

Town of Bon Accord
AGENDA
Special Meeting of Council
May 3, 2023 5 p.m. in Council Chambers
Live Streamed on Bon Accord YouTube Channel

- 1. CALL TO ORDER**
- 2. ADOPTION OF AGENDA**
- 3. UNFINISHED BUSINESS**
 - 3.1. Operational and Capital Needs, and Funding Strategies (enclosure)**
- 4. ADJOURNMENT**

TOWN OF BON ACCORD
REQUEST FOR DECISION

Meeting:	Special Meeting of Council
Meeting Date:	May 3, 2023
Presented by:	Falon Fayant, Corporate Services Manager
Title:	Operational and Capital Needs, and Funding Strategies
Agenda Item No.	3.1

BACKGROUND/PROPOSAL

At the April 18th regular meeting of Council, COUNCILLOR LAING MOVED THAT Council directs administration to plan and advertise a Special Meeting of Council to discuss operational needs and capital projects and the possible funding strategies on May 3, 2023, from 5 p.m. – 7 p.m.

DISCUSSION/OPTIONS/BENEFITS/DISADVANTAGES

Attached is a presentation detailing operational needs and capital projects, and possible funding strategies.

Included with the presentation is a review of the 2023 Municipal Tax Rate Options as provided to Council at the April 26th Council Briefing Meeting.

The process regarding the Town’s combined taxes and notice of assessments changed last year due to the annexed properties being taxed at Sturgeon County rates. The Town must now wait until Sturgeon County passes their taxation bylaw before we can pass ours.

The Town must pass our taxation bylaw and send out the combined taxes and notice of assessments no later than the end of May. This is to comply with the legislation that states we must send out the notices at least 30 days prior to the taxation deadline. The deadline is June 30th per Bylaw 1999-04 Tax Penalty Bylaw.

Administration also requires time to prepare the tax and combined assessment notices and have them mailed out.

STRATEGIC ALIGNMENT

Values Statement of Stewardship: Administration and Council embody the responsible planning and management of our resources.

Priority # 3 Infrastructure: The Town of Bon Accord is maintaining and improving all infrastructure in a fiscally responsible manner.

COSTS/SOURCES OF FUNDING

2023 Operating and Capital Budget as well as the 2024-2026 Operating Plans and the 2024-2033 Capital Plans.

RECOMMENDED ACTION (by originator)

THAT...Council directs administration to bring back the 2023 Rates of Taxation Bylaw reflecting Option [insert number here].

THAT... Council directs administration to...

Town of Bon Accord



*Operational Needs, Capital Projects,
& Funding Strategies*

Agenda

Background Information

Operational Needs

Capital Projects

Funding Strategies

A Review of 2023 Municipal Tax Rate Options

Discussion Points

Background Information

2022
0% tax
increase
Assessments
increased by
3%

2021
0% tax
increase
Assessments
decreased by
3%

2020
2.5% tax
increase
Assessments
decreased by
1%

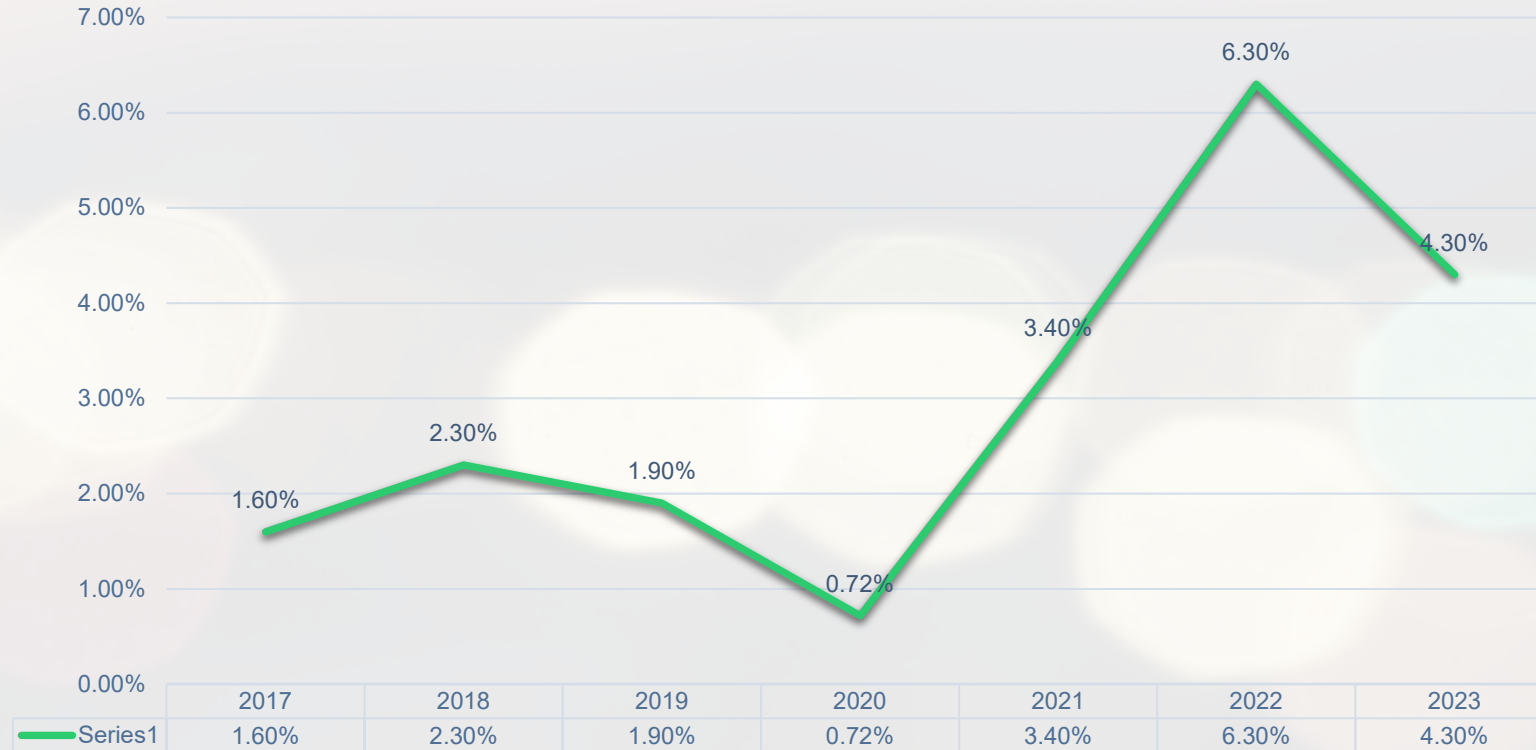
2019
2.81% +
Residential
2.2% + Non-Res.
Assessments
decreased by
1%

