligible residential property owners can apply for an annual homeowner grant which is deducted from their total tax bill. The grant amounts are \$770 – basic; \$1,045 – senior/disability.

Your Municipal Tax Dollars at Work
A Comparative View
What does \$6.24 per day get you?

Average Residential Property in Cranbrook is assessed at \$296,000



Est. 2020 Municipal Taxes = \$2,275 (\$6.24 per day)



Municipal Services

- Fire & Emergency Services
- Police Protection
- Bylaw Services
- Construction and maintenance of safe roads
- Snow Removal
- Parks & Trails
- Public Transit
- Library
- Recreational Facilities
- Community Events

VS

Venti sized Special Coffee

or

One pound lean ground beef

or

Pint of Beer

or

Glass of Wine

or

One Lotto Max Ticket + Extra

or

One day of Cable & Internet

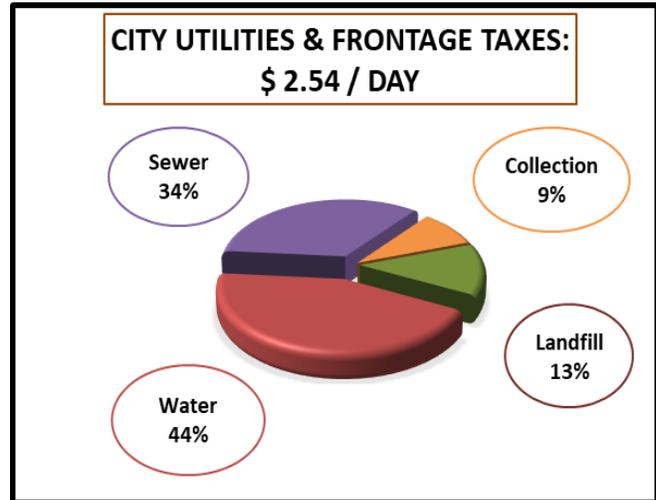
City of Cranbrook
 Five Year Financial Plan Summary
 2020 – 2024

Impact of 2020 Utilities Fees

For an average home in Cranbrook, the projected 2020 utility and frontage tax fees will total \$928 (\$2.54 per day). This amount remains unchanged from 2019.

A 5% discount off the total annual utility bill will be provided to those property owners who pay in full before the end of April.

In 2019, utility billings were changed to three times per year from six, and the prepayment period was extended from February to April.



Utility and Parcel Tax Rates

The 2020 monthly utility fees for water, sewer, and solid waste will remain at 2019 levels, and are projected to be:

<u>Year</u>	<u>Monthly Rate</u>	<u>Revenue</u>
2020	\$ 59.50	\$ 7,305,130
2021	\$ 59.50	\$ 7,327,044
2022	\$ 59.50	\$ 7,349,025
2023	\$ 59.50	\$ 7,371,073
2024	\$ 59.50	\$ 7,393,186

(2019 - \$59.50)

The annual parcel tax charges will also remain unchanged, and are projected to be:

<u>Year</u>	<u>Rate per Taxable Meter Frontage</u>	<u>Revenue</u>	<u>Annual charge to average home (based on 15.25 m. lot)</u>
2020	\$ 14.00	\$ 2,492,462	\$ 214
2021	\$ 14.00	\$ 2,497,447	\$ 214
2022	\$ 14.00	\$ 2,502,442	\$ 214
2023	\$ 14.00	\$ 2,507,447	\$ 214
2024	\$ 14.00	\$ 2,512,462	\$ 214

(2019 - \$14.00 per taxable m)

City of Cranbrook
Five Year Financial Plan Summary
2020 – 2024

Capital Projects

Like most communities, Cranbrook faces significant costs related to the replacement and maintenance of our infrastructure. The projects identified in the 2020 – 2024 Five Year Financial Plan have been identified as priority projects.

Whenever possible, capital projects are funded from reserve funds. In 2020, 71% of projects will be paid for by reserves or accumulated surplus. The remainder will be funded from grants or tax revenue.

Projects scheduled for completion in 2020 include:

- \$ 3,604,339 Capital Roads Program (includes underground water & sewer services)
- \$ 2,690,000 Western Financial Place Roof Replacement (not including carryforward funds)
- \$ 2,500,000 Industrial Land Deep Utilities Servicing (water, sanitary sewer, storm sewer)
- \$ 2,750,000 Industrial Land Shallow Utilities and Gravel Road
- \$ 1,400,000 Ladder Truck Replacement
- \$ 666,000 Downtown Revitalization
- \$ 504,000 Pressure Reducing Station #5 Construction



2nd Street North - Paving

City of Cranbrook
 Five Year Financial Plan Summary
 2020 – 2024

The amounts designated for municipal capital expenditures over the next five years, excluding previously approved amounts that may be carried forward from 2019, are:

By Department:

