

2017 BUDGET

CITY OF TRAIL



Explore your
TRAIL



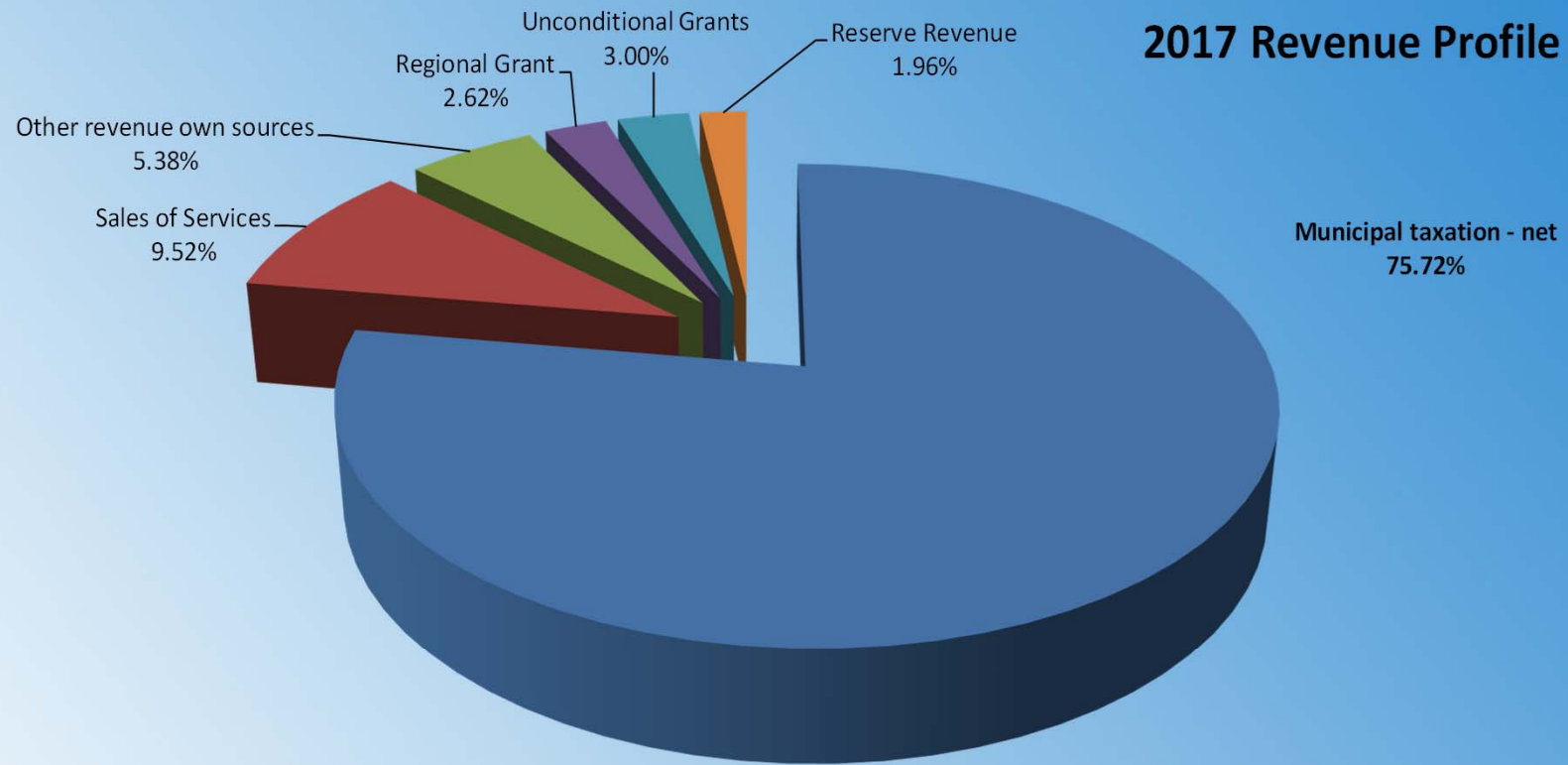
2017 BUDGET

Presentation Overview:

