

1. October 21, 2019 Special Council Agenda (Budget)

Documents:

[OCTOBER 21, 2019 BUDGET AGENDA.PDF](#)

AGENDA

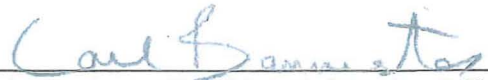
Special Council Meeting

Monday, October 21, 2019

9:00 a.m.

**(following Development & Planning Services
Committee Meeting)**

**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.	PRESENTATIONS
	4.	OTHER BUSINESS
1 – 2	1.	Councillor Lavery - Notice of Motion from August 12, 2019 – Active Transportation Plan: Let's Move Salmon Arm (to be addressed during specific referrals)
3 – 4	2.	Councillor Lavery - Notice of Motion from August 12, 2019 – Food and Urban Agricultural Plan: Let's Grow Salmon Arm (to be addressed during specific referrals)
5 – 6	3.	Councillor Lavery - Notice of Motion from August 12, 2019 – Affordable Housing Reserve (to be addressed during specific referrals)
	5.	CORRESPONDENCE
7 – 8	1.	M. Sinhuber – petition dated October 4, 2019 – Sidewalk south side of 1 st Street NE
9 – 10	2.	C. Allen – email dated October 11, 2019 – 50 Street NE
11 – 12	3.	C. Brown – email dated October 13, 2019 – Paving 45 th Avenue NE
	6.	INTRODUCTION OF BYLAWS
13 – 36	1.	City of Salmon Arm 2020 to 2024 Financial Plan Bylaw No. 4358 (2020 Budget) – First, Second and Third Readings
	7.	IN-CAMERA SESSION
37 – 38	8.	ADJOURNMENT

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Item 4.1

CITY OF SALMON ARM

Date: October 21, 2019

Notice of Motion from August 12, 2019 - Councillor Lavery Active Transportation Plan: Let's Move Salmon Arm

Moved: Councillor Lavery

Seconded: Councillor

WHEREAS there are increasing opportunities and demands for Active Transportation for health, recreational, commuting and environmental reasons;

AND WHEREAS the City relies on the existing but dated Greenway Strategy as a key planning document for improving Active Transportation;

AND WHEREAS an updated comprehensive Active Transportation Plan is the best way for the community to renew a vision along with policies and actions to guide the development of safe, attractive and convenient active transportation options for people of all ages and abilities over the next 20 years:

THEREFORE BE IT RESOLVED THAT twenty thousand dollars (\$20,000.00) be allocated annually over the next 3 years to reserve, starting with the 2020 budget, to leverage potential Active Transportation funding opportunities from higher levels of government and for funding Active Transportation as part of the upcoming OCP review.

Vote Record

- ☐ Carried Unanimously
- ☐ Carried
- ☐ Defeated
- ☐ Defeated Unanimously

Opposed:

- ☐ Harrison
- ☐ Cannon
- ☐ Eliason
- ☐ Flynn
- ☐ Lavery
- ☐ Lindgren
- ☐ Wallace Richmond

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Item 4.2

CITY OF SALMON ARM

Date: October 21, 2019

Notice of Motion from August 12, 2019 - Councillor Lavery Food and Urban Agricultural Plan: Let's Grow Salmon Arm

Moved: Councillor Lavery

Seconded: Councillor

WHEREAS Salmon Arm is an agricultural community that values farmland and food growers and producers as integral to a healthy food system, economy, and culture;

AND WHEREAS a Food and Urban Agricultural Plan would provide Salmon Arm with a coordinated approach for supporting agriculture and improving food security over the next 20 years including farming and food processing as economic drivers, urban agriculture and access to locally grown and produced food:

THEREFORE BE IT RESOLVED THAT ten thousand dollars (\$10,000.00) be allocated annually over the next 3 years to reserve, starting with the 2020 budget, to leverage potential Food and Urban Agricultural Plan funding opportunities from higher levels of government and for funding a Food and Urban Agricultural Plan as part of the upcoming OCP review.

Vote Record

- ☐ Carried Unanimously
 - ☐ Carried
 - ☐ Defeated
 - ☐ Defeated Unanimously
- Opposed:

- ☐ Harrison
- ☐ Cannon
- ☐ Eliason
- ☐ Flynn
- ☐ Lavery
- ☐ Lindgren
- ☐ Wallace Richmond

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Item 4.3

CITY OF SALMON ARM

Date: October 21, 2019

Notice of Motion from August 12, 2019 - Councillor Lavery Affordable Housing Reserve

Moved: Councillor Lavery

Seconded: Councillor

WHEREAS obtaining future affordable housing grants will likely depend on further financial contributions from the city;

AND WHEREAS a Salmon Arm Community Housing Strategy that will highlight policy options for the city to financially support future affordable housing will be developed but not in time for the upcoming 2020 budget process;

THEREFORE BE IT RESOLVED THAT Council add one hundred thousand dollars (\$100,000.00) to the Affordable Housing Reserve in the 2020 fall budget process.

Vote Record

- ☐ Carried Unanimously
 - ☐ Carried
 - ☐ Defeated
 - ☐ Defeated Unanimously
- Opposed:

- ☐ Harrison
- ☐ Cannon
- ☐ Eliason
- ☐ Flynn
- ☐ Lavery
- ☐ Lindgren
- ☐ Wallace Richmond

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Item 5.1

CITY OF SALMON ARM

Date: October 21, 2019

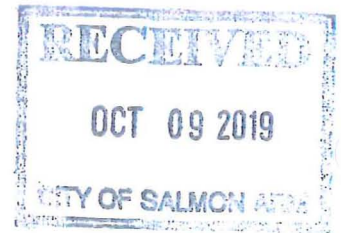
M. Sinhuber – petition dated October 4, 2019 –
Sidewalk south side of 1st Street NE

Vote Record

- ☐ Carried Unanimously
 - ☐ Carried
 - ☐ Defeated
 - ☐ Defeated Unanimously
- Opposed:

- ☐ Harrison
- ☐ Cannon
- ☐ Eliason
- ☐ Flynn
- ☐ Lavery
- ☐ Lindgren
- ☐ Wallace Richmond

October 4, 2019



The Mayor and Council,
City of Salmon Arm,
Salmon Arm, BC.

Dear Mayor and Councilors

Last year I drew your attention to the deplorable state of the sidewalk on the south side of 1st Street, opposite the Catholic Church, asking that consideration be given to replacement. You replied that the budget had been set for that year and further funds were not available.

The present condition constitutes a safety hazard as residents of strata developments in the area - many of them elderly - frequently walk along this block.

I am now asking that consideration be given to replacement in the following year and have asked residents of this block to sign this letter.

