



AGENDA

Special Council Meeting

**Monday, November 16, 2015
10:00 a.m.**

**Council Chamber of City Hall
500 – 2 Avenue NE**

Carl Bannister, Chief Administrative Officer

Page #	Item #	Description
	1.	CALL TO ORDER
	2.	DECLARATION OF INTEREST
	3.	INTRODUCTION OF BYLAWS
1 - 16	1.	2016 to 2020 Financial Plan Bylaw No. 4115 - First, Second and Third Readings
	4.	OTHER BUSINESS
	5.	IN-CAMERA SESSION
17 - 18	6.	ADJOURNMENT

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Item 3.1a

CITY OF SALMON ARM

Date: November 16, 2015

Moved: Councillor Lavery

Seconded: Councillor Wallace Richmond

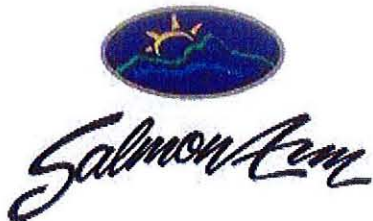
THAT: the bylaw entitled 2016 to 2020 Financial Plan Bylaw No. 4115 be read a first, second and third time.

Vote Record

- Carried Unanimously
- Carried
- Defeated
- Defeated Unanimously

Opposed:

- Cooper
- Flynn
- Eliason
- Harrison
- Jamieson
- Lavery
- Wallace Richmond



City of Salmon Arm

Memorandum from the Chief Financial Officer

Date: October 30, 2015
 To: Mayor Cooper and Members of Council
 Subject: 2016 Budget

Recommendation

That: Bylaw No. 4115 cited as "City of Salmon Arm 2016 to 2020 Financial Plan Bylaw No. 4115" be given 3 readings;

And That: the debenture debt authorized under Bylaw No. 3334/3479 (MFA Issue No. 97) be paid down in the amount of \$335,000.00.

Background

The 2016 Budget reflects a 3.85% tax increase and a 1.5% new growth factor. Summarized below is the tax impact for each multiple of \$100,000.00 of assessed value:

- Residential - \$18.10
- Business - \$44.76

The 2016 Budget does not reflect an increase to the water and sewer frontage taxes; nor the Water User Fees. It does however; reflect an increase of 2.6% to Sewer User Fees as authorized by Council during the 2014 Budget process. The Transportation Parcel Tax levy remains unchanged.

As advised during the 2015 Budget process, the Solid Waste and Recycling Levy will be reduced from \$112.30 to \$101.00 in 2016 (reduced by \$22.30 in 2015 from the original \$135.00) attributed to the Multi-Materials British Columbia (MMBC) program.

This decrease is levied on the Property Tax Notice which will mitigate any municipal tax increase.

Based on a 3.85% tax increase and a 1.5% new growth factor (Note: the new growth factor may be overly optimistic based on last year's building permits statistics) new tax revenue is projected at approximately \$830,000.00. In 2015, new growth tax revenue projections were estimated at 2% - actual growth associated tax revenue was 1.24%. New growth is based on the previous year's development to October 31.

Historically, the City's new growth factor has been fairly strong and has assisted in providing funding for new services and initiatives as opposed to funding existing services. Normally, the cost of existing services will remain constant for a period of time and then spike once the service hits its capacity. A representative example of this would be in the area of roads - as new roads develop existing labour and associated equipment is able to absorb new infrastructure to a certain limit or capacity then it spikes and additional equipment and manpower is required. In other words, the City has been able to utilize tax revenue from new growth (as opposed to raising tax property taxes) which should have been used 'theoretically' for the expansion of existing services, with minimal increases to existing labour and equipment for other community minded initiatives. However, in 2016 the City is feeling the pressure to add funding to existing labour and equipment to address shortfalls in services throughout Transportation Services budget.

