

January 16, 2017

2017-2021 Financial Plan



2017-2021 Financial Plan Presentation

1. Chief Administrative Officer - Introduction
2. Chief Financial Officer
 - 2017 Timeline Review
 - Legislative Background
 - Strategic Directives
 - Capital Funding
 - Reserves
 - Borrowing
3. Operations/Engineering
 - Capital Projects for Early Approval



2017-2021 Financial Plan Chief Administrative Officer



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Introduction

Settle Down

2017-2021 Financial Plan

Chief Financial Officer



Budget Schedule, Background
& Capital Funding

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2017-2021 FINANCIAL PLAN SCHEDULE

<i>Date</i>	<i>Forum</i>	<i>Activity</i>
January 16, 2017 1:00 pm	Council Workshop	Budget Process Overview - Capital Budget Presentation
January 16, 2017	Regular Council Meeting	Early Budget Approvals for Capital Projects from 1:00 pm presentation
January 30, 2017 1:00 pm	Council Workshop	Capital budget presentations - continued Operations budget presentations by management 2017-2021 Revenue projections
February 6, 2017 11:00 am	Council Workshop	Workshop if necessary to continue presentations on operational & utilities budget
February 14, 2017 1:00 pm	Council Workshop	Review operating budgets and revenue requirements
February 27, 2017 1:00 pm	Council Workshop	Review & finalize tax and utility rates
March 13, 2017	COTW	Introduction of the 2017-2021 Financial Plan Bylaw
March 20, 2017	Potential Workshop	Potential Workshop – possibly amend 20 year cap plan due to grant announcements
March 27, 2017	Regular Council Meeting	1 st , 2 nd and 3 rd reading 2017-2021 Financial Plan Bylaw
April 10, 2017	COTW	Introduce 2017 Tax Rates Bylaw
April 10, 2017	Regular Council Meeting	Adopt 2017-2021 Financial Plan Bylaw
April 24 2017	Regular Council Meeting	1 st , 2 nd and 3 rd readings 2017 Tax Rates Bylaw
Early May 2017 TBA	Special Meeting	Adopt 2017 Tax rates
May 15, 2017		Deadline to adopt 2017-2021 Financial Plan Bylaw and Tax Rates Bylaw

2017-2021 Financial Plan Presentation

Legislative Requirements

Community Charter S. 165(1) A municipality must have a financial plan that is adopted annually, by bylaw, before the annual property tax bylaw is adopted.

Community Charter S. 197(1) Each year, after adoption of the financial plan but before May 15, a council must, by bylaw, impose property value taxes for the year.



2017-2021 Financial Plan Presentation

Strategic Directives

Asset Management Policy 808

Policy Statement 3. - Asset Renewal and Replacement

- Prioritization of investments based on:
 - Risk
 - Desired Level of Service
 - Affordability

Policy Statement 4. – New Capital

- Align emergent opportunities with community objectives and priorities

RESERVES

	General Capital	Slag	Gas Tax
ESTIMATED BALANCE - YEAR END 2016	2,349,321	387,707	183,979
ESTIMATED 2017 CONTRIBUTIONS			220,606
2017 CAPITAL PROJECTS			
Water Supply & Conservation	(11,500)		
Sewer Lift Station Pumps	(15,000)		
Electrical System Upgrades	(80,000)		
Public Works - 22nd Street	(500,000)		(250,000)
Wayfaring Signs		(65,000)	
LED Lighting	(50,000)		
Emergency Repair Fund	(50,000)		
Flood Plain Mapping & Dike Restoration	(50,000)		
Balance after Capital Allocations	1,592,821	322,707	154,585

BORROWING

- Types of Borrowing

- Equipment Financing – CC S. 175

- Replaces the MFA capital lease program
 - Used for financing equipment (eg. vehicles, copiers)
 - 5 year term; renewable with proof of public approval at onset
 - Public approval not required for term < 5 years
 - Ministry approval not required
 - Variable rate, fixed monthly payment
 - Current rate 1.44%

- Revenue Anticipation – CC S. 177

- Temporary borrowing – maximum 1 year
 - Maximum is 75% of prior year property taxes
 - Must be repaid when anticipated revenues are received

BORROWING

- Short Term Capital – CC S. 178
 - Aggregate Limit of \$50 per capita – latest census
 - Current limit <\$200,000
 - Public approval not required
 - Bylaw requires Inspector approval
- Loan Authorization – CC S. 179
 - Long term debt – maximum term is lower of 30 years or asset life expectancy. Term can be 5-30 years.
 - Rate is set for 10 years then at 5 year intervals
 - Authority expires five years from adoption, unless temporary borrowing bylaw
 - Approval process ~ six months
 - Inspector approval required; elector approval required except in limited circumstances
 - Bylaw adoption at both Municipal and Regional District level
 - Semi-annual funding - Spring and Fall
 - Latest issue 10 year rate 2.1%