	2020	2021	2022	2023	2024
Corporate Administration	666,000	-	-	-	-
Finance	-	-	40,000	-	-
Department of Development Services	132,000	215,000	120,000	85,000	35,000
Protective Services	334,000	235,000	100,000	765,000	170,000
Public Works/ IPD	7,076,189	5,020,873	4,537,642	4,787,047	5,676,517
Recreation & Culture	2,945,000	1,233,000	945,000	1,040,000	2,469,000
Water Fund	2,248,000	1,048,333	7,580,000	975,000	23,167,500
Sewer Fund	1,313,250	743,334	6,560,000	5,890,000	717,500
Solid Waste Fund	-	1,000,000	280,000	-	-
Airport Fund	950,000	1,585,000	3,002,507	2,100,000	85,000
Total Capital Projects	15,664,439	11,080,540	23,165,149	15,642,047	32,320,517

By Type:

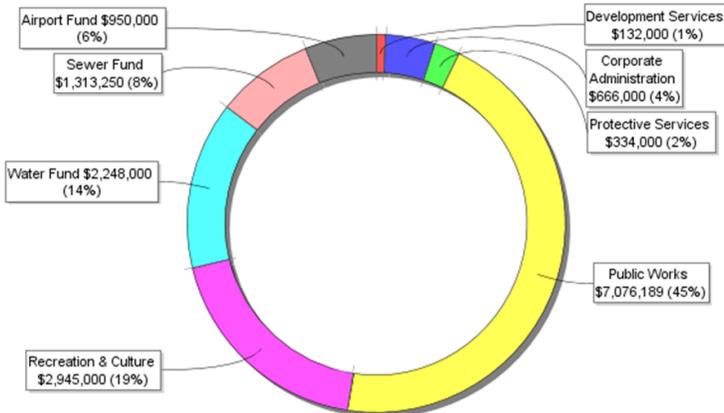
	2020	2021	2022	2023	2024
Land Development	1,046,750	-	-	-	-
Building Improvements	2,905,000	1,025,000	570,000	1,438,000	1,509,000
Mobile Equipment	653,000	353,333	125,000	832,000	192,000
Other Equipment	327,000	468,000	200,000	225,000	105,000
Roads & Sidewalks	5,380,439	4,386,540	4,172,642	3,851,047	4,294,517
Other Infrastructure	666,000	30,000	50,000	-	-
Parks & Trails	175,000	441,000	625,000	331,000	2,250,000
Water Fund	2,248,000	1,048,333	7,580,000	975,000	23,167,500
Sewer Fund	1,313,250	743,334	6,560,000	5,890,000	717,500
Solid Waste Fund	-	1,000,000	280,000	-	-
Airport Fund	950,000	1,585,000	3,002,507	2,100,000	85,000
Total Capital Projects	15,664,439	11,080,540	23,165,149	15,642,047	32,320,517

By Funding Source:

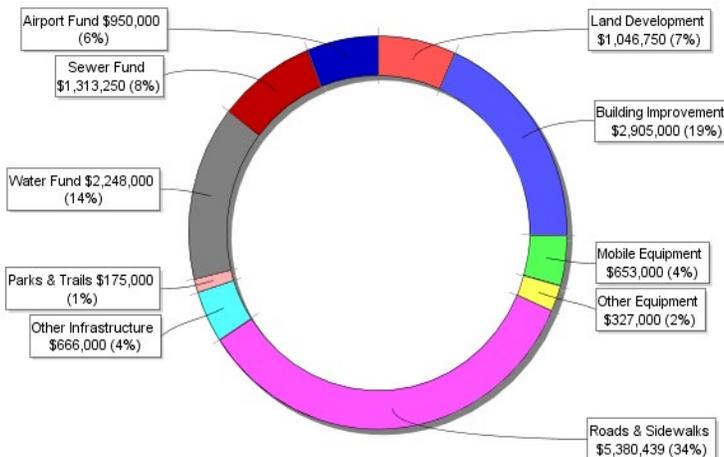
	2020	2021	2022	2023	2024
Revenue	3,582,091	4,111,340	4,319,542	4,131,047	4,405,517
Surplus	2,386,750	1,440,000	943,852	3,250,000	335,000
Borrowing	-	-	4,333,333	2,740,000	8,666,667
Reserves	6,076,098	4,650,274	2,614,000	4,422,699	3,048,372
Borrowing from Moir Reserve	2,750,000				
Grants & Contributions	869,500	761,326	10,954,422	630,000	15,864,961
Development Cost Charges	-	117,600	-	468,301	-
Total Capital Budget	15,664,439	11,080,540	23,165,149	15,642,047	32,320,517

