

CITY OF GREENWOOD

Special Council Meeting

**Thursday, March 24, 2022
10:00 am**

AGENDA

- 1. Call to Order**
- 2. Adoption of Agenda**
- 3. Administrator's Report**
- 4. Discussion**
- 5. Adjournment**



SPECIAL OPEN COUNCIL REPORT
Finance Department
For the March 21, 2022 Council Meeting

DATE: March 18, 2022
TO: Mayor and Council
FROM: Marcus Lebler, CAO
RE: 2022 - 2026 Financial Plan

RATIONALE:

The purpose of this report is to provide Council with the draft 2022 operating and capital budgets in preparation for the adoption of the 5-year financial plan.

RECOMMENDATION:

Upon completion of budget deliberations, a staff report and bylaw will be presented to Council for approval at the March 28, 2022 regular Council meeting.

BACKGROUND:

Each year Local governments must annually adopt a financial plan in accordance with the Local Government Act and the Community Charter. The planning period for the financial plan must include the current fiscal year and the next four fiscal years (5-year plan).

A local government must not budget for a deficit (planned expenditures and transfers to funds cannot exceed planned revenues, transfers from funds, and other cash contributions). However, if actual expenditures and net transfers from the previous year exceed that year's revenues and contributions, the resulting deficiency must be carried forward to the current year's financial plan as an expenditure.

Operationally the City of Greenwood's 2022 budget is in a deficit position. For 2022 the estimated shortfall in operations is \$142k. This deficit includes a transfer of \$148k from the water and sewer operational surpluses to their respective capital reserves. The West Boundary Community Forest Reserve (WBCFR) is the current source of funds being utilized to eliminate this operational shortfall. The budget before Council includes rate increases over the next 5 years to help reduce this deficit and thus the dependency on this reserve to balance the operating budget. The WBCF contributions to the City

Revenues

Overall, this budget is seeing a \$110k or 5% increase over 2021.

Summary	2022 Budget	2021 Budget	Variance
Taxes	(614,096)	(579,639)	(34,457)
Goods and Services	(711,564)	(126,976)	(584,588)
Grants	(1,013,180)	(1,521,812)	508,632
	<u>(2,338,840)</u>	<u>(2,228,427)</u>	<u>(110,413)</u>

Taxes

2022 tax revenues are seeing a \$35k increase over the prior year budget. The 2022 budget includes a 5% increase in municipal tax rates, which equates to a \$41k increase. This is offset by a \$7.6k reduction in the tax penalty budget which more closely represents what we have been collecting over the past 3 years. The average municipal taxes for the average single-family home in Greenwood was \$1,014 in 2021. A 5% increase equates to an annual average increase of \$50 or roughly \$4 per month.

Goods and Services

Goods and services are seeing a substantial increase of \$585k over the previous year. \$500k of this increase is attributed to the substantial dividend received from the WBCF in February of 2022. Another notable increase is the addition of RDKB garbage tag revenues into the budget of \$29k. This revenue is offset by the \$26k expense sitting in the Administration budget. Overall, this is an estimated \$3k profit for 2022 which represents the 10% markup the City is authorized to charge for the tags. The remaining increase is attributable to the sale of a lot on Gold Avenue for \$50k. No other lots were sold in the initial City land sale offering and were not included in the 2022 budget to remain conservative in our revenue estimates.

Grants

Grant revenue is seeing a \$509k decrease in 2022 over 2021. The Gas Tax program is not sending double payments in 2022, as was the case in 2021, representing an \$81k decrease in 2022. \$506k was included in the 2021 grant budget for the main sewer lift station replacement. This has now been moved into 2025 and 2026 as this grant was denied.

Administration

Overall, this budget is seeing a \$32k or 4% increase over 2021.