BORROWING

- Temporary Borrowing under Loan Authorization – CC S. 181
 - After adoption of Loan Authorization bylaw
 - Allows advances on Loan Authorization bylaw until projects are complete
 - Requires temporary borrowing bylaw; no Ministry involvement
 - Rate set daily; current rate 1.44%; 2016 average 1.38%
- Internal Borrowing
 - Allows for borrowing between reserves
 - Not recommended without plan in place for repayment
- Debt Servicing - Example
 - \$1,000,000 – 20 years @ 3.48% = \$72,016 (interest + principal)
 - Approx. 2% increase in property taxes; \$20 for average home

2017-2021 DEBT SERVICING

		Original Amount Borrowed	Term (years)	Expiry Date	Annual Payments				
					2017	2018	2019	2020	2021
EXISTING DEBT SERVICING									
<u>Long-Term Debt</u>									
General	Roads - Bylaw 1863	\$500,000	10	Oct 2019	\$62,296	\$62,296	\$62,296	\$0	\$0
General	Roads NW 79th - Bylaw 1887	\$70,000	15	Oct 2025	6,107	6,107	6,107	6,107	6,107
Sewer	Ruckle Lift station - Bylaw 1556	\$195,944	20	Jun 2019	10,610	10,610	10,610	-	-
Sewer	City Park Lift Station - Bylaw 1873	\$1,756,920	20	Sep 2033	126,642	126,642	126,642	126,642	126,642
<u>Equipment Financing</u>									
General	Fire Truck	\$722,519	5	Feb 2021	149,517	149,517	149,517	175,107	-
<u>Interim Financing - Temporary Borrowing Bylaws - 1.5%</u>									
Water	Emergency Fire Protection - Bylaw 1950 Drawdown on \$1,300,000 - LA Bylaw 1922	\$370,719	25	Apr 2037	5,560	5,560	5,560	5,560	5,560
General-Water-Sewer	Multi-utility - Bylaw 1998 Drawdown on \$4,200,000 - LA Bylaw 1923	\$875,870	25	Apr 2037	13,140	13,140	13,140	13,140	13,140
TOTAL EXISTING DEBT SERVICING					\$373,871	\$373,871	\$373,871	\$326,555	\$151,449
POTENTIAL NEW DEBT SERVICING									
<u>Principal Repayments on Interim Financing</u>									
Water	Emergency Fire Protection - Bylaw 1950	\$370,719	20	Apr 2037	18,536	18,536	18,536	18,536	18,536
General-Water-Sewer	Multi-utility - Bylaw 1998	\$875,870	20	Apr 2037	43,794	43,794	43,794	43,794	43,794
<u>New Debt - Principal & Interest - 1.5%</u>									
22nd Street Capital Project	Multi-utility - Bylaw 1998 Drawdown on \$4,200,000 - LA Bylaw 1923	\$500,000	20	Apr 2037	7,500 25,000	7,500 25,000	7,500 25,000	7,500 25,000	7,500 25,000
TOTAL POTENTIAL NEW DEBT SERVICING					94,829	94,829	94,829	94,829	94,829

2017-2021 FINANCIAL PLAN SCHEDULE

- NEXT COUNCIL WORKSHOP
- JANUARY 30 – 1:00 PM
 - Capital Budget Presentations
 - Projects not included for early approval
 - Operations Budget Presentations
 - 2017 – 2021 Revenue Projections

