

BUDGET 2017

FINANCIAL PLAN 2017-2021

Principle Goals

- Build on our Successes in 2016
- Upgrade Essential Core Infrastructure
- Focus on Affordability and Amenities for All
- Enable Residents to Participate in the Long Term Financial Plan



BUDGET 2017 - PROCESS

PUBLIC INPUT SOUGHT

- Council and staff have developed a 2017 budget that provides balance between infrastructure upgrades and community amenities
- Operating resources have been contained or reallocated to soften the impact of increased investment in services and capital infrastructure
- Capital expenditures will remain relatively high for 2017
- Public Input sought through public engagement process where tax rate increases were generally acceptable between 2% - 5%

2017 Operations Budget –

- The City continues to upgrade infrastructure and provide legislated essential services
- The City continues to provide services deemed important to create a livable community which are discretionary but affect quality of life and attractiveness of Rossland

KEY POINT: Council must weigh competing community needs and wants

Strategic Financial Planning Process – Operations Budget

2017-2021 Forecast Assumptions:

- Property Tax increases proposed:
 - 2017 + 4.75%
 - 2018 + 4.0%
 - 2019 + 2.0%
 - 2020 + 4.0%
 - 2021 + 2.0%
- Water and Sewer User fee increases by bylaw and proposed:
 - 2017 + 4.5% Bylaw 2622 & 2623
 - 2018 + 4.5% Bylaw 2622 & 2623
 - 2019 + 4.5% Bylaw 2622 & 2623
 - 2020 + 4.5% Proposed, pending review of AMIP
 - 2021 + 4.5% Proposed, pending review of AMIP
- Labour rate increases:
 - 2017 + 2.0%
 - 2018 + 2.0%
 - 2019 + 2.0% Current collective agreement expires February 28, 2019
 - 2020 +2.0%
 - 2021 + 2.0%
- Other revenues and expenses adjusted based on trends and known information

2017 Operations Budget – Special Projects

- \$75,000 Grant - Council has made it a strategic priority to focus on essential infrastructure requirements through implementation of the Asset Management Investment Plan (AMIP) which is 100% financed through grant funding during 2016-2017
- \$415,000 Grant - In order to reduce the long term costs of the Regional Sewer Utility (2017 cost \$370,000, a 25% increase over 2016) which is based on actual flows, a Inflow and Infiltration analysis is in process for 2017 financed 83% by grant funding which will target problem areas that need repair
- \$10,000 Grant – study on the Emcon Mid Town area financed by 100% grant funding to enhance future viability and sustainability of Rossland



Strategic Financial Planning Process – Operations Budget 2017 Tax and User Fee Increases

Revenue Source	% increase	\$ increase
Municipal Taxation	4.75%	\$243,065
Water User Fees	4.50%	\$ 54,859
Sewer User Fees	4.50%	\$ 37,527
Total additional revenue		\$335,451

Main use of increase in taxation is due to

- Increase in additional debt financing costs \$66,000
- Increase in Operations for current service delivery \$61,000
- Increase in Information Technology \$59,000 (support for software i.e. Vadim Hosting, Max, Sensus, CaseWare, iCompass, Office 365)
- Increase in Regional sewer utility fee \$73,600
- Increase in Bylaw Enforcement \$17,000
- Increase in Climate Action Reserve fund \$12,000
- Inflow and Infiltration City portion of grant \$85,000
- And various other cost reallocations to balance the budget



Strategic Financial Planning Process –
Operations Budget
2017 Water & Sewer User Fee Increases

Revenue Source	Revenue	Cost	Operation Deficit Funded by General Taxation	Reserves
Water Fund	\$623,399	\$668,111	\$(44,712)	\$669,991
Sewer Fund	\$586,089	\$666,856	\$(80,767)	\$ 46,676

- Water Revenue falls short of covering cost of operations and is partially funded by general taxation
- Sewer User fees falls short of covering cost of operations (\$296,856) and Regional Sewer fee (\$370,000) and is partially funded through general taxation
- During the Asset Management Investment Plan (AMIP) review currently underway, the City’s long term capital needs will be analyzed, and rate structures and reserve policies will be reevaluated