Name	Signature	Address
ALLAN Poiralis	<i>[Signature]</i>	191-1 st S.E.
Chris Killaly	<i>[Signature]</i>	191, 1 st SE
Rose Downville	<i>[Signature]</i>	111-1 st SE
Curtis Tehrs	<i>[Signature]</i>	91 1 st SE
JEFF Sawatzky	<i>[Signature]</i>	41-1 st SE.
Jordan Landry	<i>[Signature]</i>	171-1 st SE

Yours truly,

[Signature]

Mary Sinhuber
#8 - 51 8th Avenue SW,
Salmon Arm, BC
V1E 3L9

Item 5.2

CITY OF SALMON ARM

Date: October 21, 2019

C. Allen – email dated October 11, 2019 – 50 Street NE

Vote Record

- ☐ Carried Unanimously
 - ☐ Carried
 - ☐ Defeated
 - ☐ Defeated Unanimously
- Opposed:

- ☐ Harrison
- ☐ Cannon
- ☐ Eliason
- ☐ Flynn
- ☐ Lavery
- ☐ Lindgren
- ☐ Wallace Richmond

From: Collette Allen

Sent: October 11, 2019 8:31 PM

To: Louise Wallace-Richmond

Subject: Canoe

Hello Louise Wallace Richmond,

I am sending this email in regards to 50th St Ne, one of the main streets in Canoe. I feel as a parent with young children (7,5, and 1) that 50th Street would benefit immensely by having speed dips or bumps to force traffic to slow down. Our children are outside a lot playing and also attend North Canoe Elementary and all too often there are people driving without due care and attention. It has become a common occurrence for my husband or myself to see people speeding down our street and there have been many times that my husband has hollered at them to slow down. I feel that speed dips would squash this problem and force traffic to slow down. Our little community is growing and is full of young families. These children are always outside and I would hate to see an accident. We live across the street from the park as well so I always cringe a little when I see kids trying to cross the street especially with multiple vehicles parked on the side of the road. I understand that the snow plows need to be able to maintain the roads in the winter, but there must be some sort of option that would make our community a little safer for our children. Please send this message to the powers that be and hopefully a change can be considered. Thank you for your time.

Collette Allen

Item 5.3

CITY OF SALMON ARM

Date: October 21, 2019

C. Brown – email dated October 13, 2019 – Paving 45th Avenue NE

Vote Record

- ☐ Carried Unanimously
- ☐ Carried
- ☐ Defeated
- ☐ Defeated Unanimously

Opposed:

- ☐ Harrison
- ☐ Cannon
- ☐ Eliason
- ☐ Flynn
- ☐ Lavery
- ☐ Lindgren
- ☐ Wallace Richmond

From: noreply@civicplus.com <noreply@civicplus.com>

Sent: Sunday, October 13, 2019 1:49 PM

To: Alan Harrison Chad Eliason Debbie Cannon Kevin Flynn Louise Wallace-Richmond Sylvia Lindgren Tim Lavery Carl Bannister Erin Jackson

Subject: Online Form Submittal: Mayor and Council

Mayor and Council

First Name Cameron

Last Name Brown

Address: 4131 20th St NE

Return email address: camgbrown@gmail.com

Subject:Paving of 45th Ave NE

Body Mayor and Council,

We have long wondered by only a portion of 45th Ave NE was paved several years ago, and was recently told by a neighbour that there was a push on to get the remainder paved by the city. We would like to put our voices behind any consideration of paving this short section of road - as it would improve ease of access to our neighbourhood from 30th. Thanks for considering!

Cam Brown

Would you like a response: No

Disclaimer

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Item 6.1

CITY OF SALMON ARM

Date: October 21, 2019

Moved: Councillor

Seconded: Councillor

THAT: the bylaw entitled City of Salmon Arm 2020 to 2024 Financial Plan Bylaw No. 4358 be read a first, second and third time.

Vote Record

- ☐ Carried Unanimously
- ☐ Carried
- ☐ Defeated
- ☐ Defeated Unanimously

Opposed:

- ☐ Harrison
- ☐ Cannon
- ☐ Eliason
- ☐ Flynn
- ☐ Lavery
- ☐ Lindgren
- ☐ Wallace Richmond

Date: October 9, 2019
 To: Mayor Harrison and Members of Council
 From: Chelsea Van de Cappelle, Chief Financial Officer
 Subject: 2020 Budget

Recommendation

THAT: Bylaw No. 4358 cited as "City of Salmon Arm 2020 to 2024 Financial Plan Bylaw No. 4358" be given 3 readings.

Background

The 2020 Budget reflects a 4.6% tax increase and a 2% new growth factor (Note: the new growth factor may be overly optimistic based on last year's (2019) building permit statistics). New growth is based on the previous year's development to October 31st.

Summarized below is the impact of a 4.6% tax increase for each multiple of \$100,000.00 of assessed value:

- Residential - \$18.11
- Business - \$51.10

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. An 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 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.

Historical Growth Rates:

Year	Rate	Year	Rate	Year	Rate
2019	2.01%	-	-	-	-
2018	2.15%	2012	1.53%	2006	2.80%
2017	1.91%	2011	1.20%	2005	3.06%
2016	2.07%	2010	0.20%	2004	2.38%
2015	1.24%	2009	2.53%	2003	1.30%
2014	2.33%	2008	3.66%	2002	4.04%
2013	2.32%	2007	3.64%	2001	1.55%

The 2020 Budget also includes a 2% increase in Water and Sewer User Fees as approved by Council in November 2018. It should be noted, however, that the 2020 Budget does not reflect an increase to the Water and Sewer Frontage Taxes. Similarly, the Transportation Parcel Tax and the Solid Waste Recycling levies remain unchanged.

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

Wages and Benefits

The 2020 Budget contains changes relative to exempt staff salaries, CUPE wages and benefits. As this issue has staffing and collective bargaining implications - staff will review this component "In-Camera" with Council, if necessary.

Debenture Debt

The 2020 Budget reflects the costs of borrowing for the following debentures as approved by Council in 2019.

- | | |
|---------------------------|-------------------------------------|
| • Ross Street Underpass | \$5,300,000.00 – General Fund |
| • Airport Taxiway Charlie | <u>\$ 845,000.00</u> – General Fund |
| | \$6,145,000.00 |

The Ross Street Underpass debenture was funded by redirecting the annual debt servicing costs of the Shaw Centre debenture, which was retired in 2019. The Airport Taxiway Charlie debt servicing cost in 2020 represents a half-year interest payment, funded by reduced interest costs associated with the 20/21 Street Underpass debenture.

The 2020 Budget recommends the borrowing of the following (provided in more detail in the respective section below):

- | | |
|--------------------------|------------------------------------|
| • Zone 2 Booster Station | <u>\$1,700,000.00</u> – Water Fund |
|--------------------------|------------------------------------|

The repayment of this debt can be absorbed within the existing budget if approved by Council. A staff report, including the Loan Authorization Bylaw, will be forthcoming to Council in 2020 and will outline the public assent process that must be undertaken prior to this project commencing.

As cited in previous reports to Council 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 generally be financed through long-term debt or a combination of debt and reserves.