Operations/Engineering

Capital Projects for Early
Budget Approval



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Settle Down

January 16, 2017 Financial Plan

Capital Projects Presentation

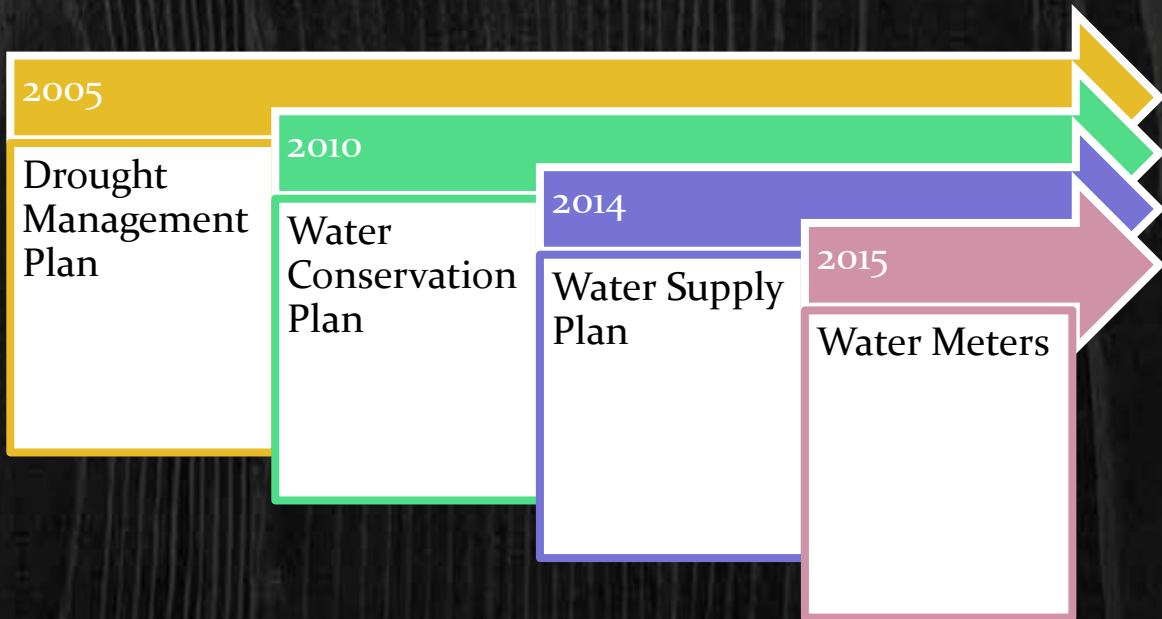


Early Budget Approval Projects

1. Water Supply and Conservation Plan Update
2. Sewer Lift Station Pumps
3. Electrical System Upgrades
4. 22nd Street
5. Signs, Wayfinding and Decoration
6. LED Street Lighting
7. Public Works Emergency Repair Fund
8. Floodplain mapping / Dike system planning
9. Electrical Voltage Conversion (with substation)
10. Silver Kettle Sidewalk part of regular 2017 budget planning



Water Supply and Conservation Plan Update



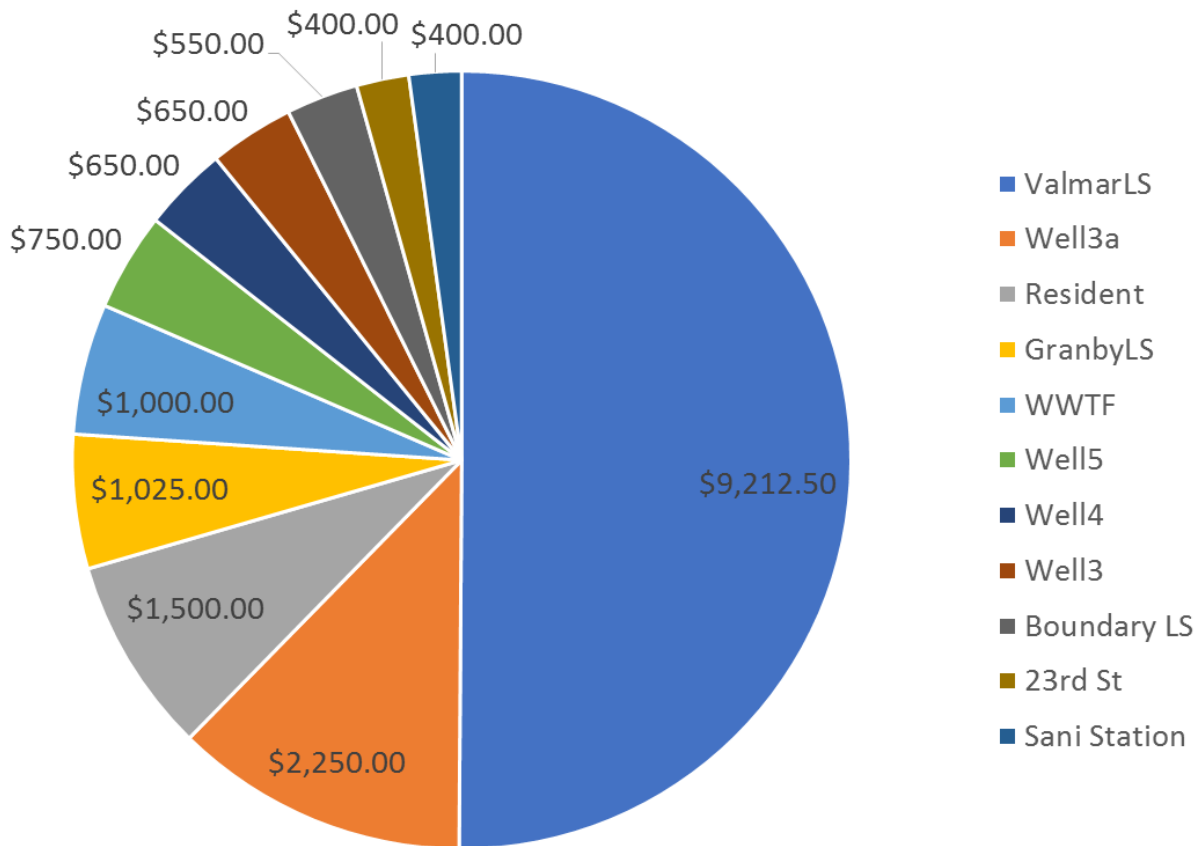
- Update water supply plan to incorporate water meters, 2017 Kettle River Watershed Drought Plan, and new water regulation measures
- Water and sewer grants require updated plan
- \$11,500 from Capital Reserve