Historical Growth Rates:

Year	Rate	Year	Rate	Year	Rate
2015	1.24%	2010	0.20%	2005	3.06%
2014	2.33%	2009	2.53%	2004	2.38%
2013	2.32%	2008	3.66%	2003	1.30%
2012	1.53%	2007	3.64%	2002	4.04%
2011	1.20%	2006	2.80%	2001	1.55%

Essentially, the new tax revenue has been largely attributed to the following:

- Shortfall in New Grow Tax Revenue \$100,000.00 (Didn't materialize in 2015)
- Supplemental Assessments \$100,000.00 (Successful 2015 assessment appeals)
- Wages and Benefits \$190,000.00
- New Debenture Debt Repayments \$ 96,200.00
- Transportation Services \$215,000.00
- Use of Reserves to offset O & M \$185,000.00 (One time use of reserves in 2015
e.g. Wages & Benefits, Transit, Legal)

The following sections outline some of the more significant issues affecting the budget.

Supplemental Assessments

As advised, a number of appeals were sought and successfully argued through the BC Assessment Authority and consequently the City had to process the supplemental assessments resulting in a decrease in municipal tax revenue of approximately \$100,000.00. (e.g. Canoe Forest Products Ltd., RP Johnson Construction Ltd., Park Place Seniors Living Inc., etc.).

Wages and Benefits

The 2016 Budget contains changes relative to exempt staff salaries; CUPE and IAFF wages and benefits. As this issue has staffing and collective bargaining implications - staff will review this component "In-Camera" with Council.

Debenture Debt

The 2016 Budget reflects the costs of borrowing for the following debentures as approved by Council in 2014.

- | | |
|-------------------------------|------------------------------------|
| • Blackburn Park Improvements | \$ 500,000.00 – General Fund |
| • Cemetery Development | \$1,020,000.00 – General Fund |
| • Foreshore Sanitary Main | <u>\$1,800,000.00 – Sewer Fund</u> |
| | <u>\$3,320,000.00</u> |

The Sewer Fund debenture debt was funded by a sewer user fee increase in 2015 and 2016 of 5.29% and 2.6% respectively.

Transportation Capital Projects

The issue of General Revenue funding for transportation capital projects has been brought to the attention of Council for the last several years and it cannot be stressed enough. The amount of General Revenue funding being allocated to transportation and, in particular, transportation capital must be increased. The allocation is too low and it is simply not sustainable to fund transportation capital largely from Gas Tax Funding and Reserves - for the following reasons: Reserves: Limited life and utilized quickly; Gas Tax Funding: Fully subscribed under the LTFP and likely will end by the Provincial and Federal Government.

It is recommended that the funding for transportation capital be increased incrementally overtime.

Historical funding from General Revenue:

- 2014 – \$244,635.00 (Mid year amendment of \$180,000.00 to address Syme Bridge)
- 2015 – \$321,200.00 (Budget)
- 2016 – \$469,000.00 (Proposed Budget)

Based on budget requests and actual expenditures over the years it is my observation that transportation projects funded from General Revenue should be approximately one (1) million dollars (inclusive of sidewalks, curb and gutter, major maintenance for public works buildings, drainage, road studies, new machinery and equipment, roads). It should be noted that the Pavement Management System which refers largely to roads and asphaltic overlays recommends an annual allocation of \$2.5 million – see section entitled Transportation Parcel Tax.

