

1. January 10, 2023 - Council Agenda (Budget)

Documents:

[JANUARY 10, 2023 SPECIAL COUNCIL MEETING \(BUDGET\).PDF](#)



**AGENDA**  
**Special Council Meeting**  
**Tuesday, January 10, 2023**  
**9:00 a.m.**

**CONTINUED**  
**(if required)**  
**Wednesday, January 11, 2023**  
**9:00 a.m.**

**Council Chamber of City Hall**  
**500 – 2 Avenue NE**  
**Salmon Arm, BC**

Page #	Item #	Description
	1.	CALL TO ORDER
	2.	ACKNOWLEDGEMENT OF TRADITIONAL TERRITORY <i>We acknowledge that we are gathering here on the traditional territory of the Secwepemc people, with whom we share these lands and where we live and work together.</i>
	3.	DISCLOSURE OF INTEREST
	4.	PRESENTATIONS
1 - 14	1.	C. Van de Cappelle, Chief Financial Officer - 2023 Budget
	5.	INTRODUCTION OF BYLAWS
15 - 38	1.	City of Salmon Arm 2023 to 2027 Financial Plan Bylaw No. 4564 – First, Second and Third Readings
	6.	OTHER BUSINESS
	7.	IN-CAMERA SESSION
39 - 40	8.	ADJOURNMENT

**THIS PAGE INTENTIONALLY LEFT BLANK**

Item 4.1

## CITY OF SALMON ARM

Date: January 10, 2023

### Presentation

**NAME:** C. Van de Cappelle, Chief Financial Officer

**TOPIC:** 2023 Budget

#### Vote Record

- Carried Unanimously
- Carried
- Defeated
- Defeated Unanimously

Opposed:

- Harrison
- Cannon
- Flynn
- Gonella
- Lavery
- Lindgren
- Wallace Richmond

# SALMON ARM

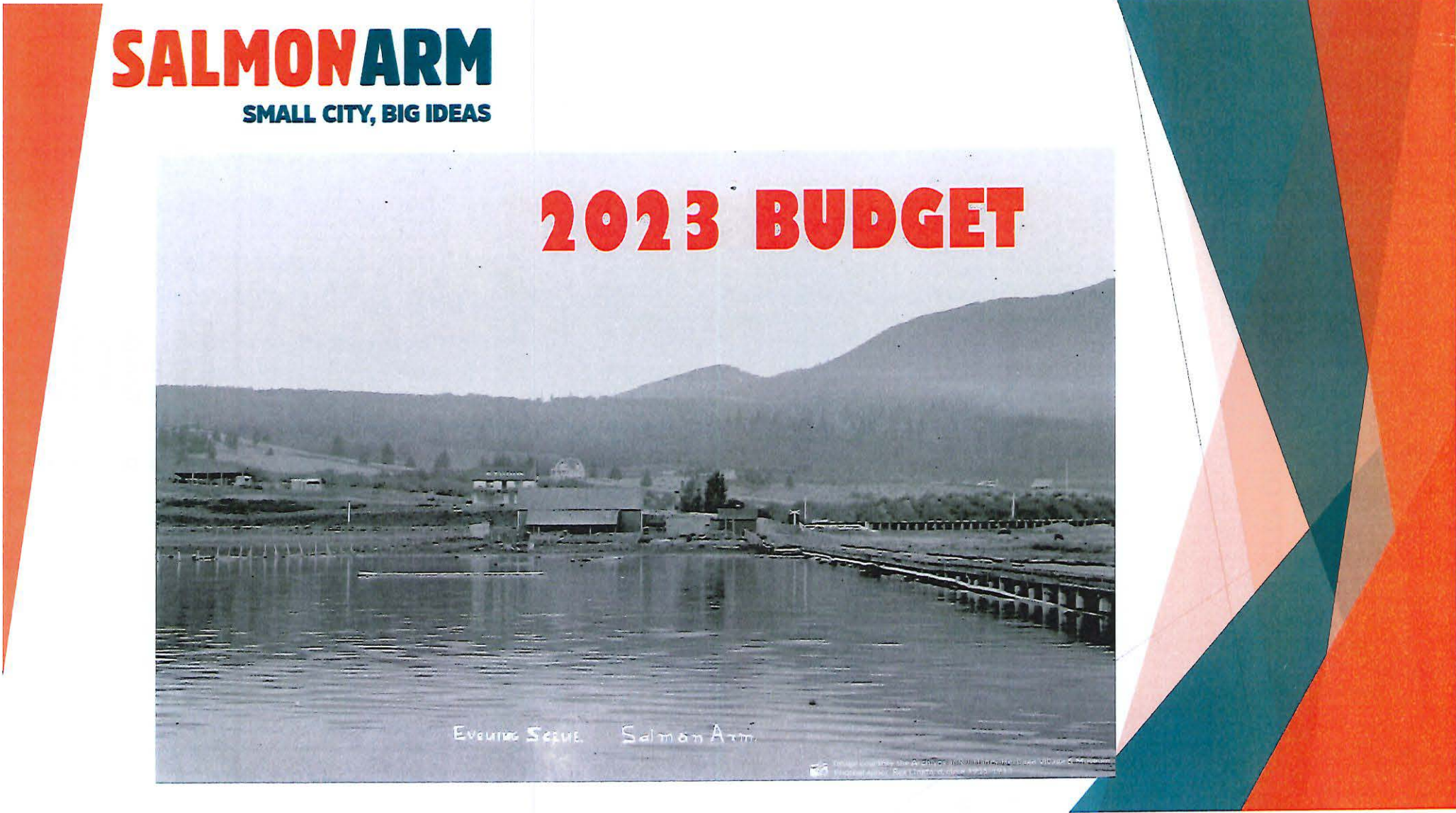
SMALL CITY, BIG IDEAS

## 2023 BUDGET



EVENING SCENE Salmon Arm

Image courtesy the Archival and Historical Cultural Values Commission  
Project #2021-001. See [www.archival.ca](http://www.archival.ca) for more information.



## 2023 BUDGET OVERVIEW

2022 Municipal Property Tax Levy	\$ 20,038,280	
City Department Operating & Capital Needs	579,575	2.90%
Specific Referral Requests	242,915	1.20%
<b>Sub-Total: 2023 Municipal Property Tax Levy Impact</b>	<b>20,860,770</b>	<b>4.10%</b>
Less: Estimated Revenue from New Growth	(160,306)	0.80%
<b>2023 Municipal Property Tax Levy</b>	<b>\$ 20,700,464</b>	<b>3.30%</b>

The impact of the 2023 Municipal tax increase per \$100,000 of assessed value:

- Residential      \$10.01
- Business         \$33.24

## FOR AN AVERAGE RESIDENTIAL HOME

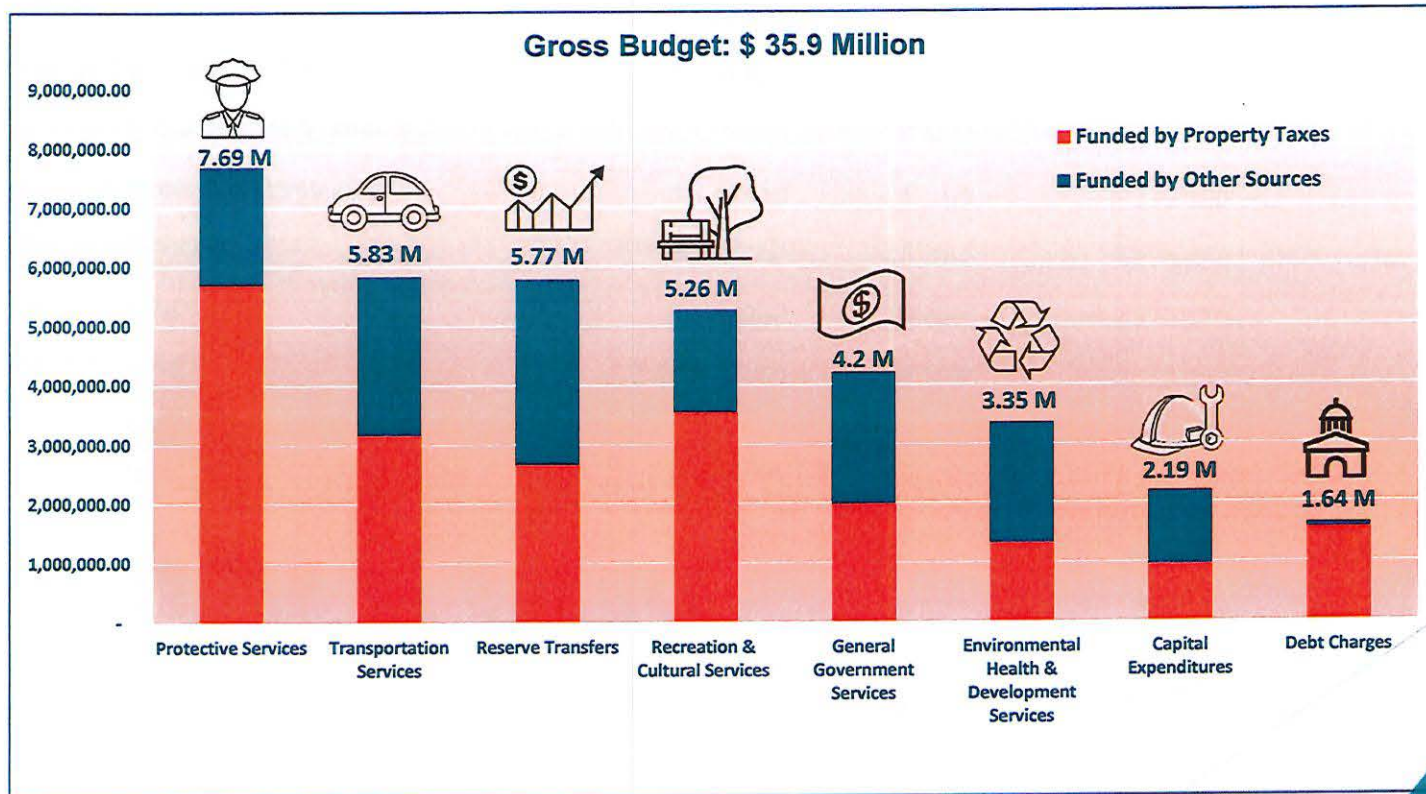
Average Taxable Assessed Value (October 2022)	\$ 571,150	Change (2022-2023) \$	Change (2022-2023) %
2023 Municipal Property Tax Levy	\$ 1,789	\$ 57	3.30%
Transportation Parcel Tax Levy	150	-	-
Water & Sewer Frontage Taxes (60 Taxable Feet)	244	-	-
Curbside Collection User Fee	101	-	-
Water User Fee (Annual)	307	15	5.00%
Sewer User Fee (Annual)	350	23	7.00%
	<b>\$ 2,941</b>	<b>\$ 95</b>	

# 2023 RECOMMENDED GROSS OPERATING REVENUE BY SOURCE

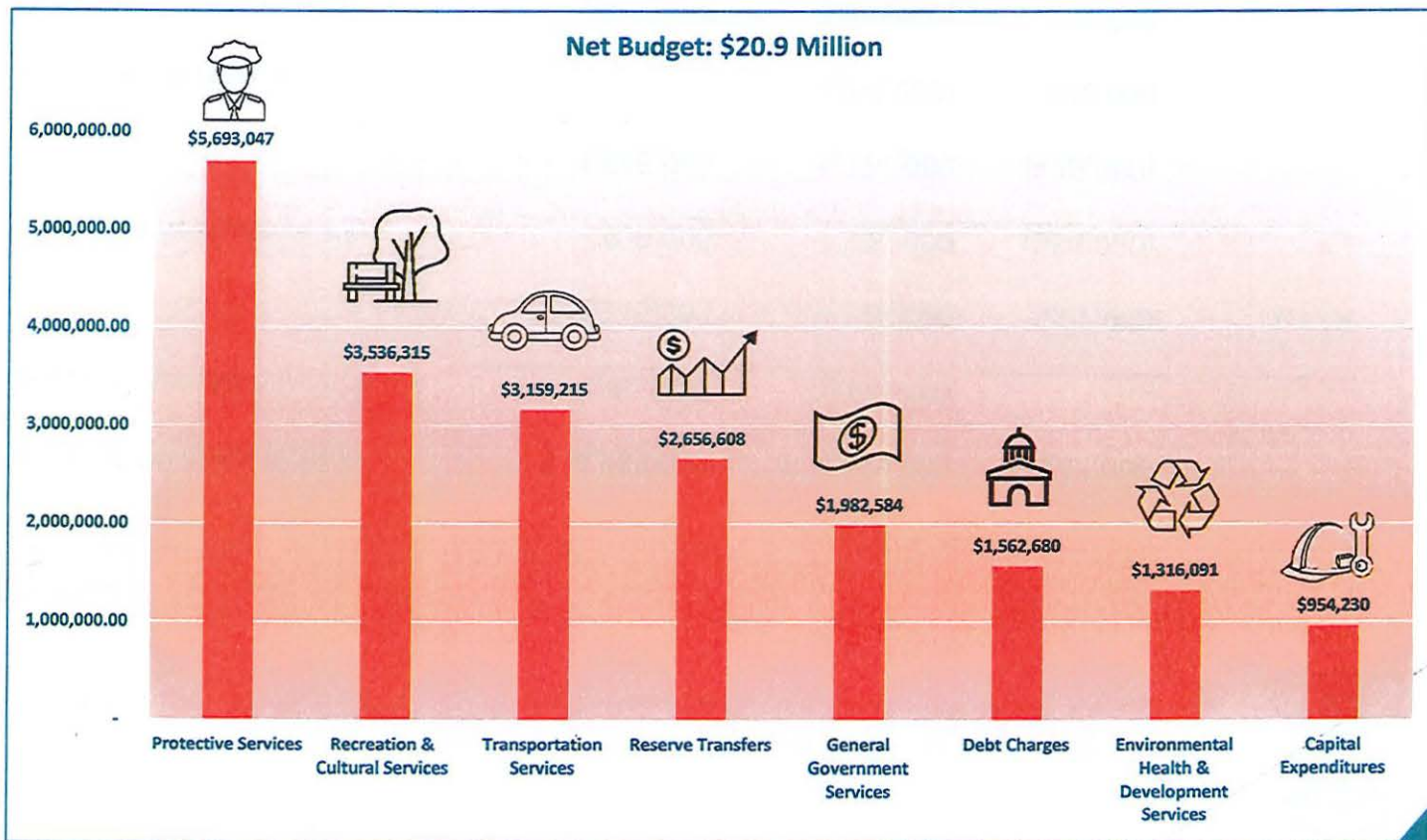
Source	2023 Recommended Budget		2022 Budget	
General Taxes	\$ 20,882,020	58.10%	\$ 20,078,280	58.51%
Sales of Service	3,755,895	10.45%	3,556,210	10.36%
Special Assessments	3,717,695	10.34%	3,680,695	10.73%
Other Revenue from Own Sources	2,793,410	7.77%	2,132,160	6.21%
Transfers From Reserve Accounts	2,255,740	6.28%	2,739,575	7.98%
Transfers from Other Governments	1,249,653	3.48%	694,810	2.02%
Rentals	343,435	0.96%	440,945	1.28%
1% Utility Taxes	343,410	0.96%	316,940	0.92%
Municipal Regional District Tax	240,000	0.67%	200,000	0.58%
Transfers From Surplus	195,120	0.54%	319,925	0.93%
Grants in Lieu	162,175	0.45%	155,370	0.45%
	<b>\$ 35,938,553</b>	<b>100.00%</b>	<b>\$ 34,314,910</b>	<b>100.00%</b>



