



**REGULAR MEETING OF COUNCIL
AGENDA**

DATE: April 1, 2019
TIME: 4:30 p.m.
LOCATION: Council Chambers, Enderby City Hall

1. NEW BUSINESS

2019 Proposed Budget

Memo prepared by Chief Financial Officer dated March 28, 2019

Agenda

THE CORPORATION OF THE CITY OF ENDERBY

MEMO

To: Tate Bengtson, CAO
From: Jennifer Bellamy, CFO
Date: March 28, 2019
Subject: 2019 Proposed Budget

Recommendation

THAT Council reviews the attached budgets and specifies any amendments it wishes to make;

AND THAT Council refers the attached budgets to the April 15, 2019 Council meeting for consideration of public input.

Background/Discussion:

The 2019 draft budget proposes a combined increase to taxation and user fees of 3.8%. This amounts to an extra \$78.68 for the average household (see the attached 2019 Taxation/User Fee Impact). Each of the budgets have been reviewed with the Finance Portfolio members and are discussed in more detail below.

Also attached is a Tax Impact Summary which shows a breakdown of the property tax impact. Included in the summary are the recommendations of the Finance Portfolio with respect to the optional items, which is presented to Council for consideration. The proposed combined increase of 3.8% incorporates the recommendations from the Finance Portfolio.

2019 Budget - General

The attached Comparison of 2019 Budget vs 2018 Budget - General provides a summary of the changes broken out into operating, special projects, and capital projects.

- Total operating budget has increased by a net amount of \$60,037 for 2019.
 - Executive expenses have increased by \$22,527. Due to the Federal Budget change to remove the non-taxable expense portion of Mayor and Council remuneration an increase of \$9,292 was required to mitigate the remuneration loss from this change. Council's convention budget has also increased by \$8,000 for the Federation of Canadian Municipalities annual conference and also includes an extra \$2,100 to increase the Council Technology Allowance from \$300 per year to \$600 per year.
 - Administration expenses have decreased by \$15,627 for 2019. \$10,425 of this decrease is from administration wages, in which most of the decrease is due to staffing changes. The remaining decrease is made up of minor changes to multiple items based on

expected costs. Also included in the administration budget line are the Donations & Grants for 2019 (see attached listing).

- Transportation (Public Works) expenses have increased by \$44,837, primarily due to snow removal. An extra \$12,200 has been added to the snow removal budget to cover increased costs. For wages, although total wages and benefits for public works has increased by \$22,444 (including sewer and water funds), wages are allocated based on a three year average of where the labour is required. This has resulted in an increase of \$21,789 of labour resources needed for general wages (mostly due to snow removal).
- City Parks Services have increased slightly due to a CPI adjustment for the garden contract and labour allocations. Also included for 2019 is a \$750 contribution to the Enderby & District Garden Club to help offset the costs of flowers and plantings in the Cornerstone Garden. This amount has been worked into the existing budget and does not require a taxation increase to fund.
- Special Projects
 - A breakdown of the special projects for 2019 are listed on the Recap of Capital and Operating Projects Funding Sources spreadsheet.
- Capital
 - The capital project for 2019 is the Reservoir Road Rehabilitation for \$1.5 million. Although most of this project will be funded through reserves and Gas Tax Funding, a portion of the project will be funded through internal borrowing. A 3% taxation increase will be required to fund the debt interest and repayment requirements for Reservoir Road and a 0.6% increase has been included to fund the internal borrowing related to the Salmon Arm Drive improvements completed in 2018.
 - A 1% increase to Asset Management reserves has also been included to help meet the City's Annual Capital Investment required to properly fund asset replacement.
 - Annual Capital Investment required to fund the general fund in its entirety is currently at \$996,667. For 2019 the contribution amount will be \$895,228 resulting in an underfunded portion of \$101,439.

Overall the general budget requires a 6.4% (excluding protective services) increase to taxation, which takes into account additional taxation revenue from non-market change (i.e. new construction) and grants in lieu. Including the other budget items recommended by the Finance Portfolio, this increase includes a 1.8% increase for operating, a 1% increase to reserves for asset management and a 3.6% increase for internal debt financing.

Also included in the general budget is a 2.2% increase (or \$2.10) to the annual refuse fee. This increase is due to the increase in contractor costs in accordance with the refuse contract.

