



Idlewild Park

CITY OF CRANBROOK 2021 – 2025 PROPOSED FIVE YEAR FINANCIAL PLAN SUMMARY

The public consultation period for the 2021-2025 Five Year Financial Plan will be open from Tuesday, January 5 through Friday, January 15, 2021.

Written submissions are invited from the public prior to 4 pm on January 15, 2021 and will be considered at the Regular Meeting of Council on Monday, January 18, 2021.

City of Cranbrook
Proposed Five Year Financial Plan Summary
2021 – 2025

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 November 17th, 18th, and December 9th, the City hosted virtual public budget meetings where proposed operating and capital budgets for the next five years were presented. The public was invited to submit comments in writing on the information that was presented.

The *Proposed Five-Year Financial Plan Summary (2021 – 2025)* summarizes the five-year financial plan and offers another opportunity for the public to comment. The summary will be available for public consideration starting on January 5th. The deadline for written submissions is January 15th, 2021 at 4:00 pm.

2020 presented new and significant challenges as local governments everywhere faced the realities of COVID-19. There was uncertainty around tax collections, steep declines in traditionally reliable sources of non-tax revenue, paired with recognition that cash-flow was going to be crucial to weathering the storm... however long that would take. One of the first steps the City took was a review of the 2020 capital projects. Only those that were considered essential were given the green light, the rest were parked. Tax and utility fees collections were monitored carefully; 80% of the City's operating cash-flow is derived from those two sources.

With our response to COVID-19 being front-and-centre, it might have been easy to miss the good news stories that took place during the year. In October the City sold the former Tembec industrial lands for \$6 million. The sale represents a key component of the City's economic strategy. The City's 2020 building permit numbers were the highest the City has ever experienced, both in terms of absolute numbers as well as value. This is an excellent indicator that development interest and confidence in the City is high

Recreation department revenues in 2021 are expected to be 47% below normal. Savings in the recreation cost centre are expected to amount to approximately \$445,000. The net effect is a shortfall of approximately \$245,000. Allocation of funds from the Safe Restart Grant are budgeted to offset the lost revenue. This means that the 2021 tax levy is not impacted by the expected losses.

The proposed financial plan is one that balances the need for caution during these uncertain times, while addressing the increased pressures on the City's existing resources brought on by development interest and other exciting economic activities within the City.

The proposed plan results in an overall increase to the 2021 tax levy of 2.52% broken down as follows:

- 1.52% net general tax increase
- 1.00% road dedicated tax

The City's annual 1% road dedicated tax continues through each of the five years of the plan. Over that time, the initiative will add almost \$17 million to the capital works program.

Of the more than \$19 million of new capital proposed for 2021, grants and contributions will fund \$9.8 million, reserves will fund more than \$5 million, \$2.8 million will come from the road dedicated tax, and \$1.1 million from water and sanitary sewer frontage taxes.

Charlotte Osborne, CPA, CGA
Director of Finance

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 close to 60,000.

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

- ❖ Corporate Administration
- ❖ Development Services
- ❖ Finance
- ❖ Human Resources
- ❖ Public Works
- ❖ Recreation and Culture
- ❖ Fire & Emergency Services
- ❖ Canadian Rockies International Airport
- ❖ RCMP (through a contract)

The nine 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 and Bylaw Enforcement
- ❖ Human Resource Management
- ❖ 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, the *Proposed Five Year Financial Plan Summary for 2021 – 2025* will be available for public consideration for two weeks starting on January 5, 2021.

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 the Cranbrook Strategic Plan, and eventually formed the basis of the 2021 to 2025 Five Year Financial Plan.

Public budget meetings were held in November and December 2020, where all the departments presented their detailed 2021 work plans and summarized their larger projects planned for 2022 through 2025. The public was invited to attend all meetings via live stream and submit their comments in writing.

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 will be open from January 5 through January 15, 2021. In January, after the public consultation period, Council will again review comments from the public, as well as consider any late budget submissions that had been waiting for additional information before they could be finalized. These final submissions will not affect the tax levy as they will be funded from reserves or grants. The 2021 to 2025 Five Year Financial Plan Bylaw is scheduled for three readings and adoption in February.

If necessary, a budget amendment bylaw will be presented to Council later in 2021 and will include any unexpected changes that may arise after the initial budget was adopted. Prior to May 15, 2021 the Cranbrook Tax Rates Bylaw will be presented to Council for consideration.



TAXATION

Property Tax Levy

The total tax levy for 2021 is projected to be \$29,374,520. This reflects an overall property tax levy increase of 2.52%, of which 1% is collected solely to fund road related capital works projects like road surface maintenance and sidewalk replacements, as well as the addition and replacement of other road related assets. Through the water and sewer utility funds additional funding is added to the annual capital works program to address those infrastructure needs.

