



# **CITY OF CRANBROOK 2023 – 2027**

## **PROPOSED FIVE-YEAR FINANCIAL PLAN SUMMARY**

**The public consultation period for the 2023-2027 Five-Year Financial Plan will be open from Monday, March 13 through Friday, March 24, 2023.**

**Written submissions are invited from the public prior to 4pm on March 24, 2023, and will be considered at the Regular Meeting of Council on Monday, March 27, 2023.**

City of Cranbrook  
Five-Year Financial Plan Summary  
2023 – 2027

**Message from the CFO**

We are pleased to present the *Proposed Five-Year Financial Plan Summary (2023 – 2027)*. This document summarizes the five-year financial plan in an easy-to-read format highlighting the many important initiatives the City will be undertaking in the coming years as well as providing information on what property owners of Cranbrook can expect when it comes to taxes and fees.

We are inviting the public to review the *Proposed Five-Year Financial Plan summary (2023 - 2027)* and submit their comments for Council's consideration. The public comment period will open on March 13, 2023; the deadline for written submissions is March 24, 2023 at 4:00 pm. Staff will present submissions to Council at the March 27, 2023 regular meeting.

Inflationary pressures have forced prices to rise across many commodities and services. Diesel costs have risen 60% while natural gas has gone up 30%. A range of consumables from paper to uniforms have increased more than 11%. Infrastructure supplies and project costs have gone up 20 – 30%, in some cases as high as 40%. Increased interest revenue and fees will offset some of the overall cost increases.

The impacts on policing costs resulting from the negotiation of the first collective agreement between the federal government and the National Police Federation are being incorporated into the Five-Year Financial Plan in 2023 through to 2025. During those years, the increase to taxes will be supplemented with prior years' policing surplus to prevent spikes in the tax levy. By 2026, the increase will be fully funded from taxes.

Additional resources have been added in 2023 to the policing budget in the form of 2.5 permanent full time watch clerks. These new positions bring the total to 4 watch clerks added over the past 2 years. These positions provide administrative support to the 24/7 regular member shifts freeing up RCMP resources for policing duties. In 2023, the additional positions are 50% funded from surplus and 50% from new taxes. By 2024, the positions will be fully funded from taxes.

Additional resources have also been added for Fire and Emergency Services to address the steady increase in the community's demand for response-based services. Additional permanent funding of \$130,000, supported by taxes, is being added starting in 2023.

Council is supporting two new important social initiatives – a Community Housing Corporation study and partial funding for one year for a Social Development Coordinator. The housing study will consider whether the City should play a stronger role by becoming actively involved in housing development within Cranbrook. The objective of the Social Development Coordinator is to bring together federal, provincial and not-for profit programs that support homeless and vulnerable people in Cranbrook, and work with the various service-delivery agencies to improve actual outcomes. Both initiatives are funded from the Financial Stabilization Reserve.

Council has suspended the growth portion of the 1% road dedicated tax for 2023. The temporary suspension was seen as a necessary measure to alleviate the impacts of rising costs on the City's tax levy. While the road dedicated tax will not grow in 2023, the annual capital works program will still receive new funding of \$5,838,360. Over 2023 – 2027, more than \$33,555,000 will be spent on road resurfacing and rehabilitation, including underground utilities.

Both water and sanitary sewer frontage taxes will see annual increases starting in 2024 through to 2027. By 2027, the combined frontage taxes will have increased \$12 per taxable meter translating to an additional \$183 per household per year based on an average lot size. These increases are necessary to pay for the borrowing costs associated with several large and critical water and sanitary sewer capital projects.

The proposed financial plan results in an overall increase to the 2023 tax levy of 5.87%.

Charlotte Osborne, CPA, CGA

## **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 Purcell Mountains to the west, Cranbrook is surrounded by world class scenery, recreation, and wildlife.

Considered the regional hub of the East Kootenays, with a population of approximately 21,000, our community is home to the Canadian Rockies International Airport, the East Kootenay Regional Hospital, the Cranbrook History Centre, the College of the Rockies, the 600 seat Key City Theatre, and the Western Financial Place recreational complex, which houses the BCHL Cranbrook Bucks hockey team. Cranbrook hosts many festivals and events annually including Spirit of the Rockies Festival (formerly known as Sam Steele Days), Summer Sounds in the park, Santa Claus Parade, Farmers' Market, and Winter Blitzville.



Summer Sounds in the park - 2022

Located on Highway 3, BC's southern Trans-Canada highway and on the Canadian Pacific Railway line, Cranbrook is the Center for business and for retail shopping for the East Kootenay region, boasting a total population of close to 65,000.

Over the past ten years, Cranbrook has received recognition and accolades numerous times for the quality of life enjoyed by area residents. Maclean's ranked Cranbrook #52 on its best communities list out of 415 communities across Canada. As well, Cranbrook has been 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 and Vancouver.



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**City of Cranbrook - Mayor and Council**



L-R Top: Councillor Wesly Graham, Councillor Mike Peabody, Councillor Wayne Stetski, Councillor Ron Popoff  
L-R Bottom: Councillor Lynnette Wray, Mayor Wayne Price, Councillor Norma Blissett

**ORGANIZATIONAL STRUCTURE**

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

- ❖ Corporate Services
- ❖ Engineering & 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, Bylaw Enforcement, and Business Licensing
- ❖ Human Resource Management
- ❖ Planning, Building, and Subdivision Development
- ❖ Financial Planning and Accounting
- ❖ Airport Operation and Maintenance
- ❖ Public Transit, including HandiDart Services

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## **FINANCIAL PLAN OVERVIEW**

The City must prepare a Five-Year Financial Plan each year in accordance with 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 2023 – 2027* will be available for public consideration for two weeks starting on March 13, 2023.