- Revenue Perspective
- Revenue Category Review and Approval
- Public Consultation
- Municipal Progress Reporting



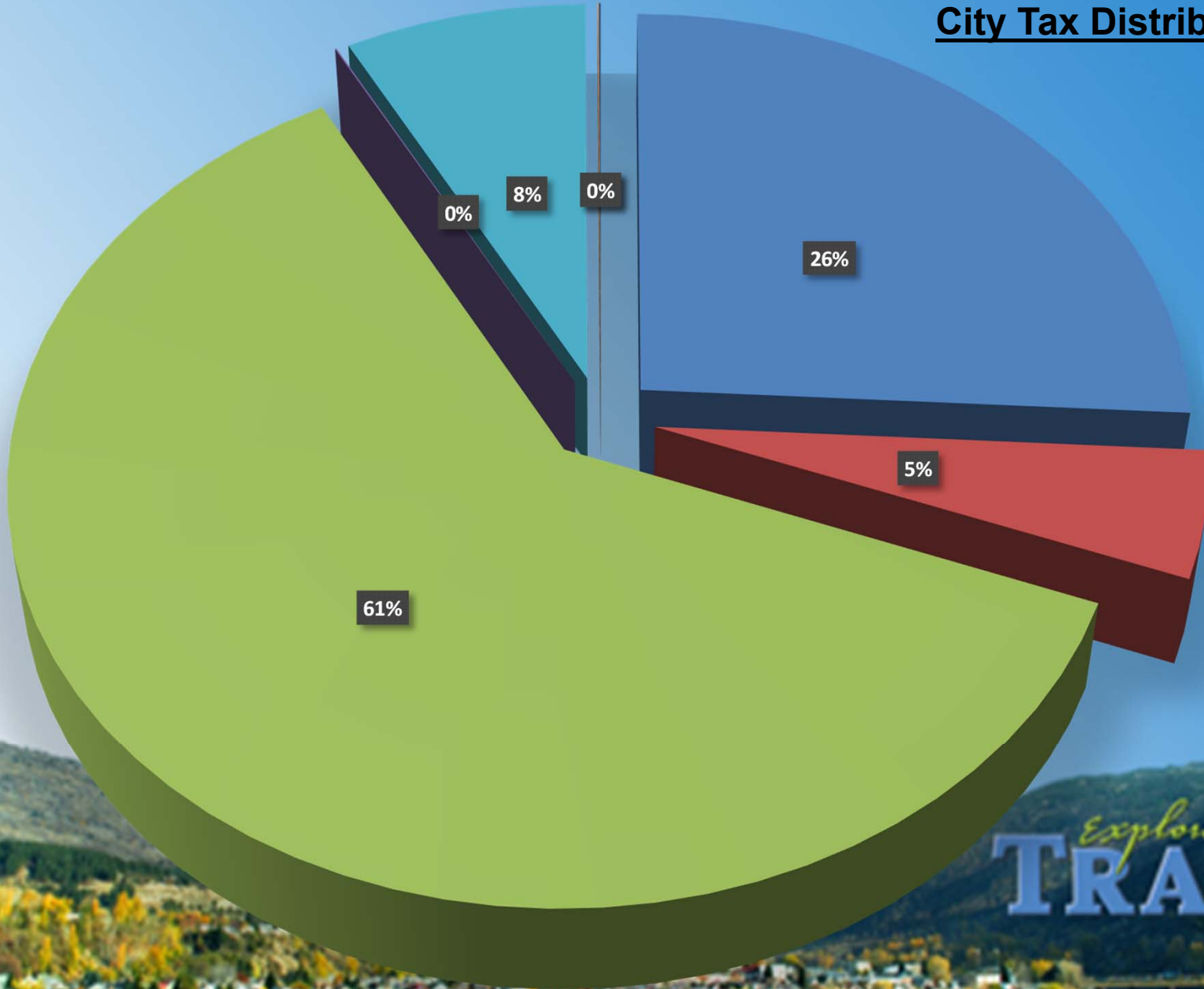
2017 Revenue Profile



Explore your
TRAIL

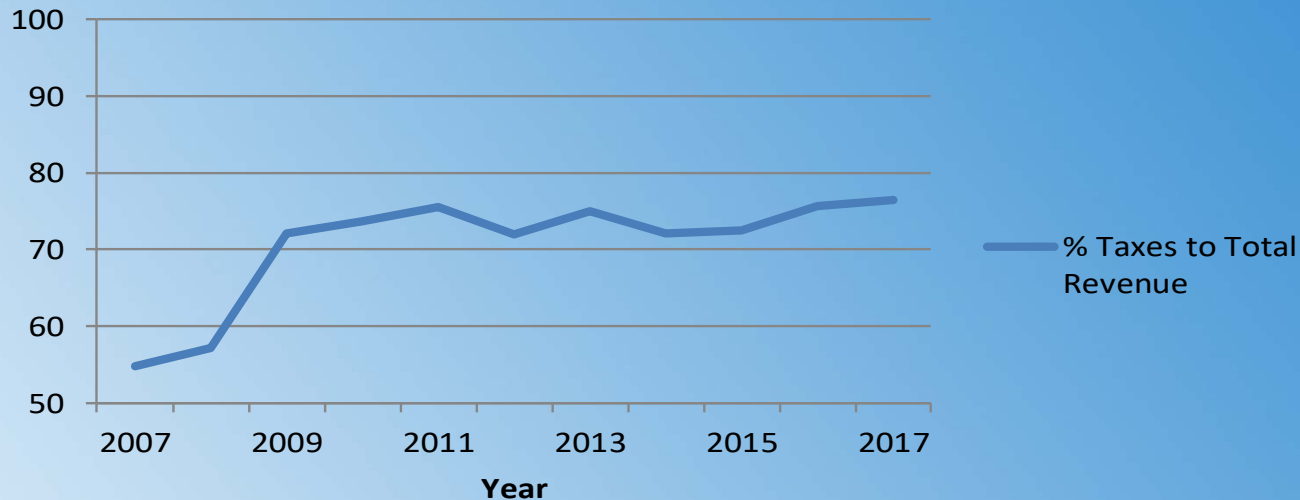


City Tax Distribution



Explore your
TRAIL

Property Taxes - Revenue Dependency



- The City's dependency on property taxes as its primary source of revenue has increased over time and is approaching 80%.
- Limited revenue generating opportunities mean that increased expenditures are reflected in increased taxes.
- In the absence of "real assessment growth" property taxes increase each year on the existing properties. Sustainability is therefore a real issue or concern.



TAXATION



Tab 2 BM - Page 12

Explore your
TRAIL

REVENUE TAXATION

Summary function/ Revenue category	2017 BUDGET	% change Vs 2016 Budget	2016 BUDGET
Taxation			
Municipal purposes	12,719,750	5.19%	12,092,700
Debt purposes	556,450	25.77%	442,450
Total municipal taxation	13,276,200 ▲	5.91%	12,535,150
Change	741,050		
<u>Levy Increase:</u>	Levy Change	% versus 2018	% total increase
Operations *	596,050	4.76%	80.43%
Capital Enhancement	145,000	1.16%	19.57%
Total Levy Increase	741,050	5.91%	100.00%

* Council initially targetted a 4.5% increase in the property tax levy.
To achieve this goal, \$31.950 would need to be cut from the budget as presented.
This follows the first budget review held on January 9, 2017.

