

Request for Decision



To: Committee of the Whole
From: Financial Services
Date: November 9, 2020
Subject: 2020-2024 Financial Plan Amendment Bylaw No. 2071-A1
Recommendation: **THAT the Committee of the Whole recommends to Council to give first three readings of the 2020-2024 Financial Plan Amendment Bylaw, No. 2071-A1 at the November 23, 2020 Regular Meeting**

Purpose

To refer the proposed 2020-2024 Financial Plan Amendment Bylaw to the November 23rd Regular Meeting for first three readings.

Background

Since the adoption of the five year financial plan on April 20th, Council has passed various resolutions to approve additional capital expenditures. An amendment to the financial plan is required to adjust for these, as well as for emergency expenditures, anticipated additional future expenses, and revenue shortfalls. There are also reclassifications from capital to inventory/expense related to the Land Acquisition Program, and an adjustment required for the Wastewater Treatment Plant Upgrades grant due to a late year-end entry to recognize additional revenue in 2019 instead of 2020.

Staff has reviewed the year-to-date revenues and expenses, and is proposing revisions to the financial plan based on actual or a best estimate of projected amounts.

The following are details of the changes incorporated into this amendment:

Revenues

- Grants and payments in lieu – adjusted to actual	(3,725)
- Campground and airport revenues – anticipated shortfalls	(40,000)
- Building permits and rental income	2,000
- Slag sales	10,000
- EMBC, DFA, insurance and miscellaneous other recoveries	295,735
- Interest income and penalties	40,600
- Utility revenues – decreased usage (primarily electrical)	(278,800)
- Gas tax and small communities grants - adjusted to actual	5,384
- Wastewater Treatment Plant – late year-end adjustment to 2019 grant amount recognized	(520,796)
- Eastside Reservoir – grant funding	100,000
- Rural Dividend Fund, CARIP and other grants	<u>(97,000)</u>
Total revenue adjustments (decrease)	\$ (486,602)

Expenses

- Parks, recreation & cultural services – campground	(10,000)
- Transportation – airport fuel for resale	(18,000)
- Electrical utility – purchased electricity	(150,000)
- Water utility – water meter installations (DFA funded)	35,000
- Flood protection – spring freshet expenses (EOC)	135,000
- Debt interest – reclassification of principal	4,760
- Land Acquisition Program – reclassification of additional compensation from capital projects	<u>2,500,000</u>
Total expense adjustments (increase)	\$2,496,760

Capital Projects

- City Hall Elevator upgrades – Resolution R122/20/05/25	77,000
- Electrical system upgrades – Resolution R133/20/06/15	30,000
- Well 2 pump replacement – Resolution R240/20/10/05 (reclassifications from Well 5 VFD and emergency capital)	-
- DMAF Program – reclassification to housing inventory	(8,500,000)
reclassification to expenses	(2,500,000)
- Eastside Reservoir – preliminary engineering & design	100,000
- Well 3A pump replacement	30,000
- Emergency valve replacements (Central Avenue)	<u>35,000</u>
Total Capital Project adjustments	\$(10,728,000)

The additional funding of \$692,796 from reserves is for the following capital projects:

City Hall elevator upgrades	77,000
WWTP upgrades – adjustment for 2019 grant recognition	520,796
Electrical system upgrades	30,000
Well 3A pump replacement	30,000
Emergency valve replacements	35,000

The amount of capital expenditures for new projects added since the original financial plan was approved in April is \$272,000. This includes \$107,000 for the elevator and electrical system upgrades, which were approved by Council earlier in the year, to be funded from reserves. \$100,000 has been added for preliminary planning and design for the Eastside Reservoir and is 100% grant funded. A further \$65,000 has been included for recent emergency well repairs and valve replacements. Staff has budgeted these to be funded from reserves, but anticipates that these additional expenses will be offset at least in part by operating surplus.

\$11,000,000 of capital expenditures have been reclassified to expense and inventory in alignment with the recommended accounting treatment for the DMAF program property acquisitions.

The \$520,796 reserve funding for the WWTP upgrades does not have any overall cash flow impact as more grant revenue and less reserve funding were recognized in 2019 than originally anticipated at the time the 2020 budget was prepared.

Benefits or Impacts

General

Amending the Financial Plan ensures that the City's additional expenditures are properly authorized and in compliance with provisions of the *Community Charter*.

Finances

These financial plan amendments will decrease the 2020 surplus by \$2,983,362, with \$62,566 of this a decrease in operating surplus, \$2,500,000 for the Land Acquisition Program reclassification, \$520,796 for the WWTP grant adjustment, and \$100,000 of new funding for the Eastside Reservoir grant. Capital expenditures are lower by \$10,728,000, due to the reclassification of \$11,000,000 which is offset by additional expenditures of \$272,000. Inventory expenditures have increased by \$8,500,000 and the net transfer out of reserves and surplus has increased by \$750,602.