This year's budget process began with strategic planning sessions between senior management and City Council in September and November 2022. Priority projects were identified and categorized based on importance and alignment with the Cranbrook Strategic Plan 2020 to 2024, and eventually formed the basis of the 2023 to 2027 Five-Year Financial Plan.

Public budget meetings were held in January, February, and March of this year, where all the departments presented their detailed 2023 work plans and summarized their larger projects planned for 2024 through 2027. The public was invited to attend all meetings via live stream and submit comments in writing.

Council received the budget information and directed staff to make adjustments where they felt better alignment with their objectives could be achieved. The public consultation period will be open from March 13 to March 24, 2023. After the public consultation period, Council will again consider comments from the public. The 2023 to 2027 Five-Year Financial Plan Bylaw is scheduled for three readings on March 27 and adoption on April 17, 2023.

If necessary, a budget amendment bylaw will be presented to Council later in 2023 and will include any unexpected changes that may arise after the initial budget was adopted. Prior to May 15, 2023 the Cranbrook Tax Rates Bylaw will be presented to Council for consideration.



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## TAXATION

### Property Tax Levy

The total tax levy for 2023 is projected to be \$32,789,877 including the cumulated road dedicated tax. This reflects a general municipal property tax levy increase of 5.87%.

The tax collected for road related projects, included in the total tax levy, is \$3,081,526 for 2023. This tax 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.

A 5.87% increase in the general tax levy translates to a property tax increase of approximately \$12.85 per month, or \$154 per year, for an average residential property assessed at \$446,000 \*.

Non-market change will provide the City with approximately \$415,000 in additional tax revenue from new construction and changes in classification status.

\* (Typical single family residential property assessed value per BC Assessment for 2023)

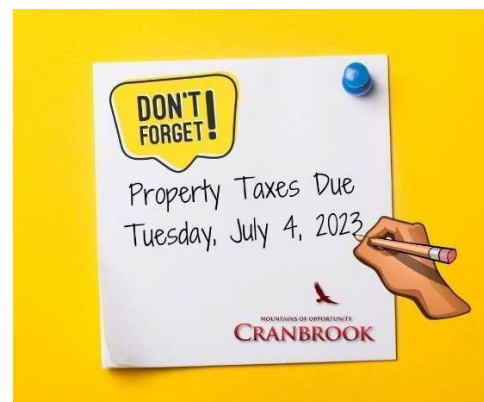
### Taxation Levels

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 2023 to 2027 Five-Year Financial Plan includes budgeted property tax revenues as follows:

<u>Year</u>	<u>Taxation Revenue (Levy)</u>
2023	\$ 32,789,877
2024	\$ 35,009,430
2025	\$ 36,982,861
2026	\$ 38,877,263
2027	\$ 40,343,363



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**Estimated impact of the 2023 tax increase**

The 2023 general municipal property tax increase for an average residential property in Cranbrook (excluding school and other non-City taxes) is projected to be 5.87% or approximately \$154 for the year (\$12.85 per month).

In 2023, the BC Assessment Authority valued the average residential property in Cranbrook at \$446,000. Using this assessed value, the 2023 projected municipal taxes for an average home will be about \$2,795, or \$7.66 per day, before the Provincial Homeowner Grant.

SCENARIOS:



Residential Value	\$350,000	\$446,000	\$500,000
Estimated 2023 Taxes ^	\$2,194	\$2,795	\$3,134
Increase over 2022 **	\$122	\$154	\$174