# 2023 RECOMMENDED GROSS OPERATING EXPENSES BY FUNCTION



# WHAT IS THE 2023 PROPOSED PROPERTY TAX LEVY BEING SPENT ON?



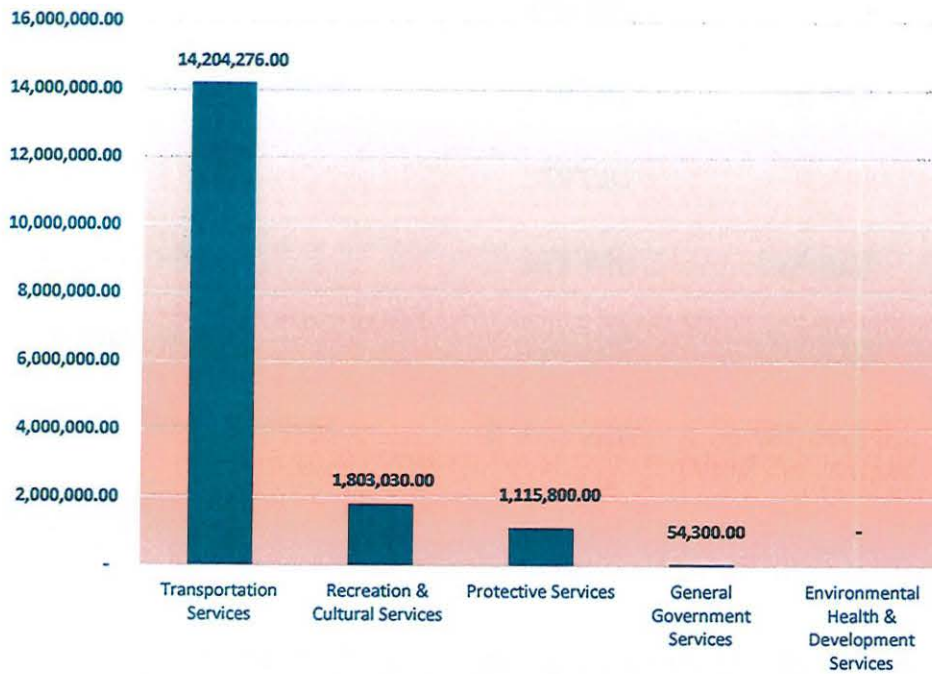
## 2023 RCMP POLICE FORCE BUDGET



	2023 (21 Members)	2022 (21 Members)	Change	Tax Rate Impact
RCMP (E-Division) Budget	\$ 4,385,000	\$ 4,158,000	\$ 227,000	
Less: Estimate for Vacancy	(140,000)	(140,000)	-	
	4,245,000	4,018,000	227,000	1.12%
Estimated Retroactive Pay	400,000	756,000	(356,000)	
	4,645,000	4,774,000	(129,000)	
COVID Grant (Retro Pay)	-	(256,000)	256,000	
RCMP Reserves (Retro Pay)	(400,000)	(500,000)	100,000	
COVID Grant (RCMP Budget Increase)	(160,000)	(125,000)	(35,000)	(0.17%)
<b>Net RCMP Police Force Budget</b>	<b>\$ 4,085,000</b>	<b>\$ 3,893,000</b>	<b>\$ 192,000</b>	<b>0.95%</b>

# 2023 CAPITAL BUDGET BY FUNCTION

Budget: \$ 17.2 Million



Source	Funding	Percentage
Reserve Accounts	\$ 8,229,590	47.91%
Grants	3,900,800	22.71%
Reserve Funds	1,574,300	9.16%
Parcel Tax	1,235,695	7.19%
Property Taxes	954,230	5.56%
Long Term Debt	649,041	3.78%
DCCs	345,750	2.01%
Developer Contributions	260,000	1.51%
Surplus	28,000	0.16%
	<b>\$ 17,177,406</b>	<b>100%</b>

## 2023 BUDGET CHANGE BY FUNCTION

Function	Operating	Capital	Total	Tax Rate	Budget
General Government Services	\$ 177,794	\$ (21,000)	\$ 156,794	0.63%	0.79%
Protective Services	112,381	(26,000)	86,381	0.35%	0.43%
Transportation Services	354,468	(86,800)	267,668	1.08%	1.33%
Environmental Health & Development Services	20,881	-	20,881	0.08%	0.10%
Recreation & Cultural Services	114,605	70,125	184,730	0.74%	0.92%
Fiscal Services	149,663	-	149,663	0.60%	0.75%
Reserves	(43,627)	-	(43,627)	(0.18%)	(0.22%)
	<b>\$ 886,165</b>	<b>\$ (63,675)</b>	<b>\$ 822,490</b>	<b>3.30%</b>	<b>4.10%</b>

# COVID-19 SAFE RESTART GRANT SUMMARY

Revenue Shortfalls	\$ -
Expenditures:	
General Government	10,100
Protective Services	160,000
Transportation Services	832,900
Recreation & Cultural Services	240,000
Grants	-
<b>Total 2023 COVID-19 Budget</b>	<b>\$ 1,243,000</b>

<b>COVID-19 Safe Restart Grant Reserve</b>	
Estimated Opening Balance (December 31, 2022)	\$ 1,446,890
2023 Expenditures	(1,243,000)
Future Earmarked Expenditures	(47,500)
<b>Closing Balance</b>	<b>\$ 156,390</b>

## 2023 WATER & SEWER BUDGET OVERVIEW

	Water	Sewer
2022 User Fees and Charges	\$ 2,781,200	\$ 2,273,500
2022 Frontage and Parcel Taxes	1,476,695	975,000
	4,257,895	3,248,500
Department Operating Needs	10,100	94,875
Department Capital Needs	263,100	117,300
Transfer to Reserves	(75,970)	384,465
Increase in Other Revenue Sources	(36,430)	(379,470)
	\$ 4,418,695	\$ 3,465,400
<b>2023 User Fees and Charges</b>	<b>\$ 2,925,000</b>	<b>\$ 2,475,400</b>
<b>2023 Frontage and Parcel Taxes</b>	<b>\$ 1,493,695</b>	<b>\$ 990,000</b>

## 2023 WATER & SEWER CAPITAL BUDGET

Funding Source	Water		Sewer	
DCCs	\$ 440,000	4.81%	\$ -	-
Developer Contributions	16,200	0.18%	560,000	12.26%
Grants	-	-	1,500,000	32.84%
Long Term Debt	6,616,000	72.26%	-	-
Reserve Accounts	865,304	9.45%	1,119,637	24.52%
Reserve Funds	455,000	4.97%	600,000	13.14%
User Fees & Frontage Taxes	763,100	8.33%	787,300	17.24%
	<b>\$ 9,155,604</b>	<b>100.00%</b>	<b>\$ 4,566,937</b>	<b>100.00%</b>



THIS PAGE INTENTIONALLY LEFT BLANK

Item 5.1

**CITY OF SALMON ARM**

Date: January 10, 2023

Moved: Councillor

Seconded: Councillor

THAT: the Bylaw entitled City of Salmon Arm 2023 to 2027 Financial Plan Bylaw No. 4564 be given first, second and third reading.