Strategic Financial Planning Process – Operations Budget

FORECAST ASSUMPTIONS	Tax +4.75% W/S+4.5%	Tax +4.0% W/S+4.5%	Tax +2% W/S+4.5%	Tax +4.0% W/S+4.5%	Tax +2.0% W/S+4.5%
REVENUE	2017 Forecast	2018 Forecast	2019 Forecast	2020 Forecast	2021 Forecast
Taxation	4,997,953	5,144,772	5,235,807	5,421,520	5,529,950
Utility Taxes and grants in lieu	108,933	108,933	108,933	108,933	115,233
Federal gas tax grant	202,509	192,000	192,000	192,000	192,000
Provincial Grants	4,906,151	521,594	521,594	521,594	521,594
RDKB grants	6,200	6,200	6,200	6,200	6,200
Other Grants	736,340	0	0	0	0
Sale of service and other income	574,434	573,433	573,434	573,434	573,434
Interest and penalties on taxes	52,000	52,000	52,000	52,000	52,000
Water user fees	623,399	650,394	678,604	708,084	739,948
Sewer user fees	586,089	612,170	639,425	667,907	697,963
Total Revenue	12,794,008	7,861,497	8,007,997	8,251,672	8,428,322



Strategic Financial Planning Process – Operations Budget

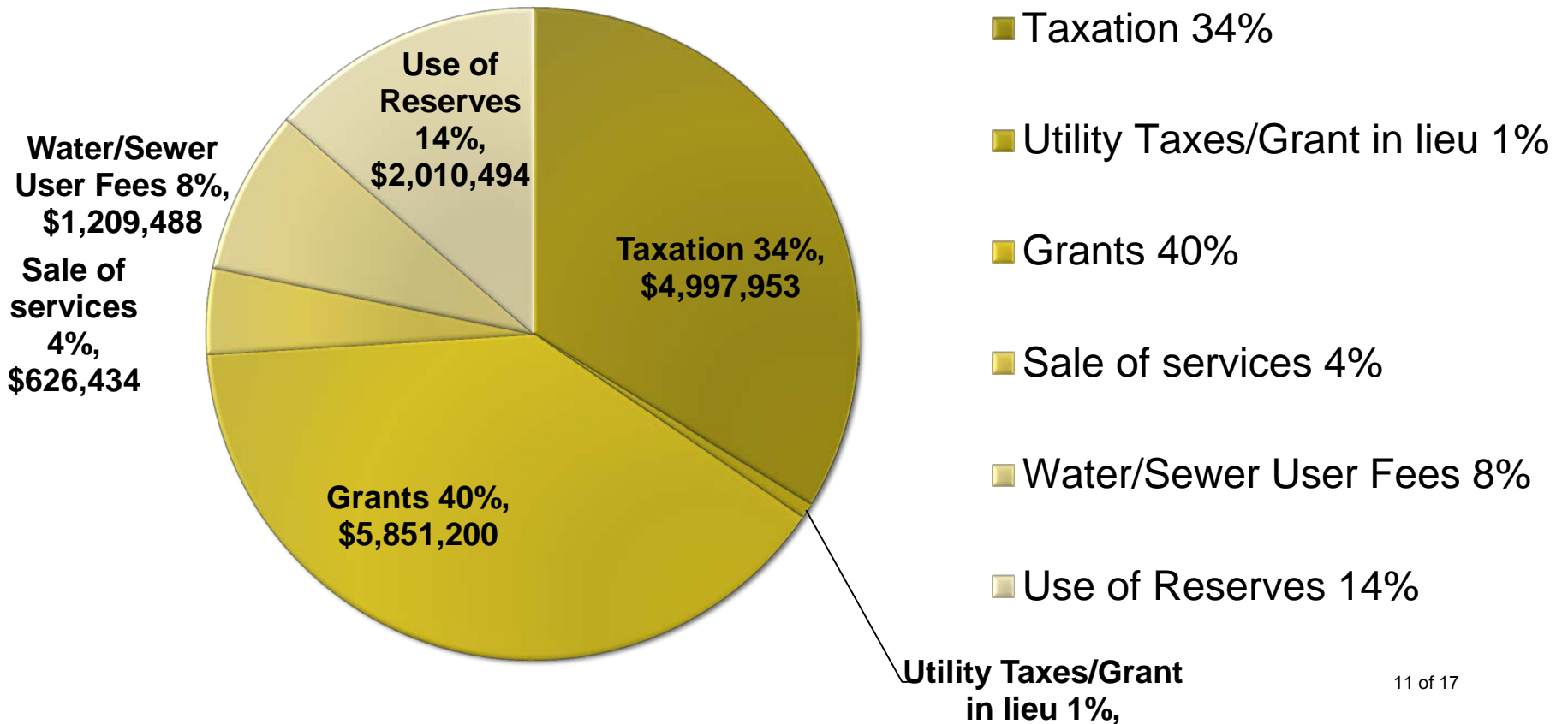
EXPENDITURES	2017 Forecast	2018 Forecast	2019 Forecast	2020 Forecast	2021 Forecast