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 40.53% of this prescribed limit. The reality is that there are some City projects that cannot be undertaken unless long-term debt is accessed.

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 (including a proposed new Fire Ladder Truck in 2020 estimated to cost \$1.5 million).

The City has been equally as diligent in retiring its debenture debt early. The City's outstanding debt at December 31, 2018 was:

• General	\$12,123,766.58
• Water	\$ 7,681,876.31
• Sewer	\$ <u>2,602,130.33</u>
	\$22,407,773.22

Note: The above noted figures do not include new debentures (2019) or proposed debts that may or may not be undertaken.

Over the next four (4) years, three (3) debenture debts will mature including those loans for the Fire Hall and Little Mountain Sports Complex, drainage improvements and sewer infrastructure upgrades which will reduce the City's annual debt repayments by \$334,615.00.

Solid Waste and Recycling

The 2020 Budget reflects a user fee levy of \$101.00 (no change from 2019) and the estimated number of residential users is 6,530.

The City has been working in partnership with Recycle BC (formerly Multi-Materials British Columbia) regarding the collection of residential packaging and printed-paper. The City entered into a new Statement of Work (SOW) wherein the City committed to the elimination of single-use plastic bags for recycling collection by 2020. As a result of this change, the financial incentives offered by Recycle BC overall have increased. In accordance with the SOW, the financial incentives received must be used to offset the costs of the recycling program.

As Council is aware, the City introduced Food Waste Collection in July of 2019. The program has been running successfully and as expected, the City has seen a reduction in garbage tonnage taken to the landfill. However, as the program has only been running for a couple of months it is difficult to anticipate future tonnage of garbage and food waste and associated tipping fees.

Historical Data:

No. of Users:

	2015	2016	2017	2018	2019
No. of Units	6,096	6,157	6,297	6,393	6,530

As a result of more users participating in the Solid Waste and Recycling function tipping fee costs will increase.

Tipping Fees Rates (Rate Per Unit):

	2015	2016	2017	2018	2019
Garbage	\$1.87	\$1.93	\$2.14	\$2.28	\$2.50*
Food Waste	-	-	-	-	\$1.50*

*2019 Budget Estimate

As envisioned, the number of users that are paying for the service is increasing. As a result, the amount of tonnage has increased as follows:

Amount of Tonnage:

	2015	2016	2017	2018	2019
Garbage	1,958,025	2,035,865	2,138,835	2,184,690	1,949,940*
Food Waste	-	-	-	-	72,270*

*Year-end Estimate

Presently, the 2020 budget proposes a reduction in the garbage tipping fee to \$2.30 per unit and an increase to the food waste tipping fee to \$1.90 per unit. The reduction in the garbage tipping rate is the result of reduced tonnage, while considering actual number of users. The food waste tipping rate has been adjusted to reflect tonnage and tipping data collected to date and projected for a full year. The net result is an anticipated increase in tipping fees of approximately \$78,000.00.

In addition, the budget reflects actual curbside collection contract costs effective July 1, 2019, an increase of \$62,000.00. The bi-annual curbside Organic Yard Waste Collection Program (half-year cost of \$10,000.00) has been built into the new curbside collection contract, resulting in a net increase of \$52,000.00. Additional savings in student help for user education (\$8,400) and advertising and promotion (\$5,500) have further offset the increased contract costs. However, as a whole the Solid Waste and Recycling function is projecting a deficit in 2020 resulting in a transfer from reserve of \$156,260.00.

As advised during the 2019 Budget process, it was projected that the Solid Waste and Recycling Levy would be reduced from \$101.00 to \$98.35 in 2020 pending any other function costs, similar to the reductions in 2015 (\$22.20) and 2016 (\$11.30). Given the uncertainty of the actual costs associated with the solid and food waste components and the anticipated function deficit and corresponding transfer from reserve, the levy has not been reduced at this time.

The estimated balance in the Solid Waste and Recycling Reserve is approximately \$312,000.00; although the actual costs associated with the purchase of food waste and recycling bins in 2019 has resulted in anticipated savings of approximately \$180,000.00.

The reserve was established as a result of surpluses within the Solid Waste and Recycling function. The intent of the reserve is to absorb further increases to expenditures associated with the collection of solid waste and recycling and service changes. The reserve also serves as a contingency plan when and if the Recycle BC 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;
- 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;
 - 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.

Protective Services – Law Enforcement

The primary focus of Bylaw Enforcement since inception has been managing parking and traffic violations. With the City's growth nearing 20,000 citizens, the volume of bylaw violations and complaints have increased and so has the complexity of complaints and expectations by the community for the City to handle a wider array of issues and bylaw infractions. The present focus of the Bylaw Enforcement Officer is somewhat narrow and challenged to effectively manage a growing list of regulations and expectations (e.g. irrigation/sprinkling, panhandling, smoking in parks, camping in parks, pesticide use, zoning, land use, unsightly premise complaints, unlawful secondary suites, chickens, noise and other nuisance complaints). Other bylaws potentially on the horizon, such as the regulation of vacation rentals, will only add to this list and strain.

The current Bylaw Enforcement position has been augmented by a part-time summer student position since 2000. While animal control continues to be contracted (Commissionaires), when looking at other communities, such as Penticton with eight (8) Bylaw Enforcement positions for a population of 40,000, it becomes clearer that Salmon Arm is lacking in this department. At this time, the 2020 budget does not include an allocation for an additional Bylaw Enforcement Officer in an effort to minimize the tax increase and further evaluate staffing needs.

Economic Development Services

The Salmon Arm Economic Development Society (SAEDS) Board is recommending an increase of approximately \$90,000.00 to the 2020 budget to address additional staffing requirements and project funding. The requested increase has not been included at this time to better address core services at the City.

Fire Protective Services

The Fire Services budget essentially reflects the same level of service with the overall increase of \$68,000 attributed to the Training budget.

The Capital Budget proposes to replace Unit No. 221 – 1996 Spartan Aerial Ladder Fire Truck in 2020/2021 for an estimated \$1.5 million pursuant to the Fire Truck Replacement Schedule.

The most recent Fire Underwriters Survey (2016) recommended the replacement of the Ladder Truck in 2021, when the unit will be 25 years of age. Fire Underwriters Survey TM (Fire Underwriters) is a national organization administered by OPTA Information Intelligence, formerly CGI Insurance Business Services, formerly the Insurers' Advisory Organization and Canadian Underwriters Association. They provide data on public fire protection for fire insurance statistical work and underwriting purposes of subscribing insurance companies. Subscribers of Fire Underwriters represent approximately 85% of the private sector property and casualty insurers in Canada.

Essentially, Fire Underwriters grade communities in their fire suppression abilities. The grade a community is given affects how much property owners pay for fire insurance on their building/structures/homes. The grading scale is one (1) through ten (10) with one (1) being the highest. Fire Underwriters advise that Fire Engines on the front line must be less than twenty (20) years of age and each year following decreases its service value until twenty-five (25) years of age after which no value is assigned for fire insurance grading purposes. Each year that the value decreases results in a higher fire rating and increased costs for fire insurance.

