Request for Decision

To:	Committee of the Whole
From:	Financial Services
Date:	June 10, 2019
Subject:	2018-2022 Financial Plan Amendment
Recommendation:	**THAT the Committee of the Whole recommends to Council to give first three readings of the 2018-2022 Financial Plan Amendment Bylaw, No. 2045-A2 at the June 24th, 2019 Regular Meeting**

Background

The five year financial plan for 2018-2022 was amended in September 2018 to reflect changes associated with additional capital project costs as well as emergency expenditures incurred as a result of the flood. At that time, staff revised the financial plan based on its best estimate of flood related expenses and revenue shortfalls, but the final financial impacts were unknown until the 2018 audit process was completed in May 2019.

Although the City did not exceed budgeted expenditures in aggregate for the year 2018, staff is recommending that the financial plan be amended a second time for greater consistency with the audited financial results. The majority of adjustments are required due to emergency response and insured property damage expenses which exceeded the original estimates, and which had offsetting additional revenues. There were also certain items purchased within operating budgets which exceeded the capitalization threshold, and which should be added to the list of capital expenditures in Schedule "C".

Section 165 (2) of the Community Charter allows for the amendment of the annual financial plan at any time "for certainty".

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*.

Strategic Impact

Fiscal Responsibility

- There are no financial implications associated with this amendment.

Policy/Legislation

Five Year Financial Plan Bylaw, 2018-2022, No. 2045
Section 165 (2) of the *Community Charter*

Attachments

Draft 2018-2022 Financial Plan Amendment Bylaw, No. 2045-A2

Recommendation

THAT the Committee of the Whole recommends to Council to give first three readings of the 2018-2022 Financial Plan Amendment Bylaw, No. 2045-A2 at the June 24th, 2019 Regular Meeting

Options

1. THAT Committee of the Whole accepts the recommendation.
2. THAT Committee of the Whole does not accept the recommendation.
3. THAT Committee of the Whole refers the matter back to staff for further information.

THE CORPORATION OF THE CITY OF GRAND FORKS

BYLAW NO. 2045-A2

A Bylaw to Amend the Five Year Financial Plan
For the Years 2018 - 2022

Whereas pursuant to Section 165 of the *Community Charter*, "Five Year Financial Plan Bylaw, 2018-2022, No. 2045" was adopted on April 9, 2018, 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. This bylaw may be cited, for all purposes, as the **"**2018-2022 Financial Plan Amendment Bylaw, No. 2045-A2**"**.

2. Five Year Financial Plan Bylaw, 2018-2022, No. 2045 is hereby amended for the year 2018 only, as set out in Schedules "A", "B" and "C" attached to and forming part of this bylaw.

Read a first, second and third time by the Municipal Council this 24th day of June 2019.

Finally adopted on this 15th day of July, 2019.

Mayor Brian Taylor	Corporate Officer Daniel Drexler

C E R T I F I C A T E

I hereby certify the foregoing to be a true copy of the "2018-2022 Financial Plan Amendment Bylaw No. 2045-A2 as adopted by the Municipal Council of the City of Grand Forks on this 15th day of July 2019.

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

DRAFT

CORPORATION OF THE CITY OF GRAND FORKS
5 Year Financial Plan Amendment Bylaw 2045-A2
Schedule "A" Statement of Objectives and Policies

In accordance with Section 165 (3.1) of the Community Charter, The City of Grand Forks is required to include in the Five Year Financial Plan, objectives and polices 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.

Funding Sources

Objective:

- For operations, to maintain annual increases to a level that approximates the annual increase in inflation unless a specific program or project is identified that requires tax revenue funding.
- For capital and fiscal, to review and address annually the long term needs for capital infrastructure.

Policies

- After an initial correction period, ensure that property tax increases remain as stable as possible over time and within 2 percent above inflation.
- Increase utility rates consistently over time, between 3 and 4 percent, to fund the asset management capital reserves.
- Evaluate and set user fees and charges fairly for the services received.
- Set taxes, fees and charges to achieve full cost recovery, where appropriate, for operating costs.
- Periodically review fees and charges to ensure that they account for inflation and changes in the level of service provided.
- Encourage the use of alternate revenue sources instead of property taxes.