Summary	2022 Budget	2021 Budget	Variance
Administrative General	79,931	36,808	43,123
Management Training Exp	9,000	9,500	(500)
Human Resources	438,036	464,420	(26,384)
Information Systems	28,025	26,000	2,025
Financial Expenses	60,700	69,580	(8,880)
Admin Expenses	51,403	49,483	1,920
Engineering	3,000	0	3,000
Asset Mgmt.	10,500	15,500	(5,000)
Planning	10,000	0	10,000
Emerg. Serv.	1,500	1,500	0
Public Buildings	22,900	21,000	1,900
Grant In Aid	25,964	19,800	6,164
Maint/Bylaw Exp	27,400	33,150	(5,750)
Council Expenses	58,700	55,680	3,020
Election / By-Election Expenses	7,500	0	7,500
	<u>834,559</u>	<u>802,421</u>	<u>32,138</u>

Administrative General

Admin general is seeing a large jump of 200% or \$43k in 2022. This is largely attributed to the addition of a \$26k RDKB garbage tag expense. As mentioned above, this expense is completely offset by the RDKB garbage tag revenues they generate. The other areas seeing increases are legal fees (\$10k increase) and advertising (\$4k increase). Both legal and advertising costs are rising as interest in Greenwood rises. The City is seeing a rise in complex issues related to subdivisions and land use inquiries. Legal opinions and the statutory public notice requirements surrounding these issues has given a sharp rise in both legal and advertising costs. These budgets needed to be increased to meet the current demand.

Management Training Expense

No significant changes over the previous year.

Human Resources

Human resource (office payroll) costs are seeing a decrease of \$26k or 6% for 2022. This is largely due to the following factors:

- 1) The City no longer contracts out a part-time CFO.
- 2) In 2021 the City incurred severance related expenses that will not be occurring in the current year.

The office payroll budget for 2022 includes the mid-year hiring of an addition inside staff member. Current office workloads remain high and are growing every month as an increase in complex issues cross the desks of admin staff members. Reception remains the shared duty of the Corporate Officer and the Deputy Finance Clerk. With job specific workloads already high, answering phones and working the front counter takes away valuable time from the responsibilities of these positions. Planning time off

for staff is also difficult as only one staff member can be off at any given time. It is the opinion of the CAO that the hiring of a receptionist who can take over the phones, front counter and other administrative tasks is a priority in order for the City to operate optimally into the future. The cost of hiring a receptionist for half of 2022 is estimated to be \$29k. This equates to an estimated yearly cost of \$64k which will be realized for a full year in 2023. The current 5-year plan includes this new fulltime position.

Information Systems

Modest \$2k increase over 2021. The planned addition of \$2.8k in accounting related software to aid in budget and year-end preparation is being offset by a reduction in computer supplies as the City did major upgrades in 2021.

Financial Expenses

The reduction of \$8.9k in this budget is mostly attributed to a new office printer that was purchased in the previous year.

Admin Expenses

This budget remains mostly consistent with the previous year with the exception of the RDKB building inspector agreement seeing an increase of \$1.9k over 2021.

Engineering

This is a new addition to the budget for 2022. ISL Engineering bills the city for various general engineering inquiries. In past years these amounts tend to average about \$3k. To keep track of these costs more accurately, separate accounts were created. In past years these costs were not consistently coded to the proper GL accounts.

Asset Management

Funding was received to complete an asset management project that ran from 2020 to 2021. Additional funding is being sought to continue the City's asset management program. This budget has been reduced \$5k to reflect a partial year expense once funding can be found.

Planning

This is a new addition to the budget in 2022. In 2021 Council was made aware of the significant planning issues facing the City and the need for professional expertise for complex issues. Staff sought out the assistance of a professional planner and were successful in finding a qualified individual who was willing to work on an as needed basis. The planning budget is set at \$10k for 2022 and will help staff navigate various planning issues outside the scope of their expertise.

Emergency Services

No significant changes over the previous year.

Public Buildings

No significant changes over the previous year with a small increase in property insurance expense.

Grant in Aid

The GIA budget is increasing \$6k over 2021. This is due to two additions to the GIA budget in 2022:

- 1) The GIA to the Board of Trade (BOT) is increasing from \$1k to \$6k in 2022. This \$6k GIA is 100% earmarked to flow to the Founders Day 125th Committee for use in the City's 125th birthday celebrations. Traditionally the BOT receives \$3k annually from the City for use in various City wide initiatives. At the moment the BOT is not a fully functioning entity due to lack of membership. It is staff recommendation that the \$3k traditionally awarded to the BOT be paired with an additional \$3k for sole use in the 125th celebrations by the committee. Both the Mayor and the CAO sit on this committee.
- 2) At the March 14, 2022 Regular Council meeting, Council was presented with a GIA request from the Midway fire department. \$6k has been requested to go towards road rescue equipment the Midway fire department purchased in 2021. Given the increase in the GIA budget for the 125th celebrations, staff is recommending Council reduce this contribution to \$1k.