2018
2.81% +
Residential
2.2% + Non-Res.
Assessments
increased by 2%

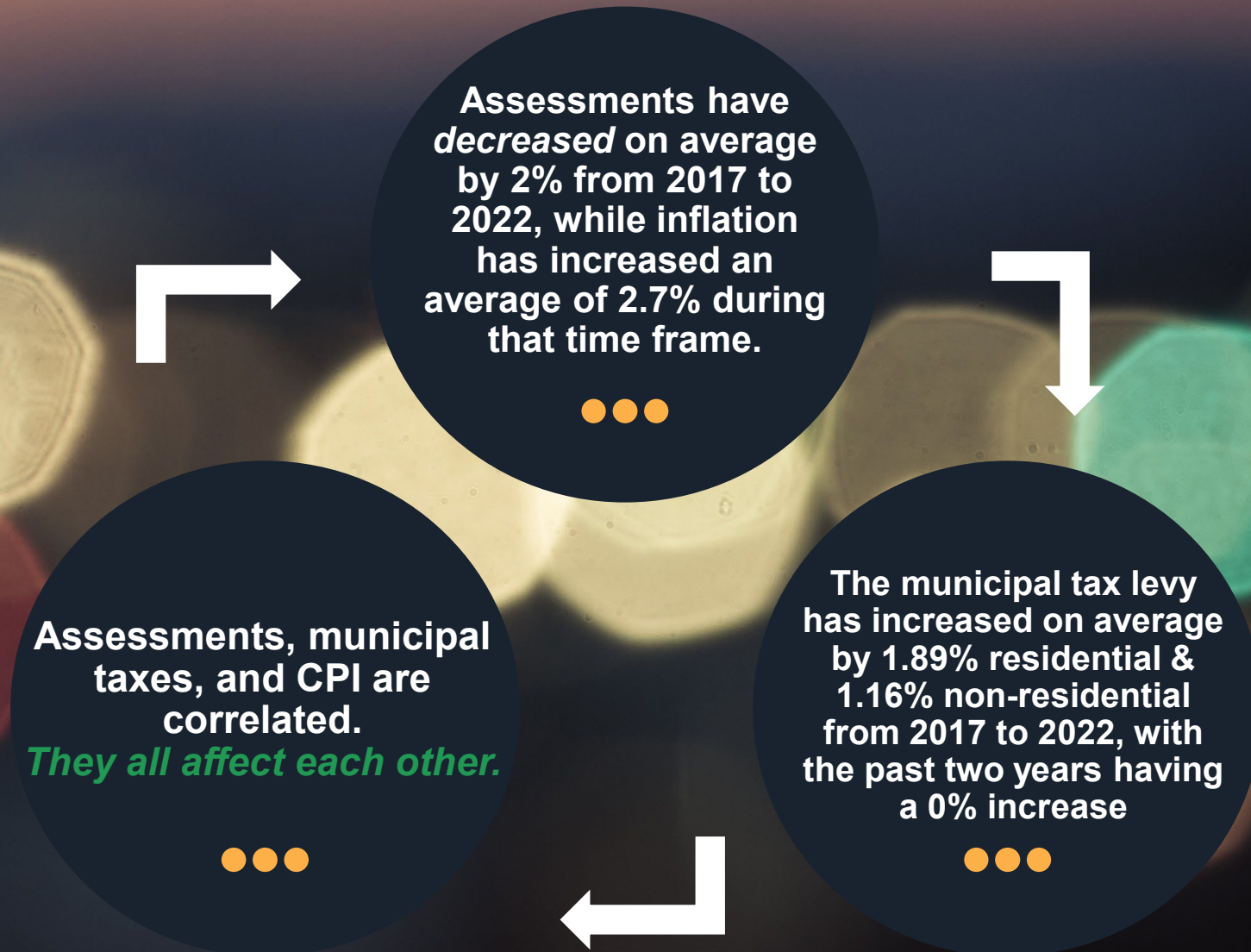
2017
3.19% +
Residential
0.07% + Non-
Res.
Assessments
decreased by
2%

Background Information – *The rising cost of goods & services*

Consumer Price Index (CPI) Average

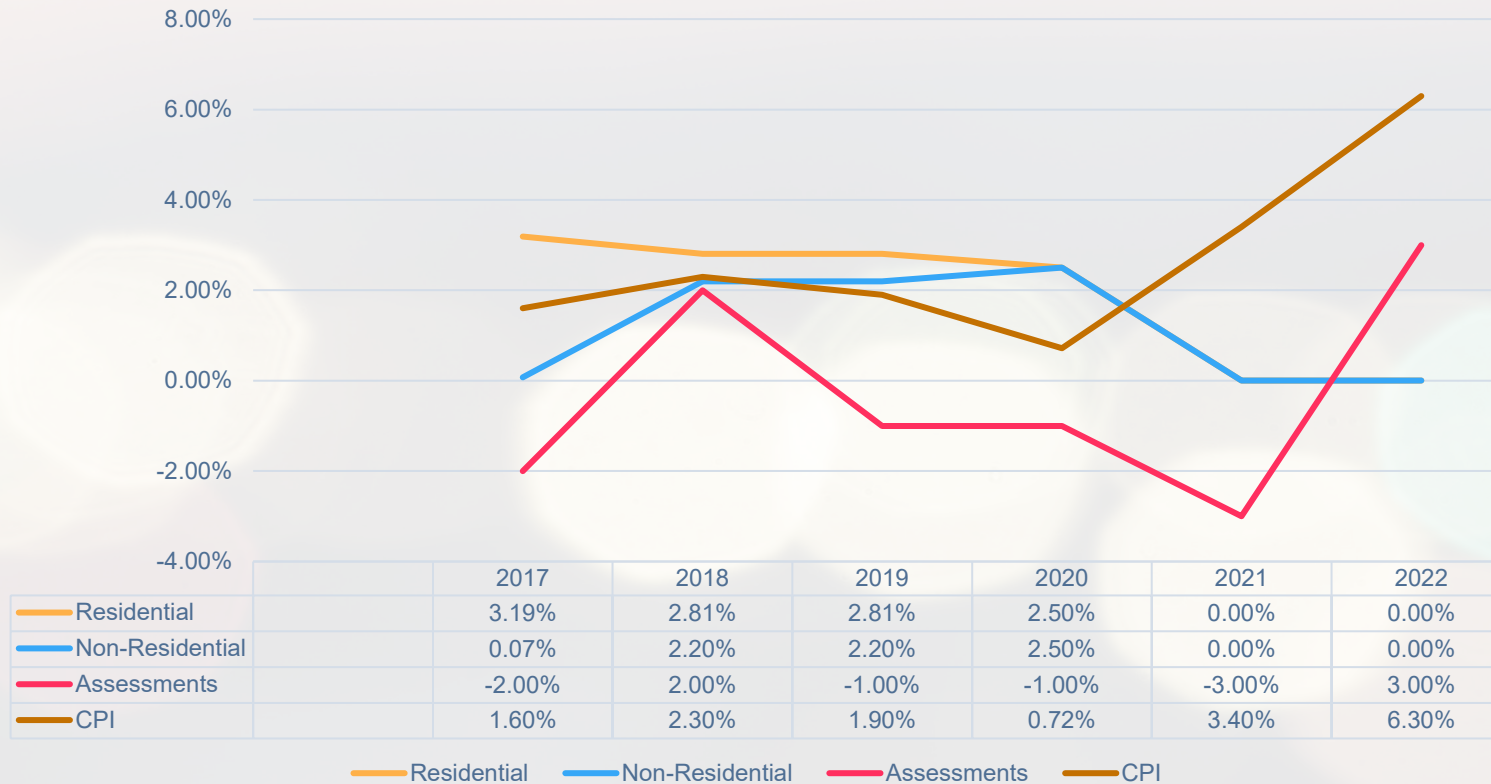


Background Information



Background Information

Municipal Taxes, Assessments, CPI Correlation



Background Information

Due to average rising CPI, decreasing assessments, and a stagnant tax rate to allow relief to residents, the Town has been operating at status quo.

This has led to a list of needs that have been put off.



Background Information

– *Looking Ahead 2023*



Assessments have increased by 6% overall



There are 625 taxable properties, and the overall assessment is \$154,710,480



Current CPI rate is 4.3% for Canada



Current CPI rate is 3.3% for Alberta (the lowest compared to all other provinces)