^ Municipal property taxes only

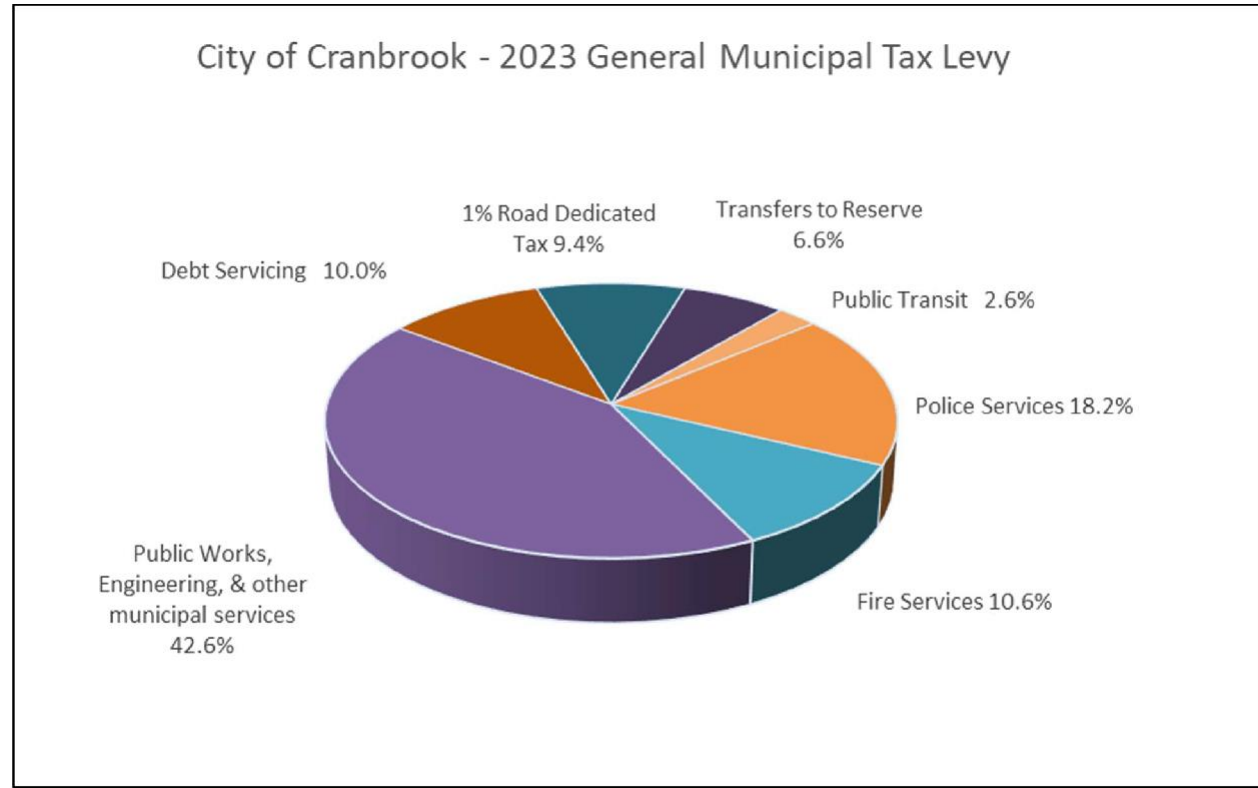
\*\* Estimated annual increase

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/regular; \$1,045 – senior/disability.



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**Your Tax Dollars At Work**



2023 General Municipal Tax Levy			Taxes paid in 2023 for typical house (\$446,000)	
Police services	5,959,157	18%	\$	508
Fire & Emergency Services	3,484,437	11%		297
1% road Dedicated Tax	3,081,526	9%		263
Debt Servicing	3,278,299	10%		279
Transfers to Reserve	2,164,000	7%		184
Transit	858,000	3%		73
Public Works, Engineering, & Other Muni Services	13,964,458	43%		1,190
<b>\$32,789,877</b>			<b>\$</b>	<b>2,795</b>



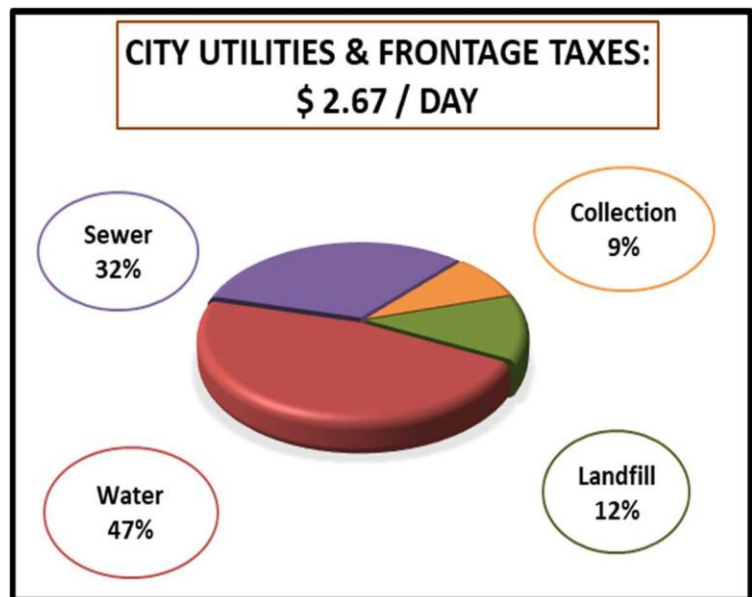
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**Impact of 2023 Utilities Fees**

For an average home in Cranbrook with solid waste collection, the projected 2023 utility and frontage tax fees will total \$976 (\$2.67 per day). This amount remains unchanged from 2022.

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 introduced an automated curbside recycling collection program. Thanks to funding contributions from Recycle BC and the Regional District of East Kootenay, this service is being delivered at no extra cost to residents.



There are no increases to utility fees or frontage taxes in 2023.

**Utility and Parcel Tax Rates**

The 2023 monthly utility fees for water, sewer, and solid waste (including solid waste collection) are projected to be:

<u>Year</u>	<u>Monthly Rate</u>	<u>Revenue</u>
2023	\$ 63.50	\$ 8,194,083
2024	\$ 63.50	\$ 8,218,665
2025	\$ 63.50	\$ 8,243,321
2026	\$ 63.50	\$ 8,268,051
2027	\$ 63.50	\$ 8,317,734

(2022 - \$63.50/month)

The annual frontage tax charges will remain unchanged in 2023, 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>
2023	\$ 14.00	\$ 2,512,273	\$ 214
2024	\$ 17.00	\$ 3,057,007	\$ 259
2025	\$ 22.50	\$ 4,051,862	\$ 343
2026	\$ 25.50	\$ 4,601,834	\$ 389
2027	\$ 26.00	\$ 4,700,174	\$ 397

(2022 - \$14.00 per taxable m)

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**Safe Restart Grant**

In November 2020, the city received a direct grant of \$3,765,000 under the COVID-19 Safe Restart Grants for Local Governments stream. The initial priority was to support local governments as they dealt with increased operating costs and lower revenue due to COVID-19. The funds continue to provide support.