The 1% tax collected for road related projects will amount to \$2,787,823 in 2021.

A 2.52% tax increase will result in approximately \$4.63 per month increase for an average residential property assessed at \$307,000 **.

Non-market change will provide the City with approximately \$300,000 in additional tax revenue from new construction and changes in classification status.

** (Typical single family residential property assessed value per BC Assessment for 2020)

Taxation Levels

During 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;
4. To lessen the tax burden on property owners by pursuing other revenue sources; and
5. To pursue opportunities that align with Council’s strategic vision.

Taxation revenue is based on the service delivery levels approved by Council each year during the budget process. The 2021 to 2025 Five Year Financial Plan includes budgeted property tax revenues as follows:

<u>Year</u>	<u>Taxation Revenue (Levy)</u>
2021	\$ 29,374,520
2022	\$ 30,549,645
2023	\$ 31,751,016
2024	\$ 32,751,639
2025	\$ 33,836,751



Estimated impact of the 2021 tax increase

The 2021 general municipal property tax increase for an average residential property in Cranbrook (excluding school and other non-City taxes) is projected to be 2.52% or approximately \$56 for the year.

In 2020, the BC Assessment Authority valued the average residential property in Cranbrook at \$307,000. Using this assessed value, the 2021 projected municipal taxes for an average home will be about \$2,261, or \$6.19 per day, before the Provincial Homeowner Grant.



Residential Value	\$200,000	\$307,000	\$400,000
Estimated 2021 Taxes ^	\$1,576	\$2,261	\$2,944
Increase over 2020 **	\$39	\$56	\$70

^ 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 \$6.19 per day get you?



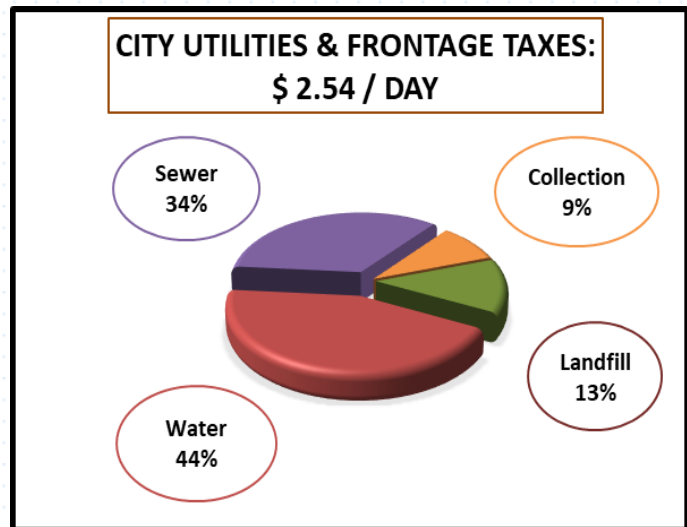
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Impact of 2021 Utilities Fees

For an average home in Cranbrook, the projected 2021 utility and frontage tax fees will total \$928 (\$2.54 per day). This amount remains unchanged from 2020.

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 2021, the City will introduce an automated curbside recycling collection program. Thanks to funding contributions from RecycleBC and the Regional District of East Kootenay, this service will be delivered at no extra cost to residents.



There are no increases to utility fees or frontage taxes in 2021

Utility and Parcel Tax Rates

The 2021 monthly utility fees for water, sewer, and solid waste will remain at 2020 levels, and are projected to be:

<u>Year</u>	<u>Monthly Rate</u>	<u>Revenue</u>
2021	\$ 59.50	\$ 7,309,968
2022	\$ 59.50	\$ 7,331,897
2023	\$ 59.50	\$ 7,353,893
2024	\$ 59.50	\$ 7,375,955
2025	\$ 59.50	\$ 7,398,083

(2020 - \$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>
2021	\$ 14.00	\$ 2,489,742	\$ 214
2022	\$ 14.00	\$ 2,494,722	\$ 214
2023	\$ 14.00	\$ 2,499,711	\$ 214
2024	\$ 14.00	\$ 2,504,711	\$ 214
2025	\$ 14.00	\$ 2,509,720	\$ 214

(2020 - \$14.00 per taxable m)

COVID-19 Safe Restart Grant

In September 2020 the Province of British Columbia announced a joint federal/provincial grant package that includes \$540 million for local governments.

The \$540 million was divided into 3 streams:

- Development Services - \$15 mil – application-based
- Strengthening Communities - \$10 mil – application-based
- Direct grants to local governments - \$425 million – per capita based

The City received a direct grant of \$3,765,000.

Eligible costs include:

- addressing revenues shortfalls;
- facility reopening and operating costs;
- emergency planning and response costs;
- bylaw enforcement and protective services like fire protection and police;
- computer and other electronic technology costs (to improve interconnectivity and virtual communications);
- services for vulnerable persons (e.g. persons living with disabilities, mental illness or addictions, persons experiencing homelessness or other vulnerabilities); and
- other related costs.