\$256,946 transferred to restricted surplus from 2022

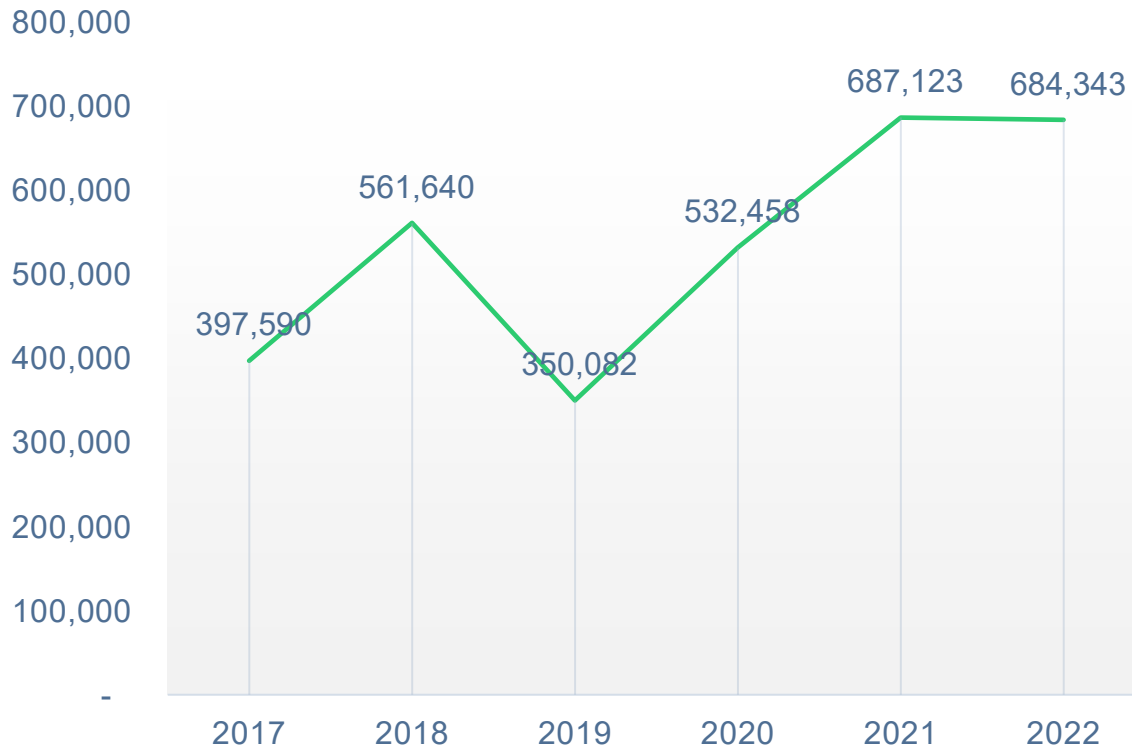
Background Information – A Look at Surplus

Surplus – Yearly

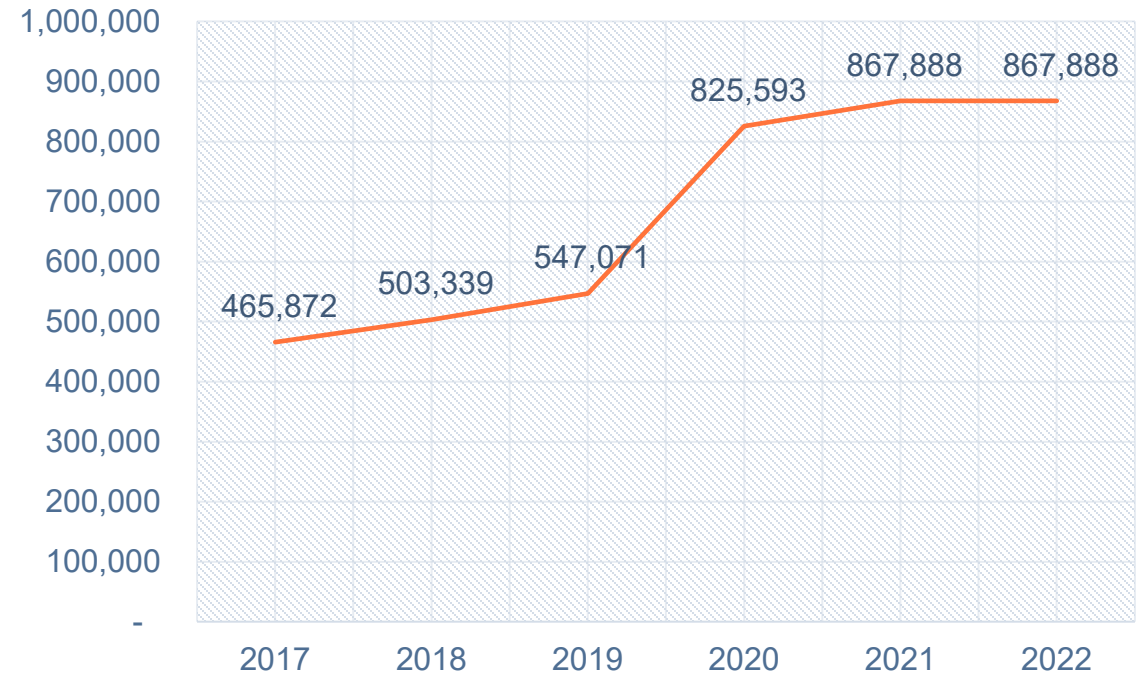
- During the budget process, the Town budgets for contingencies in departmental areas with high risk.
 - These are areas such as contracted services, parts and supplies, and maintenance.
 - Departments such as public works and the arena have higher contingencies because their budgets are higher.
 - A good rule of thumb is a 10% contingency.
 - These contingencies can help cover unexpected events that may happen during the year, such as water and sewer main breaks, road repair (non-capital), and Zamboni breakdowns.
 - If there are no major events during the year requiring the use of these contingencies, they become surplus.
- Other conditions that add to ending the year with a surplus can include unexpected savings, changes in staffing that impact wages & salaries, and unexpected revenue.
- Not budgeting for unexpected events with contingencies can put the Town in a poor financial position should there be a large water main line break or other situation. The contingencies can help to alleviate the need to dip into reserves, which should be saved for capital projects.
- Surplus at the end of the year, becomes accumulated unrestricted surplus, which can also act as a savings for large events. A large unexpected maintenance item could be millions of dollars – no where near the amount of contingency in one year.
- Some municipalities budget for amortization and then use these funds to add to their capital reserves.
- The Town's amortization in 2022 was \$616,245, which is not included in the budget.

Background Information – A Look at Surplus

Unrestricted Surplus

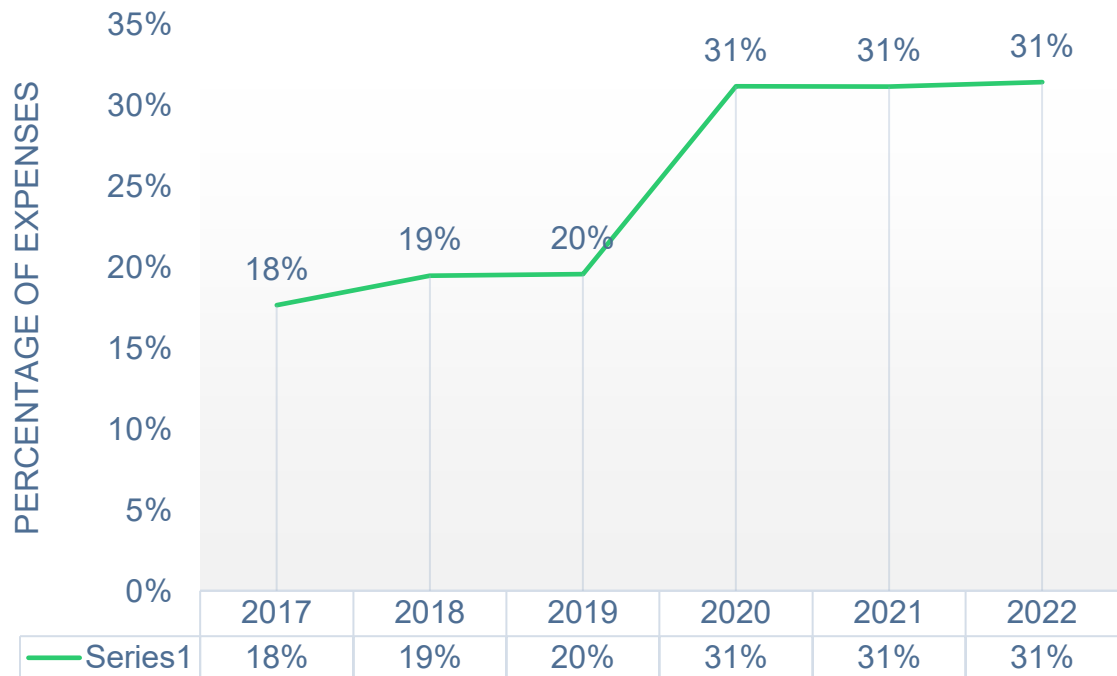


Accumulated Unrestricted Surplus



Background Information – A Look at Surplus

Accumulated Unrestricted Surplus



Accumulated Surplus

- A fair financial practice is to have 1/3 (34%) of expenses in unrestricted surplus.
 - This is a common value, neither too much nor too little.