Explore your
TRAIL



2017 TAXATION - CONTINUED

Debt Levy – Debt levy is further detailed in Debt Services:

Total debt/fiscal payments	\$829,700
Gas Tax Transfer (bridge)	(254,050)
Teck (Riverfront Centre – interest payment)	<u>(19,200)</u>
NET DEBT TAX LEVY	<u>\$556,450</u>

1% Utility Tax - Revenue from Utility companies. Total \$159,300 or a loss of \$12,750. Gross revenue for all utility companies is trending down.

Local Improvement Levies- Separate levies associated with local improvement projects already approved.

Water Parcel Tax - Direct transfer to Water Fund (see Transfer own Reserves and Funds). Levy based on \$150 per residential property and includes Waneta Parcel Tax.

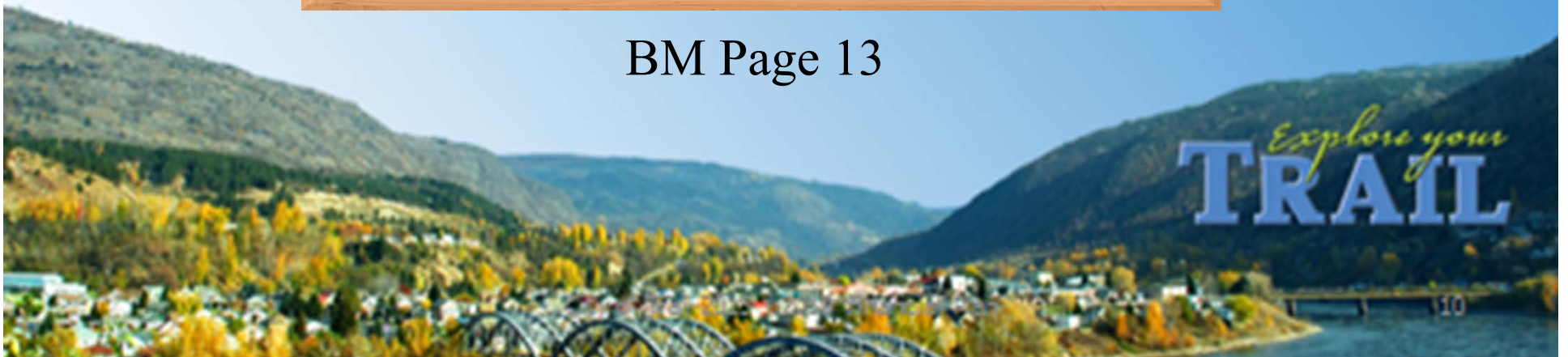


GRANTS IN LIEU OF TAXES



BM Page 13

Explore your
TRAIL



2017 Budget – Grants in Lieu of Taxes

Taxes levied to Provincial and Federal properties that are exempt from tax but pay a grant in lieu of taxes based on the municipal rates established by Council and Other Governments.

Revenue collected is transferred to Other Governments based on their rates, with only the municipal portion retained.

Adjustment based on assessment changes and anticipated property rates. As noted, transfers makes this primarily revenue neutral.



Grants in Lieu – Summary Amounts Paid in 2016

Federal Properties (Armories):

Exempt Assessment \$1,618,800 Municipal Grant Paid \$13,339
Total Grant In Lieu Paid \$34,554.

ICBC:

Exempt Assessment \$1,198,000 Municipal Grant Paid \$9,872
Total Grant In Lieu Paid \$25,572.

Provincial Rental Housing Corp (1681 Bay Avenue):

Exempt Assessment \$472,400 Municipal Grant Paid \$1,847
Total Grant In Lieu Paid \$5048.