Bylaw

The bylaw enforcement budget is seeing a reduction of almost \$6k in 2022. This is largely due to the lack of bylaw enforcement officer for the first quarter of 2022. Staff are working with Midway to hire a new officer for the second quarter of 2022.

Council Expenses

This budget has increased \$3k over 2021. A \$2k increase represents the 3.9% cost of living remuneration increase for 2022. The remaining \$1k increase is in the Council Donation account for a previous request from Council to include a \$1k BC Wildlife Fund donation to help that organization in hiring an additional employee to deal with wildlife issues in the area.

Election

The election budget is brought forward, at a minimum, every 4 years. 2022 is a municipal election year and this \$7.5k budget represents the wages, materials and advertising costs incurred leading up to the October 15th municipal election.

Parks

Overall, this budget is seeing a \$17k or 12% increase over 2021.

Summary	2022 Budget	2021 Budget	Variance
Pool Expenses	85,250	77,065	8,185
Memorial Bench	4,500	3,500	1,000
Special Events	7,600	7,140	460
Dike Maintenance	10,000	10,000	0
Park Maintenance	10,360	11,500	(1,140)
Campground	7,100	0	7,100
Mower	14,400	16,000	(1,600)
Facilities Maintenance	21,100	23,100	(2,000)
Park Beautification	6,300	1,000	5,300
	<u>166,610</u>	<u>149,305</u>	<u>17,305</u>

Pool Expenses

Operating the pool is expected to cost \$8k or 11% more in 2022. Pool wages are increasing \$5k to account for the increase in minimum wage and to hire 2 additional staff to cope with the planned increase in attendance that Covid has hampered over the past 2 years. An additional \$3k is also needed to replace the pool solar cover that is in desperate need of replacement.

Memorial Bench

The \$1k increase in memorial bench expense is related to an increase in allocation of PW wages to this account, bringing it more in line with actuals over the past 3 years.

Special Events

No significant changes over the previous year.

Dike Maintenance

No significant changes over the previous year.

Special Events

No significant changes over the previous year.

Park Maintenance

No significant changes over the previous year. The \$1k decrease is due to a reduction in the doctors office expense as the City is no longer responsible for the phone line costs for that building.

Campground

A budget for the municipal campground operations was not established in 2021. This new budget includes amounts for electricity, PW labour, materials and internet.

Mower

No significant changes over the previous year. Small reduction in the PW labour allocation to better represent actual expenditures over the past 3 years.

Facilities Maintenance

No significant changes over the previous year. Small reduction in the PW labour allocation to better represent actual expenditures over the past 3 years.

Park Beautification

This budget is increasing \$5.3k. PW labour and materials for this cost center were not budgeted for in 2021, despite there being expenditures following through these accounts. \$3.3k has now been budgeted for in PW labour and \$2k for materials.

Fire Department

Overall, this budget is seeing a \$1.6k or 2% decrease over 2021.

Summary	2022 Budget	2021 Budget	Variance
Information Systems	6,000	5,000	1,000
Financial	2,100	2,000	100
Operational	60,350	53,650	6,700
Building	7,100	12,500	(5,400)
Truck	9,500	13,500	(4,000)
	<u>85,050</u>	<u>86,650</u>	<u>(1,600)</u>

Information Systems

No significant changes over the previous year. The small increase in this cost center is for the HAM emergency radio station insulation expense.

Financial

No significant changes over the previous year.

Operational

Operational expenses are increasing \$6.7k or 12% for 2022. There is a \$3k increase in building insurance. This is due to the line item not being budgeted for in the past, this has been corrected in 2022. There are also increases in safety equipment towards the purchase of new fire hoses and an increase in the fire calls budget to better align the budget with actual expenditures.

Building

This \$5.4k decrease is directly attributable to a decrease in the PW labour allocation to this cost center. In 2021, \$6k was budgeted for PW to conduct roof repairs on the fire hall. This work was not done due to accessibility issues.