Budget 2019 - Protective Services

- Operating Costs have increased by \$21,933 for 2019. \$7,600 of this increase relates to extra funds for vehicle and equipment maintenance and \$13,533 of this increase relates to volunteer firefighter compensation to bring the budgeted amount up to a three year average of what has actually been paid. Also included in remuneration are the following proposed hourly rates, which followed from a compensation review of nearby communities:

Position	Current Rate	2019 - Proposed	2020 - Proposed
Recruit	\$ 15.67	\$ 15.67	\$ 15.67 + CPI
Firefighter - Exterior	\$ 15.67	\$ 16.50	\$ 17.00 + CPI
Firefighter - Interior	\$ 15.67	\$ 17.50	\$ 18.00 + CPI

The new rates also propose an annual adjustment based on CPI and would be subject to a remuneration review every five years, whereas currently the increases are harmonized with the City's Collective Agreement. Although there are no proposed changes to the officer honorariums, annual increases to these amounts would follow CPI as well.

Included in Protective Services is the budget for Emergency Management, which has been reviewed by the Emergency Management Executive Committee. An extra \$4,000 has been included for the position of the Emergency Program Coordinator (EPC) to reflect the increased responsibility of the position. No taxation increase is needed for this as other costs within the budget have been adjusted based on expected costs. Currently Council provides no funding for the EPC. As the transition from a regional to direct-delivery model has completed, the EPC responsibilities have transferred from the CAO. Previously the City paid \$10,468 to the City of Vernon for a EPC and related services.

- Special Projects
 - The special projects for 2019 for Protective Services include:
 - \$30,000 for repairs to the rear splashpad at the fire hall
 - \$34,400 for Emergency Social Services Resiliency (grant funded)
 - \$25,000 for Evacuation Route Planning (grant funded)
- Capital Projects
 - The contributions to equipment reserves are adequate at this time to fund scheduled apparatus replacement, including the new fire truck scheduled for 2022.

An increase of 0.6% to taxation is needed to fund the additional operating costs.

Budget - 2019 - Fortune Parks/Animal Control/ Cemetery

These are the budgets approved by the Enderby & District Services Commission on February 26, 2019 and have been advanced to the RDNO for inclusion in its budget.

Budget 2019 - Sewer

- Operating Costs have increased by \$319 for 2019. Although this is a minor cost increase, a portion of the 2018 costs for the chief operator contract was funded through surplus, which has now been removed. As this was a larger ongoing operating expense, the user fee funding for this was transitioned in over the last several years using surplus. Although the user fee revenues required to fund this have increased, no increase in user fee rates are required due to revenue from new connections in 2018.
- Special Projects - a breakdown of planned projects is attached.
- Capital Projects
 - A breakdown of the capital projects for 2019 is attached.

- Annual Capital Investment required for to fund sewer fund in its entirety is currently at \$586,000. For 2019 the contribution amount will be \$218,257 resulting in an underfunded portion of \$367,743. Although the hope is for senior government funding to cover two thirds of capital replacement costs, an increase to reserves for asset management has been included.

The draft budget proposes a 0% increase to user fees, and a 2.0% increase to frontage tax. This amounts to an additional \$5.00 for a home with 100 feet or more of frontage.

Budget 2019 - Water

- Operating Costs have increased by \$3,514 for 2019 due to minor adjustments to various operating accounts.
- Special Projects - A list of projects planned for 2019 is attached.
- Capital Projects
 - A listing of the 2019 capital projects is attached.
 - Annual Capital Investment required for to fund the water fund in its entirety is currently at \$350,000. For 2019 the contribution amount will be \$244,595 resulting in an underfunded portion of \$105,405. Again, although the hope is for senior government funding to cover two thirds of capital replacement costs, an increase to reserves for asset management has been included.

The draft budget proposes a 0.0% change to residential user fees and a 1.9% increase to frontage tax. In total this amounts to an additional \$5.00 for a home with 100 feet or more of frontage.

Although the draft budget proposes a 0% change in the residential user fee rates, based on projected user fee revenues (including new connections), there will be an estimated revenue shortfall of \$1,465. To make up for this, a slight increase to the commercial rates is recommended. This would require a 1% increase to the flat rate, which would cost a business an extra \$0.33 per period, and an increase to the higher tier consumption rate from \$0.51/m³ to \$0.52/m³, which would cost a business an extra \$1.00 per period if the business used over 160m³ of water in a period. When the metered water rates were set up several years ago, the commercial rates were based on the rates already in place for properties with higher water consumption in order to transition all properties to a metered water rate without a significant impact. Now that the rates are in place, changes can be made to bring to commercial rates closer to residential rates over time.

Any adjustments Council wishes to make will be reflected in the budget for public input scheduled for the April 15, 2019 Council meeting.

Respectfully submitted.