There is no time limit on when the funds must be expended. The Province anticipates that local governments will use the money through both the COVID response and post-COVID recovery periods (2020, 2021, and possibly 2022).

The City is required to annually report on how it spent the funds. The reporting on the funds must continue until the funds are fully drawn down.

The City's initial approach:

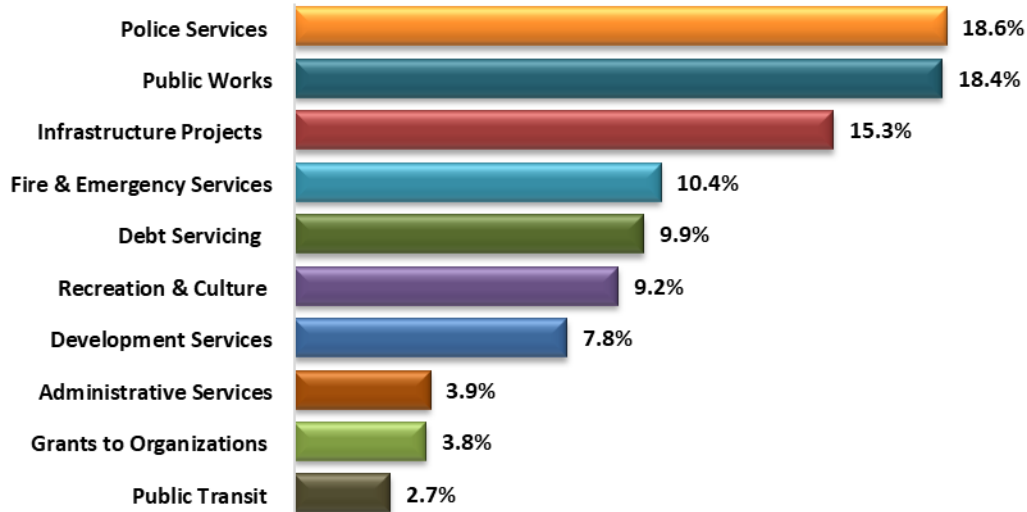
- identification of 2020 purchases for cost-recovery
- consideration of COVID related projects for 2021
- budgeting coverage of estimated 2021 revenue shortfalls

The Province has been very clear that the purpose of the funds is to support local governments as they deal with increased operating costs and lower revenue due to COVID-19. Further, the funds are also to ensure that local governments can continue to deliver the services people depend on in their communities.

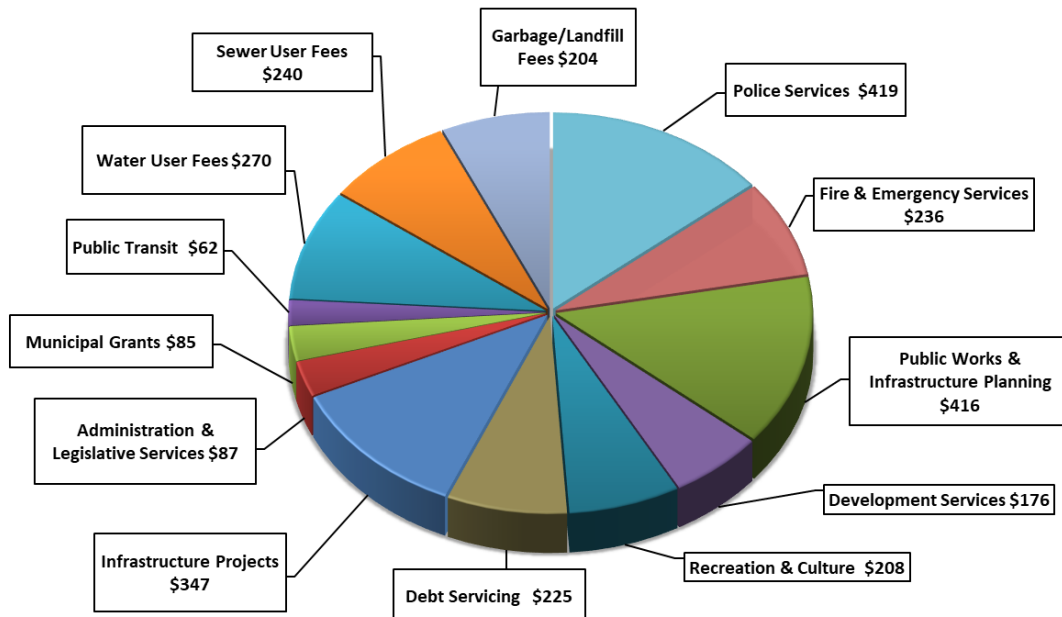
The Safe Restart Grant will be used, in part, to ensure that tax revenue is not increased due to estimated lost revenues or increased operating costs resulting from COVID-19.