Operational Needs - 2023



Operational Needs - 2023

Values Statement of Professionalism: Administration and Council manage the affairs of Bon Accord in a competent, reliable manner, to maintain a safe and prosperous community to work and live.

Values Statement of Service Excellence: Administration and Council strive for the highest standard of service delivery and governance.

\$2,500 – Desk in Council Chambers for CAO and the Legislative Services and Communications Coordinator & dishwasher upgrades in lunchroom

**Administration,
Library & Council**

TOTAL: \$21,525

\$2,525 upgraded Town Office security system and monitoring

\$1,500 Library LED Lighting



\$15,000 Council Chambers upgraded audio visual for live streaming



Operational Needs - 2023

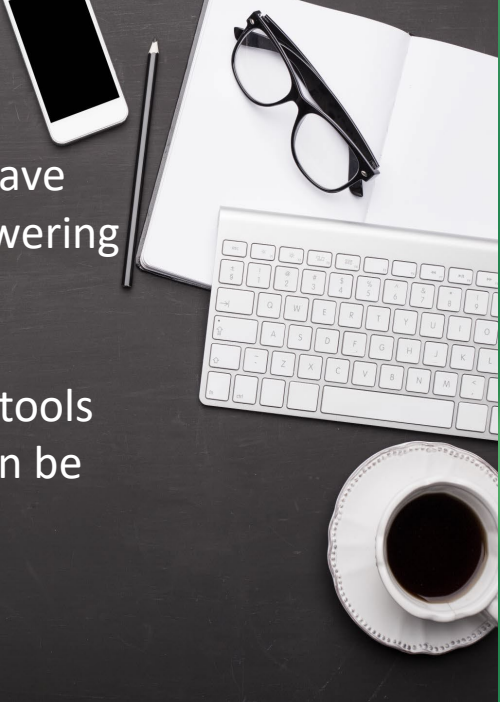
Priority # 2 Community: The residents of Bon Accord live a safe, connected, and attractive community.

Values Statement of Transparency: Open and accountable to our residents and encourage open communication.

\$15,000 Council Chambers Audio Visual

Discussion Considerations:

- Residents are viewing Council meetings online.
- In today's busy world, it is important to offer this form of communication.
- Part of offering this communication is putting forward a recording that is easy to hear and see, and therefore can enhance the communication capabilities.
- Enhancing the audio-visual representation of our Town council meeting provides for an enhanced professionalism.



“...personal computers have become the most empowering tool we've ever created. They're tools of communication, they're tools of creativity, and they can be shaped by their user.”

- Bill Gates

Strategic Action: Continue to seek out opportunities to enhance public communications in each department area.

Operational Needs - 2023



Arena, Parks & Recreation TOTAL: \$70,340

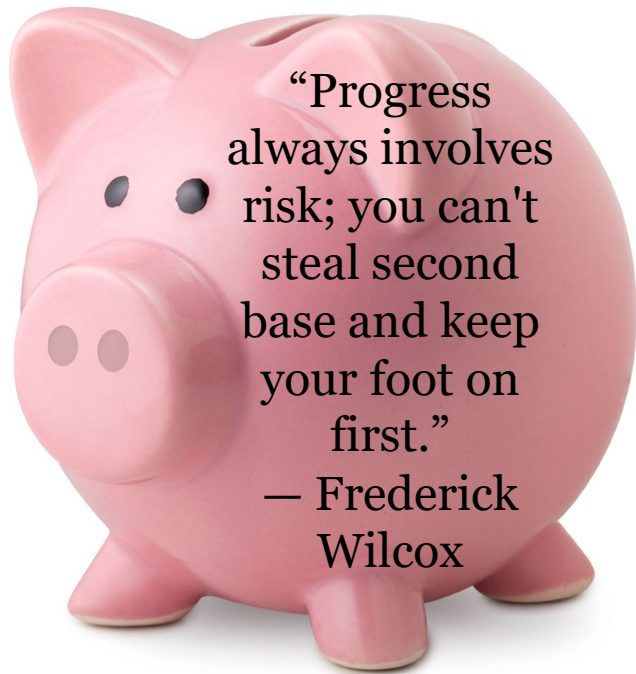
- \$25,000 Naming Rights
- \$6,000 Grant Writer
- \$27,000 Zamboni Repair
- \$9,840 Ball Diamond Shale
- \$2,500 Veterans Park Flag Poles



Operational Needs - 2023

Priority #1 Economy: The Town of Bon Accord is committed to achieving steady growth through residential, commercial and industrial development.

Priority #3 Infrastructure: The Town of Bon Accord is maintaining and improving all infrastructure in a fiscally responsible manner.



“Progress
always involves
risk; you can't
steal second
base and keep
your foot on
first.”
— Frederick
Wilcox

\$6,000 Grant Writer

\$25,000 Naming Rights

It can certainly be said that the above two items are more wants than needs.

However, a factor to consider is that increasing and diversifying revenue is an operational need.

Having different sources of revenue can alleviate the burden on residents of expensive capital infrastructure maintenance and replacement.

Strategic Action: Analyze results of community needs assessment to develop a plan that includes grant opportunities and funding strategies.

Funding Strategy: Develop funding strategies such as facility naming and sponsorship opportunities including a marketing plan.

Operational Needs - 2023

Values Statement of Stewardship: Administration and Council embody the responsible planning and management of our resources.

**\$7,500 Lights in PW Yard –
Increase security**

Public Works

**\$1,245 Cab & Sweeper
Attachment Accessory Kits
for Ventrac**

TOTAL: \$8,745



Operational Needs - 2023



Emergency
Management
TOTAL: \$1,600

First aid kits to meet
legislated
requirements

13 - No.3 Kits
3 - No 2 Kits
10 - Personal Kits



Values Statement of Professionalism: Administration and Council manage the affairs of Bon Accord in a competent, reliable manner, to maintain a safe and prosperous community to work and live.

Capital Requirements - 2023



Capital Requirements – 2023

Total: \$255,062



Storm Water Management -
\$65,000 engineering study
for drainage in Springbrook



Parks - \$65,000 for
Springbrook Park Swing (3
quotes received)



Parks - \$10,062 for seven
picnic tables (3 quotes
received)



Arena - \$14,000 for an ice
surface sprayer (currently
borrowing one from another
community)



Parks - \$50,000 for
equipment in Centennial
Park (3 quotes received)



Skateboard Park - \$51,000

Capital Projects

Reserve Balances vs. Unrestricted Surplus



It is good financial practice to build up your reserves, but it is also a good practice to utilize those reserves for their intention when needed.

Reserves are there to provide financial support for large capital infrastructure projects. As municipal infrastructure does have a useful life associated, it is likely that reserves will have to be used when necessary to maintain the community and help keep taxes reasonable.

Unrestricted surplus is like a savings cushion – should unexpected maintenance or capital repairs arise, these funds can be used to support the expenses. This is why it is recommended to have 34% of expenses in unrestricted surplus.

Capital Projects

In discussion with the auditor, there is no set guidelines for reserves and how much to set aside. The more common question or guideline is how much should the municipality have in unrestricted reserves. Currently, the Town has 1/3 of a year of operating expenses in our unrestricted reserve, which is a reasonable amount, neither exorbitant or not enough. These are savings for us to use for large unexpected or emergency expenses.

The amount of funds to set aside for restricted reserves depends upon the nature of the municipality's expected future capital requirements and therefore can vary.

The municipality needs to look at each capital project specifically - determine a target deadline for completion, total costs, and how those costs are to be funded. For example, if a project is \$2.2 million, and we want to complete it with reserves within the next ten years, ideally we would then need to put away \$220,000 per year into reserves. It is not feasible for the Town to set aside \$220,000 in restricted reserves every year as this would create an unreasonable municipal tax situation.