At December 31, 2022, the estimated Safe Restart Grant balance is \$78,157 after the estimated draw-down in 2022 of approximately \$1,542,025 to cover operating costs, capital projects and lost revenue related to COVID-19. There may be additional amounts uncovered as we go through the year-end process.

There were a number of lessons learned during the pandemic about creating safe communal spaces (social distancing, no-touch facilities, etc.) and the need for robust virtual communication opportunities and meeting spaces.

**2023 projects funded from the Safe Restart Grant:**

- Development Approval Software \$ 30,000

**Total projects 2023    \$30,000**

**Summary:**

COVID-19 Restart Grant	\$ 3,765,000
Eligible costs incurred to December 31, 2020	<u>(1,269,527)</u>
	\$ 2,495,473
Eligible costs incurred to December 31, 2021	(875,291)
Eligible costs incurred to December 31, 2022 (est)	<u>(1,542,025)</u>
	\$ 78,157
2023 projects funded from Restart Grant	<u>(30,000)</u>
<b>Estimated Balance – December 31, 2023</b>	<b><u>\$ 48,157</u></b>

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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 2023 – 2027 Five-Year Financial Plan have been identified as priority projects.

Whenever possible, capital projects are funded from reserve funds. In 2023, 69% of projects will be paid for by reserves and borrowing. The remainder will be funded from grants (19%) or other tax revenue (12%).

Significant projects, not including carry forward projects, scheduled for completion in 2023 include:

\$ 2,100,000	Mechanized Garbage Trucks & Bins
\$ 1,000,000	Replace Fire Engine 1504
\$ 700,000	Replace Airport Snowblower
\$ 590,000	Public Works Electrical Vehicle Charging Station
\$ 550,000	Kootenay St N & 6 <sup>th</sup> St NW – Traffic Signal Installation
\$ 540,724	RCMP – Design & Renovation

### **Capital Road Program**

Extensive road resurfacing and rehabilitation will continue throughout all five years of the plan, with a total budget of \$33,555,614 allocated for capital roads projects (excluding carry forward funds). The tax collected for road related projects in 2023 is equal to \$3,081,526 (2022 - \$3,081,526) of which all but \$123,786 will be used for the capital road program.



**McPhee & Theatre  
Road Intersection**



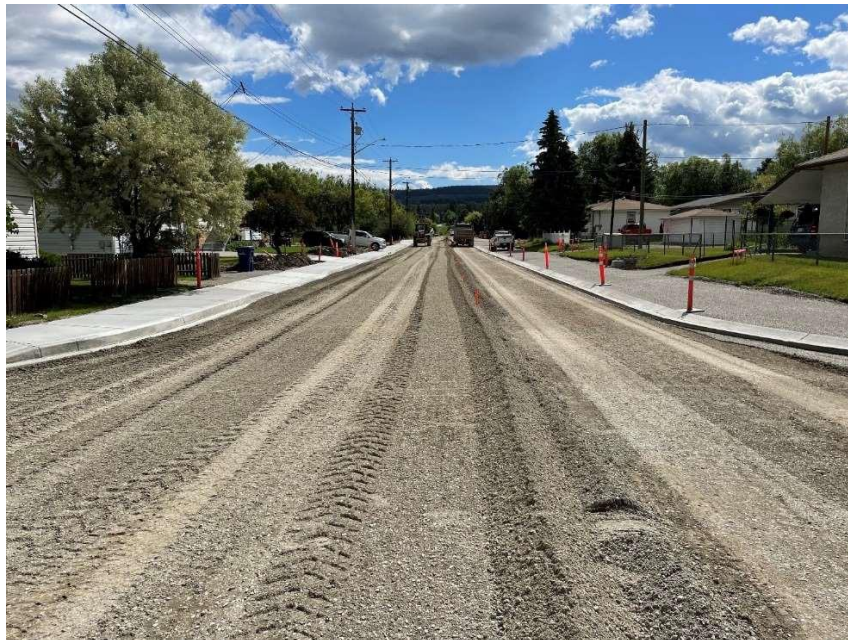
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The funding breakdown for the 2023 capital roads program, excluding carry forward funds, is as follows:

Taxation and Utility Fees	\$ 1,550,000
1% Capital Works Tax	2,957,740
Reserves	<u>1,330,620</u>
Total 2023 Program	\$ 5,838,360

**4<sup>th</sup> Street North Reconstruction Project**

In 2023, the City is looking to undertake and complete the reconstruction of 4<sup>th</sup> Street N (continuation of the work completed on 4<sup>th</sup> Street N in 2022). This work will see the installation of new watermain, sewer main, storm sewer, paving, curbs and gutters, sidewalks, and streetlights. The total estimated cost for the completion of upgrades for 4<sup>th</sup> Street N is \$3.9 million. This project is to be funded from the 2023 Capital Works program fund.



**2022 Road Program – 4<sup>th</sup> Street North**

Details of the 2023 preliminary road improvement program, pending firm construction pricing and other considerations, will be published at a later date.