City of Cranbrook Five Year Financial Plan Summary 2020 – 2024

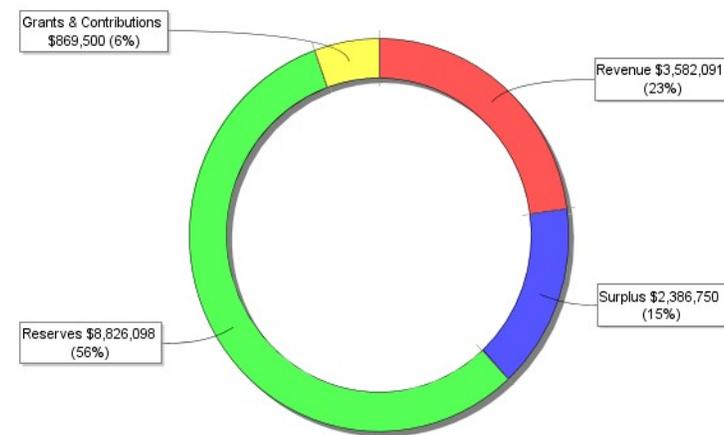
Capital Projects By Department - 2020



Capital Projects by Type - 2020



Capital Projects by Funding Source - 2020



15th Avenue S Water Main Replacement

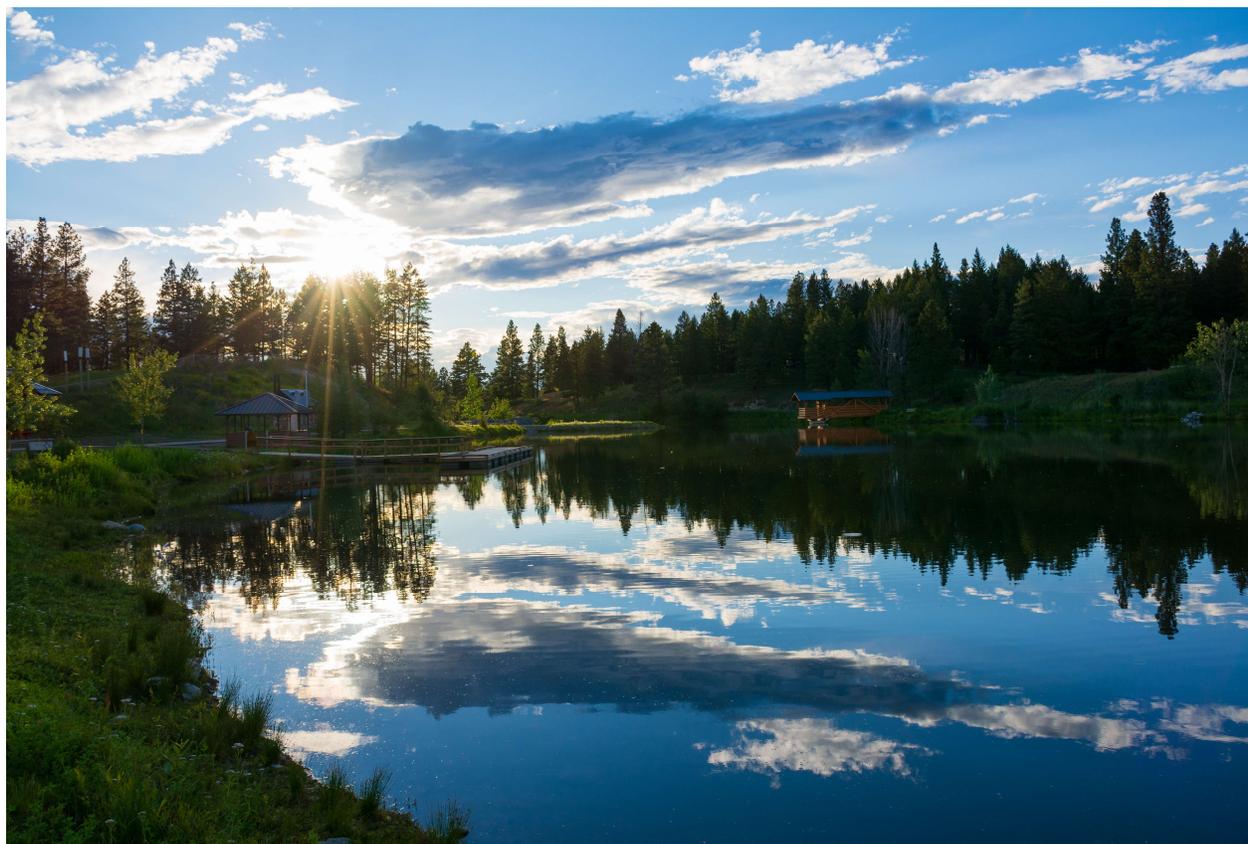
City of Cranbrook
 Five Year Financial Plan Summary
 2020 – 2024

Carry Forward Projects

Projects that are incomplete at December 31, 2019 will be carried forward to 2020. The funding for these projects was included in the 2019 – 2023 Five Year Financial Plan Bylaw, which was adopted on February 4, 2019.

Projects being carried forward include:

• RCMP CCVE & Member Changeroom	• Fire Ladder Truck
• Fire Protection Mitigation Projects	• Spray Irrigation Groundwater Prog.
• WFP Brine Chiller	• Kinsmen & WFP Arena Boards
• WFP Roof Replacement	• Airport Fibre Optic Service
• Flood Mitigation Planning	• WFP Videotron
• Water Quality Asset Mgmt Plan	• Multidiscipline Staff Development
• Airport Dump Truck	• Airport Dump Truck
• Downtown Transportation / Street Improvement Plan	



Idlewild Park Rehabilitation project – completed 2019

Financial Support to Community Organizations

Recognizing the benefits provided by the efforts of not-for-profit organizations and service groups, City Council has approved grant funding and fees for services to 28 organizations in 2020. These organizations include the Cranbrook Public Library, Key City Theatre, Chamber of Commerce, Cranbrook History Centre, Cranbrook Search & Rescue, and Cranbrook Curling Club. In 2020, the funding is budgeted to be \$1,133,227.