TOTAL NET Municipal Taxes-----→	<u>\$25,058</u>
LY – 2015 Municipal Grant	<u>\$25,786</u>

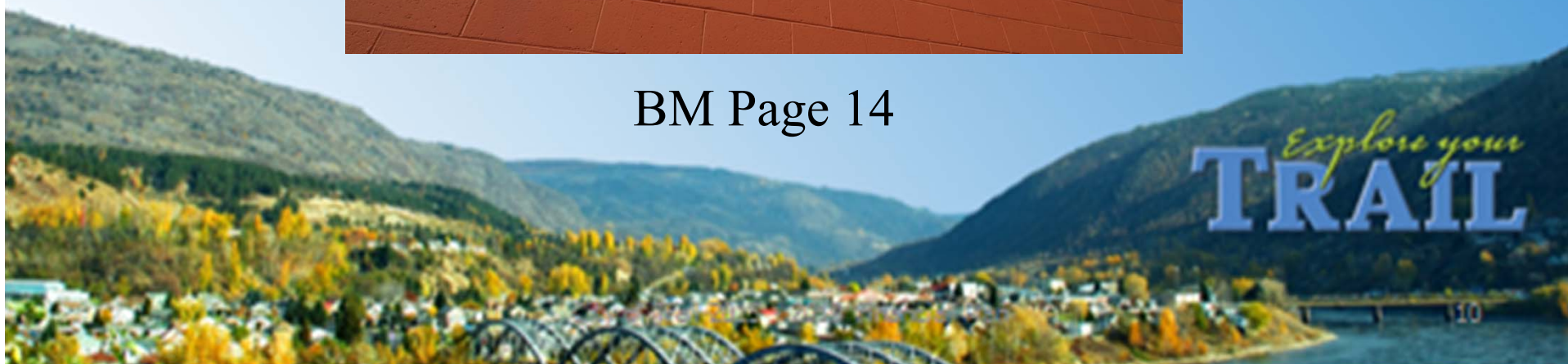


SERVICES - OTHER GOV'TS



BM Page 14

Explore your
TRAIL



2017 Budget - Services Provided to Other Governments

Revenue recovery based with School District #20 at 40% for the net operating costs for the Fieldhouse.

Refer to Parks Budget - Fieldhouse Expense:

\$36,250 @ 40% = \$14,500 (LY Budget \$14,500)

“Qualifying” costs were adjusted several years ago to remove the City’s administrative costs and other costs that do not directly involve the school’s use of the facility, including the setting up and take down of the facility after school hours.



SALES OF SERVICES



BM Page15



Explore your
TRAIL

DEPARTMENT/FUNCTION:

**REVENUE
SALES OF SERVICES**

Summary function/ Revenue category	2017 BUDGET	% change Vs 2016 Budget	2016 BUDGET
Sales of Services			
Garbage Fee	432,200	0.39%	430,500
Public Health and Welfare (Cemetery)	30,900	0.32%	30,800
Recreation	874,550	-1.41%	887,050
Municipal Airport	315,500	-14.15%	367,500
<i>Total Sales of Services</i>	1,653,150	-3.65%	1,715,850
TOTAL	1,653,150	-3.65%	1,715,850



2017 Budget – Sales of Services

Garbage Fee – Budget at \$430,500. Rate unchanged at \$126 . The Garbage fee included as part of the annual utility bill offsets collection and tipping fees. This has already be reviewed and approved by Council (Environmental Health Services).

Cemetery - Budget \$30,900. Sales of services account for a small portion of the total budget to provide this service.

Parks and Recreation –This section is reviewed in conjunction with the Parks and Recreation Budget. User fee adjustments in the department are done annually in August/September.



2017 Budget – Sales of Services

Municipal Airport – Revenue consists of four main categories. Gross revenue is decreased given “soft” fuel sales.

The Airport operation has been restructured resulting in a slight increase in the total operating deficit. The deficit still remains below the total regional district requisition and the City is providing considerably better service.