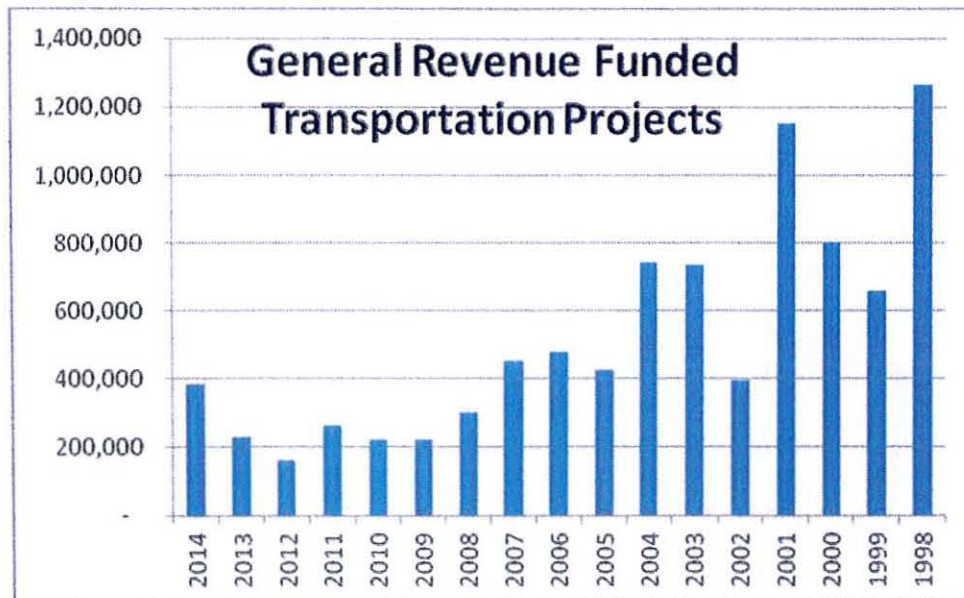
Excerpt from 2014 Budget Report

The Transportation Budget has two (2) separate and distinct funding sources for transportation capital projects – Municipal Tax (i.e. General Revenue) and the Transportation Parcel Tax - both of which will be addressed herein.

Municipal Tax (i.e. General Revenue) funds all transportation capital projects (i.e. sidewalks, curb and gutter, public works buildings, drainage, road studies, new machinery and equipment, roads, etc.), except asphaltic overlays, which is considered a major maintenance type expenditure and funded from the Transportation Parcel Tax.

Over the years, the amount of capital projects (net of asphaltic overlays) funded from General Revenue has diminished significantly. The majority of the projects that the City has undertaken in recent years are funded from the Community Works Fund (e.g. Gas Tax) or reserves (both being one time funding sources).

The following bar chart reflects the funding for transportation capital projects funded from General Revenue. As reflected in the chart, funding for transportation capital projects has been as high as \$1,265,670 (1998) and as low as \$161,870 (2012) over the last seventeen (17) years. While the 'magic' number is not an exact science, suffice to say that the current level of project funding for transportation capital from General Revenue is too low and once the reserves that were accumulated for specific purposes and the Community Works Funds have been fully utilized, Council will need to set their mind to this issue with a view of incrementally increasing this allocation annually.



Transportation Parcel Tax

In summary, the City implemented a Transportation Parcel Tax in 2003 (\$60.00 per parcel) and increased same in 2009 (\$120.00 per parcel). The objective of the Transportation Parcel Tax is to provide an annual consistent level of funding for the recommendations in the Roadway Pavement Management Study (Study) undertaken in 2000 and updated in 2008. As Council may recall, the Study recommended that the City fund its roadway network by \$2.5 million (currently the budget allocation is \$905,000.00) annually to maintain the City's current road rating of 78% (which deteriorated from a rating of 90% in 2000). This recommendation was based on the principle that the overall long term life cycle cost of the existing road network is minimized by rehabilitating pavement before reconstruction and/or extensive deep patching is required. This is achieved by setting a budget level that minimizes the length of the network that is in very poor condition and minimizes the cost of maintaining the roadway network's asset value. Having said that, it is a fine line in balancing taxpayer affordability and the minimum optimum level of funding.

One-Time - Use of Reserves (2015)

In 2015, a number of reserved funds were utilized to offset operational expenditures, largely as a result of the fact that the actual expenditure was not known during the budget process (e.g. wages and benefits (exempt, Council, survey), legal, transit (pending expansion), transitioning of IAFF collective bargaining agreement, etc.).

