CITY OF ENDERBY

2015 BUDGET

Public Input

April 20, 2015
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Council Chambers

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Where the Shuswap Meets the Okanagan

Chief Administrative Officer's Report

A Five-Year Financial Plan is much more than simply a tax increase or a tax decrease – although that is certainly what garners the most attention! It represents the types and qualities of service that we, as a community, wish to see delivered by local government. Some of these services are very visible, such as road construction or new park amenities. Other services are less visible, but no less important. Clean drinking water and hygienic sanitation are items that we often take for granted on a day to day basis, but are fundamental to our community.

At the policy level, minimizing operating costs while proactively addressing the City's infrastructure deficit has continued. This approach involves three levers:

1) Cost containment through the ongoing implementation of new efficiencies in service delivery;
2) Infrastructure deficit reduction through continued investment in asset management; and
3) Infrastructure deficit reduction through consideration of sustainable servicing standards.

Taxes can be kept low by reducing service levels or failing to properly fund infrastructure renewal. Conversely, taxes may increase significantly due to service level increases, emergency infrastructure repairs, or inadequate cost containment. It is the objective of any Five-Year Financial Plan – and certainly this one - to strike a balance by which service levels can be maintained on a rational basis, our stewardship of public assets demonstrates responsibility to future generations, and our efforts to contain costs are both prudent and innovative.

For 2015, the combined tax increase for all non-utility classes will be 1.40%. This is composed of a 2.84% increase to the general fund (which includes things like roads and protective services), a 2.12% increase to water frontage tax, a 1.61% increase to water user fees, a 2.15% increase to sewer frontage, a 1.94% increase to sewer user fees, and a 13.92% decrease to refuse and recycling. The net impact to a household with an average assessment will be $25.68.

The water user fee revenue target identified in the Five-Year Financial Plan will serve as the basis for determining the following year's rebate of any excess consumption revenue; this holds to Council's commitment to charge for water consumption in a manner that protects the financial sustainability of the water utility without collecting revenues in excess of targeted requirements.

A Five-Year Financial Plan is not so much a balancing act as it is an art of balance. Achieving the extreme, be it extremely high taxes or extremely low taxes, is relatively easy. However, either extreme would be largely unsatisfactory to the general public, as it would result in dramatic changes to service levels, infrastructure quality, or the cost of living. Absent that, the art of balance prevails.

Tate Bengtson
Chief Administrative Officer

City of Enderby
2015 Taxation/User Fee Impact

Description	2014 Levy/Fees - based on average assessment of $211,000	Percentage Increase	Dollar Change		Total 2015
General	753.00	2.84%	21.39		774
Water-Frontage	236.00	2.12%	5.00		241
Sewer-Frontage	233.00	2.15%	5.01		238
Water-User	242.00	1.61%	3.90		246
Sewer-User	265.00	1.94%	5.14		270
Refuse & Recycle	106.00	-13.92%	(14.76)		91
Total General Taxes, Water & Sewer, Refuse & Recycle	**1,835.00**		**25.68**	**1.40%**	**1,861**

THE CORPORATION OF THE CITY OF ENDERBY

BYLAW NO. 1569

A BYLAW OF THE CITY OF ENDERBY RESPECTING THE 2015 – 2019 FINANCIAL PLAN

The Council of the City of Enderby, in open meeting assembled, enacts as follows:

1. This bylaw may be cited as "City of Enderby 2015 – 2019 Financial Plan Bylaw No.1569, 2015".
2. Schedule "A" attached hereto and made part of the Bylaw is hereby declared to be the 2015 – 2019 Financial Plan of the City of Enderby.
3. Schedule "B" attached hereto and made part of this Bylaw is the 2015 Revenue Disclosure for the City of Enderby.
4. Bylaw No. 1539, cited as "City of Enderby 2014 – 2018 Financial Plan Bylaw No. 1539, 2014", is hereby repealed.

READ a FIRST time this day of , 2015.

READ a SECOND time this day of , 2015.

READ a THIRD time this day of , 2015.

RECONSIDERED and ADOPTED this day of , 2015.

MAYOR

CHIEF ADMINISTRATIVE OFFICER

SCHEDULE "A"

City of Enderby
Consolidated Statement of Operations
Five Year Financial Plan 2015-2019