Truck

The truck insurance allocation to this cost center is decreasing \$2.5k. The remaining \$1.5k decrease is attributable to moving some of the vehicle maintenance budget to operations to better align the cost center to actual expenditures.

Public Works

Overall, this budget is seeing a \$2.9k or 1% increase over 2021.

Summary	2022 Budget	2021 Budget	Variance
Administration Expense	94,570	87,320	7,250
Information Systems	700	700	0
Loans	0	12,240	(12,240)
Streets & Sidewalks	26,000	36,000	(10,000)
Snow Removal	32,400	32,600	(200)
Signs	3,900	1,500	2,400
Streetlights	24,300	24,000	300
Cemetery	6,750	13,500	(6,750)
Facilities	30,800	27,100	3,700
Vehicles	67,600	53,320	14,280
General Maintenance of City	25,000	20,800	4,200
	<u>312,020</u>	<u>309,080</u>	<u>2,940</u>

Administration

The increase in PW administration is mostly attributable to the PW wage allocation for 2022. This was done to bring the wage budgets better in line with actual expenditures over the past 3 years.

Included in the 2022 budget is the hiring of an additional PW outside worker. Since the previous PW foreman left the City, there has been an operational deficit in the PW department. Workloads are high and the addition of a fourth PW worker is a high priority to keep the operations of the City running optimally. The cost of hiring a fourth PW employee for half of 2022 is estimated to be \$42k. This equates to an estimated yearly cost of \$90k which will be realized for a full year in 2023. The current 5-year plan includes this new fulltime position.

Information System

No significant changes over the previous year.

Loans

No significant changes over the previous year. The \$12k included in this cost center last year was for the anticipation of borrowing funds for a new PW truck. This expense was not incurred in 2021 and has been included in the 2022 capital budget to be funded through the Community Forest reserve as opposed to borrowing.

Streets and Sidewalks

The \$10k decrease is largely attributable (\$6k) to the 2022 PW wage allocations. The remaining \$4k decrease is due to the removal of the contracted-out street sweeping budget. PW now has their own street sweeper and this expense will no longer be incurred.

Snow Removal

No significant changes over the previous year.

Signs

PW plans to replace several street signs in 2022. This is expected to cost \$2.4k.

Streetlights

No significant changes over the previous year.

Cemetery

The decrease in the cemetery budget is from a fence repair in 2021. No significant cemetery projects are budgeted for in 2022.

Facilities

No significant changes over the previous year. The increase is attributable to the 2022 PW labour allocations to better represent actual expenditures over the past 3 years.

Vehicles

The \$14k or 27% increase in the PW vehicle budget was needed to account for rising fuel costs, additional maintenance for the new PW truck and additional PW wage costs associated with a new PW employee. The garbage truck budget was also moved into this cost centre as the garbage utility was discontinued on December 31, 2021.

General Maintenance

The \$4.2k or 20% increase in this cost center is attributed to moving the remaining garbage utility budget, specifically a portion of the PW garbage wages.

Water

Overall, this budget is seeing a \$16k or 7% increase in revenues and a \$49k or 29% decrease in expenses over 2021.

Summary	2022 Budget	2021 Budget	Variance
Revenues	(250,500)	(234,565)	(15,935)
Distribution System	119,200	167,831	(48,631)
Reserve Transfer	131,300	66,734	64,566
	0	0	0

Revenues

Water revenues are increasing 7% for two reasons. The first is the Council approved utility rate increase of 3% for 2022. The second is the addition of \$13.5k in revenues due to the rate increase for the Fort RV Park.

Distribution System

The water utility expense is seeing a dramatic drop of \$49k or 29%. \$30k of this is attributed to moving the water cross connection control project from operating to the capital budget. Another \$7.2k in water debt payments have been eliminated as the loan was paid off in 2021. Lastly, the pump servicing costs have been reduced \$5k because in 2021 the City replaced pipe in the well 5 meter chamber which will not need to occur in 2022.

Reserve Transfer

This increase in water revenues and decrease in expenses has resulted in a significant increase to the year-end water reserve transfer of \$65k or 97%. While a \$30k portion of this transfer is simply due to moving an amount from operating to capital, the remaining \$35k is from operational changes and rate increases. This will aid in building up the water capital reserve for the future infrastructure needs of the City.