Staff will undertake discussions with Council about the best use of the grant.

Municipal Property Tax Breakdown by Service



2021 Municipal Taxes & Utility Fees for a Residential Property with an assessed value of \$307,000



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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 2021 – 2025 Five Year Financial Plan have been identified as priority projects.

Whenever possible, capital projects are funded from reserve funds. In 2021, 79% 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 2021 include:

- \$ 5,178,371 Capital Roads Program (includes underground water & sewer services)
- \$ 4,657,642 Sanitary Sewer Trunk from Lagoon to Victoria Avenue
- \$ 4,361,158 Lagoon Dyke and Piping Upgrades
- \$ 1,042,745 Confederation Park – Master Plan Upgrades (grant dependent)
- \$ 2,750,000 Cranbrook Economic Recovery & Action Program Phase 1 (grant dependent)
- \$ 830,000 Lagoon Aeration Diffusers
- \$ 650,000 Gold Creek Dam (year 1 of 2)
- \$ 500,000 McPhee & Theatre Road Rail Crossing Upgrades

Capital Road Program

Extensive road resurfacing and rehabilitation will continue throughout all five years of the plan, with a total budget of \$27,570,862 allocated for capital roads projects. The 1% Capital Works tax collected in 2021 is equal to \$2,787,823 (2020 - \$2,504,189) of which all but \$100,000 will be used for the capital road program.



2020 Road Program
Birch Drive

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The funding breakdown for the 2021 capital roads program is:

Taxation and Utility Fees	\$ 1,200,000
1% Capital Works Tax	\$ 2,687,823
Reserves	\$ 928,773
Contributions from Organizations	\$ <u>361,775</u>
Total 2021 Program	\$ 5,178,371

In 2020, approximately \$3.2 million was spent and committed on capital roads projects that employed five local contractors. The following projects were among those completed in 2020:

- 8th Street S – Watermain reconstruction and paving
- 8th Avenue S – Watermain reconstruction and paving
- Pressure Reducing Station #5 replacement
- Kootenay Street Alley drainage improvements

Details of the 2021 preliminary road improvement program, pending firm construction pricing and other considerations, will be published at a later date.

Wastewater Lagoons and Influent Trunk Main Upgrades

In 2021, upgrades to the City of Cranbrook wastewater lagoons at the north end of the community will include replacing all of the piping between and under the lagoons, upgrading and installing a new trunk main that enters the lagoons from the intersection of Victoria Avenue and Highway 3. Regrading of the slopes of the dykes in the lagoons as well as the exterior of the dyke along Joseph Creek will be undertaken. In addition, the dykes will be armored to help prevent erosions.

The total cost of these projects is \$9,018,800, these projects are funded 46% federal grants, 36% provincial grants, and 18% reserve funds.



Wastewater Lagoons – North end of Cranbrook

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The amounts designated for municipal capital expenditures over the next five years, including projects from 2020 that have not yet been started, are:

By Department

	2021	2022	2023	2024	2025
Finance	-	40,000	-	-	-
Development Services	204,585	105,000	135,000	85,500	87,000
Protective Services	1,979,000	150,000	795,000	255,000	100,000
Recreation & Culture	1,791,489	560,000	1,385,000	357,000	4,166,000
Public Works	5,898,789	4,736,815	5,252,162	5,506,230	6,812,050
Water Fund	1,537,000	12,273,434	975,000	3,277,500	20,961,667
Sewer Fund	10,540,801	560,000	6,560,000	717,500	876,667
Solid Waste Fund	-	1,800,000	-	-	-
Airport Fund	1,187,000	2,982,507	935,000	85,000	850,000
Total Capital Projects	23,138,664	23,207,756	16,037,162	10,283,730	33,853,384