General government	(1,430,597)	(1,394,862)	(1,410,385)	(1,426,219)	(1,430,498)
Community support	(257,121)	(268,621)	(268,077)	(268,756)	(269,562)
Environmental health	(124,000)	(124,000)	(124,000)	(124,000)	(124,372)
Planning, development, and engineering	(750,945)	(182,268)	(184,555)	(186,888)	(187,449)
Protective services	(293,673)	(209,239)	(212,905)	(216,642)	(217,292)
Public Health	(7,872)	(7,945)	(8,020)	(8,096)	(8,120)
Recreation and cultural services	(758,287)	(755,868)	(762,162)	(768,577)	(770,883)
Transportation and public works	(1,490,220)	(1,477,087)	(1,488,814)	(1,500,771)	(1,505,273)
Regional sewer utility	(370,000)	(370,000)	(370,000)	(370,000)	(371,110)
Water utility operations	(668,111)	(683,878)	(690,107)	(696,460)	(698,549)
Sewer utility operations	(296,856)	(299,199)	(301,589)	(304,025)	(304,937)
Interest and finance charges	(386,007)	(518,007)	(518,007)	(518,007)	(518,007)
Amortization	(1,348,926)	(1,348,926)	(1,348,926)	(1,348,926)	(1,348,926)
Total Expenses	(8,182,615)	(7,639,900)	(7,687,547)	(7,737,367)	(7,754,978)