Sewer

Overall, this budget is seeing a \$16k or 11% increase in revenues and a \$3k or 2% increase in expenses over 2021.

Summary	2022 Budget	2021 Budget	Variance
Revenues	(159,742)	(144,282)	(15,460)
Line Expenses	17,500	23,000	(5,500)
Administration	26,400	17,500	8,900
Lift Stations	31,500	35,000	(3,500)
Treatment Plant	68,000	64,700	3,300
Reserve Transfer	16,342	4,082	12,260
	<u>0</u>	<u>0</u>	<u>0</u>

Revenues

Sewer revenues are increasing 11% for two reasons. The first is the Council approved utility rate increase of 3% for 2022. The second is the addition of \$13.4k in revenues due to the rate increase for the Fort RV Park.

Sewer Expenses

No significant changes over the previous year. Sewer expenses are only increasing 2% and there are no major changes to report to Council over the 2021 budget.

Reserve Transfer

This increase in sewer revenues has resulted in a significant increase to the year-end sewer reserve transfer of \$12k or 300%. This will aid in building up the sewer capital reserve for the future infrastructure needs of the City.

Capital

The 2022 to 2026 capital budget can be found below for Council's review. Staff have done their best to project into the next 5 years to include all the necessary capital projects the City will need to undertake. Asset management is an area the City needs to invest more time and resources to further fine-tune the future capital and infrastructure needs of the City.

The first chart below lays out the capital projects and their costs for the next 5 years. Some of these projects will require grant funding to complete and the chart below reflects this. The chart also shows the funding source for each project. The funding legend is as follows:

S – Sewer Capital Reserve
W – Water Capital Reserve
C – Capital Works Reserve
GT – Gas Tax Reserve
CF – Community Forest Reserve
MFA – MFA Borrowing
GRANT – Provincial and Federal Funding

The second chart lays out the projected reserve balances, complete with transfers in, withdrawals for projects, interest and yearly ending balances. This will allow Council to clearly see where the City sits financially at the end of each year for the next 5 years. In order to meet the current capital project demand for the city, most of these reserves had to be depleted to minimal levels with the exception of the community forest reserve.

Council should take note that the current capital budget with staff's current projections does not require the need to borrow funds. This may change in the future as more projects are identified or unforeseen financial burdens manifest themselves.

Capital

	Funding	Budget 2022	Budget 2023	Budget 2024	Budget 2025	Budget 2026
WWTP Testing Meter	S	6,000				
WWTP Electrical Upgrades	S	10,000				
Sani dump new pad	S	15,000				
Generator - for lift station #2	S	15,000				
Lift station #3 Upgrade - New pump and electrical	S	55,000				
Reservoir - IHA Request - Remove Root & Report	W	40,000				
GARP & Water System assessment - IHA Request	W	75,000				
Downtown Garbage Cans	GT	11,000				
Subdivision & MMCD bylaw quote	GT	15,000				
Concrete curb and gutter GWD St	GT	25,000				
DCC Bylaw	GT	50,000				
Lind Creek Dam Decom - Plan - Provincial Order	GT	60,000				
City Hall entrance	CF	40,000				
Service truck - public works	CF	40,000				
PW Site Upgrades	CF	90,000				
Flood Protection Project - Detailed Design	GRANT	40,480				
Dike Emergency Repair	GRANT	40,950				
UBCM - FireSmart - Fuel Reduction	GRANT	46,923				
Public Washroom Upgrade	GRANT	100,000				
Greenwood Courthouse Restoration	GRANT	273,667				
Mainline Valve Replacement	W		40,000			
Lind Creek Dam Decom	W		100,000			
OCP & Zoning Bylaw Update	GT		60,000			
Water cross connection control project	W			30,000		
Rendell Street Watermain	W				15,000	
Boundary Lane Watermain	W				15,000	
Various Street repairs in City	GT					30,000
Subtotal		1,049,020	200,000	30,000	30,000	30,000
Reservoir Replacement Project						
Reservoir Replacement Project - C	C	0	100,000		0	0
Reservoir Replacement Project - W	W	0	35,400	500,000	0	0
Reservoir Replacement Project - CF	CF	0	0	483,457	0	0
Reservoir Replacement Project - MFA	MFA	0	0	0	0	0
Reservoir Replacement Project - GRANT	GRANT	0	372,286	2,704,046	0	0
Reservoir Replacement Project - Total		0	507,686	3,687,503	0	0
Boundary Creek Flood Protection Project						
Boundary Creek Flood Protection Project - C	C	0	0	0	0	0
Boundary Creek Flood Protection Project - W	GT	0	0	0	600,000	50,000
Boundary Creek Flood Protection Project - CF	CF	0	0	0	0	550,000
Boundary Creek Flood Protection Project - MFA	MFA	0	0	0	0	0
Boundary Creek Flood Protection Project - GRANT	GRANT	0	0	0	1,400,000	1,400,000
Reservoir Replacement Project - Total		0	0	0	2,000,000	2,000,000
Main Sewer Lift Station Replacement Project						
Boundary Creek Flood Protection Project - C	S	0	0	0	118,500	0
Boundary Creek Flood Protection Project - W	GT	0	0	0	0	0
Boundary Creek Flood Protection Project - CF	CF	0	0	0	0	118,500
Boundary Creek Flood Protection Project - MFA	MFA	0	0	0	0	0
Boundary Creek Flood Protection Project - GRANT	GRANT	0	0	0	276,500	276,500
Main Sewer LS Replacement - Total		0	0	0	395,000	395,000
Total		1,049,020	707,686	3,717,503	2,425,000	2,425,000