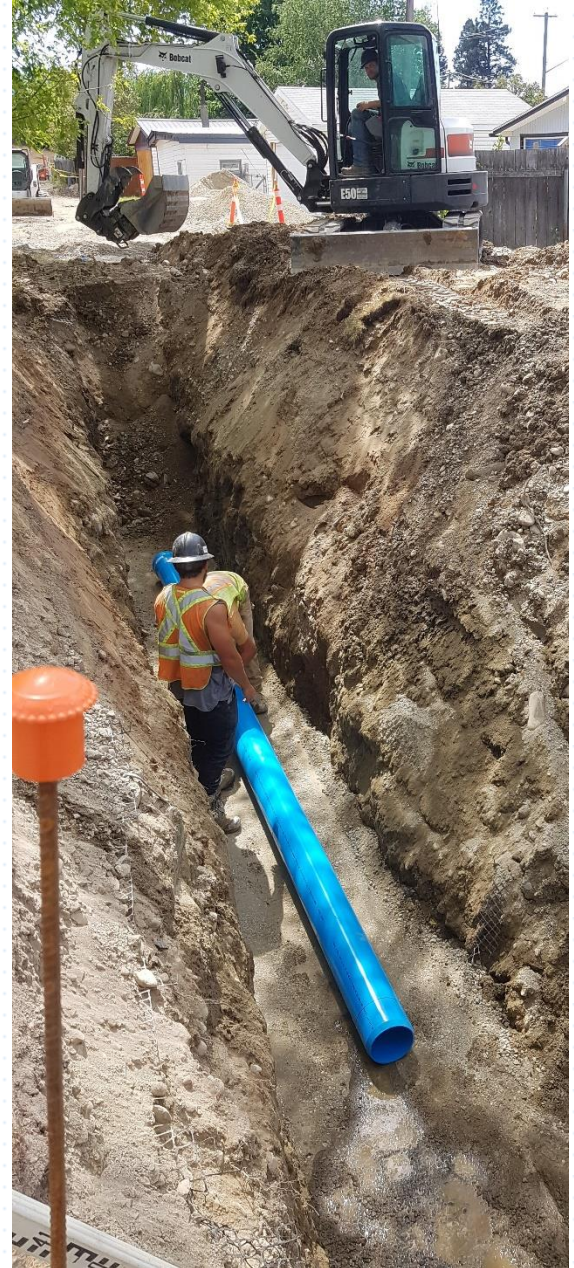
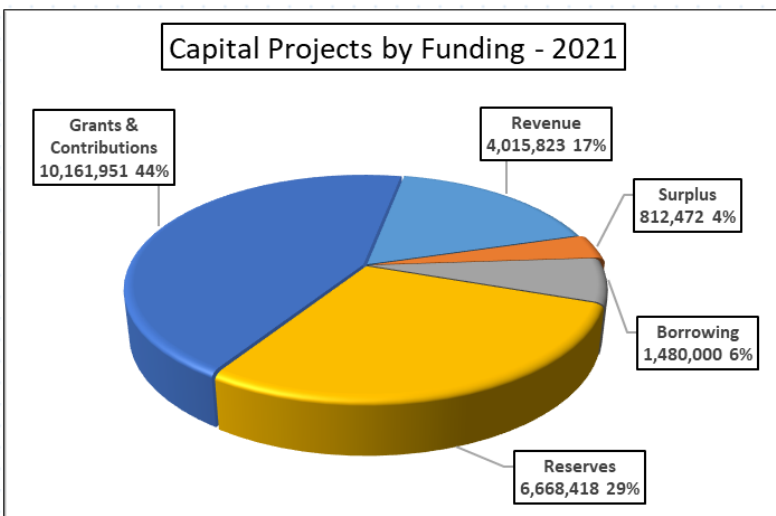
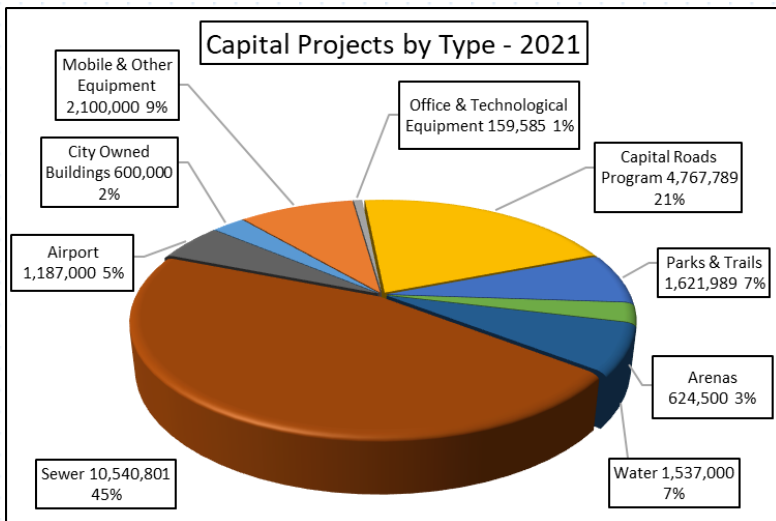
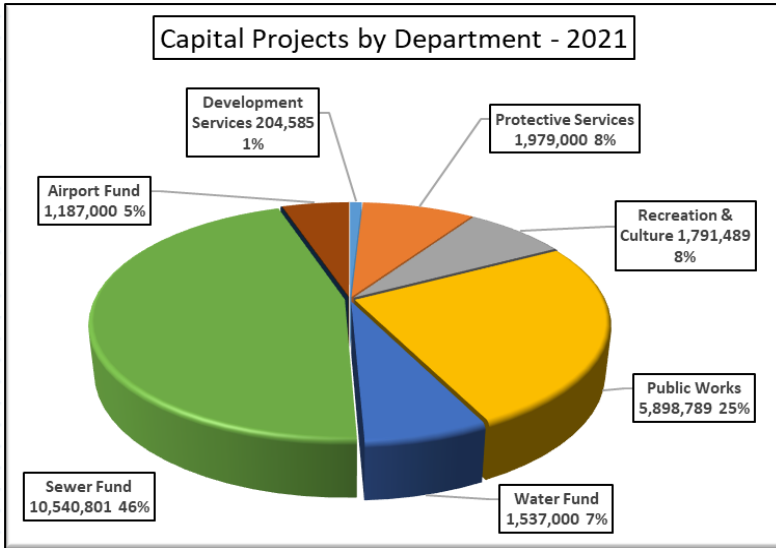
By Type