Following the Request for Proposal and evaluation process (which will be brought back to Council for approval), it will take at least one (1) year for the new apparatus to arrive. The 2020 budget includes an allocation of \$500,000.00 funded from the Fire Emergency Apparatus Reserve for the order and purchase of the cab and chassis.

The budget includes a transfer to the Fire Emergency Apparatus Reserve of \$205,000.00 (estimated 2020 balance - \$1,290,000.00) and the Fire Buildings and Equipment Reserve of \$40,000.00 (estimated 2020 balance - \$275,000.00). The remaining cost of \$1 million will be included in the 2021 budget. However if required in 2020, there are sufficient funds between the two reserves to account for this purchase.

It should be noted, even with the annual reserve allocation noted above; the Fire Emergency Apparatus Reserve is still underfunded.

Police Services

Overall, the Police Services budget reflects an increase of \$327,000.00. The Police budget has consistently over the past years, been a prominent factor behind the tax increase and this year is no exception. As outlined by E Division (report to Council June 2019), the Police Force budget projects an increase of \$86,565.00 which is largely attributed to increases in wages (reflecting ongoing contract negotiations), training, fuel, furniture, fixtures and equipment. The budget increase was offset by a reduction in division administration costs related to severance accumulation. As a result, the 2020/2021 budget no longer includes a provision for severance accumulation (under negotiation with the Federal Government) and is estimated by E Division to be approximately \$20,000.00. The City's budget includes a transfer to the RCMP Operating Reserve of \$20,000.00 to address this un-budgeted cost.

Based on historical data, the detachment has never been at full complement and consequently the budget allocation has been reduced by \$88,000.00 (as per Council past practice). When dealing with scarce dollars it is not prudent to budget for items that likely will not materialize. There is a risk with this practice; however, Council has sufficient funds in the Special Investigations Reserve (Balance \$131,000.00) to cover the shortfall in the event that the City is billed for nineteen (19) members.

In the past, to mitigate the tax increase, a transfer from the Police Operating Reserve was included to help soften and phase increasing Police Force costs. However as RCMP retroactive wages have not been included in E Divisions budget, this transfer was eliminated in 2020 (2019 - \$50,000.00). The City currently has sufficient funding to address retroactive pay for 2017 and 2018 based on E Divisions estimates and intends to allocate any policing cost savings and additional funding to reserve during the 2019 yearend process.

Also included for consideration, is the cost associated with adding an additional Municipal RCMP member estimated to be approximately \$185,000.00. Previous increases to Municipal RCMP staffing occurred in 2006 (16 to 17 members) and in 2009 (17 to 19 members).

The Capital Budget reflects that two (2) vehicles are scheduled for replacement in 2020, funded from reserve.

Building Services

The 2020 Budget reflects a decrease in building revenues of \$30,000.00 attributed to a projected decrease in building activity.

Transportation Services

Operation and Maintenance

The increases to the Transportation Services budget are as a result of a number of factors such as:

- Administration Revenue – (\$82,950.00) – Attributed to reduced costs associated with shared administration, assessments and studies and capital of the public works function;
- Bridges and Crossings - \$35,000.00 – Attributed to CP Rail grade crossing rehabilitation requirements;
- Street Lighting - \$10,000.00 – Attributed to increasing hydro costs;
- Assessments and Studies – (\$40,000.00) – Attributed to reduced allocation;
- Long-Term Debt – \$276,400.00 (net) – Attributed to principal and interest repayments on the Ross Street Underpass debenture (\$323,400.00) less interest savings on the 20/21 Street Underpass debenture (\$47,000.00);
- Reserves – (\$16,000.00) (net) – Attributed to decreased allocation to the Drainage reserve (\$1,000.00) and elimination of the allocation to the Ironside Bridge Upgrade (\$15,000.00); and
- Capital – \$579,500.00 – To address priority projects, discussed below.

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. A large portion of projects that the City has undertaken in recent years were funded from the Community Works Fund (e.g. Gas Tax), which is fully subscribed under the LTFP or reserves which have a limited life and are utilized quickly. It is strongly recommended that this budget be increased to better reflect the needs of the community. That said, the 2020 budget allocation reflects an increase of approximately \$566,500.00.

Based on past budget requests and actual expenditures it was recommended 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). The Pavement Management System, which refers largely to roads and asphaltic overlays, recommends an annual allocation of \$2.7 million (\$2.5 million increased based on BC CPI) to improve its network rating, which is currently on the low side of a “poor” rating. The Transportation Parcel Tax, which funds the current Asphaltic Overlays program, was increased in 2019 to \$150.00 per parcel to assist with the funding deficit. While the increase did provide additional revenues, it is still significantly below the recommended level to maintain or improve the City’s road network. It is proposed to phase in the required increases and, as a result, the 2020 budget includes an additional allocation of \$200,000.00 towards this program.

Historical funding from General Revenue (net of Transportation Parcel Tax Funding):

- 2016 – \$467,000.00
- 2017 – \$813,000.00
- 2018 – \$499,000.00
- 2019 – \$503,000.00 (Budget)
- 2020 – \$1,069,500.00 (Proposed Budget)

Machinery & Equipment – Public Works

Similar to the last couple of years, the proposed budget includes the purchase of one (1) Hybrid SUV to replace Unit No. 62, funded by the Equipment Replacement Reserve (\$35,000.00) and contribution from the Climate Action Reserve (\$10,000.00) to account for the 'green' component.

Downtown Parking

In keeping with the Long Term Financial Plan (LTFP), the budget proposes to decrease the Specified Area Tax Levy while increasing the General Revenue funding for this function.

The Downtown Parking Commission Meeting Minutes of October 9, 2018 recommended that a reserve transfer of \$100,000.00 be included in the 2019 Budget for the purchase of new downtown parking metering technology and that the technology be implemented in the spring of 2020. The modernized equipment offers convenience by allowing users to pay with credit/debit and smart phone apps. In addition, the equipment can streamline the monitoring, administration and enforcement of parking control; however the cost to purchase these meters is significant. Unfortunately, 2019 in particular presented a number of challenges with increasing uncontrollable costs and as a result the 2019 budget did not reflect a transfer for this project. An allocation of \$10,000.00 has been included in the 2020 budget.

In addition, the Capital Budget includes an allocation of \$20,000.00 to purchase a new ticket machine for Marine Park as the current machine has reached the end of its useful life.

Airport Services

The Shuswap Regional (Salmon Arm) Airport function largely reflects regular operations. As per the CSRD Establishment Bylaw, their contributions towards the Airport are exclusive of capital. As such, the proposed Diesel Fuel Tank cost (\$15,000.00) is to be born by the City. Further, there is a reduction in capital expenses from 2019 equal to \$35,000.00.