**Vote Record**

- Carried Unanimously
- Carried
- Defeated
- Defeated Unanimously

Opposed:

- Harrison
- Cannon
- Flynn
- Gonella
- Lavery
- Lindgren
- Wallace Richmond

**CITY OF  
SALMON ARM**

Date: December 21, 2022  
 To: His Worship Mayor Harrison and Members of Council  
 From: Chelsea Van de Cappelle, Chief Financial Officer  
 Subject: 2023 Budget

**Recommendation**

THAT: Bylaw No. 4564 cited as "City of Salmon Arm 2023 to 2027 Financial Plan Bylaw No. 4564" be given 3 readings.

**Background**

The 2023 proposed Budget reflects a 3.30% tax increase and a 0.80% new growth factor. New growth is based on the previous year's development to October 31st. The new growth factor is estimated new tax revenue as a result of new assessments on construction.

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.

Historical Growth Rates:

Year	Rate	Year	Rate	Year	Rate
2022	1.70%	2014	2.33%	2006	2.80%
2021	1.22%	2013	2.32%	2005	3.06%
2020	2.03%	2012	1.53%	2004	2.38%
2019	2.01%	2011	1.20%	2003	1.30%
2018	2.15%	2010	0.20%	2002	4.04%
2017	1.91%	2009	2.53%		
2016	2.07%	2008	3.66%		
2015	1.24%	2007	3.64%		

The 2023 Budget also includes a 5% increase in Water and 7% increase in Sewer User Fees as approved by Council. It should be noted, however, that the 2023 Budget does not reflect an increase to the Water and Sewer Frontage Taxes, Transportation Parcel Tax or the Solid Waste and Recycling levy.

**Highlights**

*Service Delivery Management*

The City has been building our asset management practices in an informal manner over the last few years and has successfully completed three draft Asset Management Plans (water, sewer and stormwater), trained several employees on asset management practices and mapped out a strategy.

In November 2021 Council adopted a Service Delivery Management Policy, Strategy and five (5) year Road Map to provide a framework and direction to the program. A full time position was added for a Service Delivery (Asset) Management Coordinator in 2022 to provide a lead role in the development and ongoing maintenance of the City's Service Delivery Management Program. The coordinator started in late 2022, therefore, we are anticipating substantial progress leading towards a corporate wide Service Delivery Management Plan prior to the 2024 budget process commencing.

Debenture Debt

The 2023 Budget recommends borrowing for the following (provided in more detail in the respective section below):

- Zone 2 Booster Station    \$4,328,000 – Water Fund

A staff report, including the Loan Authorization Bylaw, will be forthcoming to Council and will outline the public assent process that must be undertaken prior to commencing the project.

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 34% of this prescribed limit.

The City's outstanding debt at December 31, 2021 was:

• General	\$15,354,900
• Water	\$ 5,645,713
• Sewer	\$ 1,812,492
	<u>\$22,813,105</u>

Note: The above noted figures do not include proposed debts that may or may not be undertaken

Solid Waste and Recycling

The 2023 Budget reflects a user fee levy of \$101 and the estimated number of residential users is 6,830. Budget changes to note:

- A significant increase to Curbside Collection costs (approx. \$71,500) due to rising diesel fuel prices and inflation;
- A slight increase in garbage and food waste tipping fees, based on an increase in users;
- As a whole, the Solid Waste and Recycling function is projecting a deficit in 2023 resulting in a transfer from the Sanitation and Recycling reserve of \$82,660, similar to 2022 and 2021. The reserve was established as a result of past 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. In addition, the reserve provides the City with flexibility to address future issues or cost implications without impacting the users. The user fee will be reviewed in 2023 with potential changes recommended for 2024.

#### Fire Protective Services

The Fire Services budget maintains the same level of service. Budget changes to note:

- An increase in Community Wildfire FireSmart activities supported by a grant application through the Community Resiliency Investment Program;
- An increase in Administration to reflect the addition of a full-time Fire Fighter, offset in part by a transfer from the Fire – Other Reserve;
- An increase to Paid On Call Firefighting Force attributed to wage increases and a return to regular practice hours following COVID 19;
- An increase to Fire Fleet Operating and Maintenance Costs to reflect that fleet servicing is now being undertaken by staff versus a contractor;
- An increase to reserves for Fire Buildings and Equipment as a result of rising replacement costs;
- An allocation to undertake phased replacement of Self Contained Breathing Apparatus (SCBA), year two of three (funded from reserve); and
- An allocation for the expansion of Fire Hall No. 2, funded through Canada Community Building Fund (Community Works).

#### Fire Training Centre

The Fire Training Centre is a shared function with the CSRD and Sicamous. The 2023 Budget reflects the same level of service. Budget changes to note:

- An allocation to replace the roof on the Truck Bay Building (funded from reserve).

#### Building Services

The 2023 Budget reflects the same level of service. Budget changes to note:

- Building permit revenue projections are the same as 2022 at \$375,000 which equates to approximately \$46 million in building permit values. This is a conservative estimate given the current economic and inflationary environment and is less than 2022 actual results of \$57 million (November 2022); and
- An increase in wages and benefits to reflect a return to a full staff compliment.

#### Police Services

Overall, the Police Services budget reflects a net increase of \$243,100. As outlined by E-Division (report to Council June 2022), the 2023/2024 Police Force budget projects an increase of \$178,895 which is largely attributed to increases associated with wages (i.e. estimated salary increases), pensions, administration, special leaves, recruitment and equipment. It should be noted that the RCMP retroactive wages have not been included in this forecast.

Based on historical data, the detachment has never been at full complement, typically averaging 1-2 position vacancies experienced throughout the year. Consequently the budget allocation has been reduced by \$140,000.00 (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 within the Special Investigations and Major Maintenance Reserves to cover the shortfall in the event that the City is billed for twenty-one (21) members.

2023 Police Force Budget Change Summary:

	2023	2022	Change	Tax Rate Impact
E Division Projected Budget (Adjusted to Calendar)	\$ 4,385,000	\$ 4,158,000	\$ 227,000	1.12%
Less: Estimated Vacancy	(140,000)	(140,000)	-	
	4,245,000	4,018,000	227,000	1.12%
Plus: Estimated Retroactive Pay	400,000	756,000	(356,000)	
<b>Budget Increase</b>	<b>4,645,000</b>	<b>4,774,000</b>	<b>(129,000)</b>	
COVID Grant (Retro Pay)	-	(256,000)	256,000	
RCMP Reserves (Retro Pay)	(400,000)	(500,000)	100,000	
COVID Grant (RCMP Budget Increase)	(160,000)	(125,000)	(35,000)	(0.17%)
<b>Net Budget Impact</b>	<b>\$ 4,085,000</b>	<b>\$ 3,893,000</b>	<b>\$ 129,000</b>	<b>0.95%</b>

The RCMP ratified a six (6) year collective agreement dating back to April 1, 2017 on August 6, 2021. At the end of February 2022, the City received a preliminary range estimate of RCMP retroactive pay from the Federal Government. While this estimate was provided for planning purposes only, it was considered reasonable to use as a basis for expense accrual in 2021 (\$744,000), and was funded through police force savings that year. The City has not yet received an invoice for retroactive pay for the period April 1, 2017 to March 31, 2021. The Minister of Public Safety is still being briefed on the outcomes of Provincial/Territorial/Municipal engagements in support of a decision on the request from contract partners for flexibility on retroactive costs.