In addition, City Council has approved permissive tax exemptions to not-for-profit organizations in 2020 in the estimated amount of \$273,402. Permissive exemptions are at Council's discretion and must be applied for each year.



Royal Alexandra Hall – Cranbrook History Centre

Regional Landfill

The annual payment to the RDEK for the regional landfill fee is budgeted to be \$1,600,000 in the years 2020 through 2024.

RCMP

The City has a contract with the RCMP to provide police services for the City. The 2020 contract for 26 Officers is budgeted at \$4,727,219 (2019 - \$4,615,929). Separate from the policing contract, the City has budgeted over \$1,640,000 in 2020 for RCMP operations, building maintenance, and security upgrades at the detachment.

City of Cranbrook
Five Year Financial Plan Summary
2020 – 2024

Transfers to/from Reserves

Reserves and reserve funds receive annual contributions from the operating budget to assist with creating a solid financial position to support the City's future cash requirements. Budgeted transfers to reserve funds in 2020 amount to \$4,244,480. Some of the larger deposits include:

\$ 1,852,163	Recapitalization reserves for capital asset replacement
\$ 954,772	Federal gas tax transfer to fund eligible projects
\$ 224,595	Airport Improvement Fees
\$ 145,000	Lagoon Desludging Reserve
\$ 122,886	Buildings reserve
\$ 99,105	Industrial Lands Reserve
\$ 65,815	Carbon Offset Reserve

Reserve funds have been established and set aside, either by a municipal bylaw or legislative requirement, and are used to fund future capital requirements. In 2020, reserve withdrawals amount to \$13,702,311. Some of the larger projects funded from reserves are:

\$ 6,225,611	Western Financial Place Roof, Arena Chiller/Boards, Aquatic Improvement
\$ 3,148,000	Industrial Lands Development
\$ 1,013,000	Mobile Equipment Replacement
\$ 856,900	Capital Road Program
\$ 690,252	Building upgrades
\$ 475,000	Storm/Flood Water Projects
\$ 216,000	Downtown Revitalization Projects

Public Transit

In partnership with BC Transit, the City provides an integrated transit system that allows riders convenience and flexibility when travelling within city limits.

The costs associated with conventional and custom transit are shared with the Province. The City's share for 2020 operations is budgeted at \$748,000 net of revenue.



City of Cranbrook
 Five Year Financial Plan Summary
 2020 – 2024

Amortization of Capital Assets

Effective in 2009, the Public Sector accounting rules required all local governments to begin amortizing (depreciating) tangible assets over their useful life. The City's amortization charge for 2020 has been budgeted at \$8,000,000 and has been included in the Financial Plan.

Borrowing

Over the five-year period 2020 to 2024, the City plans to borrow approximately \$16,400,000 for various capital projects as follows:

<u>Capital Project:</u>	<u>Year</u>	<u>Amount</u>	*	<u>Term</u>	<u>Annual Payment</u>
Fire Ladder Truck	2021	1,400,000		5 years	298,823
Transfer Pipeline - Phase II	2022	2,000,000		20 years	154,431
Gold Creek Dam	2022	2,333,333		20 years	180,170
Lagoon Dyke and Piping upgrade	2023	2,000,000		20 years	154,431
Water Treatment Plant & Distribution	2024	<u>8,666,667</u>		20 years	669,203
		<u>\$16,400,000</u>			
* Assumed Interest rate of 4.0% - reviewed with MFA					

Salaries and Wages

The City's Collective Agreement with CUPE Local 2090 is in effect from March 1, 2017 to February 28, 2021.