Council Expenses

No change has been incorporated in the method with which Council expenditures are budgeted. Should Council wish to pursue another model, a detailed analysis should be undertaken, the bylaw will need to be amended and the budget increased. This can occur during 2016.

Bylaw No. 3479 – CSA/Law Courts Building

The City has one (1) debenture debt that is eligible for pay out or to be paid down. When the debenture debt was taken out in 2006 the City established a reserve, setting aside funds annually in an effort to pay down the debt at the ten (10) year anniversary date. The City is now in a position to do so and based on reserve balance, the debenture debt can be paid down by \$335,000.00. Although the City does not have an exact number in terms of the amount of interest costs that the City will save over the next ten (10) years as the debenture is in the process of being refinanced – conservatively, one (1) could easily estimate that this amount could be at least \$90,000.00. The outstanding balance on this debenture loan (inclusive of this pay down) as at 31 December 2016 will be \$509,907.92 (original amount \$1.1 million).

The City has been equally as diligent in retiring other debenture debts early. The City's estimated outstanding debt at December 31, 2016 will be:

• General	\$13,320,727.47
• Water	\$ 9,005,802.65
• Sewer	<u>\$ 3,223,958.91</u>
	\$25,550,489.03

Over the next three (3) years, three (3) debenture debts will mature including those loans for the property acquisition at 921- 17 Ave SW, Shaw Centre and a water infrastructure upgrade which will reduce the City's annual debt repayment by \$623,193.62.

The borrowing limit established pursuant to Provincial Legislation is based on the City's ability to pay. Municipalities are empowered to borrow to a maximum of 25% of revenues. The City's current debt capacity ratio is approximately 43.59% of this prescribed limit. The reality is that there are some City projects that cannot be undertaken unless long term debt is accessed.

The City of Salmon Arm has always utilized a combination of long term debt and reserves to finance projects. This method of financing encompasses both theories of paying today and paying tomorrow. In other words, taxpayers living here today setting aside funds for the taxpayers that will live here in the future and the taxpayers in the future making debenture payments on a debt for those taxpayers who live here today.

The use of long term debt and the accumulation of reserves to undertake certain projects is prudent and a combination of both funding mechanisms is a good strategy to maintain a healthy financial foundation. While long term debt should not be a means to finance all projects, projects with an expenditure threshold of one half million dollars or more should be financed through long term debt or a combination of debt and reserves.

It should be noted that the City has been very diligent in accumulating reserves for specific purposes and in the recent past the City has not borrowed funds to finance any Public Works equipment or Fire Apparatuses (some have been as high as \$425,000.00 for a single piece of equipment). Based on the 2016 Budget, the City will transfer an estimated \$2.8 million dollars to reserves to meet its future financial commitments. However, in this particular year the City will also expend \$2.6 million dollars from reserves.

Solid Waste and Recycling

As previously advised, it was envisioned that the number of units would continue to increase as more users participated in the Solid Waste and Recycling function.

Historical Data:

No. of Users:

	2011	2012	2013	2014	2015
No. of Units	5,966	5,976	6,000	6,067	6,096

As a result of more users participating in the Solid Waste and Recycling function tipping fee costs will increase, slowly eroding (as it should) the surplus in this function. However, it is anticipated that the user fee of \$101.00 is sufficient to absorb the increase in users for a number of years. In 2016, an analysis will be undertaken to review tipping fee tonnage vs. number of users, etc. Note original estimate was \$3.00 per ton.

Tipping Fees Rates:

	2011	2012	2013	2014	2015
Rate Per Unit	\$1.57	\$1.73	\$1.81	\$1.82	\$1.90*

*Estimate

As originally envisioned the number of users that are paying for the service is now increasing (i.e. placing solid waste and recycling at the curbside). As a result the amount of tonnage has increased as follows:

Amount of Tonnage:

	2011	2012	2013	2014	2015
Amount of Tonnage	1,611,980	1,773,945	1,831,305	1,894,000	1,900,000*

*Estimate

It is expected that this amount will continue to rise as more users participate in the service.