	2021	2022	2023	2024	2025
City Owned Buildings	600,000	250,000	438,000	380,000	135,000
Mobile & Other Equipment	2,100,000	150,000	962,000	307,000	1,380,666
Office & Technological Equipment	159,585	170,000	135,000	85,500	145,000
Capital Roads Program	4,767,789	4,411,815	4,531,162	4,864,230	5,081,384
Cemetery	-	50,000	-	-	-
Parks & Trails	1,621,989	20,000	501,000	210,000	257,000
Arenas	624,500	540,000	1,000,000	357,000	4,166,000
Water	1,537,000	12,273,434	975,000	3,277,500	20,961,667
Sewer	10,540,801	560,000	6,560,000	717,500	876,667
Solid Waste	-	1,800,000	-	-	-
Airport	1,187,000	2,982,507	935,000	85,000	850,000
Total Capital Projects	23,138,664	23,207,756	16,037,162	10,283,730	33,853,384

By Funding Source

	2021	2022	2023	2024	2025
Revenue	4,015,823	4,301,115	4,637,162	4,855,230	5,181,384
Surplus	812,472	745,627	305,000	85,000	850,000
Borrowing	1,480,000	3,524,092	2,740,000	2,000,000	10,066,667
Reserves	6,668,418	2,962,090	3,725,000	3,312,237	4,422,000
Grants & Contributions	10,161,951	11,674,832	4,630,000	31,263	13,333,333
Total Capital Budget	23,138,664	23,207,756	16,037,162	10,283,730	33,853,384

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Water Main Replacement - 2020

Carry Forward Projects

Projects that are incomplete at December 31, 2020 will be carried forward to 2021. The funding for these projects was included in the 2020 – 2024 Five Year Financial Plan Bylaw #3998, which was adopted on January 27, 2020.

Projects being carried forward include:

• Airport Dump Truck & Plow	• Joseph Creek Erosion Controls
• Airport HVAC upgrades	• Joseph Creek Channel Construction
• Airport Runway Sweeper	• Kinsmen & WFP Arena Boards
• Fire Ladder Truck & Bush Truck	• DCC Review
• Fire Protection Mitigation Projects	• Watershed Creek Flow Monitoring
• Water Quality Asset Mgmt Plan	• Flood Mapping

**Water Main Repair
Wildstone Drive**



**PR Station #5
Replacement**



Western Financial Place

In 2020, replacement of the roof at Western Financial Place was completed on time and under budget. Projects scheduled for 2021 include replacement of the ice re-surfacer, new lighting controls, and replacement of exterior doors.

This year, Western Financial Place became home to the Cranbrook Bucks, who play in the Interior Division of the BCHL. Unfortunately for fans, COVID-19 has delayed in-person hockey for the time being.



Due to the provincial health orders currently in place, almost all aquatic and arena events have been cancelled. Because of the uncertainty related to COVID, the 2021 budget estimates a drop in revenue of \$298,500 at Western Financial Place. Operating expenses are estimated to be \$2,693,904 before debt payments of \$1,591,130.



Western Financial Place Roof Replacement

Larger capital projects budgeted for 2022 through 2025 include a dehumidification system, refrigeration condenser replacement, and sports flooring at the arena, tilework and lighting components at the aquatic centre, and replacement of the building's exterior insulation finish system (EIFS).

Canadian Rockies International Airport

After ten years of steady growth that outpaced economic indicators, the Canadian Rockies International Airport is forecasting a financial deficit due to travel restrictions caused by COVID-19. Operating revenues of \$1,009,231 and operating expenses of \$1,534,478 have been budgeted for 2021, resulting in an estimated loss for the year of \$525,247. The loss will be offset with a transfer from reserves.

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The focus in 2021 will be to retain air service from all three existing carrier partners, pursue economic diversification, and capitalize on opportunities that reduce expenses and increase revenues.