Strategic Impact

N/A

Risk Assessment

Compliance:

Section 173 of the *Community Charter* requires all expenditures to be included in the current year's financial plan. Section 165 (2) allows Council to amend the financial plan by bylaw at any time after adoption.

Risk Impact:

Low

Internal Control Process:

Staff will post notice of the proposed amendment to the financial plan on the City's website in order to give taxpayers an opportunity to review it and provide feedback prior to first three readings.

Next Steps / Communication

This bylaw will be brought forward to the November 23rd Regular Meeting for first three readings.

Attachments

Recommendation

THAT the Committee of the Whole recommends to Council to give first three readings of the 2020-2024 Financial Plan Amendment Bylaw, No. 2071-A1 at the November 23, 2020 Regular Meeting

Options

1. The Committee of the Whole could chose to refer this bylaw to a later meeting. However, Staff recommends that the budget amendment be adopted before the end of 2020.

**CORPORATION OF THE CITY OF GRAND FORKS
SUPPLEMENTARY INFORMATION - 2020 CAPITAL PROJECTS**

CAPITAL EXPENDITURES - 2020		FUNDED FROM											
		RESERVES									DEBT	GRANTS	OTHER
Description	Amount	Capital	Electrical Capital	Water Capital	Sewer Capital	Equipment	Land Sales	Gas Tax	Climate Action	Slag			
2019 Carry Forward Projects													
Public Works Fuel Tanks	13,042	13,042											
Facility Security Systems	33,940									33,940			
Facilities - Emergency Capital Repairs	33,880	33,880											
Annual Facility upgrades and replacement plan	15,000	15,000											
Library HRV	12,000											12,000	
Library Roof Repairs	250,000									250,000			
Fleet replacement	285,900	285,900											
Printers and IT Equipment	31,209									31,209			
Silver Kettle Sidewalk	26,454	26,454											
Public Works - 22nd Street	26,114										26,114		
Downtown Sidewalk Drops	15,000	15,000											
Bridge Repairs	50,000	50,000											
LED Street Lighting	41,768	41,768											
Wayfaring Signs	13,750									13,750			
7th Street Storm Sewer	10,000	10,000											
Annual Low Impact Storm water Program	25,000	25,000											
Storm Water Management Plan	60,000	60,000											
Flood Plain Mapping & Risk Assessment	14,333	6,099										8,234	
Flood Plain Risk Management & Protection	25,434											25,434	
Disaster Mitigation & Adaptation	9,295,583	1,001,380						750,000		300,000		7,244,203	
Electrical Master Plan	35,000		35,000										
Electrical Engineering	30,367		30,367										
Electrical System Upgrades	70,347		70,347										
Valley Heights - Transformers	59,895		59,895										
Electrical - Emergency Capital Repairs	50,000		50,000										
West Side Fire Protection	3,235										3,235		
Water Supply & Conservation	10,000			10,000									
Shared Property (strata, trailers) Water Meters	5,605							5,605					
Well 5 VFD	2,356			2,356									
Airport - Bulk Water Station	50,000			50,000									
Airport Watermain	12,000			12,000									
Galvanized Main Replacement	33,143			33,143									
Granby Water Crossing / Yale Bridge water main	10,000			10,000									
Wastewater Treatment Plant UV	299,565	199,856										99,709	
Wastewater Treatment Plant Upgrades	1,140,239	778,160										362,079	
Bio-Solids Land Application Plan	25,000				25,000								
Inflow & Infiltration Study	50,000	50,000											
Industrial Lift Station Rebuild	300,000	300,000											
Inspection Chamber Installations	10,000				10,000								
City Park Pump Replacement	90,000	90,000											
Sewer - Emergency Capital Repairs	50,000	50,000											
Subtotal 2019 Carry Forward Projects	12,615,159	3,051,539	245,609	117,499	35,000	-	-	755,605	-	628,899	29,349	7,739,659	12,000
2020 New Projects													
Public Works Seacan roof	20,000	20,000											
Airport Beacon Trail Bridge	15,000	15,000											
City Hall Elevator Upgrades	77,000	77,000											
Donaldson Drive Paving	40,000							40,000					
Firehall Oxygen Tank Upgrade	20,000	20,000											
Firehall Vestibule Security	15,000	15,000											
IT Upgrades	55,000									55,000			
Gallery2 HVAC	20,000									20,000			
Sewer Main River Crossing	500,000							500,000					
Well 2 Pump Replacement	72,984			72,984									
Well 3A Pump Replacement	30,000			30,000									
Emergency Valve Replacements	35,000			35,000									
Eastside Reservoir	100,000											100,000	
Subtotal 2020 New Projects	999,984	147,000	-	137,984	-	-	-	540,000	-	75,000	-	100,000	-
TOTAL CAPITAL EXPENDITURES	13,615,143	3,198,539	245,609	255,483	35,000	-	-	1,295,605	-	703,899	29,349	7,839,659	12,000