Jennifer Bellamy
Chief Financial Officer

City of Enderby
2019 Taxation/User Fee Impact

Description		2018 Levy/Fees - based on average assessment of \$308,100*	Percentage Increase	Dollar Change	Total 2019
General		938.27	7.0%	65.58	1,003.85
Water-Frontage		263.00	1.9%	5.00	268.00
Sewer-Frontage		250.00	2.0%	5.00	255.00
Water-User		226.53	0.0%	-	226.53
Sewer-User		282.77	0.0%	-	282.77
Refuse		96.40	2.2%	2.10	98.50
Total General Taxes & Utilities		2,056.97	3.8%	77.68	2,134.65

* Average value of a 2019 home excluding non-market change (i.e. New construction)

City of Enderby
Tax Impact Summary
2019

Additional Budget Items Required for 2019:

Operating (net of respective revenues):

Executive			
Administration	19,313	1.3%	
Public Works	- 20,224	-1.4%	
Fire Department	40,453	2.8%	
City Green Space	9,043	0.6%	
Animal Control / Cemetery	4,891	0.3%	
Fortune Parks*	1,683	-0.1%	
Operating Increase Required	-	0.0%	
	51,793	3.6%	
Capital:			
Asset Management Reserves	14,421	1.0%	
Internal Borrowing interest & repayment	52,250	3.6%	
	66,671	4.6%	
Non-Market Change / GIL	- 21,976	-1.5%	
Net taxation increase per draft budget	96,488	6.7%	

Other Budget Items:

Increase Council Tech Allowance	2,100	0.15%	
Increase in Arts Council grant	1,000	0.07%	
Chamber of Commerce - Extra grant for computers	2,000	0.14%	
Potential Net Tax Increase	101,588	7.0%	

* Taxation for Fortune Parks is through requisition from the RDNO, not the general City levy.

City of Enderby
Donations & Grants
2019

	<u>2019 Budget</u>
Visitor Centre - Chamber of Commerce - Annual fee for service	3,992.97
Chamber of Commerce - Shuswap Tourism (surplus funded)	5,000.00
Chamber of Commerce - New Computers	2,000.00
Events and Economic Dev't grant	9,000.00
Legion - Wreaths	150.00
Heritage Commission	1,050.00
Enderby & District Arts Council	4,000.00
Film Commission	1,100.00
Drill Hall - water usage	350.00
Shuswap Trail Alliance - Round Table	500.00
Young Agrarians	348.00
Conservation - Boat Patrol	2,500.00
Batting Cage Contribution (surplus funded)	2,500.00
Rounding	9.03
	-
	<u>32,500.00</u>

City of Enderby
Comparison of 2019 Budget vs. 2018 Budget - General

Operating					Special Projects				Capital Projects			

Protective Services

Operating					Special Projects				Capital Projects			

Fortune Parks

		Operating				Special Projects				Capital Projects			
		2018 Budget	2018 Actual	2019 Budget	2019 vs 2018 Budget	2018 Budget	2018 Actual	2019 Budget	2019 vs 2018 Budget	2018 Budget	2018 Actual	2019 Budget	2019 vs 2018 Budget
Revenue	Revenue from Other Sources	766,443	775,641	792,140	25,697	50,406	50,406	63,000	12,594	138,265	138,265	112,542	-25,723
	Conditional Grants	0	1,000	1,000	1,000	3,424	3,424		-3,424	0	7,400	0	0
	Property Taxes-General Revenue									0	54,325	0	0
	Contribution - amortization									110,000	10,000	193,000	83,000
	Transfer from reserves									0	0	0	0
	Transfer from DCC's									0	0	0	0
	Transfer from surplus					0				31,800	26,619	0	-31,800
Total Revenue		766,443	776,641	793,140	26,697	53,830	53,830	63,000	9,170	280,065	236,609	305,542	25,477
Expenditures	Fortune Parks Recreational Services	766,443	755,583	793,140	26,697	53,830	43,514	63,000	9,170				0
	Total Operating Expenses	766,443	755,583	793,140	26,697	53,830	43,514	63,000	9,170	0	0	0	0
	Capital - Fortune Parks									141,800	44,950	193,000	51,200
	Amortization									0	54,325	0	0
	Fiscal Services									0	0	0	0
	Transfer to Reserves									138,265	138,265	112,542	-25,723
	Total Capital Expenses	0	0	0	0	0	0	0	0	280,065	237,540	305,542	25,477
Total Expenditures		766,443	755,583	793,140	26,697	53,830	43,514	63,000	9,170	280,065	237,540	305,542	25,477
Net Income		0	21,059	0	0	0	10,316	0	0	0	-931	0	0