Westjet flight arriving at Canadian Rockies International Airport



Forest Fire Operations – Summer 2020

Nine capital projects are planned for the airport in 2021, ranging in focus from preventative maintenance to critical safety upgrades. Among other projects, the airport infrastructure will continue to be developed with upgrades to the HVAC systems, as well as accessibility updates and mobile equipment replacement – pending ACAP funding approval.

The 2022 to 2025 extended capital plan is designed to meet the anticipated needs of safety, customer service and infrastructure maintenance. In 2022, the capital project to replace the Airfield Lighting Cabling and Transformers will be submitted for ACAP (Airport Capital Assistance Program) funding. Other projects in the five year plan include replacement of precision approach path indicator units, a new snowblower, and parking lot paving.

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 21 organizations in 2021. These organizations include the Cranbrook Public Library, Key City Theatre, Chamber of Commerce, Cranbrook History Centre, Cranbrook Search & Rescue, and Cranbrook Curling Club. In 2021, the funding is budgeted to be \$1,114,936.

In addition, City Council has approved permissive tax exemptions to not-for-profit organizations in 2021 in the estimated amount of \$355,817. Permissive exemptions are at Council's discretion and must be applied for each year.



Cranbrook History Centre – Heritage Railcar Preservation Building

Regional Landfill

The annual payment to the RDEK for the regional landfill fee is budgeted to be \$1,600,000 in the years 2021 through 2025.

RCMP

The City has a contract with the RCMP to provide police services for the City. The 2021 contract for 26 Officers is budgeted at \$4,822,737 (2020 - \$4,727,219). Separate from the policing contract, the City has budgeted over \$1,617,730 in 2020 for RCMP operations, building maintenance, and security upgrades at the detachment.

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Transfers to/from Reserves

In 2020, Council approved the City of Cranbrook Reserves and Surplus Policy No. 40-50. The policy articulates Council and Administration's commitment to financial sustainability and ensures that the City has adequate reserve and surplus levels to be flexible when opportunities present, act innovatively, and mitigate risks while supporting the City's Asset Management Program. The policy demonstrates to the community that Council recognizes that having adequate reserve levels is important in achieving community goals including financial health and stability.

Per 1.3 of the Reserve and Surplus Policy, annual and/or periodic contributions to reserve funds shall be specific to each reserve, as approved by Council through the City's annual financial planning bylaw.

Budgeted transfers to reserve funds in 2021 amount to \$6,314,423. Some of the larger deposits include:

\$ 1,460,367	Recapitalization reserves for capital asset replacement
\$ 1,190,121	Land Sales Reserve – proceeds from land sales ¹
\$ 904,619	Federal gas tax transfer to fund eligible capital projects
\$ 835,422	Financial Stabilization Reserve
\$ 356,069	Buildings reserve to fund building repairs, replacements and expansions
\$ 231,727	Capital Projects Reserve to fund IT related projects
\$ 170,000	New Initiatives Reserve to support Council strategic priorities & initiatives

¹In 2020, the City sold approximately 100 acres of Industrial Land for \$6,000,000.

In exchange, the City received a cash payment of \$835,000 on the closing date and through a take-back mortgage, the City will receive five annual payments of \$1,033,000, plus interest, starting on November 16, 2021.

As the annual mortgage payments are received starting in 2021, they will be allocated to the Land Sales 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 2021, reserve withdrawals amount to \$8,611,736. Some of the larger projects funded from reserves are:

\$ 2,012,065	Sanitary Sewer Capital Projects
\$ 1,089,932	Building upgrades
\$ 928,773	Capital Road Program
\$ 654,500	Western Financial Place capital projects and major repairs
\$ 561,000	Mobile Equipment Replacement
\$ 400,000	OCP Review
\$ 375,000	Water Infrastructure Repairs

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. Since the start of the COVID-19 pandemic, BC Transit has increased its cleaning and sanitizing protocols to ensure the health and safety of all transit users, while maintaining service levels.



The costs associated with conventional and custom transit are shared with the Province. The City's share for 2021 operations is budgeted at \$802,000 net of revenue.

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 2021 has been budgeted at \$8,000,000 and has been included in the Financial Plan.

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Borrowing

Over the five-year period 2021 to 2025, the City plans to borrow \$19,810,759 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	2022	1,480,000		5 years	303,203
Phillips Reservoir Bypass Pipeline	2022	1,724,092		20 years	124,464
Mechanized Garbage Trucks	2022	1,800,000		5 years	371,380
Fire Engine	2023	740,000		5 years	152,678
Transfer Pipeline - Phase II	2023	2,000,000		20 years	144,382
Phillips Reservoir Twinning Supply	2024	2,000,000		20 years	144,382
Water Treatment Plant & Distribution	2025	6,666,667		20 years	481,275
WFP - EIFS Walls	2025	3,400,000		20 years	238,231
		<u>\$ 19,810,759</u>			
* Assumed Interest rate of 3.0% - reviewed with MFA					

Note: Borrowing typically lags behind the year the project is initiated. In the case of equipment purchases, it can take up to 18 months from the time the order is placed to when the City takes possession and payment is required.