Presently there is approximately \$500,000.00 in the Solid Waste and Recycling Reserve to absorb further increases to expenditures associated with the collection of solid waste and recycling and service changes. The reserve will also serve as a contingency plan when and if the MMBC program is phased out or eliminated. The reserve also provides the City with flexibility to address future issues or cost implications without impacting the users in terms of:

- Opportunities to gather user data and establish historical trends for decision-making;
- Full utilization over the next few years which will impact tipping fees;
- Tipping fee increases to projected expenditure levels;
- Contract changes and increases;
- Cushion future cost increases associated with:
 - Conversion of sanitation vehicles from diesel fuel to natural gas;
 - Program expansion to multi-family dwellings in the downtown;
 - Further expansion of the organic yard waste collection;
 - Continued advertising/educational campaign to enhance and promote recycling and reduction of solid waste; and
 - Recycling audit, etc.

Building Services

The 2016 Budget reflects a decrease in building revenues of \$30,000.00 attributed to a projected decrease in building activity.

Transportation Services

Road Allowance Maintenance

This allocation provides for daily unscheduled maintenance and work items not covered by other specifically identified allocations or small jobs not targeted under a major account. It is primarily for work in the untraveled portion of the road allowance between the property line and the back of curb or edge of pavement. The 2016 Budget includes an increase of \$15,000.00 to better reflect the actual costs associated with road allowance maintenance.

Brick Strip - Repairs and Maintenance

The brick strip maintenance program is a new initiative triggered by two (2) recently received IRMC claims. The City's downtown landscape includes extensive use of paving bricks for walking surfaces. This has enhanced the visual appeal of downtown, however, the bricks have a tendency to settle, making the walking surface uneven and in a number of areas creating potential tripping hazards. This could result in increased liability for the City if it is not addressed on an annual basis.

There has never been a regular maintenance program to address the re-leveling of the bricks. The 2016 Budget includes \$10,000.00 to provide for brick strip maintenance.

Ice and Snow Removal/Sanding

The 2016 Budget reflects an increase of \$21,000.00 in ice and snow removal/sanding. As Council is aware the City has been struggling with Ice and Snow Removal costs for the last several years. A number of years ago the City undertook new practices and procedures regarding the utilization of liquid magnesium chloride and salt to improve

winter road conditions and implementation of crew shift scheduling for better winter snow clearing coverage.

While the new practices and procedures have been effective, the escalating costs associated with maintaining this level of service may not be sustainable. It is very likely this allocation will be over budget again in 2015, the Public Works Department is actively reviewing options to address employee shift changes and liquid magnesium chloride/salt application procedures and methods with a view to curtail expenditures while maintaining safety.

Historical Data:

Year	Costs	Year	Costs
2016	\$837,000.00 (Budget)	2005	\$352,498.00
2015	\$814,000.00 (Budget)	2004	\$485,751.00
2014	\$873,501.00	2003	\$448,499.00
2013	\$826,622.00	2002	\$373,985.00
2012	\$765,866.00	2001	\$405,182.00
2011	\$696,694.00	2000	\$434,194.00
2010	\$394,809.00	1999	\$334,536.00
2009	\$693,083.00	1998	\$287,794.00
2008	\$744,762.00	1997	\$282,566.00
2007	\$650,459.00	1996	\$409,713.00
2006	\$578,743.00		

Note: Despite the City's practice and strong resolve to have reserves/contingencies in place for these types of unpredictable expenditures, the City just hasn't been able to keep up. The balance in the Ice and Snow Removal Reserve is approximately \$56,000.00 which will likely be utilized in 2015.