Capital Projects

Projects from the 5-year and 10-year capital plan

★ Arena Rehabilitation - \$2,812,000 (complete in Phases) * does not include ice plant already in progress

★ 53 Avenue (49th street to 47th street) - \$186,300

★ 49th Street mill & overlay - \$404,400

★ 50th Avenue (53rd and 56th Street) - \$1,000,000 +

★ *Please note these budgeted figures are from past quotes and may be impacted by inflation*

Capital Projects

Projects from the 5-year and 10-year capital plan



PW Equipment: Bobcat &
Indoor Station Compressor -
\$90,000



Water Pump Rebuild
Program - \$37,500 (over 9
years)



Sewer Line Repairs -
\$90,000 (over 3-years)



Sidewalk Replacement
Program - \$200,000 (over 10
years)



PW Vehicle Replacement -
\$30,000



PW Sewer: Ramvac 3600 -
\$7,000

Please note these budgeted figures are from past quotes and may be impacted by inflation

Capital Projects

The total of capital project requirements over the next 10 years from 2024-2033 is \$5,857,200.
The total of capital project requirements over the next 5 years from 2024-2028 is \$4,712,200.

This does not include storm water management.



Storm Water estimated costs for the wetlands have previously been between \$13,100,000 to \$22,400,000 depending on the options chosen.

Funding Strategies



Funding Strategies

- Sources of Revenue

Municipal Taxes



Grants



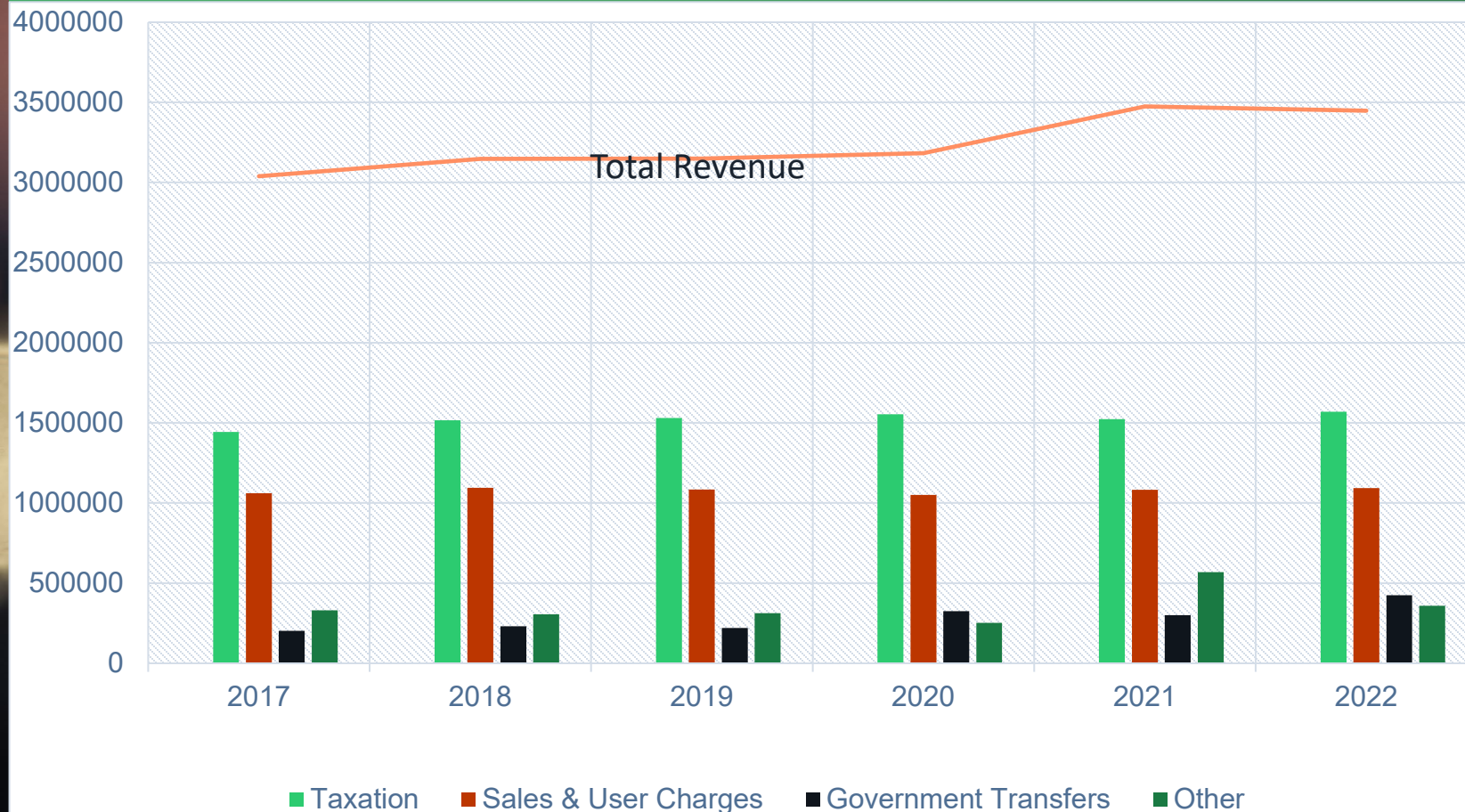
Debentures



Additional funding strategies include sponsorship, naming rights, donations

Funding Strategies

- Sources of Revenue



This graph represents the revenue received over 2017 to 2022, and the revenue source breakdown.

Funding Strategies - Municipal Taxes

- Municipal taxes are the Town's primary source of revenue.
- In 2022, taxes accounted for 46% of all revenue.
- Municipalities must consider all operating expenditures and future capital requirements. In order to keep property taxes sustainable for residents, the Town could consider long-term planning strategies.
- Administration has prepared a tax-rate plan for the next five years that assumes the following:
 - 2023 to be prepared as per budgeted increases of 2.35%.
 - Consumer Price Index will increase by 3% each year. (2024-2027)
 - Residential, Non-Residential Vacant, and Farmland increases by 2% each year. (2024-2027)
 - Non-Residential does not increase. (2024-2027)
 - Assessments remain the same.
- By not increasing the Non-Residential tax rate over the next four years, this allows for a small, steady reduction to rate to help in attracting new business development. The current non-residential tax rate is 19.04147 (as per the 2022 rate).
 - This strategy results in a decrease to potential revenue of \$27,706 from 2024-2027, however the Town's non-residential tax rate is the highest in comparison to surrounding communities:

Municipality	Class 2 NR Rate
Town of Redwater	10.6765
Town of Morinville	8.76654
Town of Gibbons	13.57241
Town of Legal	18.1884
Town of Lamont	13.8222
Town of Bruderheim	9.5

**info from 2022 Taxation Bylaws*

- In 2028, because of rising inflation, not raising the non-residential tax rate would result in a deficit position. Therefore, the strategy would have to be revisited for 2028, to include a 2% increase for non-residential.

Funding Strategies - Municipal Taxes

	Projection	Projection	Projection	Projection	Projection	Projection
Year	2023	2024	2025	2026	2027	2028
Revenue Sources						
Taxation	1,697,577	1,720,716	1,752,415	1,784,748	1,817,727	1,865,498
Sales & User Charges	1,137,306	1,171,425	1,206,568	1,242,765	1,280,048	1,318,449
Government Transfers	474,615	488,853	503,519	518,625	534,183	550,209
Other	297,851	306,787	315,990	325,470	335,234	345,291
TOTAL Revenues	3,607,349	3,687,781	3,778,492	3,871,607	3,967,192	4,079,447
Increase of Revenue over prior yr	8.14%	1.36%	1.84%	1.85%	1.85%	2.63%
Expenses						
TOTAL Expenses	3,515,138	3,620,592	3,729,210	3,841,086	3,956,319	4,075,008
NET	96,166	67,189	49,282	30,521	10,873	4,439

Utilizing the projected tax strategy of small, manageable increases per year, the Town is anticipated to gain an Additional \$258,471 that can be budgeted to reserves to meet infrastructure demands. This strategy is to keep taxes reasonable and avoid requiring a sudden high increase because of infrastructure and maintenance demands. This strategy can keep tax rates reasonable, allow planning for infrastructure spend, and avoid a sudden high tax rate increase.

How does this impact the resident? (2024-2028)



Class 1 Property Residential would increase by an average of \$55 each year or \$4.59/month, based on the average assessment value of \$250,451.