In 2022, approximately \$5.4 million was spent on and committed to capital roads projects that employed four local contractors. The following projects were among those completed in 2022:

- 4<sup>th</sup> Street N Phase 1 Reconstruction
- Joseph Creek 15<sup>th</sup> Ave and 1<sup>st</sup> Street Channel Reconstruction
- 2022 Paving Program (Slater Road, 12<sup>th</sup> St N, Willowbrook Drive, and Larch Drive)
- Theatre Road and McPhee Road Intersection Paving & Utility Upgrades



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The amounts designated for municipal capital expenditures, including carry forward projects, over the next five years are:

**By Department**

	2023	2024	2025	2026	2027
Corporate Services	\$ 265,713	\$ 120,000	\$ 80,000	\$ 155,000	\$ 230,000
Human Resources	180,000	-	-	-	-
Finance	15,000	40,000	-	-	-
Engineering & Development Services	553,628	10,000	72,000	-	-
Protective Services	1,791,196	2,640,000	470,000	-	10,215,000
Recreation & Culture	1,568,038	5,542,000	930,550	716,500	279,500
Public Works	9,294,589	6,081,126	6,384,861	5,925,427	9,265,539
Water Fund	2,624,084	6,973,900	24,661,667	8,035,000	51,166,667
Sewer Fund	16,343,890	11,830,000	1,816,667	7,180,000	3,048,725
Solid Waste Fund	2,100,000	-	-	16,000	-
Airport Fund	4,514,903	485,000	950,000	4,000,000	1,000,000
Total Capital Projects	\$ 39,251,041	\$ 33,722,026	\$ 35,365,745	\$ 26,027,927	\$ 75,205,431

**By Type**

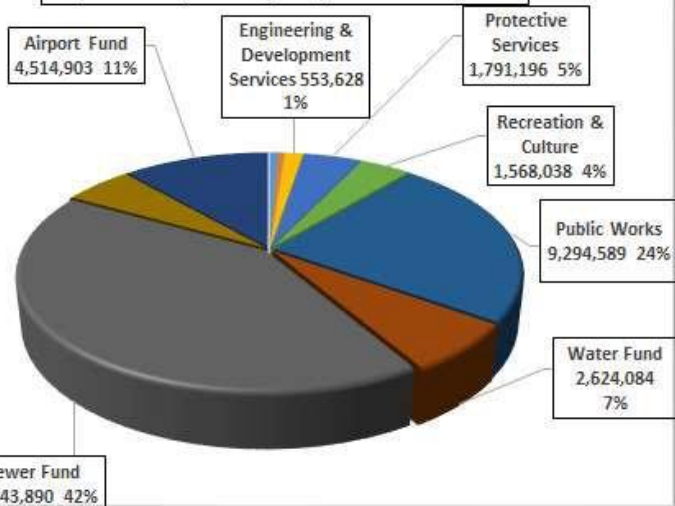
	2023	2024	2025	2026	2027
City Owned Buildings	\$ 1,834,662	\$ 3,425,000	\$ 745,000	\$ 260,000	\$ 10,565,000
Mobile & Other Equipment	2,818,400	420,000	1,183,666	160,000	1,198,333
Office & Technological Equipment	690,713	170,000	200,000	155,000	230,000
Roads & Street/Traffic Lights	6,380,650	4,467,126	4,720,695	5,412,427	7,613,706
Parks & Trails	1,298,972	794,000	682,050	397,500	103,500
Arenas	644,767	5,157,000	406,000	412,000	279,500
Water	2,624,084	6,973,900	24,661,667	8,035,000	51,166,667
Sewer	16,343,890	11,830,000	1,816,667	7,180,000	3,048,725
Solid Waste	2,100,000	-	-	16,000	-
Airport	4,514,903	485,000	950,000	4,000,000	1,000,000
Total Capital Projects	\$ 39,251,041	\$ 33,722,026	\$ 35,365,745	\$ 26,027,927	\$ 75,205,431

**By Funding Source**

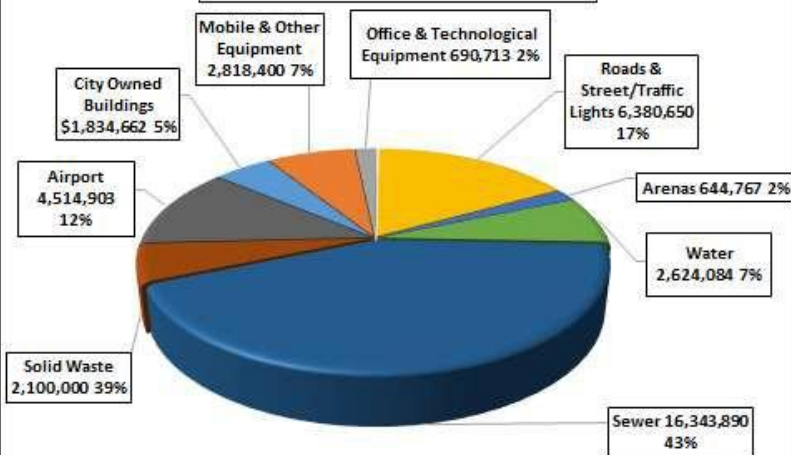
	2023	2024	2025	2026	2027
Revenue	\$ 4,507,740	\$ 4,931,926	\$ 5,478,195	\$ 6,044,741	\$ 6,430,148
Surplus	153,521	-	-	-	-
Borrowing	12,220,300	18,750,250	10,574,237	7,649,000	26,666,667
Reserves	15,036,154	5,482,200	10,154,550	7,905,136	8,775,283
Grants & Contributions	7,333,326	4,557,650	9,158,763	4,429,050	33,333,333
Total Capital Projects	\$ 39,251,041	\$ 33,722,026	\$ 35,365,745	\$ 26,027,927	\$ 75,205,431