Gravel Pit Remediation

The Gravel Pit Remediation allocation is to provide for works required to maintain the pit in an operational condition. In the past, operations have used the pit as an alternate site to the landfill for disposal of wood waste and as an alternate storage site for non inventory water and sewer pipe, etc. The remediation will provide funding to chip or burn the wood waste, revise egress/access roads into and around the pit, reclaim the site, etc. The 2016 Budget includes \$25,000.00 to provide for Gravel Pit Remediation. This allocation is funded from reserve.

Moutell and Ironside Bridges

Both Moutell and Ironside Bridges require decking and concrete work; each are estimated at \$60,000.00. It is recommended that the Moutell Bridge works be undertaken in 2016 and the Ironside Bridge in 2017.

Moutell and Ironside are small wooden bridges over tributary creeks to the Salmon River that have reached the limit for some structural components. Both require new decks and the Moutell Bridge has a failing wooden cribbing for the bridge abutments. In order to extend the life of both bridges and reduce annual maintenance it is recommended that the concrete decks be replaced. It is important to note that neither

bridge has a secondary access nor can they accommodate a temporary bridge, consequently, repairs will have to be undertaken expediently as there will be no access for fire and police services.

Blackburn Park - Splash/Spray Park

Further to the Rotary of Salmon Arm - Daybreak contribution of \$46,000.00 in 2013 and subsequent contribution of \$54,000.00 in spray/splash equipment (to the supplier); the City is now in a position to undertake this project. The City has accumulated an additional \$150,000.00 (presently in reserve), this amount coupled with the contribution collected by the City from the Smart Centres (via the Phased Development Agreement) of \$105,000.00 equates to the required \$355,000.00 to undertake same. Refer to Specific Referral Item No. 'V'.

Long Term Financial Plan

Thus far into the Long Term Financial Plan (LTFP) adopted by Council on July 7, 2014, the City has undertaken (or will in 2016) the following initiatives outlined in the plan: the early payout of debenture debts (Wharf Reconstruction, Foreshore Walkway, Property Acquisition), undertaken new debenture debt (Blackburn Park Improvements, Foreshore Sanitary Main, New Cemetery), redirected reserves towards new projects (Underpass, 10 Ave SE Road Project), finalized capital project (Jackson Revitalization/Acquisition), implemented user fee increase (Sewer Fund), submission of a Grant Application (Foreshore Sanitary Main) and will undertake new capital projects (Hudson Ave NE).

Pursuant to the LTFP, the Community Works Fund (aka Gas Tax Funds) is fully subscribed (except for approximately \$200,000.00 annually which is allocated in the transportation capital budget) for large scale capital projects (e.g. Jackson Revitalization, Hudson Avenue NE, Underpass and 10 Avenue SW - TCH Frontage Road).

In keeping with the LTFP, the following items have been included in the 2016 Budget.

10 Ave SE Road Project - TCH Frontage Road

The 2016 Budget reflects a transfer to reserve for the 10 Avenue SE Road Project as a measure to prepare the City for the costs associated with same. The funds have been redirected from the repayments that are no longer required for retired debt associated with the Foreshore Waterfront Walkway (\$34,630.00) and its transfer to reserve that was used to retire the debt early (\$25,000.00). The amount being redirected to the 10 Avenue SE Road Project is \$59,630.00 as outlined in the LTFP. It is anticipated that this project will be undertaken in 2020 for \$1.5 million funded by way of Reserves and the Community Works Fund.

Hudson Avenue NE (Ross St - 6 St NE)

The 2016 Budget reflects the commencement of the above noted project in the amount of \$1,575,000.00 funded by way of the Community Works Fund.