Sewer – Lift Station Pumps



- New pump for Valmar Lift Station
 - \$15,000 from Capital Reserves in 2017
- Reduce overtime / service costs with more powerful pump
- Future year purchase spare pump for City Park Lift Station \$15,000 2018

Water and Sewer Cost of Overtime Top Ten by Location Jan - Dec 5 2016



Electrical System Upgrades

- Increase / improve service area
- Outage risk reduction
- Pole and transformer replacement
- \$80,000 from Capital Reserve



LED Street Lighting

- System engineering and design
 - \$50,000 in 2017
 - \$250,000 for installation 2018
- Operational savings (power, servicing) pay back within 7 years - \$35,000 per year annual pay back
- Energy and carbon savings



Existing Street Lights
(High Pressure Sodium)



Energy Efficient Street Lights
(Light Emitting Diode/LED)

22nd Street Paving

- Full depth reconstruction to replace asphalt 'sand'wich and poor road base
- Council resolution
- Improved drainage to lower serving costs and local nuisance
- \$750,000 from debt and gas tax



Signs, Wayfinding and Decoration



- Maps, signs and wayfinding markers with consistent design
- Supports strategic plan and SCP actions – business growth / retention downtown, non-motorized mobility
- \$65,000 in 2017 from remaining Slag Reserve



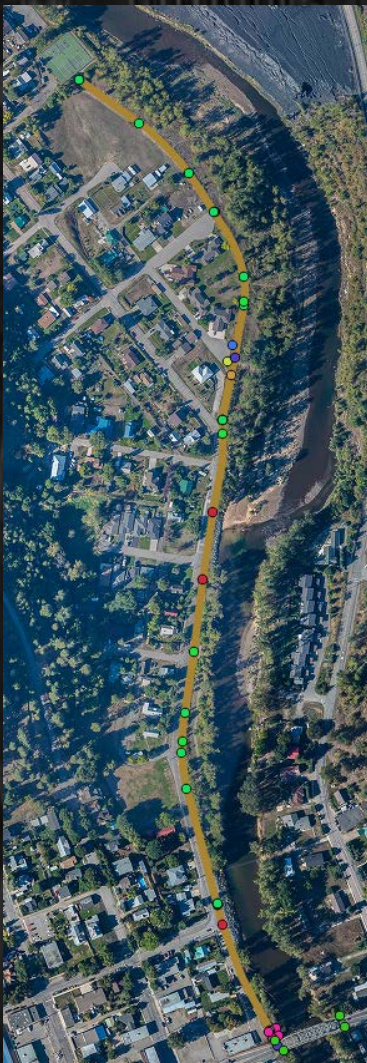
Public Works Emergency Repair Fund



- Emergency repairs above Tangible Capital Asset threshold
- \$50,000 in 2016 from Capital Reserves
- 2015-2016 emergency repairs
 - repairs of water service across 6th St (\$25,000)
 - 3rd St sewer repairs
 - Wells #3 & #4
 - Hwy 3 / Granby Water Main