The City has been diligent in its planning for these future costs and has reallocated any police force savings to reserve. The 2023 budget includes an estimate of \$400,000 for additional retroactive costs not yet accrued, funded from the RCMP Operating Reserve. We have no timelines as to when the retro pay invoices will be received.

Other budget changes to note include:

- An increase to Prisoner Costs attributed to Federal, Provincial and municipal prisoners as reflected by E-Divisions forecast and historical actuals. The City is only responsible for the municipal portion and receives a credit from the Province for those that are Federal/Provincial. As a result, this is a very difficult line item to project as it is based on the number of Provincial, Federal and municipal prisoners held in the local detachment and it varies from year to year.
- An allocation to replace Closed Circuit Video Equipment; and

- An increase to reserve transfers, 1) to reinstate the Storage Building Construction allocation and 2) to increase the Vehicle Replacement allocation based on actual replacement costs.

### Transportation Services

#### Operation and Maintenance

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

- An increase in transit revenues associated with BC Transit ridership projections.
- An increase in Administration Revenue attributed to increased costs associated with shared administration of the public works function;
- An allocation for Gravel Pit Operational revenue to recognize the internal rate charged for the use of inventoried gravel in various operational and maintenance functions and capital projects. The rate includes the costs to crush and components for gravel pit maintenance, engineering and gravel pit expansion and offsets Gravel Pit Operations Expenditures;
- An increase in Common Services costs primarily attributed to janitorial as a result of increased service area following the Public Works Building expansion and operational costs associated with the purchase of 881 – 30 St NE, including surveying, site servicing improvements etc.;
- An increase in Administration attributed to additional safety training;
- A reduction in Machinery and Equipment attributed to reduced repair and maintenance costs. Net impact is zero as the decreased costs are reflected in the charge out rate of the equipment and expensed within the equipment accounts throughout all of the City's departmental budgets;
- An increase in Road Surfaces driven by increased material and labour costs associated Asphalt Patching and Crack Sealing;
- A reduction in Sidewalk/MUP – Snow Removal and Sanding. In 2022, Council approved an increase to undertake weekend sidewalk snow removal, funded from the Ice and Snow Reserve. Weekend sidewalk snow removal deviates from the City's Snow and Ice Control Policy and therefore has not been included in the 2023 budget;
- An increase in R.R. Grade Crossing costs attributed to warning system improvements completed at Mile 57.08 (50 Street) in Canoe, BC;
- An increase in BC Transit contract costs driven by fuel prices and inflationary pressures. This increase has been offset by utilizing the remaining Safe Restart funding received through BC Transit of \$41,525 and the increase in transit revenues, resulting in a transfer from the Transit Services reserve \$6,750;
- Assessments and studies reflect new funding for Sidewalk and Culvert Condition Assessments;
- An increase in Major Maintenance for necessary repairs and replacements;
- An increase in transfers to reserves attributed to the purchase of a "new" Tandem Dump/Plow to support snow operations related to the TCH West Project. The equipment purchase has been phased with an additional allocation required next year to support the purchase in 2024. As this is a new piece of equipment in is ineligible for funding through the Equipment Replacement Reserve Fund;

- An increase in Capital expenditures (net of asphaltic overlays) to address priority projects more specifically itemized in the Transportation Capital Budget.

#### Transportation Capital Projects

The City has been able to fund many of its capital projects from the Canada Community Building Fund (Community Works) or reserves. However, the Canada Community Building funding agreement is set to expire March 31, 2024 and therefore the amount of General Revenue funding being allocated to transportation capital will need to increase.

The initial projections from the Asset Management Summaries suggest that overall annual 'replacements' for the transportation asset classes (inclusive of active transportation, major maintenance for public works buildings, drainage, road studies, roads, curb and gutter etc.) will be six (6) to seven (7) million dollars. This does not consider any 'improvements or new infrastructure', but does include \$2.5 million per year in asphaltic overlays.

The Pavement Management System, which refers largely to roads and asphaltic overlays, recommends an annual allocation of \$2.5 million in 2018 dollars to improve its network rating, which is currently on the low side of a "poor" rating. The City has benefited from almost a decade of stable asphalt pricing; however, the last few years have realized extreme increases to the price of asphalt and other materials. The current projection is approximately \$3.2 million to improve the network 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. As a result, Council allocated an additional \$400,000 in annual funding toward the program.

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

- 2018 – \$499,000
- 2019 – \$415,000
- 2020 – \$779,000
- 2021 – \$822,800
- 2022 – \$866,000 (Budget)
- 2023 – \$784,200 (Proposed Budget)

#### Downtown Parking

In keeping with the Long Term Debt Strategy and Capital Plan (LTDS), the budget proposes to decrease the Specified Area Tax Levy while increasing the General Revenue funding for this function. Other budgetary changes to note:

- A increase in parking revenues attributed to revised rates for reserved and off-street parking, which came into effect in 2022;
- An allocations for revised and new directional signage; and
- The 2023 capital budget includes the purchase of three (3) new ticket machines, 4 EMV3 card readers and installation costs.



Airport Services

The Shuswap Regional (Salmon Arm) Airport function largely reflects regular operations. Budget changes to note:

- Projected fuel sales have been based on a conservative 5 year average and cost of sales have increased to reflect rising fuel prices;
- An allocation for an Air Appreciation Day as approved by Council, funded from reserve;
- An increase in runway and road maintenance to reflect additional crack sealing work and line painting as a result of the runways age;
- A reallocation of fiscal costs related to long-term borrowing for the construction of Taxiway Charlie. These are not new costs, however they have been moved from the general budget to the airport to better reflect the cost of this function. The repayment of this debt is entirely funded by the City;
- Transfers to reserves have been reviewed in conjunction with a reserve benchmark review and have been adjusted as necessary; and
- No new capital projects are proposed, although the budget does include the repaving of the runway for which the City has submitted an application under the BC Air Access Program to complete.

Cemetery Services

The 2023 budget includes a 6.25% increase in Cemetery Fees, as approved by Council.

The Mt. Ida Cemetery function reflects the same level of service with no significant budget changes to note other than an allocation to the Mt. Ida Cemetery Major Maintenance Reserve.

The Shuswap Memorial Cemetery reflects the same level of service with no significant budget changes to note.

Planning and Development

Overall, the Planning and Development budget reflects an increase of \$21,800, primarily attributed to wages and benefits. The budget also reflects a review and update of the Official Community Plan as outlined as a short-term priority in the 2022 Corporate Strategic Plan, funded from reserves.

Park Services

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

- A reduction in Other Rental Revenue related to Canoe Beach Rental Contributions for demolition and remediation as well as a reduction in transfers from the Canoe Beach Rental Reserve for same, equal to the reduction in Canoe Beach Rental Lot Maintenance;
- An increase in funding from the COVID 19 Safe Restart grant towards Parks Major Maintenance Projects;
- Major maintenance includes \$61,500 in carry-forward projects and \$152,800 in projects funded from reserves, leaving \$115,800 funded from general revenue;

- The capital budget proposes an expansion of Canoe Beach (Ph 1) funded from the Canoe Beach – Rental Lot Area Reserve and Canoe Beach Master Plan Reserve. Other capital projects to note include the resurfacing of the Raven Park Basketball Court (funded from the COVID Grant) and the design of a new Ball Diamond at Klahani Park.