Animal Control

Operating					Special Projects				Capital Projects			

Cemetery

		Operating				Special Projects				Capital Projects			
		2018 Budget	2018 Actual	2019 Budget	2019 vs 2018 Budget	2018 Budget	2018 Actual	2019 Budget	2019 vs 2018 Budget	2018 Budget	2018 Actual	2019 Budget	2019 vs 2018 Budget
Revenue	Revenue from Other Sources	38,560	37,095	38,786	226					3,500	3,500	3,950	450
	Conditional Grants	0	0	0	0								
	Property Taxes-General Revenue	14,833	14,888	15,054	221								
	Contribution - amortization												
	Transfer from reserves					25,000	25,000	25,748	748	0	0	57,700	57,700
	Transfer from DCC's												
	Transfer from surplus												
Total Revenue		53,393	51,983	53,840	447	25,000	25,000	25,748	748	3,500	3,500	61,650	58,150
Expenditures													
	Cemetery	53,393	35,438	53,840	447	25,000	27,834	25,748	748				0
Total Operating Expenses		53,393	35,438	53,840	447	25,000	27,834	25,748	748	0	0	0	0
	Capital											57,700	57,700
	Amortization												0
	Fiscal Services												0
	Transfer to Reserves									3,500	3,500	3,950	450
Total Capital Expenses		0	0	0	0	0	0	0	0	3,500	3,500	61,650	58,150
Total Expenditures		53,393	35,438	53,840	447	25,000	27,834	25,748	748	3,500	3,500	61,650	58,150
Net Income		0	16,545	0	0	0	-2,834	0	0	0	0	0	0

City of Enderby
Comparison of 2019 Budget vs. 2018 Budget - Sewer

Operating						Special Projects				Capital Projects			
Revenue	2018		2019	2019 vs 2018		2018	2018	2019 Budget	2019 vs 2018	2018	2018	2019	2019 vs 2018
	Budget	2018 Actual	Budget	Budget	Budget								
User Fees	425,135	435,853	434,454	9,319		79,500	79,500	78,860	-640	2,408	2,408	2,080	(328)
Connection Fees	750	0	750	0									-
Frontage Tax	590	126	0	-590				940	940	236,873	236,873	242,271	5,398
Conditional Grants	0	0	0	0			4,045		0	-	-	-	-
Misc. Revenue	18,062	29,567	18,700	638						-	-	-	-
Transfer from DCC's	0	0	0	0						-	-	-	-
Transfer from Surplus	9,000	0	0	-9,000		9,600	-	4,500	-5,100	203,184	82,464	181,500	(21,684)
Transfer from Reserves	0	0	0	0					0	462,209	213,296	-	(462,209)
Borrow	0	0	0	0						-	-	-	-
Contribution - Amortization	0	0	0	0						-	222,000	-	-
Total Revenue	453,537	465,546	453,903	366		89,100	83,545	84,300	-4,800	904,674	757,041	425,851	-478,823
Expenditures													
Sewer Maintenance	31,435	21,086	28,900	-2,535									
Staff Development	3,000	591	3,000	0									
Administration Fee	44,263	44,263	49,229	4,966									
PW Equipment	6,300	7,820	11,794	5,494									
Labour and benefits	140,270	118,257	131,480	-8,790									
Treatment Plant	194,119	178,814	190,000	-4,119									
Pre-Engineering/Design/Studies	5,000	551	5,000	0			2,900		0				
Sludge Handling	23,650	28,715	29,000	5,350									
Annual Upgrades	0	0	0	0		89,100	9,880	84,300	-4,800				
Sundry	3,000	0	5,500	2,500									
Legal/Professional Fees	2,500	0	0	-2,500									
Total Operating Expenses	453,537	400,097	453,902	365		89,100	12,780	84,300	-4,800	-	-	-	-
Transfer to Reserves										106,332	106,332	106,332	0
Transfer to Reserves - Asset Manage.										37,797	37,797	42,867	5,070
Capital										703,893	334,260	220,000	-483,893
Amortization										0	222,000	0	0
Debt Servicing										56,652	56,652	56,652	0
Total Capital Expenses	0	0	0	0		0	0	0	0	904,674	757,041	425,851	-478,823
Total Expenditures	453,537	400,097	453,902	365		89,100	12,780	84,300	-4,800	904,674	757,041	425,851	-478,823
Net Income	0	65,449	0	0		0	70,765	0	0	0	(0)	(0)	(0)