THE CORPORATION OF THE CITY OF GRAND FORKS

BYLAW NO. 2071-A1

A Bylaw to Amend the Five Year Financial Plan For the Years 2020 - 2024

Whereas pursuant to Section 165 of the *Community Charter*, "Five Year Financial Plan Bylaw, 2020-2024, No. 2071" was adopted on April 20, 2020, and

Whereas the financial plan may be amended by bylaw at any time;

Now therefore the Council of the Corporation of the City of Grand Forks, in open meeting assembled, enacts as follows:

1. Five Year Financial Plan Bylaw, 2020-2024, No. 2071 is hereby amended by deleting Schedule "B" and replacing it with Schedule "B" attached to and forming part of this bylaw.
2. This bylaw may be cited, for all purposes, as the "2020-2024 Financial Plan Amendment Bylaw, No. 2071-A1".

Read a first, second and third time by the Municipal Council this 23rd day of November, 2020.

Finally adopted on this 14th day of December, 2020.

Mayor Brian Taylor

Corporate Officer Daniel Drexler

CERTIFICATE

I hereby certify the foregoing to be a true copy of Bylaw No. 2071-A1 as adopted by the Municipal Council of the City of Grand Forks on this 14th day of December 2020.

Corporate Officer of the Municipal Council of the
City of Grand Fork

CORPORATION OF THE CITY OF GRAND FORKS
Five Year Financial Plan Amendment Bylaw No. 2071-A1
Schedule "B" Five Year Financial Plan 2020-2024

	2020	2021	2022	2023	2024
	Budget	Budget	Budget	Budget	Budget
Revenues					
Property Taxes	\$ 3,881,399	\$ 4,017,248	\$ 4,157,852	\$ 4,303,377	\$ 4,453,995
Parcel and Frontage Taxes	153,808	5,826	5,826	5,826	5,826
Grants in Lieu of Taxes	41,590	46,674	48,074	49,516	51,001
Percentage of Revenue Tax	144,859	144,859	144,859	144,859	144,859
Sales of Services and User Fees	7,628,219	8,167,539	8,410,267	8,660,620	8,918,843
Grants	20,021,232	19,477,370	9,355,894	7,111,773	1,915,283
Other Revenues	1,147,499	354,159	354,159	354,159	354,159
Total Revenues	33,018,606	32,213,675	22,476,931	20,630,130	15,843,966
Expenses					
Purchases for resale	3,301,396	3,538,784	3,609,560	3,246,308	3,311,234
General Government	1,708,359	1,539,864	1,564,169	1,533,653	1,563,727
Protective Services	1,066,684	1,047,237	1,067,182	1,087,526	1,108,276
Flood Response & Recovery	255,800	123,216	125,680	128,194	130,758
Transportation Services	1,279,779	1,319,450	1,345,838	1,372,755	1,400,209
Environmental & Health Services	267,152	272,495	277,945	283,504	289,174
Public Health Services	97,746	89,501	91,291	93,117	94,979
Planning and Development	1,133,383	568,408	579,276	590,362	601,669
Land Acquisition Program	2,500,000				
Parks, Recreation and Cultural Services	1,241,247	1,281,584	1,306,816	1,332,552	1,358,803
Water Services	704,024	682,404	696,052	709,973	724,172
Electrical Services	806,341	802,068	818,109	834,471	851,160
Wastewater Services	747,599	762,551	777,802	793,358	809,225
Amortization	2,013,762	2,418,171	2,667,977	2,836,812	2,907,951
Debt Interest	116,119	108,615	108,500	212,500	212,500
Total Expenses	17,239,391	14,554,348	15,036,197	15,055,085	15,363,837
Surplus (Deficit) for the year	\$ 15,779,215	\$ 17,659,327	\$ 7,440,734	\$ 5,575,045	\$ 480,129
Adjusted for non-cash items					
Amortization	2,013,762	2,418,171	2,667,977	2,836,812	2,907,951
Total Cash from Operations	\$ 17,792,977	\$ 20,077,498	\$ 10,108,711	\$ 8,411,857	\$ 3,388,080
Adjusted for Cash Items					
Proceeds from Borrowing	-	-	4,000,000	-	-
Capital Expenditures	(13,615,143)	(21,318,881)	(14,205,031)	(7,780,205)	(2,180,619)
Inventory Expenditures	(8,740,000)	-	-	-	-
Debt Principal Repayments	(261,816)	(154,498)	(119,918)	(276,507)	(276,507)
Transfer from Reserves	5,734,135	3,102,491	2,120,933	1,951,187	1,559,196
Transfer to Capital Reserves	(890,000)	(1,650,000)	(1,850,000)	(2,250,000)	(2,400,000)
Transfer to/from Operating Reserves	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)
Transfer to Surplus	(5,153)	(41,610)	(39,695)	(41,332)	(75,150)
	\$ (17,792,977)	\$ (20,077,498)	\$ (10,108,711)	\$ (8,411,857)	\$ (3,388,080)
Financial Plan Balance	\$ -	\$ -	\$ -	\$ -	\$ -