#### Greenways

The Greenways Committee has not recommended any new projects in the 2023 Budget in an effort to complete many carry forward initiatives.

#### Shaw Centre

The 2023 budget represents a return to normal operations for both costs and revenues. To offset the overall increase, the budget includes a transfer from the Shaw Centre Operating Reserve and COVID 19 Safe Restart Grant. It is no longer considered necessary to earmark additional funding within the COVID 19 Grant Reserve to mitigate the uncertainty around COVID 19 and its impacts.

The net increase to the operating budget is a result of a number of factors, changes to note include:

- An overall increase in revenues primarily attributed to:
  - An increase of 7% to user fees, last increase was in 2019 and reflected a 5% increase,
  - Facility Rentals (\$10,000),
  - Food Services related to improved attendance at Silverbacks games and youth tournaments (net \$38,000),
  - Special Events (\$14,000), and
  - Naming Rights as a result of new agreement (\$15,000).
- Increases in Shuswap Recreation staff wages of 5% (\$30,000) and benefits of 3.5% (\$18,000), and advertising, staff training, utility and supplier inflationary increases (\$16,800);
- The Shaw Centre budget has been augmented to break-out the other facilities operated within it for clarity. The net revenues generated from the Little Mountain Sports Complex and Shuswap Memorial Arena offset the operating deficit of the Shaw Centre;
- Increase to Contracted Maintenance (City of Salmon Arm) staff wages and benefits due to wage increases (2%) and a return to full staffing levels (\$10,000);
- An allocation to undertake a Condition Assessment report of the Memorial Arena, funded from reserve;
- An increase to the Equipment Replacement Reserve allocation to account for the increased replacement cost of the Zamboni in the future;
- There are no Major Maintenance expenditures contained in the operating budget in 2023; and
- The capital budget includes a number of smaller replacement and upgrade projects including upgrading the Concourse Lighting to LED (Ph 2), funded in part by the Local Government Climate Action Program funding.

Recreation Centre

The 2023 budget represents a return to pre-pandemic levels. Although pool numbers are still lagging, there have been steady increases during 2022 with positive patron feedback. To offset the overall increase, the budget includes a transfer from the Recreation Centre Operating Reserve and COVID 19 Safe Restart Grant. It is no longer considered necessary to earmark additional funding within the COVID 19 Grant Reserve to mitigate the uncertainty around COVID 19 and its impacts.

The net increase to the operating budget is a result of a number of factors, changes to note include:

- An overall increase in revenues primarily attributed to:
  - An increase of 7% to user fees, last increase was in 2019 and reflected a 5% increase,
  - Pool Programs and Rentals are budgeted to increase 19% (\$66,600). These revenue streams continue to be the most volatile and at the greatest risk of estimation error due to user comfort levels and family circumstances,
  - Regular rentals are expected to return to previous levels (\$10,000), although irregular and more significant event rentals (i.e. banquets/weddings) will not return to normal capacity,
  - Programming results are expected to remain the same, despite changes to the volume and types offered and a minor increase in park bookings is anticipated (\$2,800).
- Increase in Administration wages and benefits, training and supplier cost increases of 5% (\$15,000);
- An increase in facility material (\$2,000), chemical (\$5,000) and utility costs (\$38,000);
- Increase to Aquatics (City of Salmon Arm) staff wages and benefits due to wage increases (2%) and a return of attendance levels (\$38,000);
- Major Maintenance expenditures contained in the operating budget include First Aid Training Equipment (\$3,500), Security & Safety Equipment (\$5,000) and various smaller program equipment (\$5,000).
- An increase to the Major Maintenance Reserve allocation for the increasing repairs and maintenance due to the age of the facility; and
- The capital budget includes upgrading the Racquet Court Lighting to LED funded in part by the Local Government Climate Action Program funding, the addition of a Climbing Wall to replace the diving board, funded from reserve and replacement Lane Ropes and Reel.

Wharf

The 2023 Budget reflects the same level of service, with an overall net increase attributed to:

- Increased transfer to the Wharf Major Maintenance Reserve (\$20,000) to assist with significant future projects such as:
  - Wharf Marina Dock Replacement Phase 2 - estimated cost of \$1.4 million;
  - Wharf Marina Decking Replacement - estimated cost of \$2 million;
- Allocation to undertake a design for Wharf Marina Fire Suppression System (\$20,000).

Specific Referrals

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

Water and Sewer Funds

The Water and Sewer Funds reflect an increase of 5% and 7% respectively.

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

	2023	2022	Difference
Sewer	\$ 350.30	\$ 327.40	\$ 22.90
Water	306.60	292.00	14.60
	<u>656.90</u>	<u>619.40</u>	<u>37.50</u>
Discount	(65.70)	(61.94)	(3.76)
Net	\$ 591.20	\$ 557.46	\$ 33.74

The annual net increase to a residential user is \$33.74 in 2023.

The increase in user fees will result in new water and sewer revenue of approximately \$134,500 and \$165,800 respectively.

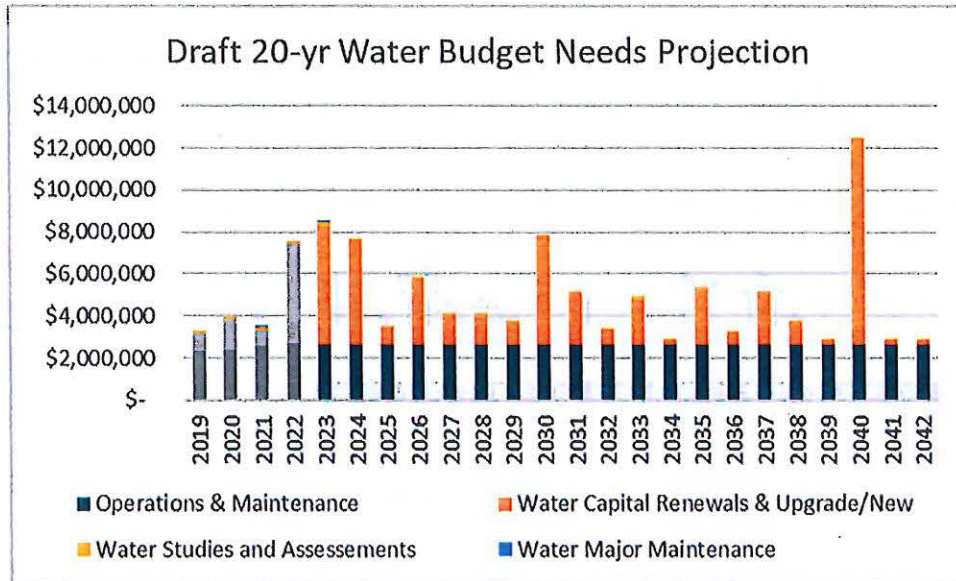
The initial projections from the Asset Management Summaries suggest that the average annual reinvestment for 'replacements' for the water and sewer asset classes (inclusive of lift/pump stations, treatment plants, reservoirs, and pipes) should be approximately \$3.7 million and \$2.3 million respectively. This does not consider any 'improvements or new infrastructure'.