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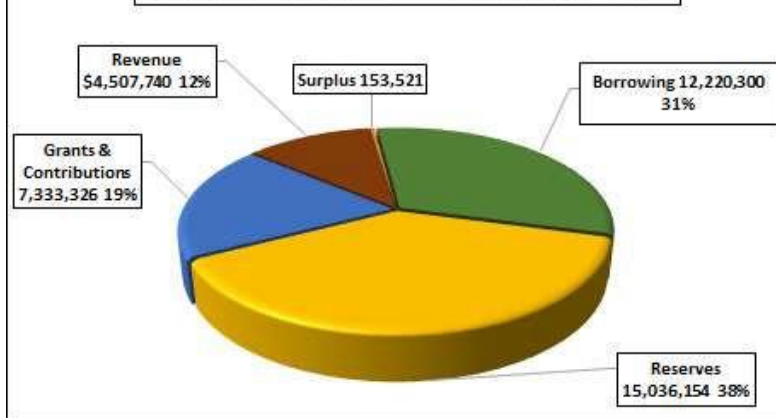
Capital Projects by Department - 2023



Capital Projects by Type - 2023



Capital Projects by Funding Source - 2023



Willowbrook Drive Repaving



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**Carry Forward Projects**

Projects that are incomplete at December 31, 2022 will be carried forward to 2023. The funding for these projects was included in the 2022 – 2026 Five-Year Financial Plan Bylaw #4073, which was adopted on February 28, 2022.

Projects being carried forward include:

<ul style="list-style-type: none"><li>• Airfield Electrical Rehabilitation</li></ul>	<ul style="list-style-type: none"><li>• Lagoon Dyke and Piping Upgrades</li></ul>
<ul style="list-style-type: none"><li>• Airport Dump Truck &amp; Plow</li></ul>	<ul style="list-style-type: none"><li>• Shadow Mountain Sanitary Sewer Construction Local Area Service</li></ul>
<ul style="list-style-type: none"><li>• City Hall Council Chambers Renovation</li></ul>	<ul style="list-style-type: none"><li>• Shadow Mountain Water &amp; Sewer Oversizing</li></ul>
<ul style="list-style-type: none"><li>• Gold Creek Dam Design</li></ul>	<ul style="list-style-type: none"><li>• Skatepark Expansion (grant dependent)</li></ul>

**Mt Royal Phase 2  
Reconstruction**



**Joseph Creek  
Rehabilitation**



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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 2023 has been budgeted at \$8,800,000 and has been included in the Five-Year Financial Plan.

**Western Financial Place**

Projects scheduled for 2023 include replacement of the lower arena sports flooring, arena aisle handrails, entrance doors at Western Financial Place, pool desk & office upgrades, concession security gates, and the Balment skatepark expansion (grant dependent).

In 2020, Western Financial Place became home to the Cranbrook Bucks, who play in the Interior Division of the BCHL. Attendance at the Cranbrook Bucks games has averaged around 2,296 for the 2022-2023 season.

Operating expenses are estimated to be \$3,432,277 in 2023 before debt payments of \$1,591,129. Debt servicing for Western Financial Place expires in the year 2030.



Larger capital projects budgeted for 2024 through 2027 include replacement of the curling arena roof, aquatic center tilework, refrigeration condenser replacement, Kinsmen arena metal cladding, replacement of the equipment at the Senior's Fitness Park, and replacing the exterior insulation and finish system (EIFS) walls at the Western Financial Place complex.



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**Canadian Rockies International Airport (YXC)**

Elevate Airports Inc. operates and manages responsibilities at YXC. Elevate Airports Inc. focuses on three pillars of impact at YXC: Economic, Social and Environmental.

Mission Statement: To serve the region by becoming the airport of choice and to provide the City of Cranbrook with a safe, friendly, clean, efficient, and sustainable airport with a local sense of place.

The focus in 2023 will be to retain air service from all three existing carrier partners, protect and increase flight frequency and seat capacity as soon as airlines are equipped, while pursuing economic diversification, partnerships and capitalizing on strategic opportunities that reduce expenses and increase revenues.



**Pacific Coastal flight departing at Canadian Rockies International Airport**



## City of Cranbrook Proposed Five-Year Financial Plan Summary 2023 – 2027

Operating expenses are estimated to be \$1,790,823 in 2023; operating revenues are estimated to be \$2,391,469.

Twelve capital projects totaling \$4,601,920 are planned for the Airport in 2023, ranging in focus from customer service, greenhouse gas reduction, preventative maintenance to critical safety upgrades. Among other projects, the Airport infrastructure will continue to be developed with replacement of the Airfield Lighting Cabling and Transformers and mobile equipment replacement. The Airport's Capital Reserve and Airport Improvement Fee (AIF) funds, in combination with projected federal grant approvals, sustain the Airport's capital project requirements.

### **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 various organizations in 2023. These organizations include the Cranbrook Public Library, Key City Theatre, Cranbrook Tourism, Cranbrook History Centre, Cranbrook Search & Rescue, and Cranbrook Curling Club. In 2023, the funding is budgeted to be \$1,221,795.

In addition, City Council has approved permissive tax exemptions to not-for-profit organizations in 2023 in the estimated amount of \$304,793. Permissive exemptions are at Council's discretion and must be applied for each year.



Key City Theatre - Performance

### **Regional Landfill**

The annual payment to the RDEK for the regional landfill fee is budgeted to be \$1,625,000 in the years 2023 through 2027.