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THE CORPORATION OF THE CITY OF CRANBROOK CONSOLIDATED FIVE YEAR FINANCIAL PLAN 2021 TO 2025 UNAUDITED					
	2021	2022	2023	2024	2025
REVENUE					
MUNICIPAL PROPERTY TAXES	(29,692,321)	(30,867,446)	(32,068,817)	(33,069,440)	(34,154,552)
PAYMENTS IN LIEU OF TAXES	(340,000)	(340,000)	(340,000)	(340,000)	(340,000)
PARCEL & LOCAL AREA SERVICE TAXES	(2,535,598)	(2,540,578)	(2,520,311)	(2,525,311)	(2,530,320)
SALE OF SERVICES AND FEES	(3,035,445)	(3,683,723)	(3,739,793)	(3,778,402)	(3,838,394)
AIRPORT FEES	(1,058,171)	(1,612,357)	(2,154,949)	(2,702,059)	(2,976,077)
WATER/SEWER/SOLID WASTE FEES	(7,552,168)	(7,574,097)	(7,596,093)	(7,618,155)	(7,640,283)
RENTALS	(414,446)	(394,186)	(399,395)	(435,905)	(406,560)
NON-FUNDED AMORTIZATION	(8,000,000)	(8,000,000)	(8,000,000)	(8,000,000)	(8,000,000)
RETURN ON INVESTMENTS	(452,794)	(415,760)	(417,982)	(412,471)	(418,270)
TRANSFERS FROM RESERVES	(9,662,226)	(4,339,924)	(5,071,582)	(4,842,456)	(6,660,143)
TRANSFERS FROM SURPLUS	(7,981,724)	(853,127)	(330,000)	-	(70,000)
BORROWING FOR CAPITAL	(1,480,000)	(3,524,092)	(2,740,000)	(2,000,000)	(10,066,667)
OTHER REVENUE	(4,235,442)	(3,871,142)	(3,762,461)	(3,785,846)	(3,809,725)
TRANSFERS FROM OTHER GOVERNMENTS	(12,940,136)	(13,536,934)	(6,509,427)	(1,923,608)	(15,260,400)
COLLECTIONS FOR OTHER GOVERNMENTS	(8,428,983)	(8,428,983)	(8,428,983)	(8,428,983)	(8,428,983)
Total REVENUE	\$ (97,809,454)	\$ (89,982,349)	\$ (84,079,793)	\$ (79,862,636)	\$ (104,600,374)
OPERATING EXPENSES					
GENERAL GOVERNMENT SERVICES	10,635,879	8,658,658	8,573,601	8,623,521	8,673,268
PROTECTIVE SERVICES	10,685,765	10,673,709	10,945,216	11,350,244	11,533,303
PUBLIC WORKS	6,894,270	6,948,874	7,042,124	7,011,480	7,069,040
RECREATION & CULTURE	3,949,864	4,388,774	4,368,130	4,542,636	4,459,422
WATER/SEWER/SOLID WASTE	7,908,452	8,119,232	8,087,047	7,991,137	8,131,567
AIRPORT	1,554,474	1,624,439	1,789,005	1,982,882	2,129,075
FISCAL SERVICES	3,948,435	3,974,282	4,164,445	4,030,707	4,246,588
TRANSFERS TO RESERVES	11,864,423	5,294,629	5,461,840	5,777,615	5,811,605
OTHER TRANSFERS	800,245	663,013	1,182,240	1,839,701	2,264,139
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	\$ 74,670,790	\$ 66,774,593	\$ 68,042,631	\$ 69,578,906	\$ 70,746,990
CAPITAL EXPENSES					
GENERAL GOVERNMENT SERVICES	204,585	145,000	135,000	85,500	87,000
PROTECTIVE SERVICES	1,979,000	150,000	795,000	255,000	100,000
PUBLIC WORKS	5,703,789	4,736,815	5,222,162	5,506,230	6,555,050
RECREATION & CULTURE	1,986,489	560,000	1,415,000	357,000	4,423,000
WATER FUND	1,537,000	12,273,434	975,000	3,277,500	20,961,667
SEWER FUND	10,540,801	560,000	6,560,000	717,500	876,667
SOLID WASTE FUND	-	1,800,000	-	-	-
AIRPORT FUND	1,187,000	2,982,507	935,000	85,000	850,000
Total CAPITAL EXPENSES	\$ 23,138,664	\$ 23,207,756	\$ 16,037,162	\$ 10,283,730	\$ 33,853,384



MOUNTAINS OF OPPORTUNITY
CRANBROOK

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