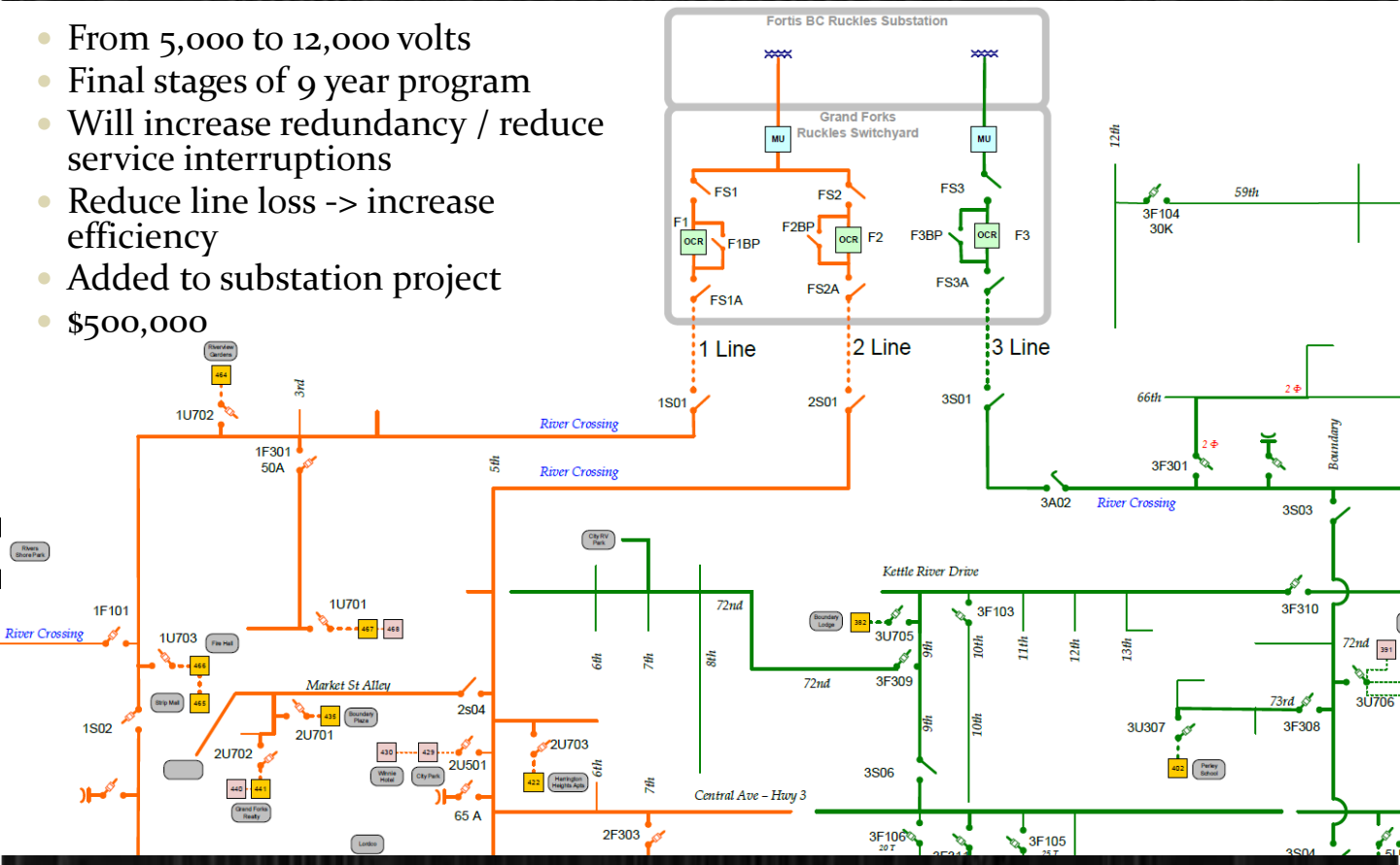
Floodplain Mapping / Dike system planning

- No information on current flood damage / inundation potential
- Hazard mapping, repairs, emergency response
 - \$50,000 in 2017 Capital Reserve for initial study
- Long term capital investment supported by grants
 - Greater than \$1,000,000 – pending engineering



Electrical Voltage Conversion

- From 5,000 to 12,000 volts
- Final stages of 9 year program
- Will increase redundancy / reduce service interruptions
- Reduce line loss -> increase efficiency
- Added to substation project
- \$500,000



Project	Funding Source	Estimated \$ for 2017	Multi-year
Water - Supply and Conservation Plan - Update	Capital Reserve	\$11,500	
Sewer - Lift Station Pumps	Capital Reserve	\$15,000	2 year – \$30,000 total
Electrical – System Upgrades	Capital Reserve	\$80,000	Annual Program
Public Works – 22 nd Street	Debt & Gas tax	\$750,000	
Signs, Wayfinding & Decoration	Slag reserve	\$65,000	
Public Works - LED Street Lighting	Capital Reserve	\$50,000 For Engineering	2 year – Est \$300,000 total
Public Works – Emergency Repair Fund	Capital Reserve	\$50,000	Annual Program
Engineering – Flood Plain Mapping, Dike Restoration	Capital Reserve	\$50,000 Engineering	6 year program – est. \$1,100,000