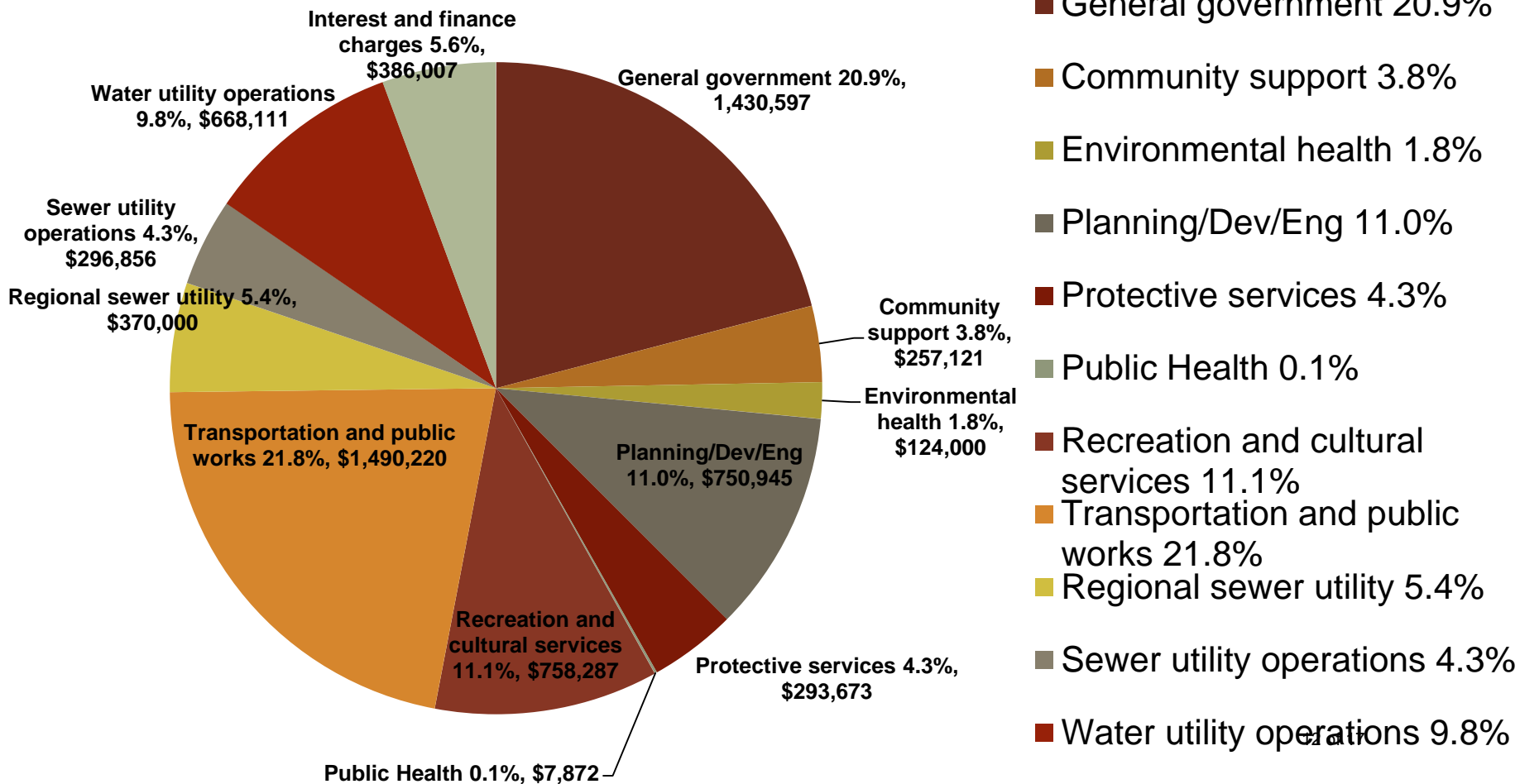
Strategic Financial Planning Process – Operations Budget

	2017 Forecast	2018 Forecast	2019 Forecast	2020 Forecast	2021 Forecast
Annual Surplus (Deficit)	4,611,393	221,597	320,450	514,305	673,344
Amortization	1,348,926	1,348,926	1,348,926	1,348,926	1,348,926
Capital Expenditure	(7,665,163)	(1,866,000)	(1,438,000)	(1,433,000)	(1,738,000)
Debt principle payments	(305,650)	(343,080)	(368,742)	(374,492)	(374,492)
Debt proceeds	0	0	0	0	0
Development cost charges	0	0	0	0	0
Transfer (to) capital reserves	0	0	0	(12,065)	(381,693)
Transfer from capital reserves	1,675,694	732,231	281,040	-	471,915
Transfer (to) operating reserves	0	(93,674)	(143,674)	(43,674)	0
Transfer from operating reserves	334,800	-	-	-	-
Balanced Budget	0	0	0	0	(0)