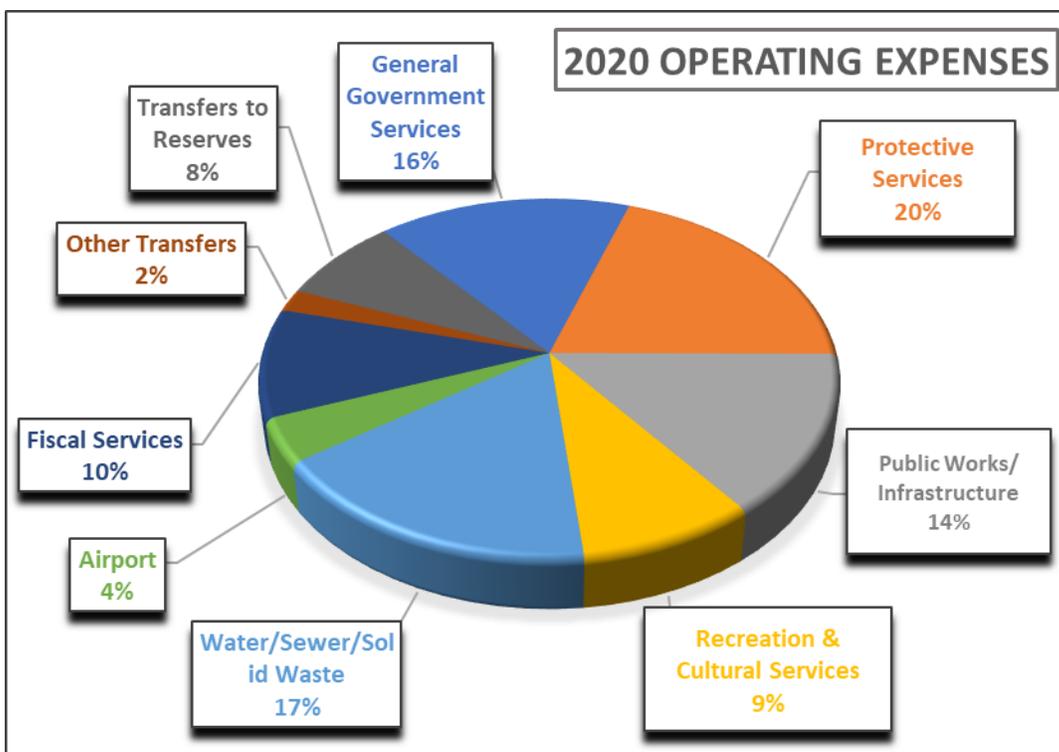
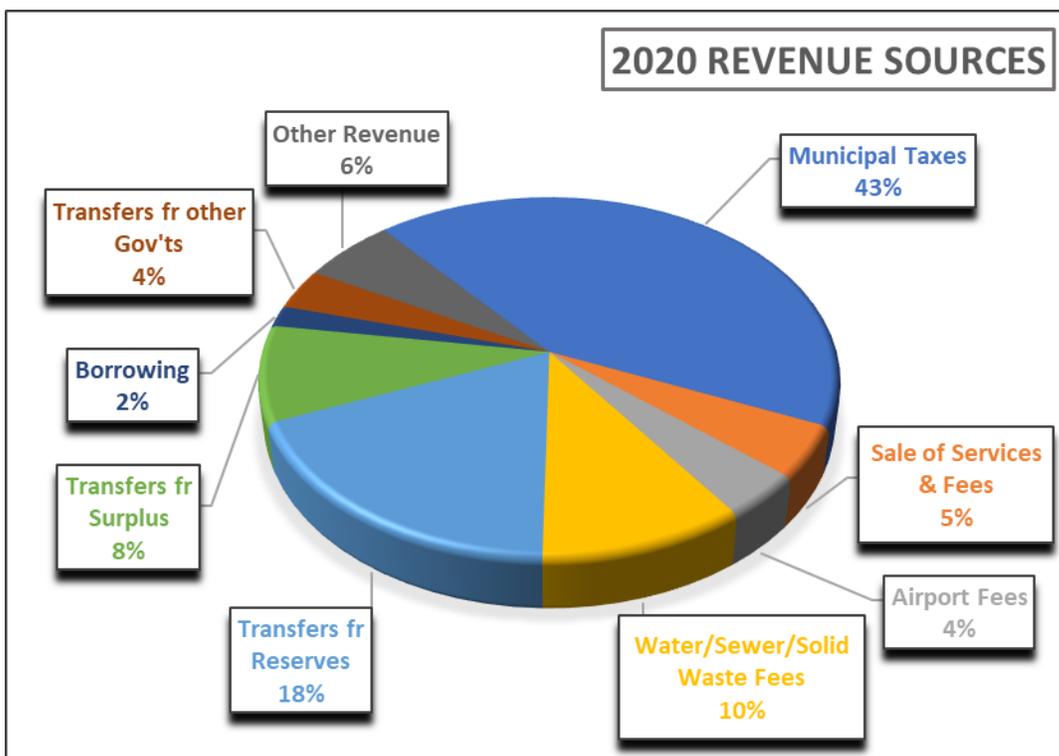
Exempt staff salaries will be reviewed based on performance results during each year.

The City's Collective Agreement with Cranbrook Fire Fighters Local 1253 is in effect from January 1, 2015 to December 31, 2019.

