

# Request for Decision



To: Regular Meeting  
From: Financial Services  
Date: March 27, 2023  
Subject: Five Year Financial Plan Bylaw No. 2097  
Recommendation: **THAT Council gives first three readings to the 2023-2027 Five Year Financial Plan Bylaw No. 2097.**

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## Purpose

To give first three readings to the 2023-2027 Five Year Financial Plan Bylaw.

## Background

Sections 165 and 166 of the Community Charter require a municipality to adopt a five-year financial plan annually, before the annual property tax bylaw is adopted, and to include public consultation as part of the financial planning process. Staff is recommending that the Financial Plan Bylaw introduced here should be adopted on April 17<sup>th</sup>, 2023 in order to meet the regulatory deadline of May 12<sup>th</sup>, 2023 for the adoption of the annual tax rates bylaw.

On February 13<sup>th</sup>, Council directed staff to implement the following strategies, ranked by priority, to provide a balanced budget:

1. Include a 3% increase in property tax revenues.
2. Increase electrical utility rates by 7.5%.
3. Increase both water and sewer utility rates by 5%.
4. Consider balancing any shortfall within the Financial Plan with current year contribution to reserves.

The 2023 budget presented in this bylaw incorporates the above strategies, with the following financial outcomes:

1. \$121,146 increase in property tax revenues
2. \$264,620 increase in electrical revenues
3. \$33,460 increase in water and \$33,398 in wastewater revenues
4. \$110,000 transfer from reserves to fund current capital expenditures

### Changes made since the March 6<sup>th</sup> Bylaw introduction to the Committee of the Whole

The bylaw presented here includes the following changes since the draft version was presented to the COTW on March 6<sup>th</sup>:

- added \$16,344 in expenses for the City's portion of funding for the 2023 Boundary Transit Service.
- added \$13,750 of transfers from the Slag Reserve to fund the purchase of the Fire Department pagers and AED machines.

The 2023 budget includes total capital expenditures of \$18.629 million, comprising \$2,046,455 of carry forward projects and \$1,682,500 of new capital in addition to the DMAF project. Reserves are anticipated to decrease by \$125,046 to \$5,870,259, after allowing for the funding of carry forward projects from 2022.

### 2023 CONSOLIDATED FINANCIAL PLAN

Operating	
Operating Revenue	14,856,259
Operating Expenditures	(13,470,784)
Operating Surplus	1,385,475
Transfer to Reserves	(703,622)
Net Operating Surplus	681,853
Transfer to Capital	(681,853)
Net After Capital Transfer	-

Capital	
Capital Grants	15,513,750
Transfer from Operations	681,853
Transfer from Reserves/surplus	1,935,205
Transfer from DCCs	500,000
Net Capital Funding	18,630,808
Capital Expenditures	(18,628,955)
<b>Capital - Surplus/Deficit</b>	<b>1,853</b>

#### Fire Engine Replacement

Staff has included the purchase and financing of a new fire engine during the years 2024-2025 of the five year plan. The amounts included in the financial plan are based on a fifteen year loan amortization, with annual debt servicing costs of \$121,503, and an equivalent increase in tax revenues, commencing in 2025.

The proposed Financial Plan Bylaw will be presented for final reading at the April 17<sup>th</sup>, 2023 Regular Meeting of Council.

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## Benefits or Impacts

### General

Adoption of a five-year financial plan is an annual requirement of the Community Charter. The 2023-2027 Financial Plan sets out the proposed funding sources, expenditures, and transfers to and from reserve funds for the current and additional four fiscal years.

## **Finances**

The proposed 2023 budget includes a 3% tax revenue increase, equal to \$121,146. Preliminary calculations indicate that of the 2,080 taxable residential properties, 1,660 (80%) will see a reduction or an increase of less than \$100 in municipal taxes. 194 of 227 (85%) of commercial properties will have a reduction or increase of less than \$100.

## **Strategic Impact**

Preparation of an annual budget and financial plan allows the City to ensure that adequate provision is made to meet its short and long-term operational and capital financial needs.

## **Risk Assessment**

### Compliance:

Community Charter Section 165 and 166.

### Risk Impact:

The 2023-2027 Five Year Financial Plan must be adopted before the annual property tax bylaw, and prior to May 15<sup>th</sup>. Staff is recommending that Council adopt this bylaw on April 17<sup>th</sup>, in order to provide some lead time for preparation of the tax rates bylaw.

### Internal Control Process:

A public special budget workshop was held on February 16<sup>th</sup> in compliance with the public consultation requirement of Section 166 of the *Community Charter*.

## **Next Steps / Communication**

This bylaw will be presented at the April 17<sup>th</sup>, 2023 Regular Meeting for adoption.

Staff is planning to proceed with distribution of copies of the attached brochure to the public and various organizations in the community.

Staff intends to move forward with processing the fee for service funding requests which have been approved by Council and included in the budget. The Deliverables for the various organizations will be presented at the next Committee of the Whole Meeting

## **Attachments**

Draft Five Year Financial Plan Bylaw No. 2097  
Supplementary Schedule of 2023 Capital Projects  
Draft Budget Brochure

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## **Recommendation**

**THAT Council gives first three readings to the 2023-2027 Five Year Financial Plan Bylaw No. 2097.**

## **Options**

1. Council could choose to request further changes to the financial plan. However, this would result in delays to its adoption and that of the tax rates bylaw.

### Report Approval Details

Document Title:	20230327 2023-2027 Five Year Financial Plan Bylaw No. 2097.docx
Attachments:	- By2097 - Five Year Financial Plan 2023-2027.pdf - Supplementary Schedule - 2023 Capital Projects.pdf - 2023 Budget Brochure - Draft 4 - March 27.pdf
Final Approval Date:	Mar 20, 2023

This report and all of its attachments were approved and signed as outlined below:

Daniel Drexler

Duncan Redfearn