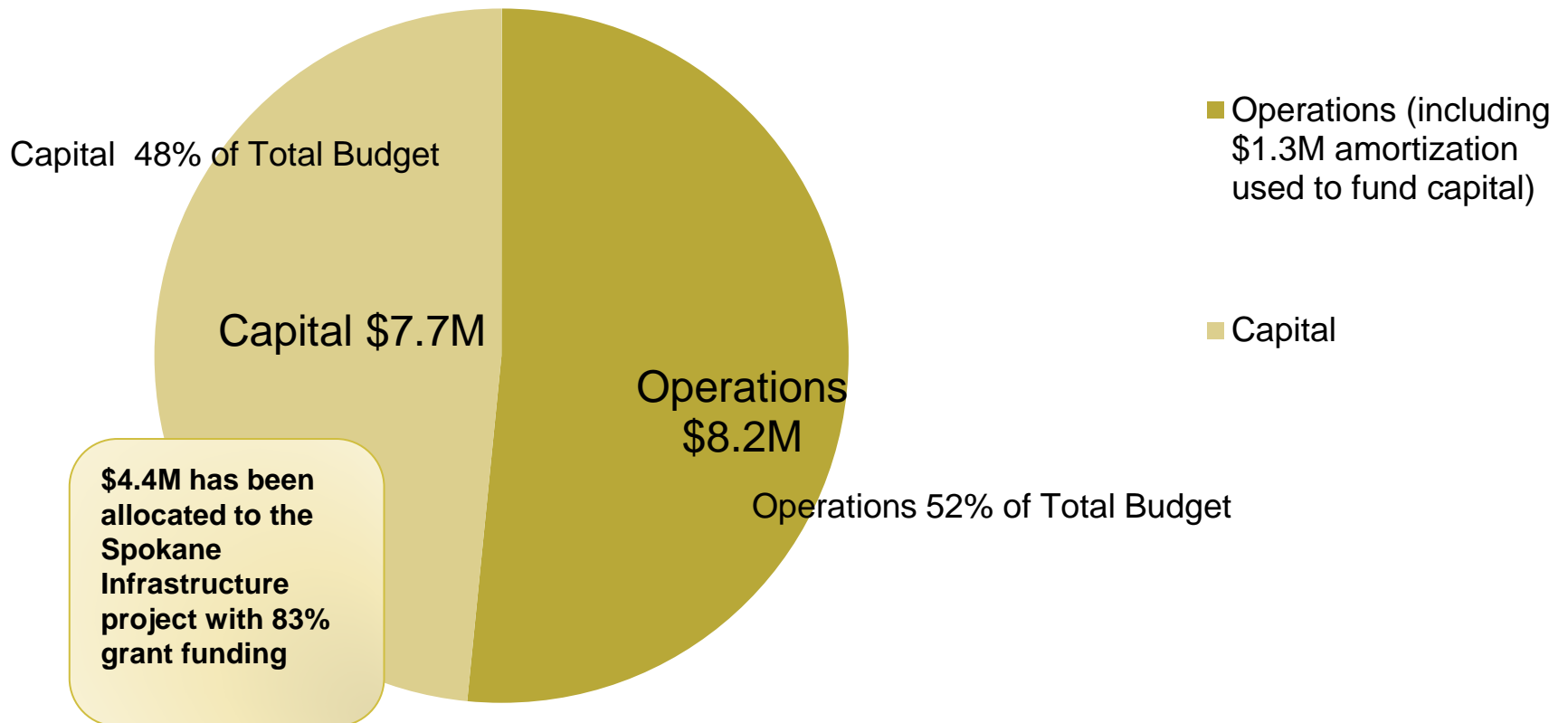
**Source of Funds funding Operations and Capital =
\$14.8M**