Capital Expenditures

For the most part, the Utility Funds are funding approximately \$700,000 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

The Water Asset Management planning process has significantly advanced allowing a draft projection of the water funding requirements over a twenty (20) year planning horizon based on preliminary 'useful life' estimates for infrastructure. More detailed condition assessments will be prioritized for assets that are nearing the end of their anticipated useful life and those deemed critical. This will adjust the anticipated required expenditures. The draft twenty (20) year Water Budget Needs Projection is illustrated below.



The majority of the spikes in the chart above are a result of aging infrastructure; however, some are capacity related upgrades.

Significant budget changes and planned projects include:

- Assessments & Studies – an allocation to undertake an update to the Water Master Plan (\$100,000) which is now 10 years old, a Water Treatment Plant (WTP) Facility Inventory and Assessment (\$15,000) to support SDM activities funded from reserve and a Dam Safety Review (\$30,000) funded from reserve;
- Major Maintenance includes repairs and replacements of WTP equipment (\$25,000);
- The capital budget includes:

- Zone 2 Pump Station – \$4.44 Million

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. This project was approved in prior budget cycles, however due to delays in the design process has been carried forward. The estimated cost has been updated to reflect a preliminary Class D cost estimate. The Zone 2 Booster Station has reached its anticipated useful life. Through the Asset Management Risk Evaluation process, the Zone 2 Booster was considered to be a “Very High” risk with immediate corrective action required.

It is proposed to fund \$4.33 million of this project through long term debt. The repayment of this debt is estimated to be \$280,540 annually and has been excluded from the 2023 budget until the design has been completed. Given the time to complete the long term borrowing process, approximately 6 months; the repayment will be factored into the 2024 budget. If applicable, any interest incurred on temporary borrowing in 2023 could be funded from the Water Future Expenditure Reserve.

- 10 Ave SE - \$335,000  
The 10 Avenue SE watermain upgrade is required to facilitate the Zone 5 Booster Station upgrade. The project involves replacing approximately 275m of 150mm diameter watermain with 250mm from 30 Street to 33 Street SE to facilitate greater volumes of water to be pumped safely from the Zone 5 Booster station to the Zone 5 reservoir.
- 8 Ave NE Upgrade - \$163,100  
The 8 Avenue NE watermain upgrade project involves replacing approximately 280m of 100mm Asbestos Concrete (AC) pipe from 1951 with a 150mm diameter PVC watermain. The project is required due to the age and size of the watermain.
- 20 Ave NE Watermain Upgrade - \$75,000  
The 20 Avenue NE Watermain Upgrade project involves replacing approximately 50m of 100mm diameter watermain with 200mm. The upgrade is the last section of small diameter pipe, the replacement of which will improve overall system flow.
- 30 St SE Watermain Upgrade - \$175,000  
The 30 Street SE watermain upgrade project is required for the Zone 5 Booster Station Upgrade project to increase pumping capacity from 10 - 20 Avenue SE. The project involves constructing approximately 150m of 300mm diameter watermain to tie-in two existing twin mains.

Future Capital Expenditures

Overall, the City's water infrastructure is starting to reach its anticipated useful life. Not all will require replacement on schedule (where possible, condition assessments will be used to delay investments until truly necessary); however, the scale of potential replacements is significant. Specifically, there were incredible investments into water infrastructure between 1966 and 1970 that will be potentially aging out within the planning horizon.

The current replacement cost estimates below are based on 2022 Class 'D' per metre unit rates.

Date Range	Pre 1950	1951 - 1955	1956 - 1960	1961 - 1965	1966 - 1970
Kilometers	67.1	2.6	5.4	8.1	27.7
Est. \$ Million	\$2.3	\$1.6	\$3.5	\$4.5	\$15.9

In conjunction with the City's Water Master Plan and Asset Management plan, some significant future projects of note are listed below:

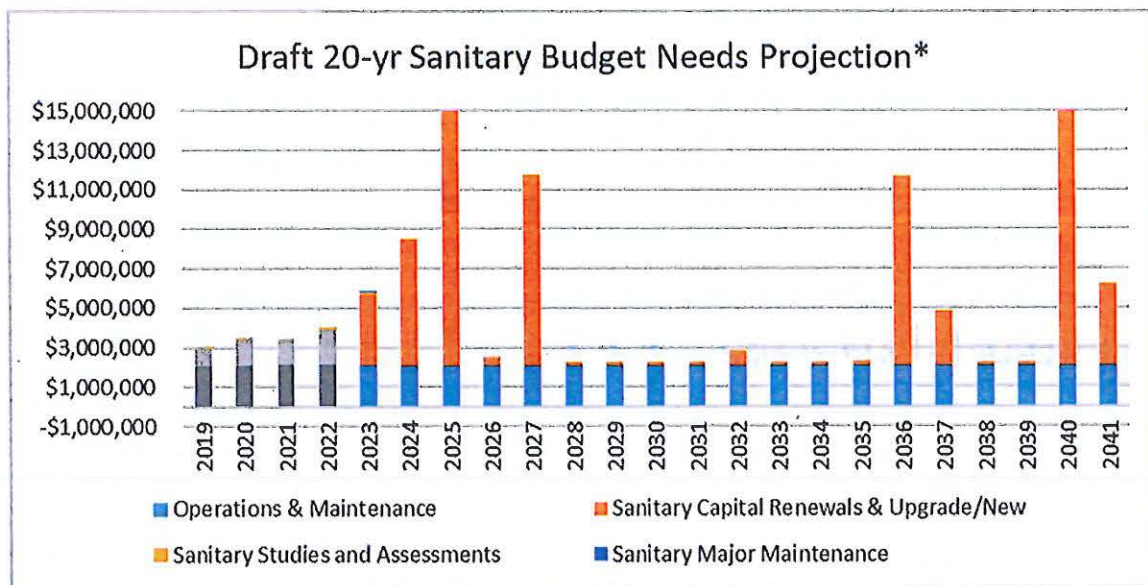
- Trans Canada Highway East (from 20 Ave NE to 50 St NE), installed in 1949, 3.8 kilometers in length and replacement cost is estimated at \$2 million dollars;
- Highway 97B from Countryside Mobile Park to 20 Ave SE, installed between 1948 and 1962 is 1.9 kilometers in length and replacement cost is 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 (partially completed in 2017);
- Zone 5 Watermain Extension/Upgrade, estimated construction cost at \$3.3 million dollars; and
- Zone 2 Reservoir Reconstruction, estimated construction cost at \$1.75 million.

As a result, \$100,000 has been transferred to the Water Major Maintenance Reserve Fund in 2023.

Sewer Fund

The Sanitary Asset Management planning process has significantly advanced and similar to Water, has allowed for a draft projection of sewer funding requirements over a twenty (20) year planning horizon. More detailed condition assessments will be prioritized for assets that are nearing the end of their anticipated useful life and those deemed critical. This will adjust the anticipated required expenditures. The draft twenty (20) year Sewer Budget Needs Projection is illustrated below.



\*The 2023 budget does not include the WPCC Stage IV or V Upgrade, as the scale of the chart renders other years illegible. The upgrades are currently anticipated at \$50,000,000 in 2025 and \$20,000,000 in 2040.

Unlike the water system, the majority of the sanitary sewer infrastructure is not expected to age out over the twenty (20) year project horizon having been installed in the 1970's and newer. However there are upgrades required to increase capacity due to development; as well as some infrastructure that is not performing up to anticipated useful life and will require 'early' replacement (i.e. Sanitary Foreshore Main).