OTHER REVENUE OWN SOURCES



BM Page 16



REVENUE OTHER REVENUE FROM OWN SOURCES

Summary function/ Revenue category	2017 BUDGET	% change Vs 2016 Budget	2016 BUDGET
Other Revenues			
Penalties and interest on taxes	88,500	2.91%	86,000
Franchise fee	130,000	-7.14%	140,000
License and permits	97,450	-0.26%	97,700
Rentals/leases	111,000	-26.00%	150,000
Charges and fees	351,000	-6.40%	375,000
Interest earnings	31,000	-19.48%	38,500
Other revenue own sources	124,200	12.91%	110,000
<i>Total other revenues</i>	933,150	-6.42%	997,200
TOTAL	933,150 ▲	-6.42%	997,200

Variance \$ (64,050)



2016 Budget – Own Sources

Items to note:

- Franchise fee – This is 3% of Fortis BC gross revenue. Budget reduced based on trend analysis and is consistent with revenue reduction from 1% utility tax.
- Parking Operations - Refer to Statement on Page 17 of the Budget Manual. Included in Charges and Fees.

There is a reduction forecast as a result of the City selling the lots on the Esplanade that were used for public parking.



2017 Budget – Own Sources

- Rentals/Leases – Reflects changes to lease administration for the RCMP Detachment. Revenue has decreased by \$20,000.
- Promotion – Budget is set at \$50,000 and offsets the Promotion Budget in the General Government section. The agreement with Teck has not been formally renewed but there is a continued expectation that payment will be made.
- Other revenue – Includes the Teck payment to offset the Riverfront Debt Costs. 2017 includes one interest payment.



TRANSFERS - OTHER GOV'TS



BM Page 18

Explore your
TRAIL



2017 Budget – Other Gov't Transfers

Unconditional Transfers:

Budget is based on the anticipated grant for 2017. Includes Community Protection and Traffic Fine sharing.

No change in funding is anticipated.

Conditional:

RCMP - Funding for guarding based on non-municipal prisoners. No change budgeted.



2017 Budget – Other Gov't Transfers

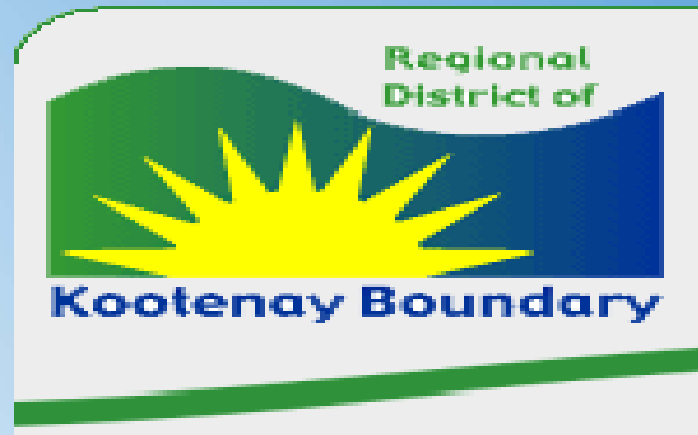
Conditional:

Federal Gas Tax – Includes transfer from the current reserve to offset the debenture debt payment for the Pipe/Pedestrian Bridge in the amount of \$254,050.

Annual Gas Tax Revenue currently projected at \$375,000. After paying the bridge debt, there will be a surplus that will be held in reserve for future qualifying capital projects.



CONDITIONAL TRANSFER - RDKB



BM Page 19



2017 Budget – Conditional Transfer - RDKB

The budget provides for the following:

➤ Parks and Recreation. Recoveries included in the Budget based on current contracts:

- Warfield \$74,800
- BV PARTS \$125,000

➤ Cemetery – Revenue from RDKB for Cemetery operating costs. The Cemetery budgets will be adjusted to reflect final amount approved by the Regional District so Trail is not subsidizing this regional service directly.

➤ Transit – Budget of \$8,200 for transit recovery was not included in the 2017 Budget.