Revenue Source		Amount	% of Total Revenue
Property Value Taxes	$	3,922,261	21.1%
Parcel Taxes		161,047	0.9%
Fees and Charges		8,214,471	44.1%
Other Sources		4,143,101	22.2%
Proceeds from Borrowing		643,739	3.5%
Reserve Funding		1,535,863	8.2%
TOTAL	$	18,620,482	100.0%

Distribution of Property Taxes

Objective:

- To ensure property taxes and rates are sufficient to meet the City's short and long-term needs.
- To ensure equity among the property classes by reviewing the ratios of property class allocations annually.

Policies:

- Conduct periodic reviews of taxes paid by individual classes.
- Consider tax shifts or redistributions only where a full comprehensive analysis and impact is undertaken.
- Where a tax shift is required, consider a gradual phase-in to allow the properties in the class to adjust their budgets accordingly.
- In establishing property tax rates, take into consideration:
  - The amount of property taxes levied as compared to other municipalities.
  - The property class conversion ratio as compared to other municipalities.
  - The tax share borne by each property class.
  - The tax ratios of each property classification.

The 2018 distribution of property taxes rates among the different classes is as follows:

Property Class	Rate Multiple	% of Property Value Tax
01 Residential	1.00	54.95%
02 Utilities	8.17	1.38%
04 Major Industry	8.85	21.58%
05 Light Industry	2.93	1.45%
06 Business	2.39	20.60%
08 Recreation/Non Profit	0.80	0.03%
09 Farm	1.08	0.01%
TOTAL		**100.00%**

Permissive Tax Exemptions

Objective

- Optimize the provision of charitable and not for profit services for the benefit of Grand Forks residents.
- Provide property tax exemptions as permitted under the Community Charter in a consistent and fair manner.
- Restrict the provision of exemption to those providing an extension to City services and minimize the impact on City revenues.

Policies

- Grand Forks residents must be primary beneficiaries of the organization's services and the services provided must be accessible to all members of the public.
- In guiding and approving permissive tax exemptions, Council will take into consideration:
  - Not-for-profit occupiers of City property for the duration of their occupancy.
  - Land and improvements surrounding a statutorily exempt building for public worship.

CORPORATION OF THE CITY OF GRAND FORKS
5 Year Financial Plan Amendment Bylaw No. 2045-A2
Schedule "B" Amended Five Year Financial Plan 2018-2022

	2018 Budget	2019 Budget	2020 Budget	2021 Budget	2022 Budget
Revenues					
Property Taxes	$ 3,805,740	$ 3,918,660	$ 4,036,220	$ 4,157,307	$ 4,282,026
Parcel and FrontageTaxes	161,047	161,226	161,226	5,826	5,826
Grants in Lieu of Taxes	16,626	17,661	18,191	18,737	19,299
Percentage of Revenue Tax	99,895	104,000	104,000	104,000	104,000
Sales of Services and User Fees	8,214,471	7,939,156	8,165,690	8,399,021	8,639,352
Grants	1,763,412	1,039,537	1,054,534	1,069,670	1,084,946
Other Revenues	2,379,689	412,300	412,300	412,300	412,300
Total Revenues	16,440,880	13,592,540	13,952,161	14,166,861	14,547,749
Expenses					
Purchases for resale	3,806,024	3,560,216	3,631,420	3,704,049	3,778,130
General Government	1,137,070	1,371,728	1,398,163	1,425,126	1,452,628
Protective Services	1,440,421	1,004,218	970,553	935,143	953,646
Transportation Services	1,308,015	1,225,341	1,249,848	1,274,845	1,300,341
Environmental & Health Services	245,383	240,868	245,685	250,599	255,611
Public Health Services	45,435	86,519	88,249	90,014	91,814
Planning and Development	327,647	406,768	404,173	411,726	419,430
Parks, Recreation and Cultural Services	2,448,566	1,298,771	1,317,520	1,309,645	1,329,152
Water Services	663,709	787,508	803,258	819,323	835,709
Electrical Services	521,200	688,167	701,930	715,969	730,288
Wastewater Services	702,991	714,477	728,767	743,342	758,209
Amortization	1,724,781	2,102,562	2,185,260	2,209,366	2,239,255
Debt Interest	134,259	188,987	163,262	161,015	160,926
Total Expenses	14,505,501	13,676,130	13,888,088	14,050,162	14,305,139
Surplus (Deficit) for the year	**$ 1,935,379**	**$ (83,590)**	**$ 64,073**	**$ 116,699**	**$ 242,610**
Adjusted for non-cash items					
Amortization	1,724,781	2,102,562	2,185,260	2,209,366	2,239,255
Total Cash from Operations	**$ 3,660,160**	**$ 2,018,972**	**$ 2,249,333**	**$ 2,326,065**	**$ 2,481,865**
Adjusted for Cash Items					
Proceeds from Borrowing	643,739	-	-	-	-
Capital Expenditures	(2,965,986)	(2,344,000)	(2,259,000)	(2,639,000)	(2,429,000)
Proceeds on Disposal of Assets	239,374	-	-	-	-
Gain on Disposal of Assets	(59,315)	-	-	-	-
Debt Principal Repayments	(357,405)	(373,961)	(328,837)	(213,837)	(181,656)
Transfer from Reserves	1,535,863	2,344,000	2,259,000	2,639,000	2,429,000
Transfer to Reserves	(2,754,488)	(1,600,000)	(1,900,000)	(2,100,000)	(2,300,000)
Transfer from/(to) Operating Surplus	58,058	(45,011)	(20,496)	(12,228)	(209)
	$ (3,660,160)	**$ (2,018,972)**	**$ (2,249,333)**	**$ (2,326,065)**	**$ (2,481,865)**
Financial Plan Balance	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