Cemetery Services

The Mt. Ida Cemetery function reflects a decrease in revenue of \$26,400.00 attributed to a reduction in the number of interment plots available and reduced demand now that the Shuswap Memorial Cemetery is open.

The Shuswap Memorial Cemetery reflects an increase in revenue of \$63,600.00 attributed to increased sales/demand and increased services. The 2020 budget includes a 2.5% increase in Cemetery Fees as approved by Council in July 2019.

Park Services

The Park Services budget essentially reflects the same level of service with the overall increase of \$134,000.00 attributed to an increase in Major Maintenance (\$13,750.00) and Capital projects (\$92,000.00), both of which were reduced in the prior year in an effort to minimize the tax increase. In addition, in accordance with the Long Term Financial Plan, the transfer to the West Bay Connector Trail Reserve has increased by \$55,645.00 due to net savings from the retirement of the Shaw Centre debenture debt.

Greenways

The Greenways Committee has recommended that \$69,000.00 be included in the 2020 Budget as follows:

• South Canoe Trail Parking – Phase 2	\$40,000.00
• Signage – Global	8,000.00
• Shuswap Memorial Cemetery – Bike Loop	15,000.00
• South Canoe Trail Bike Wash – Ph. 1 Water Service	<u>6,000.00</u>
	\$69,000.00

Given the constraints on funding in the 2020 Budget, this amount has been reduced to \$48,000.00 thereby eliminating \$21,000.00 for the Shuswap Memorial Cemetery Bike Loop and South Canoe Trail Bike Wash – Ph. 1 Water Service allocation. The installation costs associated with the Bike Wash have not been requested or estimated at this time.

Recreation Centre

The Recreation Centre function reflects a nominal net increase and the operating budget has increased by approximately \$32,000.00. While there are fluctuations up and down attributed to various items such as increased rentals, program revenues and increased maintenance costs; the increase is largely related to Major Maintenance related expenditures (\$22,800.00), which have been off-set by a transfer from the Recreation Centre Operating Reserve in the amount of \$15,500.00. Such expenditures include the purchase of meeting room chairs (\$8,000.00) and refinishing the auditorium floor (\$7,500.00).

In May of 2019, Council supported, in principal, the Salmon Arm Recreation Campus Redevelopment Feasibility Study prepared by HCMA Architecture + Design. This report produced a building program and concept options that could be used to make decisions for future progression of this project. The next step to consider is the completion of a Pre-Design and Schematic Design, estimated to cost approximately \$300,000.00. In anticipation of these costs, \$50,000.00 has been transferred to the Recreation Amenities Reserve, funded as follows:

- Transfer to the Recreation Centre Major Maintenance Reserve of \$55,000.00 has been reduced by \$30,000.00 and redirected to the Recreation Amenities Reserve; and
- Transfer to the Civic Building Major Maintenance Reserve of \$20,000.00 has been redirected to the Recreation Amenities Reserve.

Shaw Centre

The Shaw Centre function reflects a decrease of approximately \$275,000.00 and is largely attributed to the retirement of the Shaw Centre debenture debt (\$305,500.00). The total annual debt-servicing costs have been redirected to the repayment of the Ross Street Underpass debenture debt (\$323,400.00) and the West Bay Connector Trail Reserve (\$55,645.00).

The 2020 operating budget has increased by approximately \$37,000.00 and is attributed to a reduction in special events (\$34,000.00) and increased administrative wages (\$16,000.00), off-set by reduced financing costs related to a mortgage payout (\$13,000.00).

In accordance with Technical Safety BC, the 2020 budget includes an allocation to replace the chillers at the arena for an estimated cost of \$500,000.00. This project is proposed to be funded from the Shaw Centre Major Maintenance Reserve (\$300,000.00) – estimated balance \$390,000.00, the Shaw Centre Operating Reserve (\$135,000.00) – estimated balance \$232,000.00 and by redirecting annual reserve fund contributions of \$65,000.00.

Long Term Financial Plan

Council has been apprised that many of the initiatives contained in the Long Term Financial Plan (LTFP) adopted by Council on March 26, 2018, have been implemented into the Financial Plan including the early payout of debenture debts, undertaking new debenture debts, redirecting reserves towards new projects, completing major capital works, etc.

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. Lakeshore Road Slope Stabilization Design, Shuswap Street East Side and 23 Street NE Sidewalk, Curb and Gutter).

Reserves

The budget includes the reallocation of several reserves as a result of projects being complete or no longer required:

- RCMP Building – Genset - \$15,700.00 – Project is no longer required and funds have been reallocated to the RCMP Building Major Maintenance Reserve;
- Transportation – Agricultural Ditching - \$91,000.00 – Reserve is the result of surplus operational funds. The operational allocation is sufficient to address the program needs, therefore these funds have been reallocated to the Drainage Reserve to address future drainage projects and unforeseen costs (i.e. spring freshet); and
- Ironside Bridge Upgrade - \$30,000.00 – Project was completed, funds have been used to offset the increase in the Transportation Capital budget.

Specific Referrals

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

Water and Sewer Funds

As noted above both the Water and Sewer Funds reflect an increase of 2% to address increasing costs pertaining to labour, equipment and materials; maintain reserves and adequate annual capital upgrades. The City has been a very good steward regarding user fee increases and as a result they have been infrequent. For the most part increases have been absorbed as a result of development and reducing reserve allocations.

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

	2019	2020	Difference
Sewer	\$308.55	\$314.70	\$6.15
Water	<u>\$275.20</u>	<u>\$280.70</u>	<u>\$5.50</u>
	\$583.75	\$595.40	\$11.65
Discount	<u>(\$ 58.38)</u>	<u>(\$ 59.54)</u>	<u>(\$1.16)</u>
Net	\$525.37	\$535.86	\$10.49

The annual increase to a residential user is \$10.49 in 2020.

The increase in user fees will result in new water and sewer revenue of approximately \$50,145.00 and \$43,590.00 respectively.

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.

Water Fund

Zone 2 Booster Station

The Zone 2 Booster Station, located at Canoe Beach, is one of two main boosters that feeds the treated water from the Water Treatment Plant into the water system. It is essential to providing sustained water flows to the vast majority of Salmon Arm. As identified in 2019, the Zone 2 Booster Station has reached it's anticipated useful life span and is subject to failure under multiple modes such as outdated MCC (support and parts no longer available), flooding, age related failure and most concerning to staff, corrosion of the external piping which could lead to substantial service outages (months). Through the Asset Management Risk Evaluation process, the Zone 2 Booster was considered to be a "Very High" risk with immediate corrective action required.

The Zone 2 Booster Station upgrade has been included in the 2020 budget estimated at \$2 million of which it is proposed to borrow \$1.7 million. As discussed above, the repayment of this debt can be absorbed within the existing budget if approved by Council. A staff report, including the Loan Authorization Bylaw, will be forthcoming to Council in 2020 and will outline the public assent process that must be undertaken prior to this project commencing.