	2015 Budget	2016 Budget	2017 Budget	2018 Budget	2019 Budget
REVENUES					
Municipal Taxation	1,324,837	1,348,952	1,380,027	1,416,155	1,453,368
Utility Taxes / Grants in Lieu	83,465	85,134	86,837	88,574	90,345
Sale of Services / Other Contributions	282,620	410,922	1,194,168	306,319	357,696
Revenue from own Sources	1,242,837	1,312,394	1,343,736	1,371,250	1,398,995
Grants	1,389,250	434,700	439,040	443,423	1,950,351
Sewer Revenue	714,355	806,986	746,026	753,682	766,271
Water Revenue	701,267	783,885	828,378	800,525	792,354
Total Revenues	5,738,631	5,182,973	6,018,212	5,179,928	6,809,380
EXPENSES					
General Government Services	789,646	715,679	729,992	744,592	759,484
Protective Services	199,967	203,966	208,046	212,207	216,451
Transportation Services	676,441	599,190	611,174	623,397	635,865
Environmental Health Services	96,979	98,919	100,897	102,915	104,974
Animal Control	29,520	30,111	30,713	31,327	31,954
Cemetery	50,677	51,691	52,725	53,779	54,855
Recreation & Cultural Services	68,915	70,294	71,700	73,134	74,596
Fortune Parks Recreational Services	799,293	815,278	831,583	848,215	865,179
Sewer Expenditures	532,565	543,216	554,080	565,162	576,465
Water Expenditures	487,728	497,483	507,433	517,581	527,933
Fiscal Services	149,343	178,210	211,225	185,384	173,045
Total Expenses	3,881,074	3,804,037	3,909,568	3,957,693	4,020,801
SURPLUS (DEFICIT) FOR THE YEAR	1,857,557	1,378,936	2,108,644	1,222,235	2,788,579
TOTAL CASH FROM OPERATIONS	1,857,557	1,378,936	2,108,644	1,222,235	2,788,579
ADJUST FOR CASH ITEMS					
Capital Asset expenditures	(3,935,202)	(2,553,176)	(2,962,275	(503,487)	(1,931,672
Debt Principle repayment	(151,368)	(175,793)	(175,793)	(157,391)	(149,649)
Debt Proceeds	450,000	1,448,000	167,600		
Transfer From Reserves	2,178,673	574,564	1,568,783	283,162	37,065
Transfer to Reserves	(1,342,727)	(785,161)	(814,474)	(844,519)	(875,323)
Transfer From Operating Surplus	943,067	112,630	107,515	-	131,000
TOTAL CASH ADJUSTMENT	(1,857,557)	(1,378,936)	(2,108,644)	(1,222,235)	(2,788,579)
FINANCIAL PLAN BALANCE		-			-

CITY OF ENDERBY
2015-2019 Financial Plan

Statement of Objectives and Policies
Schedule 'B' of Bylaw No. 1569

In accordance with Section 165(3.1) of the *Community Charter*, the City of Enderby is required to include in the Five Year Financial Plan, objectives and policies 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.

Proportion of Total Revenue From Funding Sources

Revenue from Other Sources forms the greatest proportion of planned revenue. This includes contributions from shared services, interest earned, and contributions from reserves and surplus.

User fees and charges form the second largest proportion of planned revenue. These are services that can be measured and charged on a user-pay basis such as water and sewer usage, building permits, business licenses, and sale of services. User fees attempt to apportion the value of a service to those who use the service.

Property Taxation forms the third largest proportion of revenue. It offers a stable and reliable source of revenue for services that are difficult or undesirable to fund on a user-pay basis such as general administration, fire protection, street maintenance and snow removal.

Government Grants form the fourth largest proportion of planned revenue. These grants are for projects whereby the City of Enderby has received grant approval or is anticipating approval in 2015.

Overview in Preparing the Budget

- The City of Enderby increased the amount of revenue that is received from user fees and charges by 1.94% for sewer user fees and 1.61% for water user fees over the current levels.

Policies

- The City of Enderby will review all user fee levels to ensure they are adequately meeting both the capital and delivery costs of the service.
- Where possible, the City of Enderby will endeavour to supplement revenues from user fees and charges, rather than taxation, thus to lessen the burden on its limited property tax base.

Table 1: Sources of Funding

Funding Source	% of Total Revenue	Dollar Value
Property taxes	14.2 %	1,324,837
User Fees and charges	16.3 %	1,515,724
Other sources	49.7 %	4,630,560
Proceeds from borrowing	4.8 %	450,000
Government grants	14.9 %	1,389,250
Total	100.0 %	9,310,371

Distribution of Property Value Taxes

The residential property class provides the largest proportion of property tax revenue as the class also forms the largest portion of the assessment base and consumes the majority of City services.

Objective

- To maintain the property tax levy for all classes at the 2014 levy plus 2.84% plus any change for new construction or non-market change.
- To phase in a rate increase for the "utility" class to increase the rate to the maximum permitted by regulation.

Overview in Preparing the Budget

- Wherever possible revenues from user fees and charges were used to help offset the burden on the entire property tax base.
- Wherever possible the City of Enderby applied for grant funding to help offset capital expenditures and infrastructure planning studies.
- To continue to maintain and encourage economic development initiatives designed to attract more retail and commercial businesses to invest in the community. New investment from these areas will help provide revenue for the City of Enderby.
- To maintain the current distribution of tax rates among the property classes with the exception of the "utility" class.

Table 2: Distribution of Property Tax Rates

Property Class	% Of Total Property Taxation	Dollar Value
Residential (1)		1,064,348
Utilities (2)		12,828
Light Industrial (5)		33,059
Business and Other (6)		213,817
Farmland (9)		784
Total		1,324,838

Permissive Tax Exemptions

- The City of Enderby adopted a permissive tax exemption policy in October 2008, which guides the administration and approval of permissive tax exemptions. Some of the eligibility criteria for permissive tax exemptions that are outlined in the policy include the following:
- The tax exemption must demonstrate a benefit to the community and residents of the City of Enderby by enhancing the quality of life (economically, socially and culturally) and delivering services economically within the community.
- The goals, policies and principles of the organization receiving the exemption must not be inconsistent or in conflict with those of the City of Enderby.
- Only Non-Profit Organizations who meet the requirements of Part 7, Division 7 – Permissive Exemptions of the *Community Charter* are eligible for grants.

Objective

In conjunction of the development of the Financial Plan, Council will continue to provide permissive tax exemptions to non-profit societies where the value of permissive tax exemptions granted would be approximately 5% of the annual municipal levy.