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**RCMP**

The City has a contract with the RCMP to provide police services for the City. The 2023 contract funds 26 Officers and is budgeted at \$5,263,475 (2022 - \$4,895,961). Separate from the policing contract, the City has budgeted \$1,775,737 in 2023 for RCMP operations and building maintenance. Total capital expenditures for renovations & improvements at the detachment in 2023 are projected to be \$540,724 including carry forward expenditures from 2022.

In 2021, a new collective agreement between the Government of Canada and the National Police Federation was ratified by RCMP members and reservists. The new collective agreement affects total compensation, including pensions and benefits, aligning compensation levels with other police services. The City has been setting aside annual accruals since the negotiations began and as such, retroactive pay obligations have been accounted for. Annual surpluses resulting from underutilization of contracted strength numbers, will be utilized to fund increases in 2023 – 2027 resulting from the new agreement. This will be reevaluated as more information becomes available.

**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 Reserves 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 five-year financial plan bylaw.

Budgeted transfers to reserve funds in 2023 (including interest) amount to \$13,251,257. Some of the larger deposits include:

\$ 3,160,928	Capital Works Reserve for larger infrastructure projects
\$ 1,931,571	Sewer Capital Reserve for Sewer infrastructure projects
\$ 1,805,634	Water Capital Reserve for Water infrastructure projects
\$ 1,098,080	Land Sales Reserve – proceeds from land sales <sup>1</sup>
\$ 1,053,361	Facilities Reserve to fund major repairs of Municipal buildings
\$ 1,044,003	Fleet & Heavy Equipment Reserve
\$ 993,729	Federal gas tax transfer to fund eligible capital projects
\$ 520,000	Storm Water Reserve

<sup>1</sup>In 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 in 2021.

As the annual mortgage payments are received, they will be allocated to the Land Sales Reserve.

## City of Cranbrook Proposed Five-Year Financial Plan Summary 2023 – 2027

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 2023, reserve withdrawals amount to \$21,310,871. Some of the larger projects funded from reserves are:

\$5,088,250	Capital Road Work
\$1,973,000	Sewer Utility Infrastructure
\$1,788,000	Water Utility Infrastructure
\$ 875,743	Fleet & Heavy Equipment Replacement
\$ 561,564	Gold Creek Dam
\$ 340,000	Electric Vehicle Charging Station

### **Public Transit**

Transit services are provided to the citizens of Cranbrook under the terms of a Transit Service Agreement established between the City and BC Transit. The Agreement facilitates Conventional and Custom Transit ridership, providing individuals an affordable transportation option to reach essential services and obtain daily necessities. In addition, the Custom system provides a valuable aid in supplying basic mobility service for seniors and the disabled.

As part of the Transit Service Agreement, BC transit conducts periodic reviews of the Cranbrook systems. Over the past decade, two such reviews were carried out. In 2021, a review was undertaken by a contracted analyst independent from BC Transit that identified system inefficiencies against the backdrop of escalating costs of providing fixed route services. Staff are currently working with BC Transit to develop the Project Terms of Reference for the City of Cranbrook 2023 Transit Future Service Plan, that will incorporate the findings of the 2021 independent study.

In 2022, Cranbrook took part in BC Transit's digital on-demand feasibility study that explored this new service type and how it could be introduced in communities serviced by BC Transit. For Cranbrook, the study found that the service has some potential in an expanded service model that draws in areas outside City limits to the north.

The City has been awarded a grant of \$40,000 through the Rural Transit Solutions Fund that will consider the feasibility of a transit route connecting Canadian Rockies International Airport, Aq'am and St. Eugene Resort and Casino. This work will be carried out in 2023.



The costs associated with conventional and custom transit are shared with the Province. The City's share for 2023 operations is budgeted at \$858,000 net of revenue.



City of Cranbrook  
Proposed Five-Year Financial Plan Summary  
2023 – 2027

**Borrowing**

Over the five-year period 2023 to 2027, the City plans to borrow \$79,127,454 for various capital projects as follows:

<b><u>Capital Project:</u></b>	<b><u>Year</u></b>	<b><u>Amount</u></b>	<b><u>*</u></b>	<b><u>Term</u></b>	<b><u>Annual Payment</u></b>
Shadow Mountain - LAS (100% residents)	2023	\$9,120,300		30 years	\$579,938
Mechanized Garbage Trucks	2023	\$2,100,000		5 years	\$368,667
RCMP Building - Design & Reno	2024	\$1,933,000		20 years	\$147,801
Gold Creek Dam	2024	\$5,203,900		30 years	\$315,292
Lagoon and Wastewater Treatment	2024	\$8,080,000		30 years	\$579,938
Fire Engine	2024	\$1,000,000		5 years	\$221,757
WFP - EIFS Walls	2024	\$3,400,000		20 years	\$259,971
Phillips Reservoir Bypass Pipeline	2025	\$8,000,000		30 years	\$484,701
Phillips Reservoir, Water UV Disinfection	2025	\$3,474,587	**	30 years	\$210,517
Water Trunk Main, PVR & 9th St. S	2025	\$2,500,000		30 years	\$151,469
Transfer Pipeline - Phase II	2026	\$2,000,000		30 years	\$107,399
Phillips Reservoir Twinning Supply	2026	\$2,149,000		30 years	\$130,203
Airport Water/Sewer System	2026	\$3,500,000		30 years	\$187,948
Water Treatment Plant & Distribution	2027	\$16,666,667		30 years	\$1,009,794
Satellite Fire Station	2027	\$10,000,000		30 years	\$655,876
		<u>\$79,127,454</u>			

\* Assumed Interest rate of 4.20% - 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.