Future Capital Expenditures

Over the past several years, staff have been reviewing the ages and condition of the City's water mains in conjunction with an Asset Management Plan. Portions of the City's water system are nearing or have surpassed their expected lifespan, which may require some large expenditures in renewal/replacement projects in the future. The estimates below are based on \$350.00 per meter pro-rated from a detailed cost estimate of the Trans Canada Highway East project.

Date Range	Pre 1950	1951 – 1955	1956 – 1960	1961 – 1965	1966 - 1970
Kilometers	6.4	3.0	6.6	8.0	30.0
Est. \$ Million	\$2.2	\$1.0	\$2.3	\$2.8	\$10.5

The City's Water Master Plan was completed in 2010. Some significant future projects of note are listed below:

- Trans Canada Highway East (from 20 Ave NE to 50 St NE), installed in 1949, 3.8 kilometers in length and replacement cost is estimated at \$1.5 million dollars – A reserve has been established with an allocation of \$25,000.00 in 2020;
- Highway 97B from Countryside Mobile Park to 20 Ave SE, installed between 1948 and 1962 is 1.9 kilometers in length and replacement cost is estimated at \$1.5 million dollars;
- Foothills Road from 10 Ave SE and 10 St SW, installed in 1955 and 1.3 kilometers in length and replacement cost is estimated at \$1.35 million;
- Zone 5 Booster Station relocation and reconstruction, estimated construction cost at \$5 million dollars; and
- Zone 2 Reservoir Reconstruction, estimated construction cost at \$1 million.

As a result, \$140,000.00 has been transferred to the Water Major Maintenance Reserve Fund in 2020.

Sewer Fund

WPCC Stage IV Upgrade – Detailed Design

The WPCC is quickly reaching its design capacity of 15,000 people with the most recent study indicating capacity will be reached in 2020, after which a deterioration in effluent quality can be expected. Planning for the Stage IV Upgrade has been ongoing; currently a site selection study is underway, as committed to in the City's Liquid Waste Management Plan. The study, which will contain a heavy public input component, will determine the location of the future plant expansion and is expected to be complete in the early spring of 2020. Once the location is confirmed, the detailed design is the next step towards the plant expansion. Timely completion of the detailed design is necessary to expedite the completion of the expansion and avoid issues due to effluent quality.

The WPCC IV Upgrade – Detailed Design has been included in the 2020 budget estimated at \$600,000.00 and is proposed to be funded by a combination of sewer revenue and reserve accounts.

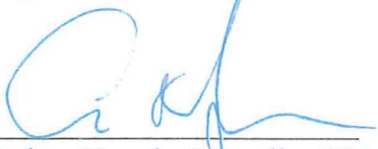
Future Sewer Capital Expenditures

The City completed its Sanitary Sewer Master Plan in 2016, as part of this process a risk evaluation was completed on the City's 125 km of sanitary sewer mains. Findings estimate that 1,200 metres of clay tile pipe will have exceeded its useful life in 2034. In addition, promoted by growth, the City may need to address system capacity constraints resulting in capital upgrades to gravity mains, pump stations and forcemains, etc. As a result, \$120,000.00 has been transferred to the Sewer Major Maintenance Reserve Fund in 2020.

Some significant future projects of note are listed below:

- Water Pollution Control Centre - Stage IV Upgrade, very preliminary estimated construction cost of \$37 million; and
- Foreshore Main - Stage 2 (of 4), estimated construction cost at \$3.7 million.

Respectfully Submitted,



Chelsea Van de Cappelle, CPA

CITY OF SALMON ARM

BYLAW NO. 4358A bylaw respecting the 2020 to 2024 Financial Plan

WHEREAS in accordance with the provisions of Section 165 of the Community Charter, the Council is required, by bylaw, to adopt a financial plan for the period of at least five years;

NOW THEREFORE the Council of the City of Salmon Arm, in the Province of British Columbia, in an open meeting assembled, hereby enacts as follows:

1. "Schedule "A" attached hereto, and forming part of the bylaw is hereby declared to be the 2020 to 2024 Financial Plan of the City of Salmon Arm.

2. SEVERABILITY

If any part, section, sub-section, clause of this bylaw for any reason is held to be invalid by the decisions of a Court of competent jurisdiction, the invalid portion shall be severed and the decisions that it is invalid shall not affect the validity of the remaining portions of this bylaw.

3. ENACTMENT

Any enactment referred to herein is a reference to an enactment of British Columbia and regulations thereto as amended, revised, consolidated or replaced from time to time.

4. EFFECTIVE DATE

This bylaw shall come into full force and effect upon adoption of same.

5. CITATION

This bylaw may be cited for all purposes as "City of Salmon Arm 2020 to 2024 Financial Plan Amendment Bylaw No. 4358".

READ A FIRST TIME THIS DAY OF 2019

READ A SECOND TIME THIS DAY OF 2019

READ A THIRD TIME THIS DAY OF 2019

ADOPTED BY COUNCIL THIS DAY OF 2019

MAYOR

CORPORATE OFFICER

Schedule "A" - Bylaw #4358

City of Salmon Arm

2020 - 2024 Financial Plan

	2020 Budget	2021 Budget	2022 Budget	2023 Budget	2024 Budget
Consolidated Revenues					
Property and MRDT Taxes - Net	\$20,159,765	\$20,562,960	\$ 20,974,219	\$ 21,393,703	\$ 21,821,577
Frontage & Parcel Taxes	3,631,450	3,704,079	3,778,161	3,853,724	3,930,798
Sales of Service	8,321,865	8,488,302	8,658,068	8,831,229	9,007,854
Revenue From Own Sources	2,500,730	2,550,745	2,601,760	2,653,795	2,706,871
Rentals	789,815	805,611	821,723	838,157	854,920
Federal Government Transfers	-	-	-	-	-
Provincial Government Transfers	343,100	349,962	356,961	364,100	371,382
Other Government Transfers	218,980	223,360	227,827	232,384	237,032
Transfer From Prior Year Surplus	508,655	518,828	529,205	539,789	550,585
Transfer From Reserve Accounts	883,645	901,318	919,344	937,731	956,486
Transfer From Reserve Funds	-	-	-	-	-
Total Consolidated Revenues	\$37,358,005	\$38,105,165	\$ 38,867,268	\$ 39,644,612	\$ 40,437,505
Consolidated Expenditures					
General Government Services	\$ 3,697,260	\$ 3,771,205	\$ 3,846,629	\$ 3,923,562	\$ 4,002,033
Protective Services	6,063,340	6,184,607	6,308,299	6,434,465	6,563,154
Transportation Services	5,575,145	5,686,648	5,800,381	5,916,389	6,034,717
Environmental Health Services	67,872	69,229	70,614	72,026	73,467
Environmental Development Service	2,745,630	2,800,543	2,856,554	2,913,685	2,971,959
Recreation and Cultural Services	4,532,305	4,622,951	4,715,410	4,809,718	4,905,912
Fiscal Services - Interest	1,434,243	1,462,928	1,492,187	1,522,031	1,552,472
Fiscal Services - Principal	1,162,910	1,186,168	1,209,891	1,234,089	1,258,771
Capital Expenditures	3,964,730	2,943,280	2,332,092	3,034,371	2,929,967
Transfer to Surplus	-	-	-	-	-
Transfer to Reserve Accounts	2,435,520	3,584,975	4,326,728	3,757,623	3,997,867
Transfer to Reserve Funds	1,195,200	1,219,104	1,243,486	1,268,356	1,293,723
Water Services	2,447,650	2,496,603	2,546,535	2,597,466	2,649,415
Sewer Services	2,036,200	2,076,924	2,118,462	2,160,831	2,204,048
Total Consolidated Expenditures	\$37,358,005	\$38,105,165	\$ 38,867,268	\$ 39,644,612	\$ 40,437,505