City of Cranbrook
Five Year Financial Plan Summary
2020 – 2024

THE CORPORATION OF THE CITY OF CRANBROOK CONSOLIDATED FIVE YEAR FINANCIAL PLAN 2020 TO 2024 UNAUDITED					
	2020	2021	2022	2023	2024
REVENUE					
MUNICIPAL PROPERTY TAXES	(28,681,282)	(29,705,875)	(31,026,423)	(32,114,016)	(32,850,291)
PAYMENTS IN LIEU OF TAXES	(340,000)	(340,000)	(340,000)	(340,000)	(340,000)
PARCEL & LOCAL AREA SERVICE TAXES	(2,666,818)	(2,543,303)	(2,548,298)	(2,528,046)	(2,533,061)
SALE OF SERVICES AND FEES	(3,452,018)	(3,540,695)	(3,646,723)	(3,659,293)	(3,701,463)
AIRPORT FEES	(2,968,408)	(3,023,904)	(3,080,508)	(3,138,243)	(3,197,136)
WATER/SEWER/SOLID WASTE FEES	(7,550,830)	(7,572,744)	(7,594,725)	(8,085,074)	(7,638,886)
RENTALS	(522,244)	(455,564)	(387,061)	(388,921)	(420,549)
NON-FUNDED AMORTIZATION	(8,000,000)	(8,000,000)	(8,000,000)	(8,000,000)	(8,000,000)
RETURN ON INVESTMENTS	(1,147,051)	(1,018,058)	(994,108)	(1,018,238)	(925,316)
TRANSFERS FROM RESERVES	(13,702,311)	(4,822,426)	(2,868,688)	(4,563,502)	(3,330,312)
TRANSFERS FROM SURPLUS	(6,415,070)	(2,683,829)	(859,727)	(3,275,000)	(335,000)
BORROWING FOR CAPITAL	(1,400,000)	-	(4,333,333)	(2,740,000)	(8,666,667)
OTHER REVENUE	(2,741,542)	(2,769,896)	(2,660,493)	(2,483,557)	(4,507,094)
TRANSFERS FROM OTHER GOVERNMENTS	(2,717,982)	(2,278,478)	(12,610,285)	(2,340,063)	(15,546,788)
COLLECTIONS FOR OTHER GOVERNMENTS	(8,428,983)	(8,428,983)	(8,428,983)	(8,428,983)	(8,428,983)
Total REVENUE	(90,734,539)	(77,183,755)	(89,379,355)	(83,102,936)	(100,421,546)
OPERATING EXPENSES					
GENERAL GOVERNMENT SERVICES	8,499,719	8,301,027	8,503,507	8,492,576	8,623,034
PROTECTIVE SERVICES	10,424,729	10,563,232	10,815,174	11,205,842	11,483,439
PUBLIC WORKS/INFRASTRUCTURE PLANNING & DELIVERY	7,596,549	7,055,945	7,248,314	7,394,627	7,439,338
RECREATION & CULTURAL SERVICES	4,565,753	4,373,878	4,427,452	4,558,306	4,725,898
WATER/SEWER/SOLID WASTE	8,871,735	7,477,439	7,605,626	7,648,170	7,720,166
AIRPORT	2,077,872	2,050,010	2,109,178	2,164,405	2,185,710
FISCAL SERVICES	5,121,760	4,996,628	4,041,657	3,913,896	3,875,959
TRANSFERS TO RESERVES	4,095,387	3,949,235	4,099,134	4,164,894	4,084,845
OTHER TRANSFERS	1,050,273	837,354	866,447	875,546	934,656
AMORTIZATION	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
TRANSFERS TO OTHER GOVERNMENTS	8,428,983	8,428,983	8,428,983	8,428,983	8,428,983
Total OPERATING EXPENSES	68,732,760	66,033,731	66,145,472	66,847,245	67,502,028
CAPITAL EXPENSES **					
GENERAL GOVERNMENT SERVICES	292,000	215,000	160,000	85,000	35,000
PROTECTIVE SERVICES	1,964,000	235,000	100,000	765,000	170,000
PUBLIC WORKS/INFRASTRUCTURE PLANNING & DELIVERY	8,100,107	4,945,357	4,606,376	5,370,691	6,275,518
RECREATION & CULTURE	6,634,422	1,378,000	945,000	1,070,000	2,469,000
WATER FUND	2,248,000	1,048,333	7,580,000	975,000	23,167,500
SEWER FUND	1,313,250	743,334	6,560,000	5,890,000	717,500
SOLID WASTE FUND	-	1,000,000	280,000	-	-
AIRPORT FUND	1,450,000	1,585,000	3,002,507	2,100,000	85,000
Total CAPITAL EXPENSES	22,001,779	11,150,024	23,233,883	16,255,691	32,919,518

** 2019 Carry-forward projects are not included



City of Cranbrook
Five Year Financial Plan Summary
2020 – 2024



THE CORPORATION OF THE
CITY OF CRANBROOK

BYLAW NO. 3998

FIVE YEAR FINANCIAL PLAN (2020 to 2024) BYLAW

A bylaw to establish the Financial Plan for the Five Year Period from January 1, 2020 through December 31, 2024.

The Municipal Council of the Corporation of the City of Cranbrook, in open meeting assembled, enacts as follows:

1. THAT Schedule "A" and Schedule "B" attached hereto and forming part of this Bylaw is hereby declared to be the Five Year Financial Plan for the years 2020 to 2024, inclusive.
2. THAT this bylaw may be cited as "Five Year Financial Plan (2020 to 2024) Bylaw No. 3998, 2020."

Read a first time this 6th day of January, 2020.

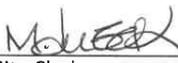
Read a second time this 6th day of January, 2020.

Read a third time this 6th day of January, 2020.

Adopted this 27th day of January, 2020.