\*\* Council gave three readings to Phillips Reservoir UV Disinfection Facility Loan Authorization Bylaw 4075 in February 2022 for borrowing up to \$3,500,000. Included in this amount is \$3,267,000 to cover the DCC portion of the project that has not been collected yet.

City of Cranbrook  
Proposed Five-Year Financial Plan Summary  
2023 – 2027

THE CORPORATION OF THE CITY OF CRANBROOK CONSOLIDATED FIVE YEAR FINANCIAL PLAN 2023 TO 2027 UNAUDITED					
	2023	2024	2025	2026	2027
<b>REVENUE</b>					
MUNICIPAL PROPERTY TAXES	(33,132,429)	(35,329,430)	(37,302,861)	(39,197,263)	(40,663,363)
PAYMENTS IN LIEU OF TAXES	(360,000)	(360,000)	(360,000)	(360,000)	(360,000)
PARCEL & LOCAL AREA SERVICE TAXES	(2,738,080)	(3,657,545)	(4,652,400)	(5,202,375)	(5,300,712)
SALE OF SERVICES AND FEES	(3,846,840)	(3,889,957)	(3,964,701)	(4,038,657)	(4,055,047)
AIRPORT FEES	(2,597,363)	(2,705,635)	(2,795,648)	(2,886,391)	(3,033,171)
WATER/SEWER/SOLID WASTE FEES	(8,793,957)	(8,570,971)	(8,595,626)	(8,620,357)	(9,253,632)
RENTALS	(556,864)	(1,001,269)	(436,780)	(438,275)	(438,275)
NON-FUNDED AMORTIZATION	(8,800,000)	(8,800,000)	(8,800,000)	(8,800,000)	(8,800,000)
RETURN ON INVESTMENTS	(1,920,986)	(1,669,248)	(1,573,551)	(1,443,289)	(1,470,702)
TRANSFERS FROM RESERVES	(23,491,188)	(13,489,909)	(14,169,877)	(11,216,936)	(15,658,253)
TRANSFERS FROM SURPLUS	(3,883,052)	(1,594,557)	(1,366,645)	-	-
BORROWING FOR CAPITAL	(12,220,300)	(18,750,250)	(13,841,237)	(7,649,000)	(26,666,667)
OTHER REVENUE	(5,317,178)	(3,134,241)	(3,568,137)	(8,512,049)	(5,962,109)
TRANSFERS FROM OTHER GOVERNMENTS	(10,464,915)	(6,069,615)	(11,101,571)	(6,227,529)	(35,115,660)
COLLECTIONS FOR OTHER GOVERNMENTS	(10,863,359)	(10,863,359)	(10,863,359)	(10,863,359)	(10,863,359)
<b>Total REVENUE</b>	<b>(128,986,511)</b>	<b>(119,885,986)</b>	<b>(123,392,393)</b>	<b>(115,455,480)</b>	<b>(167,640,950)</b>
<b>OPERATING EXPENSES</b>					
GENERAL GOVERNMENT SERVICES	12,608,698	11,232,478	11,429,624	11,920,445	11,994,837
PROTECTIVE SERVICES	12,657,330	12,719,482	13,105,987	13,461,110	13,818,996
PUBLIC WORKS/INFRASTRUCTURE PLANNING	8,471,158	7,838,474	7,901,542	8,012,409	8,160,147
RECREATION & CULTURAL SERVICES	5,057,300	5,113,249	5,137,990	5,254,586	5,394,428
WATER/SEWER/SOLID WASTE	10,102,257	9,929,050	9,570,801	9,938,243	9,916,886
AIRPORT	2,116,855	2,052,164	2,097,401	2,128,494	2,192,884
FISCAL SERVICES	4,093,922	4,972,640	5,958,307	6,522,808	6,405,059
TRANSFERS TO RESERVES	13,811,386	12,141,561	12,604,231	11,962,916	12,785,851
OTHER TRANSFERS	1,153,205	501,503	557,406	563,183	2,103,072
AMORTIZATION	8,800,000	8,800,000	8,800,000	8,800,000	8,800,000
TRANSFERS TO OTHER GOVERNMENTS	10,863,359	10,863,359	10,863,359	10,863,359	10,863,359
<b>Total OPERATING EXPENSES</b>	<b>89,735,470</b>	<b>86,163,960</b>	<b>88,026,648</b>	<b>89,427,553</b>	<b>92,435,519</b>
<b>CAPITAL EXPENSES</b>					
GENERAL GOVERNMENT SERVICES	460,713	160,000	80,000	155,000	230,000
PROTECTIVE SERVICES	1,736,196	2,640,000	470,000	-	10,215,000
ENGINEERING & DEVELOPMENT SERVICES	258,000	10,000	72,000	-	-
PUBLIC WORKS SERVICES	9,365,516	5,914,126	6,259,861	5,925,427	9,265,539
RECREATION & CULTURE	1,847,739	5,709,000	1,055,550	716,500	279,500
WATER FUND	2,624,084	6,973,900	24,661,667	8,035,000	51,166,667
SEWER FUND	16,343,890	11,830,000	1,816,667	7,180,000	3,048,725
SOLID WASTE FUND	2,100,000	-	-	16,000	-
AIRPORT FUND	4,514,903	485,000	950,000	4,000,000	1,000,000
<b>Total CAPITAL EXPENSES</b>	<b>39,251,041</b>	<b>33,722,026</b>	<b>35,365,745</b>	<b>26,027,927</b>	<b>75,205,431</b>



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