In 2028, Class 2 Non-Residential would increase by \$97 for the year or \$8.09/month, based on the average assessment value of \$315,682.



Class 2 Non-Residential Vacant would increase by an average of \$185 each year or \$15.42/month, based on the average assessment value of \$74,800.



Class 3 Farmland would increase by an average of \$265 per year or \$22.09/month based on the average assessment value of \$10,533.

Please note that annexed properties are not affected by Town municipal rates. They are affected by Sturgeon County rates.

Funding Strategies - Grants

MSI – Municipal Sustainability Initiative

2017 - \$605,994
2018 - \$295,802
2019 - \$295,029
2020 - \$382,966
2021 - \$449,570
2022 - \$182,309
2023 - \$182,309



MSI Capital Funding has decreased by 70% since 2017

GTF → CCBF (Canada Community Building Fund)

2017 - \$80,484
2018 - \$84,331
2019 - \$172,778
2020 - \$87,461
2021 - \$179,029
2022 - \$91,627
2023 - \$95,718

Grants tend to be competitive, and many have certain eligibility requirements such as matching, specific project requirements, etc.

- Other Grant Opportunities:**
- Municipal Climate Change Action Centre
 - FCM Grants
 - Provincial grants such as the Community Initiatives Grant etc.

Funding Strategies - Debentures

Debentures can be used to cover the cost of expensive infrastructure capital projects. The cost of the debenture payment for each year needs to be added to the operating budget.

Currently, the Town has three debentures:

- Water Reservoir
- Solar Farm
- Arena Ice Plant

The total cost of repayment each year is \$226,767.

The Town's current debt limit remaining is \$3,150,741.

If the Town were to borrow up to the current debt limit remaining, the payments per year would be an additional \$395,114 based on a 10-year term and 4.52% rate of interest.

There is an anticipation of savings from the Ice Plant project that may result in returning a portion of the borrowing or allocating to future phases. However, the actual is unknown until the project is complete.



Funding Strategies

Reserve Balances



RESERVES	Actual 2021	Actual 2022	Budget 2023
OPERATING			
General Operating	599,974	599,974	852,920
Protective Services - COPS			2,255.30
Karing for Kids	2,755	2,755	2,755
Roots of Empathy	1,662	1,662	1,662
Recreation - OPERATING	26,032	26,032	19,832
CAPITAL			
Administration Building	782	782	782
Building	16,416	16,416	16,416
Cemetery	14,085	14,085	14,085
Community Development	3,853	3,853	3,853
Economic & Community Development	10,618	10,618	10,618
Equipment	10,552	10,552	10,552
Fire	81,506	91,506	101,506
Lilian Schick School	500	500	500
Parks & Recreation	146,755	246,755	46,755
Road Improvement	461,000	486,000	511,000
Sanitary Sewer System	156,396	176,396	199,990
Snow Removal	15,000	15,000	15,000
Solar Farm Reserve (New in 2022)	-	10,000	20,000
Storm Water (New 2021)	46,754	62,580	81,174
Water Offsite Levies	21,265	21,265	21,265
Water System	245,753	265,753	289,347
Veterans Park Reserve	9,353	9,353	9,353
TOTALS	\$ 1,871,010	\$ 2,071,836	\$ 2,231,620

Funding Strategies - 2023

As discussed previously, Administration has identified areas of operational and capital requirements for 2023 that were previously unbudgeted.

In review:

\$2,500 Desk in chambers and dishwasher upgrades

\$2,525 Upgraded security system and monitoring

\$15,000 Council Chambers audio visual equipment

\$25,000 Naming Rights Consultant

\$6,000 Grant Writer

\$27,000 Zamboni repairs

\$9,840 Baseball diamond shale

\$2,500 Veteran's Park flag poles

\$7,500 lights for public works yard security

\$1,245 Attachments for Ventrac Cab

\$1,600 First aid kits for OHS requirements

TOTAL Operating: \$100,710

\$65,000 Storm Water Engineering Study (Springbrook)

\$10,062 Picnic Tables (7)

\$50,000 Centennial Park

\$65,000 Springbrook Park swing

\$14,000 Arena ice sprayer

\$51,000 Skateboard Park (Centre set)

TOTAL Capital: \$255,062

OVERALL TOTAL: \$355,772

Funding Strategies

Depending upon Council's decision regarding the municipal tax rates, additional tax revenue could be a total of \$96,166.

This could be used towards the \$355,772 of operating and capital requirements.

The remaining \$259,927 could be transferred from reserves.

Administration would continue to look for grant and sponsorship opportunities to reduce the impact on reserves.

Should council support a Naming Rights Consultant, the impact to reserves could also be lessened.

The projected ending 2023 Reserves balance would be: \$1,779,682.

The Town will have replaced \$1,663,162 of important capital infrastructure.

**This includes previously budgeted infrastructure as well as the list of additions in this presentation for 2023.*

Funding Strategies

Planning Ahead – the 5-year Capital Plan



Funding Strategies - 2024

Capital Projects:

- Bobcat \$70,000
- Water Pump Rebuild Program \$7,500
- 53 Avenue Road Reconstruction \$186,300
- Sidewalk Replacement Program \$20,000
- Arena Phase II \$1,182,000 *(immediate priority items)*

TOTAL \$1,465,800

Revenue Sources:

- MSI (or LGFF) \$182,309 *estimated*
- CCBF \$95,718 *estimated*
- *Should Council choose to move forward with the Naming Rights consultant, the parks and arena could see additional revenue opportunities, lowering the use of grants, reserve transfers, and debentures*

- Bobcat – transfer from general/equipment reserve \$70,000
- Water Pump Rebuild – transfer from water reserves \$7,500
- 53 Avenue
 - MSI \$182,309
 - CCBF \$3,991
- Sidewalk Replacement Program
 - CCBF \$20,000
- Arena Phase II *(completion would be dependent upon other funds received)*
 - Transfer from Parks & Recreation Reserve \$100,000
 - Debenture
 - Other grants

Total Impact to Reserves \$(177,500),
leaving a total balance of \$1,884,572.
CCBF Carryforward: \$71,727

Funding Strategies - 2025

Capital Projects:

- 49th Street Road Project \$404,400
- Sidewalk Replacement Program \$20,000
- Arena Phase III \$1,347,000 (high priority items)

TOTAL \$1,771,400

Revenue Sources:

- MSI (or LGFF) \$182,309 *estimated*
- CCBF \$167,445 *estimated (includes carryforward)*

- 49th Street
 - MSI \$182,309
 - CCBF \$167,445
 - Transfer from Road Improvement Reserve \$54,646
- Sidewalk Replacement Program
 - Transfer from Road Improvement Reserve \$20,000
- Arena Phase III
 - Transfer from Parks & Recreation Reserve \$100,000
 - Debenture
 - Other grants

Total Impact to Reserves \$(176,646), leaving a total balance of \$1,985,191.

Funding Strategies - 2026

Capital Projects:

- Water Pump Rebuild Program \$7,500
- 50th Avenue Reconstruction \$1,000,000
- Sidewalk Replacement Program \$20,000
- Arena Phase IV \$283,000 (med-low priority items)

TOTAL \$1,310,500

Revenue Sources:

- MSI (or LGFF) \$182,309 *estimated*
- CCBF \$95,718 *estimated*

- Water Pump Rebuild – transfer from Road Improvement Reserve \$7,500
- 50th Avenue Reconstruction
 - MSI \$182,309
 - CCBF \$95,718
 - Transfer from Reserves \$721,973
- Sidewalk Replacement Program – transfer from Road Improvement Reserve - \$20,000
- Arena Phase IV
 - Transfer from Parks & Recreation Reserve \$100,000
 - Debenture
 - Other grants

Total Impact to Reserves \$(849,473), leaving a total balance of \$1,403,004.