Transit Costs

While the 2016 Budget does not include a cost increase to transit services, the City has been apprised of a change in billing practices by BC Transit. Effective (retroactively)

April 1, 2015, BC Transit will be billing the City (monthly) pursuant to the BC Transit budget as opposed to actual costs. In other words, if the transit 'actual' costs are under budget, the City will not see a savings. BC Transit has advised that they will place the funds in a reserve for future years when costs are over budget. In the past, as Council will recall, the City has, when transit costs are 'under budget' placed its savings in a Transit Reserve and held it there for transit purposes. Now the City's funds will be held elsewhere thereby taking Council decision making (and their funds) out of their hands.

Canoe Beach Drive - Rehabilitation - \$300,000.00:

Further to the report regarding the Canoe Beach Drive Roadway Slope Stability Issue presented to Council at the Development and Planning Committee on November 4, 2013, a budget for the design was included in the 2015 Budget. This design, when complete, will provide for three (3) options with preliminary cost estimates allowing staff to develop a plan and establish reserves for this rehabilitation which currently estimated to cost \$300,000.00.

46 Avenue SE (Industrial Park) - Storm Extension - \$490,000.00

To address concerns expressed by property owners in the Industrial Park. There are large impermeable surfaces in addition to large driveways that have been graded away from the uncurbed roadway which in combination with each other result in flooding on several properties along this street, especially during the spring. The installation of storm sewer and curb and gutter will alleviate the majority of the concerns and serve to 'spruce-up' a desirable area of the Industrial Park. The project consists of approximately 250m of storm sewer and 380m of curb and gutter. The design was completed in 2015 and the 2016 budget has been increased by \$40,000.00 to complete the works.

10 Avenue NW - Culvert Replacement - \$360,000.00

This project was identified in the Master Drainage Plan (2006 study) as a short term priority project due to the culvert being significantly undersized (resulting in backwater/upstream flooding) and due to the erosion occurring downstream (channel has been degraded to bedrock). The culvert is in an advanced state of decay. The project consists of replacing the culvert with an adequately sized opening and completing stream restoration. The design was completed in 2015, however the cost estimate was substantially higher than originally anticipated. It is recommended that a reserve be established in 2016 (\$260,000.00 vs. 360,000.00).

Storm Water Management

As Council is aware the City has been working to update its infrastructure master plans (e.g. 2011 - Water Master Plan and 2015 - Sanitary Master Plan). These plans are essential in developing and implementing the City's capital programs to address the City's infrastructure needs in a coordinated and effective manner.

The Storm Water Master Plan is the final plan required for the three (3) major infrastructure systems which service the community and it is estimated to cost upwards of \$120,000.00. It is recognized that in the absence of an integrated and balanced plan, the City is not meeting the drainage needs of residents, businesses and the development community.

In order to fund this final plan, it is recommended that the DCC (Drainage) Establishment Bylaw be updated (approval by the Ministry required) to include the Storm Water Master Plan. In our collective opinion, this Bylaw should have reflected this project as one (1) of the projects that the DCC Drainage Reserve funds. A report with this recommended course of action will be forthcoming to Council.

Shuswap Watershed Water Program

Further to the Council resolution dated May 25, 2015, \$40,000.00 has been allocated in the 2016 Budget - 50% from General Revenue, 25% from Sewer Revenue and 25% from Water Revenue.

Policing

The Police Force budget reflects a nominal increase of \$22,425.00 despite being advised in June, 2015 by E Division of an increase of \$85,752.90. Based on historical data, the detachment has never been at full complement and consequently the budget allocation has been reduced by \$150,000.00 (as per Council past practice). When dealing with scarce dollars it is not prudent to budget for items that likely will not materialize. Obviously, there is a risk with this practice; however, Council has sufficient funds in reserve in the event that the City is billed for nineteen (19) members. In addition, to mitigate the tax increase a transfer from reserve for \$60,000.00 has been included in the 2016 Budget similar to 2015.

Closed Circuit Video Equipment

As indicated in a report to Council dated June 13, 2013, the Salmon Arm RCMP Detachment must redesign and procure new video surveillance recording equipment to meet the criteria as legislated by the Ministry of Public Safety and Solicitor General. The 2016 Budget incorporates costs associated with this upgrade. It is yet to be determined how these costs will be accounted for (i.e. billing from E Division to the City or paid directly by the City). Depending on the accounting approach, the 2016 Budget may require a further amendment.