Use of Funds – Portion Funding Operations \$6.8M

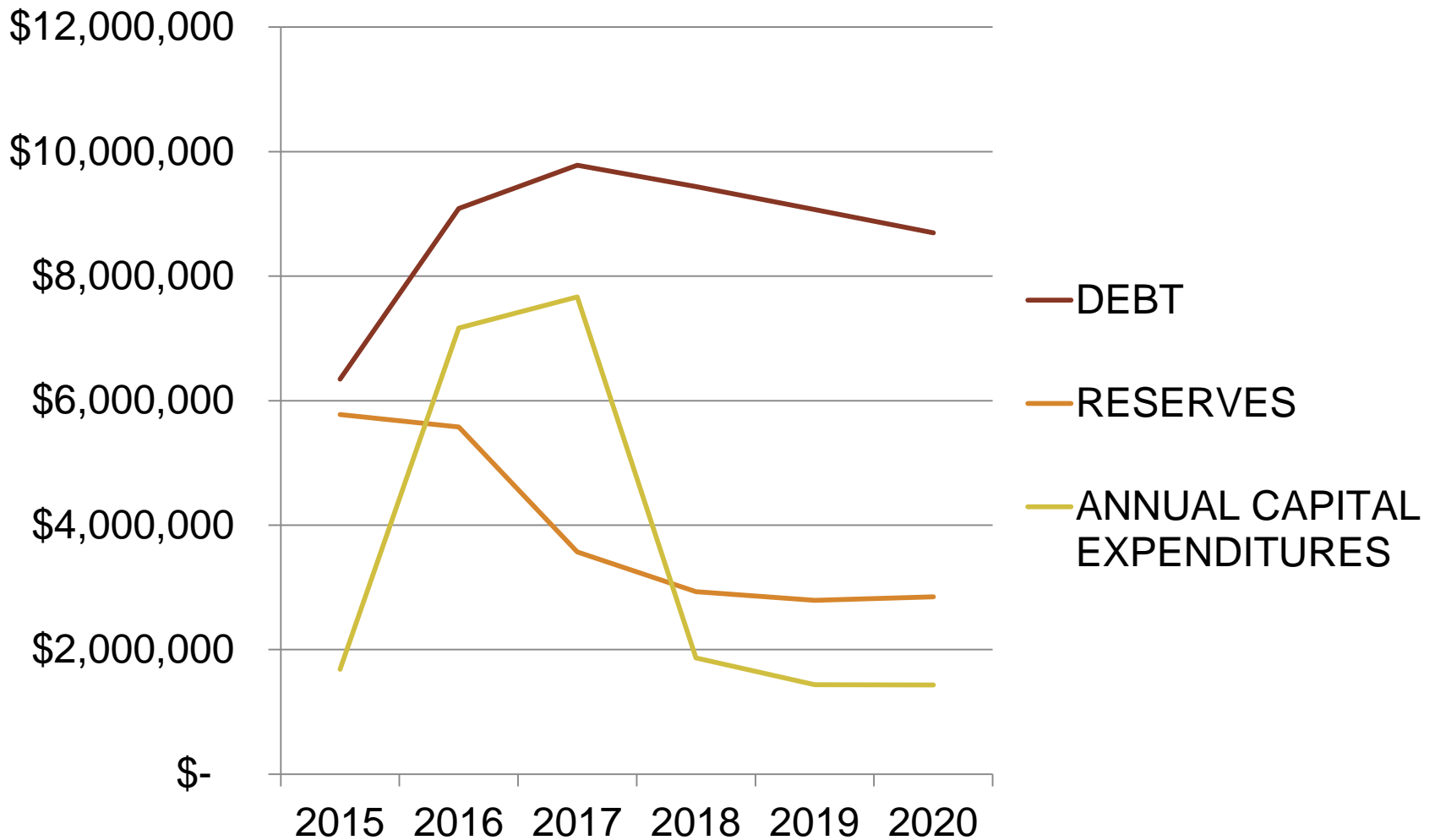


2017 Expenditures = \$15.9M

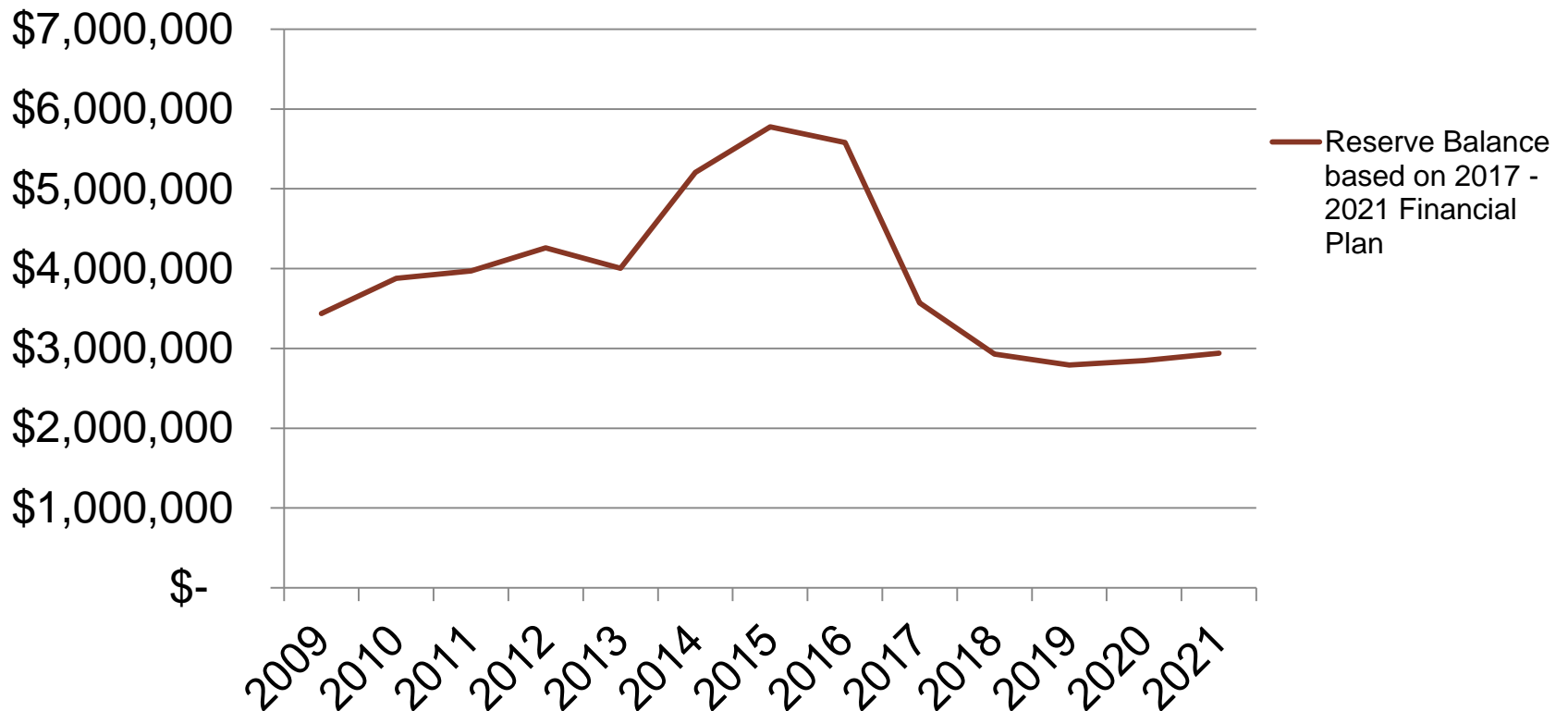




Strategic Financial Planning Process – Capital Budget Debt, Reserves and Capital Relationship 2015 - 2021



Reserve Balance Historical 2009 -2016 and Forecast for 2017 - 2021



Into the future.....

Asset Management Investment Plan (AMIP)

The AMIP presently underway will involve a review of all City assets.

- It will have 3 principle components
 - **Policy, funding strategies, project prioritization/risk assessment and mapping** out the desired asset management and information workflows
 - **Engineering** – what is the present condition of the assets and how long may they be expected to last?
 - **Financial** - When should we replace the asset and what is the expected replacement cost of the asset.
- This will enable the City to identify its necessary capital expenditures and then finalize the Long Term Capital Plan.
- The pace at which the investments may proceed will still be a function of our ability to pay and affordability for all residents.



Strategic Financial Planning Process – Budget Preview 2017 – 2021

QUESTIONS?