Reserve Projections

SEWER RESERVE PROJECTION:					
	2022	2023	2024	2025	2026
-Opening	193,346	109,443	129,223	152,902	61,829
-Additions - Interest	755	595	704	536	387
-Additions - Operations Surplus	16,342	19,184	22,976	26,891	30,934
-Withdrawals - Sewer Capital	-101,000	0	0	-118,500	0
-Closing	109,443	129,223	152,902	61,829	93,149
WATER RESERVE PROJECTION:					
	2022	2023	2024	2025	2026
-Opening	181,272	198,520	156,140	-235,160	-119,687
-Additions - Interest	947	884	0	0	0
-Additions - Operations Surplus	131,300	132,135	138,701	145,472	152,458
-Withdrawals - Water Capital	-115,000	-175,400	-530,000	-30,000	0
-Closing	198,520	156,140	-235,160	-119,687	32,770
CAPITAL RESERVE PROJECTION:					
	2022	2023	2024	2025	2026
-Opening	108,390	108,932	9,227	9,273	9,319
-Additions - Interest	542	295	46	46	47
-Additions - None	0	0	0	0	0
-Withdrawals - Misc Capital	0	-100,000	0	0	0
-Closing	108,932	9,227	9,273	9,319	9,366
GAS TAX RESERVE PROJECTION:					
	2022	2023	2024	2025	2026
-Opening	669,231	596,527	626,418	718,350	120,441
-Additions - Interest	3,157	3,050	3,354	2,092	402
-Additions - Grant	85,139	86,841	88,578	0	0
-Withdrawals - Infrastructure Capital	-161,000	-60,000	0	-600,000	-80,000
-Closing	596,527	626,418	718,350	120,441	40,844
WBCF RESERVE PROJECTION:					
	2022	2023	2024	2025	2026
-Opening	876,818	1,069,969	1,173,435	807,165	939,310
-Additions - Interest	5,209	5,850	5,159	4,536	3,525
-Additions - Dividends	500,000	200,000	200,000	200,000	200,000
-Withdrawals - Misc Capital	-170,000	0	-483,457	0	-668,500
-Withdrawals - Operations Deficit	-142,058	-102,384	-87,971	-72,391	-63,025
-Closing	1,069,969	1,173,435	807,165	939,310	411,311
MFA BORROWING:					
	2022	2023	2024	2025	2026
-Amount Borrowed	0	0	0	0	0
-Interest Payments					
-Principal Payments					
-Closing	0	0	0	0	0

PUBLIC PROCESS:

Notice for public consultation for the 5-year plan will be posted on the City website, social media and in City Hall in accordance with the *Community Charter*. Members of the public are invited to observe budget deliberations.

Respectfully Submitted:

A handwritten signature in black ink, appearing to read 'M. Lebler', written in a cursive style.

Marcus Lebler, CPA, CA
CAO