Schedule "A" - Bylaw #4358

City of Salmon Arm

2020 - 2024 Financial Plan

Capital Projects

Finances Acquired

	2020 Budget	2021 Budget	2022 Budget	2023 Budget	2024 Budget
General Operating Fund	\$ 2,584,730	\$ 1,953,280	\$ 1,305,092	\$ 1,959,371	\$ 1,954,967
Water Operating Fund	670,000	490,000	500,000	500,000	800,000
Sewer Operating Fund	710,000	500,000	527,000	575,000	175,000
Federal Government Grants	2,169,000	-	-	-	-
Provincial Government Grants	2,264,000	-	-	-	-
Prior Year Surplus	50,000	510,000	-	-	-
Reserve Accounts	5,066,380	690,000	15,000	340,000	1,200,000
Reserve Funds	2,289,500	2,808,750	710,000	550,000	1,122,000
Development Cost Charges	604,000	2,307,500	3,335,000	3,445,000	3,373,000
Short Term Debt	-	-	-	-	-
Long Term Debt	7,845,000	-	-	-	500,000
Developer Contributions	1,177,000	40,000	44,000	40,000	40,000
Total Funding Sources	\$ 25,429,610	\$ 9,299,530	\$ 6,436,092	\$ 7,409,371	\$ 9,164,967

Finances Applied

Transportation Infrastructure	\$ 16,532,335	\$ 4,222,000	\$ 3,622,000	\$ 3,619,500	\$ 5,219,500
Buildings	356,970	197,000	144,000	458,500	140,000
Land	-	-	-	300,000	-
IT Infrastructure	97,600	721,500	55,000	65,000	185,000
Machinery and Equipment	1,657,500	1,192,780	513,092	443,871	397,967
Vehicles	655,000	35,000	-	-	-
Parks Infrastructure	1,166,395	966,250	260,000	262,500	782,500
Utility Infrastructure	4,963,810	1,965,000	1,842,000	2,260,000	2,440,000
Total Capital Expense	\$ 25,429,610	\$ 9,299,530	\$ 6,436,092	\$ 7,409,371	\$ 9,164,967

Departmental Summary:

	2020 Budget	2021 Budget	2022 Budget	2023 Budget	2024 Budget
General Government Services	\$ 40,970	\$ 193,500	\$ 122,500	\$ 138,500	\$ 208,500
Protective Services	956,000	805,000	140,000	55,000	55,000
Transportation Services	17,481,835	4,523,500	3,918,500	4,233,500	5,518,500
Environmental Health Services	66,660	2,500	2,500	327,500	27,500
Environmental Development Services	-	-	-	-	-
Recreation and Cultural Services	1,700,335	1,235,030	335,592	319,871	840,467
Water Services	3,509,000	2,040,000	1,390,000	1,760,000	2,340,000
Sewer Services	1,674,810	500,000	527,000	575,000	175,000
Total by Department	\$ 25,429,610	\$ 9,299,530	\$ 6,436,092	\$ 7,409,371	\$ 9,164,967

04/10/2019

2020-2024 FP Bylaw (Cap)

Schedule "B" – Bylaw #4358
2020 Revenue Policy Disclosure

1. Table One (1) reflects the proportion of total revenue proposed to be raised from each funding source in 2020. Property taxes form the greatest proportion of revenue of the City. The first column details the proposed percentage of revenue including Conditional Government Transfers and the second column shows the proposed percentage of revenue excluding Conditional Government Transfers. Conditional Government Transfers are funds provided by other levels of government or government agencies to fund specific projects. The absence of this funding would result in an increase to property taxes, debt borrowing or funding from reserves or other sources (ie. developers, donations, etc.) or result in the project not being undertaken.

The City collects three (3) types of parcel tax; a water frontage tax; a sewer frontage tax and a transportation parcel tax. The water and sewer frontage tax rate is applied to each parcel of land taxable foot frontage. The frontage rate is comprised of a capital debt repayment component plus 10% of the water and sewer operation and maintenance budget for preventative maintenance of the utilities infrastructure. The City introduced a transportation parcel tax in 2003. The transportation parcel tax is collected to maintain the City's transportation network to an adequate level to minimize future reconstruction costs and ensure the network is safe from hazards and disrepair. To this end, the transportation parcel tax provides a stable and dedicated source of funding. The transportation parcel tax was specifically implemented on a "flat rate per parcel" rather than an "ad valorem tax" basis recognizing that all classes of property are afforded equal access to the City's transportation network and should contribute to its sustainability equally. This method directed tax dollars away from business and industry to residential.

The City also receives a Municipal Regional District Tax (MRDT) which is levied and collected by the Provincial Government on all daily accommodation rentals within the City. Under the direction and approval of the Accommodation Industry, the City has applied to the Provincial Government to levy a 2% MRDT which will be utilized on initiatives that will increase exposure/awareness of Salmon Arm as a tourism destination with emphasis on off-season event expansion.

The City endorses a 'user pay' philosophy in its collection of fees and charges. Such fees and charges (ie. development, building, plumbing and fire permits, recreational program and rental fees and cemetery services) are reviewed annually to ensure adequate cost recovery for the provision of services. The policy of the City is to work towards full cost recovery for services provided. The objective in reviewing fees and charges periodically is to measure the cost of providing municipal services versus the cost recovery established through user fees and charges. Development Cost Charges are based on the City's Long Term Financial Plan. Included in this percentage is the City's investment income. The City exercises a stringent cash management plan to maximize investment and interest income.

Other sources of revenue provide funding for specific functions such as the Columbia Shuswap Regional District's contribution to the Shuswap Regional Airport, Recreation Centre, Shaw Centre, Cemetery and Fire Training Centre.

The proceeds from borrowing and developer contributions fund capital projects pursuant to the City's Long Term Financial Plan.