Mayor



City Clerk

City of Cranbrook
 Five Year Financial Plan Summary
 2020 – 2024

THE CORPORATION OF THE CITY OF CRANBROOK					
FIVE YEAR FINANCIAL PLAN (2020-2024) BYLAW 3998, 2020					
SCHEDULE A					
	2020	2021	2022	2023	2024
REVENUE					
MUNICIPAL PROPERTY TAXES	(28,681,282)	(29,705,875)	(31,026,423)	(32,114,016)	(32,850,291)
PAYMENTS IN LIEU OF TAXES	(340,000)	(340,000)	(340,000)	(340,000)	(340,000)
PARCEL & LOCAL AREA SERVICE TAXES	(2,666,818)	(2,543,303)	(2,548,298)	(2,528,046)	(2,533,061)
SALE OF SERVICES AND FEES	(3,452,018)	(3,540,695)	(3,646,723)	(3,659,293)	(3,701,463)
AIRPORT FEES	(2,968,408)	(3,023,904)	(3,080,508)	(3,138,243)	(3,197,136)
WATER/SEWER/SOLID WASTE FEES	(7,550,830)	(7,572,744)	(7,594,725)	(8,085,074)	(7,638,886)
RENTALS	(522,244)	(455,564)	(387,061)	(388,921)	(420,549)
NON-FUNDED AMORTIZATION	(8,000,000)	(8,000,000)	(8,000,000)	(8,000,000)	(8,000,000)
RETURN ON INVESTMENTS	(1,147,051)	(1,018,058)	(994,108)	(1,018,238)	(925,316)
TRANSFERS FROM RESERVES	(13,702,311)	(4,822,426)	(2,868,688)	(4,563,502)	(3,330,312)
TRANSFERS FROM SURPLUS	(6,415,070)	(2,683,829)	(859,727)	(3,275,000)	(335,000)
BORROWING FOR CAPITAL	(1,400,000)	-	(4,333,333)	(2,740,000)	(8,666,667)
OTHER REVENUE	(2,741,542)	(2,769,896)	(2,660,493)	(2,483,557)	(4,507,094)
TRANSFERS FROM OTHER GOVERNMENTS	(2,717,982)	(2,278,478)	(12,610,285)	(2,340,063)	(15,546,788)
COLLECTIONS FOR OTHER GOVERNMENTS	(8,428,983)	(8,428,983)	(8,428,983)	(8,428,983)	(8,428,983)
Total REVENUE	(90,734,539)	(77,183,755)	(89,379,355)	(83,102,936)	(100,421,546)
OPERATING EXPENSES					
GENERAL GOVERNMENT SERVICES	8,499,719	8,301,027	8,503,507	8,492,576	8,623,034
PROTECTIVE SERVICES	10,424,729	10,563,232	10,815,174	11,205,842	11,483,439
PUBLIC WORKS/INFRASTRUCTURE PLANNING & DELIVERY	7,596,549	7,055,945	7,248,314	7,394,627	7,439,338
RECREATION & CULTURAL SERVICES	4,565,753	4,373,878	4,427,452	4,558,306	4,725,898
WATER/SEWER/SOLID WASTE	8,871,735	7,477,439	7,605,626	7,648,170	7,720,166
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AMORTIZATION	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
TRANSFERS TO OTHER GOVERNMENTS	8,428,983	8,428,983	8,428,983	8,428,983	8,428,983
Total OPERATING EXPENSES	68,732,760	66,033,731	66,145,472	66,847,245	67,502,028
CAPITAL EXPENSES					
GENERAL GOVERNMENT SERVICES	292,000	215,000	160,000	85,000	35,000
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Total CAPITAL EXPENSES	22,001,779	11,150,024	23,233,883	16,255,691	32,919,518

City of Cranbrook
 Five Year Financial Plan Summary
 2020 – 2024

**CORPORATION OF THE CITY OF CRANBROOK
 2020 – 2024 FIVE YEAR FINANCIAL PLAN
 FIVE YEAR FINANCIAL PLAN BYLAW NO. 3998, 2020
 SCHEDULE B**

In accordance with Section 165(3.1) of the *Community Charter*, the City is required to include in the Five Year Financial Plan, objectives and policies regarding each of the following:

1. The proportion of total revenue that comes from each of the funding sources described in Section 165(7) of the *Community Charter*;
2. The distribution of property taxes among the property classes; and
3. The use of permissive tax exemptions.

Total Revenues

During its preparation of the Five Year Financial Plan, the City of Cranbrook maintains the following objectives:

1. To keep property taxes and user fees affordable for the City’s residents;
2. To provide sustainable levels of service;
3. To maintain City owned assets and infrastructure in a good state of repair; and
4. To lessen the tax burden on property owners by pursuing other revenue sources.

The proposed 2020 total revenues by funding sources are:

Revenue Source	% of Total Revenue
Property Value Taxes	39%
Parcel Taxes	3%
User Fees & Utility Charges	19%
Other sources	10%
Reserves & Surplus	27%
Proceeds from Borrowing	2%

- **Property Value Taxes:**

The majority of the City’s revenue is obtained through property taxes. As a revenue source, property taxation offers a number of advantages, for example, it is simple to administer and it is fairly easy for residents to understand. It offers a stable and reliable source of revenue for services that are difficult or undesirable to fund on a user-pay basis. These include services such as general administration, fire protection, police services, bylaw enforcement and street lighting.