City of Enderby
Comparison of 2019 Budget vs. 2018 Budget - Water

Operating					Special Projects				Capital Projects			

RECAP OF CAPITAL & OPERATING PROJECTS FUNDING SOURCES

	CAPITAL PROJECTS	OPERATING PROJECTS	CURRENT YEAR FUNDING SOURCE												
			Prov/Fed Grants	Borrow Funds	SRFPD Contribution/Other Contributions	2019 Taxation/User Fee/Property Owners	General YTD Surplus	General - Fire Dept	General - Computer	General - Streets	General - Accumulated Surplus	General - Asset Management	General - Equipment	Community Works Fund	DCC - Roads
YTD Surplus at Dec 31/18							1,594,567								
Reserves at Dec 31/18								300,061	32,228	2,946	5,068	1,235	282,788	50,101	146,582
Transfer between Funds															
Contribution to Reserves in 2019								45,000	4,000	70,000	95,979	130,869	63,500	179,888	
GENERAL FUND															
Fire Dept - splashpad repairs		30,000			15,000			15,000							
Fire Dept - Hall Lighting/drop cords		4,000			2,000	2,000									
Batting cage donation		2,500					2,500								
AM Policy & Condition Assess.		2,250	2,250												
City Hall - painting		5,000				5,000									
Community Child Care Planning		25,000	25,000												
Emergency Social Services		34,400	25,000				9,400								
Evacuation Route Planning		25,000	25,000												
Regent Alarm System		7,500					7,500								
Council Chambers - exit devices		2,350				2,350									
Firesmart Implementation Plan		9,700	9,700												
Legal Fees - Business Development		8,000					8,000								
Chamber Grant - Shuswap Tourism		5,000					5,000								
Reservoir Road	1,455,000			602,527		177,747	150,000			70,000	95,979	130,869		227,878	
Total Used - General Fund	1,455,000	160,700	86,950	602,527	17,000	187,097	182,400	15,000	-	70,000	95,979	130,869	-	227,878	-
Balance of Surplus & Reserves @ Dec 31/19							1,412,167	330,061	36,228	2,946	5,068	1,235	346,288	2,111	146,582

RECAP OF CAPITAL & OPERATING PROJECTS FUNDING SOURCES

	CAPITAL PROJECTS	OPERATING PROJECTS	CURRENT YEAR FUNDING SOURCE					
			Prov/Fed Grants	Borrow Funds	2019 Taxation/User Fee/Property Owners	Sewer YTD Surplus	Sewer - Non - Statutory	DCC - Sewer
SEWER FUND								
DO Probe		3,200			3,200			
Brickyard LS Service		4,200			4,200			
Ditch - Catwalk		8,000			8,000			
EQ Tank Repair		3,700			3,700			
McGowan pump		4,500				4,500		
So2/H2S Sensor		1,000			1,000			
Lab Analysis Equipment		9,700			9,700			
Other upgrades		48,000			48,000			
Lift Station Generator - Brickyard	60,000				38,500	21,500		
Princess Street	110,000					110,000		
Aerator	50,000					50,000		
Total Used - Sewer Fund	220,000	82,300	-	-	116,300	186,000	-	-
Total Capital & Operating		302,300						
Balance of Surplus & Reserves @ Dec 31/19						767,125	868,024	113,042

RECAP OF CAPITAL & OPERATING PROJECTS FUNDING SOURCES

	CAPITAL PROJECTS	OPERATING PROJECTS	CURRENT YEAR FUNDING SOURCE					
			Prov/Fed Grants	Borrow Funds	2019 Taxation/User Fee/Property Owners	Water YTD Surplus	Water - Non- Statutory	DCC - Water
WATER FUND								
Cross-connection control		5,000				5,000		
Booster #2 pump		8,100			8,100			
Dist. Pump #1 overhaul		14,000			14,000			
WTP mainline valve relocation		6,500				6,500		
Shuswap Well Chlorine Leak Detect.		5,500			5,500			
Reservoir repairs		20,000				20,000		
Railway ROW surveying		15,000				15,000		
WTP Ugrades - engineering		25,000				25,000		
Dist. Pump #3 overhaul		12,000				12,000		
Unknowns		10,000			10,000			
Shuswap River Crossing	367,218		304,791				62,427	
Reservor Road	45,265				15,265		30,000	
PLC	150,000					150,000		
Total Used - Water Fund	562,483	121,100	304,791	-	52,865	233,500	92,427	-
Balance of Surplus & Reserves @ Dec 31/19						385,681	459,219	352,703