CORPORATION OF THE CITY OF GRAND FORKS
5 Year Financial Plan Amendment Bylaw No. 2045-A2
Schedule "C" - Amended Five Year Financial Plan 2018-2022

CAPITAL EXPENDITURES - 2018			FUNDED FROM								
			RESERVES								
Description	Fund	Amount	Capital	Equipment	Land Sales	Gas Tax	Climate Action	Slag	DEBT	GRANTS	OTHER
2017 Carry Forward Projects											
Silver Kettle Sidewalk	General	154,687	154,687								
Public Works Fuel Tanks	General	11,073	11,073								
Public Works Upgrades	General	19,486	19,486								
Public Works - 22nd Street	General	573,349							573,349		
Wayfaring Signs	General	11,250						11,250			
Airport AWOS Ugrade	General	33,921	8,480							25,441	
Expo Sign changes	General	11,996						11,996			
Flood Plain Mapping & Risk Assessment	General	27,340	11,634							15,706	
5 tonne Dump Truck	Fleet	220,062		220,062							
Holder Replacement	Fleet	6,948		6,948							
Electrical Voltage Conversion	Electrical	545,615	545,615								
CCTV Sewer Camera	Sewer	45,457		45,457							
Wastewater Treatment Plant UV	Sewer	10,637			3,546					7,091	
Headworks Grinder	Sewer	36,844			36,844						
Wastewater Treatment Plant Upgrades	Sewer	645,507	109,736							535,771	
Sewer Phasing Plan	Sewer	78,500	13,345							65,155	
5th Street Watermain Replacement	Water	15,551				15,551					
West Side Fire Protection	Water	65,538							70,390		(4,852)
Subtotal 2017 Carry Forward Projects		2,513,761	874,056	272,467	40,390	15,551	-	23,246	643,739	649,164	(4,852)
2018 New Projects											
Data Collection Equipment	General	5,339	5,339								
Ball Diamond Rebuild to baseball specs	General	9,789	9,789								
LED Street Lighting	General	10,300				10,300					
Public Works Upgrades	General	38,591	38,591								
Replace Crosswalks in City Core	General	47,472				47,472					
Central Ave Sidewalk Replacement	General	28,447	28,447								
Bridge Approach Paving	General	18,789				18,789					
SolarNow Solar Panel Installation	General	32,500					18,768			13,732	
IT & Office Equipment	General	13,899									13,899
Flood Plain Risk Management & Protection	General	53,072								53,072	
Fleet replacement	Fleet	19,314	19,314								
Annual Emergency Repair Fund	Various	112,806	51,437								61,369
Shared Property (strata, trailers) Water Meters	Water	21,869				21,869					
Water service upgrade - City Park, 7th St., etc…	Water	4,097	4,097								
Airport Water Main Looping	Water	14,542	14,542								
Sewer Main Relining	Sewer	1,215	1,215								
Lift Station Pumps	Sewer	17,344	17,344								
Granby River Force Main Crossing	Sewer	2,840	2,840								
Subtotal 2018 New Projects		452,225	192,955	-	-	98,430	18,768	-	-	66,804	75,268
TOTAL CAPITAL EXPENDITURES		**2,965,986**	**1,067,011**	**272,467**	**40,390**	**113,981**	**18,768**	**23,246**	**643,739**	**715,968**	**70,416**