- **Parcel Taxes:**

The revenue from water and sewer parcel taxes will primarily be used to finance existing capital debt, new capital projects, operations, and to maintain or build reserves for future purposes, within the water and sewer funds.

City of Cranbrook
Five Year Financial Plan Summary
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- **User Fees and Utility Charges:**

User fees and utility charges will make up 19% of the 2020 revenue. The fees and charges are generated from services that are measured and charged on a user-pay basis, and attempt to apportion the value of a service to those who use the service. Such fees include water and sewer usage, licences and permits, airport fees, and leisure programs. User fees are reviewed annually to ensure they adequately meet both the capital and delivery costs of the service.

- **Other Sources:**

Other sources of revenue include conditional transfers from senior levels of government in the form of grants. The City will pursue such funding whenever the programs advance municipal goals. Funding agreements from Federal, Provincial, and Regional Governments will contribute 4% of total 2020 revenue.

Other sources vary from year to year, and can include franchise fee, investment income, and rental income. The City continually seeks out other sources of revenue in order to reduce the reliance on property taxes.

- **Reserves and Surplus:**

Reserve funds are a critical component of long-term financial planning, as they provide key funding sources for future capital expenses. In 2020, the City will fund 47% of its capital projects from reserves.

The *Community Charter* does not allow municipalities to plan for operating surpluses or deficits. To ensure this does not happen the City budgets revenues conservatively and closely monitors its expenses. Any surplus funds are accumulated and reviewed by Council annually to determine whether the funds will be used for one-time projects or saved for later use. In 2020, 9% of total revenue will come from accumulated surplus.

- **Borrowing Proceeds:**

The City will borrow for projects that are necessary to achieve our objectives limiting borrowing to projects that are considered significant and capital in nature.

Distribution of Property Taxes

The following table illustrates the distribution of property taxes among the property classes. Residential properties in Cranbrook form the largest assessment base, consume the majority of city services, and therefore provide the largest proportion of tax revenue.

The class distribution is reviewed on an annual basis to ensure that the property tax burden is distributed fairly, and to ensure that the distributions are comparable to other BC municipalities of similar size and structure. The City continues to maintain and encourage economic development initiatives designed to attract more commercial businesses and industry to invest in the community.

City of Cranbrook
 Five Year Financial Plan Summary
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The estimated Distribution of Property Taxes by Class (based on 2019 actuals):

Property Class	2020 Distribution (based on 2019 actual)	% of Total Property Taxation (based on 2019 actual)
Residential (01)	1.00	61.4%
Utilities (02)	6.43	1.3%
Light Industry (05)	2.70	1.2%
Business (06)	2.57	35.7%
Recreation/non-profit (08)	2.34	0.4%
Farm (09)	3.50	0.0%

Permissive Property Tax Exemptions

The City of Cranbrook is committed to the continuing development of the City as a successful and progressive community, and to preserving and further enhancing the high quality of life enjoyed by its citizens. One means of achieving the maximum benefit for the community is through the provision of permissive property tax exemptions.

In 2019, Council adopted the City of Cranbrook Annual Taxation Exemption Bylaw 3984 to exempt certain properties from taxation in 2020. The amount of foregone tax revenue is estimated to be \$254,400. As well, Special Taxation Exemption Bylaw 3949 will exempt approximately \$19,000 of municipal taxes on golf course lands in 2019.

Permissive Property Tax Exemption Policy No. 40-550A was created in 2019 which capped the amount for future years' exemptions at 1% of the prior years' tax levy. For 2020, the amount allocated to property tax exemptions has been capped at \$273,400, which equates to an 85% exemption of the eligible assessed value of each property.

Under the current practice, in order to be eligible for a City of Cranbrook Permissive Tax Exemption, non-profit organizations must own the land and improvements or lease the property from the City, demonstrate financial need, and meet the description of at least one of the following categories:

1. **Special Needs and Supportive Housing Properties:** short term emergency or crisis protection for members of the community; supportive housing for people with special needs; halfway, transitional, or group homes with supportive staff and programs; affordable rental housing provided to people with impairments due to disability or aging.
2. **Social Service Properties:** support services and programs available to members of the community who are in some way disadvantaged and need assistance in maximizing their quality of life.
3. **Arts and Cultural facilities:** preparation and delivery of artistic and cultural events or exhibits to the public.
4. **Emergency Rescue Services:** volunteer search and rescue services provided to area residents and visitors.
5. **Places of Worship:** land surrounding places for public worship; church halls and meeting spaces; properties occupied by a religious organization as a tenant, for the purpose of public worship.

City of Cranbrook
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6. **Athletic or Recreational Facilities:** space and/or equipment are provided for the physical and mental enjoyment of participants, and associated fees are substantially lower than those of similar for profit organizations.
7. **Environmental Protection:** areas of land owned by non-profit organizations and held for the specific purpose of protecting plant or animal habitat.



MOUNTAINS OF OPPORTUNITY

CRANBROOK

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