TRANSFER FROM OWN RESERVES



BM Page 20

Explore your
TRAIL



2017 Budget – Transfer from Own Reserves

Transfers from reserves and surplus into operations should be used to fund unplanned, emergency or non-repetitive expenses. Council should never rely on reserves (savings) to fund ongoing operations.

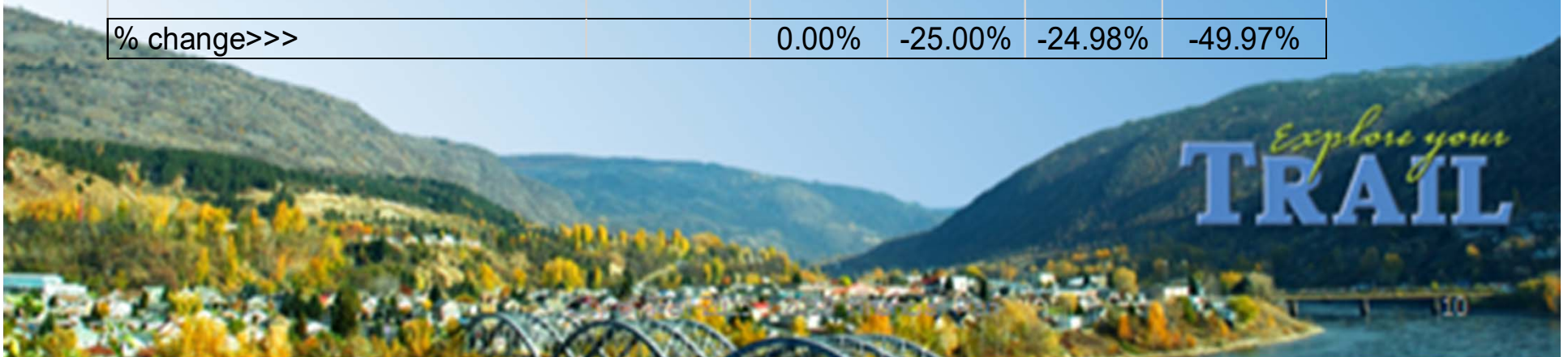
The transfer remains at the same level as 2016 given the other pressures in the budget and trying to keep the net increase in property taxes to a reasonable level.



2017 Budget – Transfer from Own Reserves

The Budget includes a reserve transfer to effectively “balance” the budget. Due to ongoing increases it has not been possible to budget for a reduction. The five year financial plan reflects the following changes. Should the transfers be required to the level budgeted, it would require a more rapid reduction in dependency and this is a risk that Council should be aware of given the potential property tax implications.

Category:	Transfers from own reserves/surplus				
	2017	2018	2019	2020	2021
Year >>	2017	2018	2019	2020	2021
Transfer for operations	340,000	340,000	255,000	191,300	95,700
Transfer for capital enhancements	0	0	0	0	0
	340,000	340,000	255,000	191,300	95,700
% change>>>		0.00%	-25.00%	-24.98%	-49.97%





Community/Public Consultation

The *Community Charter* requires that Council consult with the public. There is no prescribed form and each community takes a different approach.

The City has undertaken the following process:

- Budget presentation made at a Regular Meeting of Council. Media coverage through Shaw and other outlets is provided.
- The budget presentations are included on the City of Trail's website.
- Public awareness is enhanced through social media.
- The City directly consults with Teck Metals Ltd. as part of sending a letter that summarizes the budget and associated impact to major industry.
- If Council is in agreement, the same process will be followed for 2017.



Progress Reporting (pg 133-163 BM)

There is a Provincial requirement for the municipality to prepare annual objectives and performance measures.

This requirement is contained within the *Community Charter* and must be developed in conjunction with the Annual Report.

Staff have been directed to develop municipal (operational) objectives/priorities to address this requirement.

Staff are currently working on the 2016 Annual Report and how best to include the objectives within the new report will be determined so the City is compliant with legislation.



END

Explore your
TRAIL