Schedule "B" – Bylaw #4358
2020 Revenue Policy Disclosure

Table 1: Proportions of Total Revenue

Revenue Source	Percentage to Total Revenue Includes Conditional Government Transfers	Percentage to Total Revenue Excludes Conditional Government Transfers
Property Taxes	40.79%	46.24%
Parcel Taxes	7.35%	8.33%
User Fees, Charges and Interest Income	23.50%	26.64%
Other Sources	12.49%	0.79%
Proceeds From Borrowing	15.87%	18.00%
	100.00%	100.00%

2. Table Two (2) reflects the distribution of property tax between the different property classes. The objective of the City is to set tax rates in order to maintain tax stability while maintaining equality between the property classes. The policy of the City is to develop a tax rate which maintains the proportionate relationship between the property classes. Inflationary increases in assessments are reduced to reflect only the 'real' increase attributed to new construction for each property class. This allows the property owner to be confident that, in any year, their property tax bill will only increase as much as their proportion of the increase in tax revenue required year to year.

The City reviewed the property tax multiple structure and equalized the general municipal property tax rate and associated multiple for Class 5 (Light Industry) and Class 6 (Business) by shifting general municipal property taxes from Class 5 (Light Industry) to Class 6 (Business) commencing in 2017. This property tax stability strategy is in keeping with its objective to maintain tax stability while maintaining equality between property classifications.

Assessment values fluctuate as market values change in one class or another. It is this market value change that may precipitate an amendment to the class multiple.

The Provincial Government has legislated a municipal taxation rate cap for the Class 2 (Utilities) assessments. The City of Salmon Arm Class 2 (Utilities) general municipal property tax rate adheres to this legislation.

Schedule "B" – Bylaw #4358
2020 Revenue Policy Disclosure

Table 2: Distribution of Property Taxes Between Property Classes

Property Class	2019 Tax Rate	Class Multiple	Percentage to Total Property Tax	Percentage to Total Property Assessment Value
Residential	3.9378	1.00:1	66.01%	85.69%
Utilities	25.6419	6.51:1	0.83%	0.16%
Supportive Housing	0.000	0:1	0.00%	0.00%
Major Industry	72.7672	18.48:1	3.14%	0.22%
Light Industry	11.1080	2.82:1	2.25%	1.03%
Business	11.1080	2.82:1	27.03%	12.44%
Managed Forest Land	7.9356	2.02:1	0.01%	0.01%
Recreational/Non Profit	2.8745	0.73:1	0.12%	0.21%
Farm	12.7915	3.25:1	0.61%	0.24%

3. The City adopted a Permissive Tax Exemption Policy in 1998 which outlines the eligibility criteria to receive a permissive tax exemption. The Annual Municipal Report for 2018 contains a schedule of permissive tax exemptions granted for the year and the amount of tax revenue exempted.

Commencing in 1999, the City provided a three (3) year permissive tax exemption for each eligible organization. These include religious institutions, historical societies, some recreational facilities, service organizations and cultural institutions.

Table 3: Permissive Tax Exemptions

Organization	General Municipal Tax Exemption	Other Government Tax Exemption	Total
Churches	\$ 45,996.50	\$ 37,726.50	\$ 83,723.00
Non Profit Societies	409,140.00	243,030.00	652,170.00
Senior Centers	19,019.00	9,965.00	28,984.00
Other	15,104.00	11,523.00	26,627.00
Sports Clubs	271,559.00	146,616.00	418,175.00
Total	\$ 760,818.50	\$ 448,860.50	\$ 1,209,679.00

Schedule "B" – Bylaw #4358
2020 Revenue Policy Disclosure

4. The Official Community Plan for the City of Salmon Arm identifies the revitalization of the downtown as a priority. As a result, in 2005, the City established a Downtown Revitalization Tax Exemption Program pursuant to City of Salmon Arm Revitalization Tax Exemption Bylaw No. 3471.

The Revitalization Tax Exemption Program is a tool that Council is using to encourage property investment in the downtown area (hereinafter referred to as the Revitalization Area). Council's objective is to stimulate and reinforce development initiatives in the Revitalization Area by promoting property investment within the C-2, "Town Centre Commercial Zone" and to reinforce the City's investment in infrastructure upgrades and beautification projects.

City of Salmon Arm Revitalization Tax Exemption Bylaw No. 3741 establishes property tax exemptions in respect of construction of a new improvement or alteration of an existing improvement where the alteration has a value in excess of \$75,000.00 to encourage revitalization in the Revitalization Area.

Table 4: Revitalization Tax Exemptions

Area	2014 General Municipal Tax Exemption	2015 General Municipal Tax Exemption	2016 General Municipal Tax Exemption	2017 General Municipal Tax Exemption	2018 General Municipal Tax Exemption	2019 General Municipal Tax Exemption
C-2 "Downtown Commercial Zone"	\$ 47,032.50	\$ 45,846.66	\$ 34,828.47	\$ 29,851.20	\$ 24,304.74	\$ 24,657.03

5. The Official Community Plan for the City of Salmon Arm identifies the revitalization of the "Industrial Zones" as a priority. As a result, in 2014, the City established an Industrial Revitalization Tax Exemption Program pursuant to City of Salmon Arm Revitalization Tax Exemption Bylaw No. 4020.

The Revitalization Tax Exemption Program is a tool that Council is using to encourage property investment in the "Industrial Zones" (hereinafter referred to as the Revitalization Area). Council's objective is to stimulate and reinforce development initiatives in the Revitalization Area by promoting property investment within the "Industrial Zone" and to reinforce the City's investment in infrastructure upgrades and beautification projects.

City of Salmon Arm Revitalization Tax Exemption Bylaw No. 4020 establishes general municipal property tax exemptions in respect of construction of a new improvement or alteration of an existing improvement where the alteration has a value in excess of \$300,000.00 to encourage revitalization in the Revitalization Area.

This bylaw shall have an expiration date of five (5) years from the date of adoption.

Schedule "B" – Bylaw #4358
2020 Revenue Policy Disclosure

Table 5: Revitalization Tax Exemptions

Area	2015 General Municipal Tax Exemption	2016 General Municipal Tax Exemption	2017 General Municipal Tax Exemption	2018 General Municipal Tax Exemption	2019 General Municipal Tax Exemption
"Industrial Zone"	\$ 0.00	\$ 0.00	\$ 0.00	\$ 5,425.51	\$ 5,400.26

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Item 8.

CITY OF SALMON ARM

Date: October 21, 2019

Moved: Councillor Cannon

Seconded: Councillor Flynn

THAT: the Special Council Meeting of October 21, 2019, be adjourned.

Vote Record

- ☐ Carried Unanimously
- ☐ Carried
- ☐ Defeated
- ☐ Defeated Unanimously

Opposed:

- ☐ Harrison
- ☐ Cannon
- ☐ Eliason
- ☐ Flynn
- ☐ Lavery
- ☐ Lindgren
- ☐ Wallace Richmond

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