SASCU Recreation Centre

This function reflects an increase of approximately \$30,000.00 and is attributed to costs associated with life guards and wage costs initiated, in part, by new regulations.

Shaw Centre

This function reflects an increase of approximately \$30,000.00 and while there are fluctuations up and down attributed to various items such as ice usage being down and office expenses being up, the increase is largely attributed to a decrease in rental revenue from the Junior A Hockey Team.

Specific Referrals

Please refer to the Specific Referral Summary to review which allocations have been included in the budget.

Water and Sewer Funds

There is not a notable change in the Water and Sewer Funds with the exception of the Sewer User Fee increase of 2.6% noted above.

The impact of the residential water and sewer user fee increase is:

	2015	2016	Difference
Sewer	\$296.00	\$304.00	\$8.00
Water	\$262.00	\$262.00	\$0.00
	\$558.00	\$566.00	\$8.00
Discount	(\$ 55.80)	(\$ 56.60)	(\$0.80)
Net	\$502.20	\$509.40	\$7.20

The annual increase to a residential user is \$7.20.

Capital Expenditures

For the most part, the Utility Funds are funding approximately one half million dollars in infrastructure upgrades from water/sewer revenues. This reflects that user fees and frontage taxes are not 'only' funding maintenance and debenture payments, but are also contributing to capital infrastructure thus reducing the need to borrow funds for smaller scale upgrades.

PLC & Radio Upgrade (Water and Wastewater Systems)

The City has made a large investment in Modicon Programmable Logic Controller (PLC) equipment over the years and the number of units installed has grown. These units are linked by a UHF Radio System which communicates to the City's Water and Wastewater SCADA operating system. Unfortunately, technology change has caught up to most of the PLC hardware and radio units in both the Water and Sewer Utilities and they are now obsolete to the extent that much of the replacement modules are only available as used items. This upgrade is vital to the operation of our wastewater collection system and will consist of purchasing new radios and PLC equipment, and installation and programming for each of the pump stations, reservoirs and sanitary lift stations.

This upgrade has been included in both Utilities as follows and is funded from reserve:

- \$125,000.00 – Water Revenue Fund
- \$ 55,000.00 – Sewer Revenue Fund

Water and Sanitary Sewer Master Plans

Council has been apprised that the existing LTFP reflects borrowings over the next several years for both Water and Sewer capital upgrades however, with the completion of the Master Plans the LTFP can be updated in a similar fashion to what was done in July, 2014 regarding the Community Works Fund, Reserves, and long range borrowing plan.

The City has been fortunate that it has managed to reduce its debt load substantially over the last several years. This doesn't, however, preclude the fact that a number of capital improvements must take place over the next five (5) to ten (10) years in both the Water and Sewer Utilities.

Mayor Cooper and Members of Council
Memorandum - 2016 Budget
October 30, 2015

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It should be noted that even with the new Foreshore Sanitary Sewer debt, the Sewer Utility's annual debt repayment is still well below 1998 levels (\$442,625.00 vs. \$676,776.00).

Respectfully Submitted,



Monica Dalziel, CMA

Item 3.1b

CITY OF SALMON ARM

Date: November 16, 2015

Moved: Councillor Eliason

Seconded: Councillor Flynn

THAT: the debenture debt authorized under Bylaw No. 3334/3479 (MFA Issue No. 97) be paid down in the amount of \$335,000.00.

Vote Record

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Item 6.

CITY OF SALMON ARM

Date: November 16, 2015

Moved: Councillor Eliason

Seconded: Councillor Wallace Richmond

THAT: the Special Council Meeting of November 16, 2015, be adjourned.

Vote Record

- Carried Unanimously
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