Funding Strategies - 2027

Capital Projects:

- Ramvac 3600CM \$7,000
- Indoor Station Compressor \$20,000
- Dodge RAM On-Call Vehicle \$30,000
- Sewer Line Repairs \$30,000
- Sidewalk Replacement Program \$20,000

TOTAL \$107,000

Revenue Sources:

- MSI (or LGFF) \$182,309 *estimated*
- CCBF \$95,718 *estimated*

- Ramvac 3600CM – transfer from reserves \$7,000
- Indoor Station Compressor – transfer from reserves \$20,000
- Dodge RAM On-Call Vehicle – transfer from reserves \$30,000
- Sewer Line Repairs – MSI \$30,000
- Sidewalk Replacement Program – MSI \$20,000

Total Impact to Reserves \$(57,000), leaving a total balance of \$1,600,830.

Carryforward MSI: \$132,309

Carryforward CCBF: \$95,718

Funding Strategies - 2028

Capital Projects:

- Sewer Line Repairs \$30,000
- Water Pump Rebuild Program \$7,500
- Sidewalk Replacement Program \$20,000

TOTAL \$57,500

Revenue Sources:

- MSI (or LGFF) \$314,618 *estimated with carryforward*
- CCBF \$191,436 *estimated with carryforward*

- Sewer Line Repairs – CCBF \$30,000
- Water Pump Rebuild – CCBF \$7,500
- Sidewalk Replacement Program – CCBF \$20,000

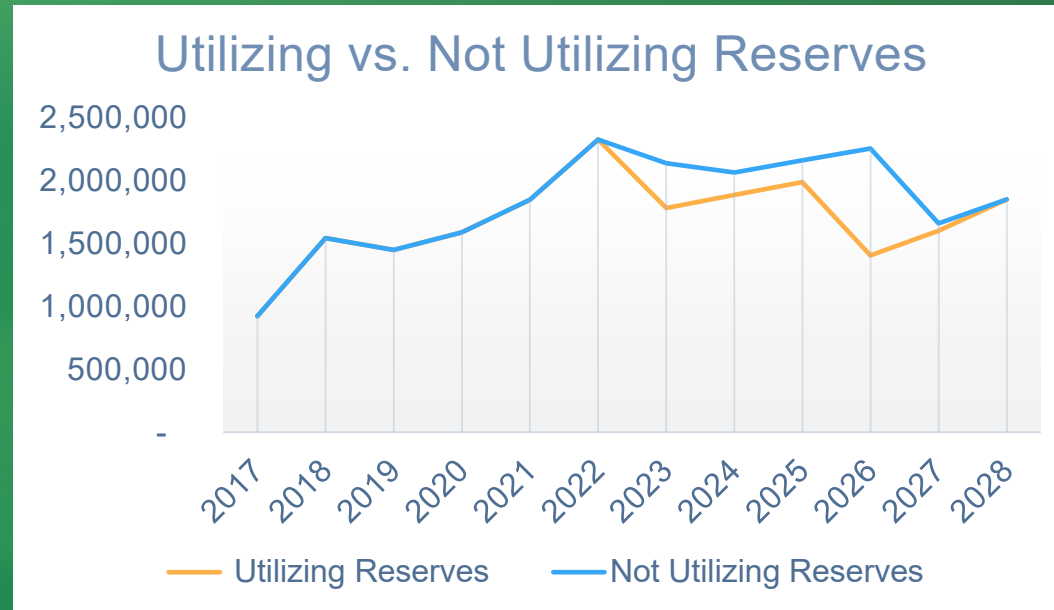
Total Impact to Reserves \$(0), leaving a total balance of \$1,849,222.

Carryforward MSI: \$314,618

Carryforward CCBF: \$133,936

Funding Strategies

Even with the use of reserve funds throughout the 5-year capital plans, because there are revenue strategies projected to replenish the reserves, the reserve balance remains strong.



2017 Reserve Balance:
\$921,144

2028 Projected Reserve
Balance: \$1,849,222

\$1,900,200 value of
capital projects completed
(2024-2028)

Potential Arena Project:
\$2,812,000

There are many variables that affect the funding strategies including additional grants, sponsorships, or donations. However, the indication is that by utilizing a tax-planning strategy, the Town can use reserve funding and replenish reserves at the same time.

Funding Strategies

- The Arena Project is a complicated project as options for funding can include additional grants, sponsorships, as well as the use of debentures and further reserves.
- It is not feasible to use reserve funds for the total cost of Phase II, III, and IV, as this would deplete all reserves.
- Council could also consider a debenture for funding the remaining arena project phases.
 - The total debenture required would be \$2,512,000, and reserve transfers could help offset the costs of debenture of \$199,000 per year. (20-year term, 4.93%)
- If Council chose to fund the debenture through reserve transfers, it would decrease the expected reserve balance by 2028 to \$1,056,856. The amount of the payment required is far more than the reserve balances are replenished by, indicating that eventually reserves would be depleted.
- Because the Arena Project is a high candidate for sponsorships and grants, utilizing reserves and debentures would not be the best first option. Additionally, a debenture of that size would bring the Town very close to its debt limit.

Funding Strategies

Like the Arena Project, the Storm Water Management projects (Springbrook and the Wetlands) can have diverse funding strategies including grants as well as the use of debentures and further reserves.

Storm Water Management projects are less likely candidates for sponsorship.

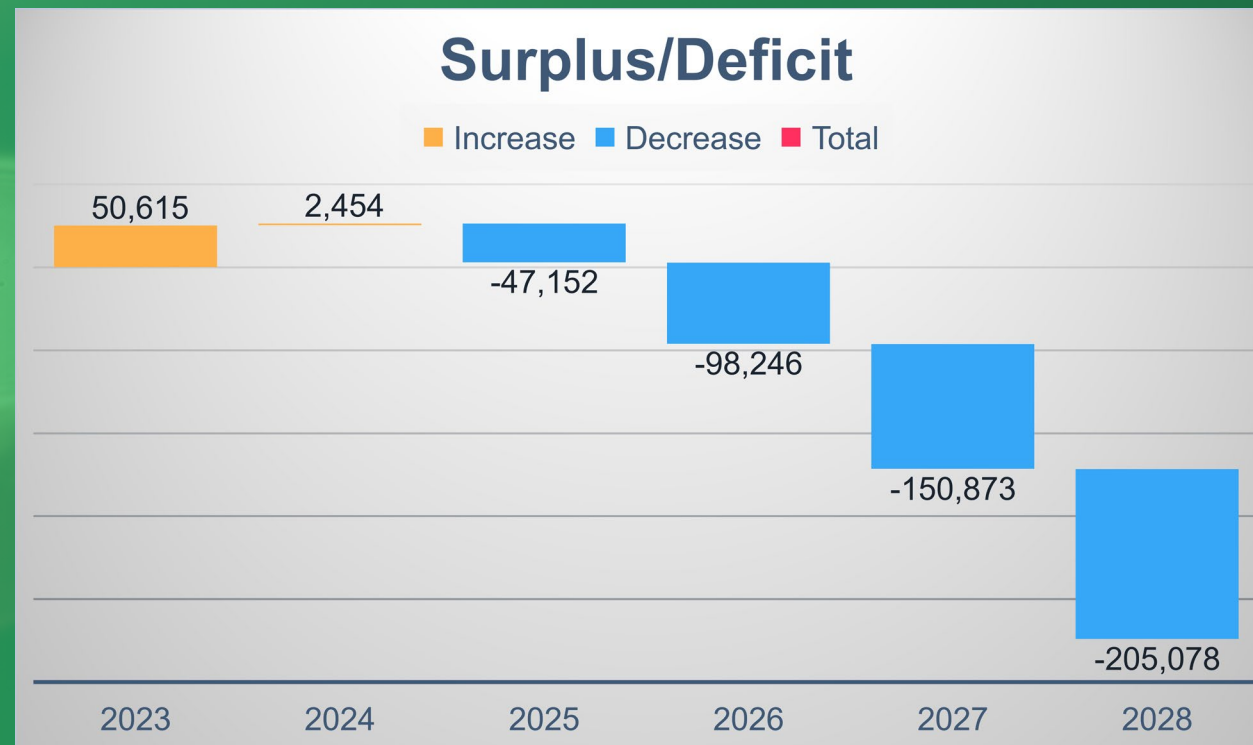
The previous slides have demonstrated that many of our capital projects over the next 5-year plan can be funded while maintaining reserves, so long as there is a plan in place to replenish reserves at the same time.

The larger projects need to be analyzed separately at the time of execution, and the situation for funding strategies may change given grant opportunities.

Funding Strategies

What happens if we do nothing?

Keeping taxes at a zero percent increase results in a projected deficit of funds year after year. *(Projection assumes assessments remain the same and a 3% CPI.)*



Funding Strategies

A Review of 2023 Municipal Tax Rate Options

Option #1: Prepare the 2023 Rates of Taxation Bylaw with the projected budgeted increase of 2.35%.

Assessment Class	Assessment Value	Tax Rate	Increase	Projected Revenue
Class 1 – Residential	\$145,762,550	0.01057022	2.35%	\$ 1,541,049
Class 2 – Non-Residential	\$ 6,945,010	0.01948894	2.35%	\$ 135,897
Class 2 – Non-Residential Vacant	\$ 374,000	0.03538736	2.35%	\$ 13,235
Class 3 – Farmland	\$ 63,200	0.05064947	2.35%	\$ 3,767
Class 4 – Machinery & Equipment	\$ 45,080	0.01948894	2.35%	\$ 879

This option results in \$96,166 more in expected revenue than budgeted.

Funding Strategies

A Review of 2023 Municipal Tax Rate Options

Option #1: How does this affect the average assessed resident?

Assessment Class	Average Assessment Value	2022 Municipal Tax Levy	2023 Municipal Tax Levy	Increase
Class 1 – Residential	\$250,451	\$2,587	\$2,647	\$5.09 per month
Class 2 – Non-Residential (NR)	\$315,682	\$6,011	\$6,152	\$11.75 per month
Class 2 – NR Vacant	\$74,800	\$2,586	\$2,647	\$5.09 per month
Class 3 – Farmland	\$10,533	\$521	\$534	\$1.00 per month
Class 4 – Machinery & Equipment	\$45,080	\$858	\$879	\$1.67 per month

Funding Strategies

A Review of 2023 Municipal Tax Rate Options

Option #2: Prepare the 2023 Rates of Taxation Bylaw using the projected increase in revenue required for the approved 2023 budget.

Assessment Class	Assessment Value	Tax Rate	Increase	Projected Revenue
Class 1 – Residential	\$145,762,550	0.01054493	2.11%	\$ 1,537,364
Class 2 – Non-Residential	\$ 6,945,010	0.01942108	1.99%	\$ 135,427
Class 2 – Non-Residential Vacant	\$ 374,000	0.03548586	2.63%	\$ 13,272
Class 3 – Farmland	\$ 63,200	0.05078854	2.63%	\$ 3,775
Class 4 – Machinery & Equipment	\$ 45,080	0.01946484	2.22%	\$ 877

This option results in \$92,055 more in expected revenue than budgeted.

Funding Strategies

A Review of 2023 Municipal Tax Rate Options

Option #2: How does this affect the average assessed resident?

Assessment Class	Average Assessment Value	2022 Municipal Tax Levy	2023 Municipal Tax Levy	Increase
Class 1 – Residential	\$250,451	\$2,587	\$2,641	\$4.50 per month
Class 2 – Non-Residential (NR)	\$315,682	\$6,011	\$6,131	\$10 per month
Class 2 – NR Vacant	\$74,800	\$2,586	\$2,654	\$5.67 per month
Class 3 – Farmland	\$10,533	\$521	\$535	\$1.17 per month
Class 4 – Machinery & Equipment	\$45,080	\$858	\$877	\$1.59 per month

Funding Strategies

A Review of 2023 Municipal Tax Rate Options

Option #3:

Prepare the 2023 Rates of Taxation Bylaw with a 2% increase for Class 1 Residential, Class 2 Non-Residential Vacant, and Class 3 – Farmland, and a 0% increase for Class 2 Non-Residential and Class 4 Machinery & Equipment.

Assessment Class	Assessment Value	Tax Rate	Increase	Projected Revenue
Class 1 – Residential	\$145,762,550	0.01053407	2.00%	\$ 1,535,783
Class 2 – Non-Residential	\$ 6,945,010	0.01904147	0.00%	\$ 132,797
Class 2 – Non-Residential Vacant	\$ 374,000	0.03526635	2.00%	\$ 13,190
Class 3 – Farmland	\$ 63,200	0.05047627	2.00%	\$ 3,757
Class 4 – Machinery & Equipment	\$ 45,080	0.01904147	0.00%	\$ 858

This option results in \$87,725 more in expected revenue than budgeted.

Funding Strategies

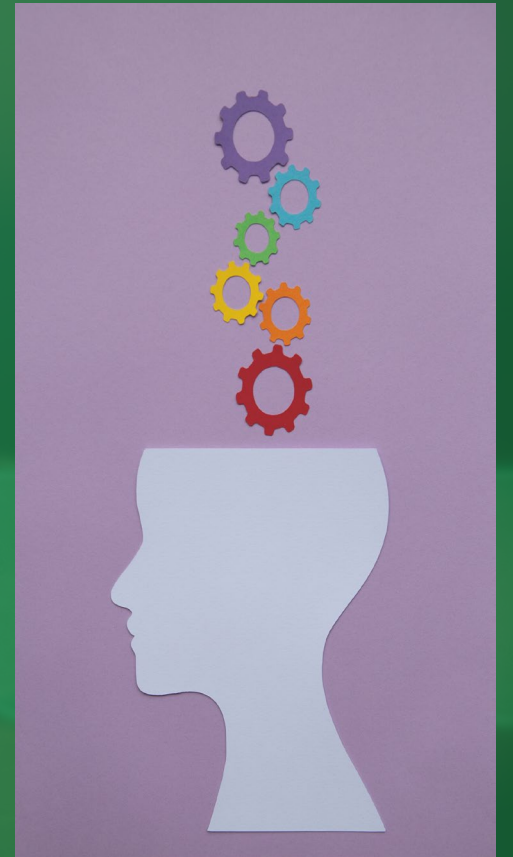
A Review of 2023 Municipal Tax Rate Options

Option #3: How does this affect the average assessed resident?

Assessment Class	Average Assessment Value	2022 Municipal Tax Levy	2023 Municipal Tax Levy	Increase
Class 1 – Residential	\$250,451	\$2,587	\$2,638	\$4.34 per month
Class 2 – Non-Residential (NR)	\$315,682	\$6,011	\$6,011	\$0 per month
Class 2 – NR Vacant	\$74,800	\$2,586	\$2,638	\$4.34 per month
Class 3 – Farmland	\$10,533	\$521	\$532	\$0.84 per month
Class 4 – Machinery & Equipment	\$45,080	\$858	\$858	\$0 per month

Discussion Points

- What are Council's thoughts regarding a tax-planning strategy?
- What are Council's thoughts about utilizing reserve funds for capital projects?
- If grant funding continues to decline and continues to remain highly competitive, what are Council's thoughts around other revenue possibilities? Or adversely, options for service level decreases to decrease expenses, allowing for higher transfers to reserves?
- What are Council's thoughts on the options for the municipal tax rate bylaw?



<i>Medium Priority:</i>	248,000											
Lighting	20,000				20,000							
Wiring - new ice plant	20,000				20,000							
Emergency Lights	8,000				8,000							
Wiring for mechanical equipment	65,000				65,000							
CCTV System	65,000				65,000							
Security Intrusion System	35,000				35,000							
Arena Exhaust Fans and Louvre Actuators	12,000				12,000							
Exhaust Fans - Main Locker Rooms/Washroom	5,000				5,000							
Roof Access Hatch - light guage steel frame	8,000				8,000							
Millwork - Concession Area	10,000				10,000							
<i>Low Priority:</i>	35,000											
Plumbing Fixtures - Mezzanine	25,000				25,000							
Corrugated Metal Sheating - Building	10,000				10,000							
TOTALS	\$ 3,850,208	\$ 1,317,466	\$ 1,182,000	\$ 1,347,000	\$ 283,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL per year		\$ 1,663,466	\$ 1,465,800	\$ 1,771,400	\$ 1,310,500	\$ 107,000	\$ 57,500	\$ 50,000	\$ 27,500	\$ 20,000	\$ 27,500	\$ 1,020,000