Significant budget changes and planned projects include:

- An increase to Biosolids Handling (\$20,000) attributed to increase raw material costs;

- Assessments & Studies – additional funding to undertake an update to the Liquid Waste Management Plan (\$50,000) which is required prior to the Water Pollution Control Centre (WPCC) upgrade, a WPCC Facility Inventory and Assessment (\$15,000) to support SDM activities and a Okanagan Ave Sanitary Replacement Feasibility Study (\$5,000);
- Major Maintenance includes replacement of Lift Station equipment (\$20,000);
- A transfer to a new reserve for the WPCC Stage IV Expansion (\$347,400) which are reserve funds reallocated from the Trickling Filter Heads (\$131,400) and Construction (\$116,000) reserves. These reserves are no longer necessary with the Stage IV Upgrade due to technology changes. It is recommended to re-purpose these reserves.
- The capital budget includes:
  - Canoe Beach Drive Replacement - \$325,100  
The Canoe Beach Drive sanitary replacement project is part of an ongoing series of replacements and upgrades in Canoe mainly to replace ageing and undersized infrastructure. However, the upgrade has been an opportunity to reroute sanitary flows to a major lift station as opposed to a minor lift station to minimize future lift station upgrade costs.
  - WPCC – PLC Upgrades - \$100,000  
The WPCC Programmable Logic Controller (PLC) Upgrade project is a critical infrastructure replacement project. The current system is obsolete and replacement parts are no longer available. The PLCs allow operators to control various equipment that are critical to the ongoing service delivery at the WPCC.
  - Lift Station – PLC Upgrades - \$150,000  
The Lift Station PLC Upgrade project is a critical infrastructure replacement project. The current systems are obsolete and replacement parts are no longer available. The PLCs allow operators to control various equipment that are critical to the ongoing service delivery for sanitary collection and conveyance.
  - Clares Cove Lift Station Genset & Kiosk - \$200,000  
Clares Cove Lift Station project is a critical infrastructure upgrade of all components of the lift station including pumps, controls, kiosk, line wall, fence, hydro and installation of a generator. The generator installation adds to the City's climate change resiliency as more power outages due to wind storms are anticipated into the future.

#### 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 will need to address system capacity constraints resulting in capital upgrades to gravity mains, pump stations and forcemains, etc.



---

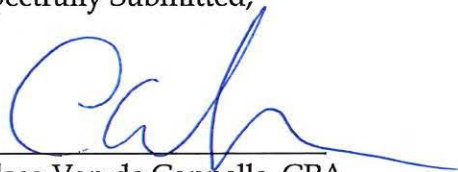
Some significant future projects on the horizon include:

- Water Pollution Control Centre (WPCC) - Stage IV Upgrade, estimated construction cost at \$50 million;
- Foreshore Main - Stage 2 (of 4), estimated construction cost at \$1.9 million;
- Foreshore Main - Stage 3 (of 4), estimated construction cost at \$3 million; and
- Wharf Street Lift Station (Impellor and pump replacement), estimated cost at \$1.5 million.

As a result, \$50,000 has been transferred to the Sewer Major Maintenance Reserve Fund in 2023.

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, with both the Site Selection Study and pilot of preferred treatment process completed. The next steps include updating the City's financial plan, updating the Liquid Waste Management Plan, completing detailed design and construction. Current preliminary estimates indicate the Stage IV upgrade will cost upwards of \$50 million dollars and is likely to have a significant impact on the City's debt position.

Respectfully Submitted,



Chelsea Van de Cappelle, CPA

CITY OF SALMON ARM

BYLAW NO. 4564

**A bylaw respecting the 2023 to 2027 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 2023 to 2027 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 2023 to 2027 Financial Plan Bylaw No. 4564".

READ A FIRST TIME THIS	DAY OF	2023.
READ A SECOND TIME THIS	DAY OF	2023.
READ A THIRD TIME THIS	DAY OF	2023.
ADOPTED BY COUNCIL THIS	DAY OF	2023.

\_\_\_\_\_  
MAYOR

\_\_\_\_\_  
CORPORATE OFFICER

## City of Salmon Arm

## 2023 - 2027 Financial Plan

	2023 Budget	2024 Budget	2025 Budget	2026 Budget	2027 Budget
<b>Consolidated Revenues</b>					
Property and MRDT Taxes - Net	\$21,622,080	\$22,054,522	\$ 22,495,612	\$ 22,945,524	\$ 23,404,434
Frontage & Parcel Taxes	3,723,220	3,797,684	3,873,638	3,951,111	4,030,133
Sales of Service	9,156,295	9,339,421	9,526,209	9,716,733	9,911,068
Revenue From Own Sources	3,081,680	3,143,314	3,206,180	3,270,304	3,335,710
Rentals	343,435	350,304	357,310	364,456	371,745
Federal Government Transfers	353,120	360,182	367,386	374,734	382,229
Provincial Government Transfers	667,025	680,366	693,973	707,852	722,009
Other Government Transfers	229,508	234,098	238,780	243,556	248,427
Transfer From Prior Year Surplus	295,120	301,022	307,042	313,183	319,447
Transfer From Reserve Accounts	2,567,390	2,618,738	2,671,113	2,724,535	2,779,026
Transfer From Reserve Funds	-	-	-	-	-
<b>Total Consolidated Revenues</b>	<b>\$42,038,873</b>	<b>\$42,879,651</b>	<b>\$ 43,737,243</b>	<b>\$ 44,611,988</b>	<b>\$ 45,504,228</b>
<b>Consolidated Expenditures</b>					
General Government Services	\$ 4,202,990	\$ 4,287,050	\$ 4,372,791	\$ 4,460,247	\$ 4,549,452
Protective Services	7,691,470	7,845,299	8,002,205	8,162,249	8,325,494
Transportation Services	5,827,580	5,944,132	6,063,015	6,184,275	6,307,961
Environmental Health Services	62,850	64,107	65,389	66,697	68,031
Environmental Development Service	3,285,140	3,350,843	3,417,860	3,486,217	3,555,941
Recreation and Cultural Services	5,262,455	5,367,704	5,475,058	5,584,559	5,696,250
Fiscal Services - Interest	1,352,725	1,379,780	1,407,376	1,435,524	1,464,234
Fiscal Services - Principal	1,364,760	1,392,055	1,419,896	1,448,294	1,477,260
Capital Expenditures	3,740,325	6,563,160	6,196,950	4,918,606	5,091,106
Transfer to Surplus	-	-	-	-	-
Transfer to Reserve Accounts	2,799,658	107,623	607,247	2,021,674	1,987,980
Transfer to Reserve Funds	1,131,520	1,154,150	1,177,233	1,200,778	1,224,794
Water Services	2,853,400	2,910,468	2,968,677	3,028,051	3,088,612
Sewer Services	2,464,000	2,513,280	2,563,546	2,614,817	2,667,113
<b>Total Consolidated Expenditures</b>	<b>\$42,038,873</b>	<b>\$42,879,651</b>	<b>\$ 43,737,243</b>	<b>\$ 44,611,988</b>	<b>\$ 45,504,228</b>

Schedule "A" - Bylaw #4564

**2023 - 2027 Financial Plan****City of Salmon Arm**

2023 Budget	2024 Budget	2025 Budget	2026 Budget	2027 Budget
----------------	----------------	----------------	----------------	----------------

**Capital Projects****Finances Acquired**

General Operating Fund	\$ 2,189,925	\$ 4,887,360	\$ 5,157,650	\$ 3,581,150	\$ 3,746,150
Water Operating Fund	763,100	912,300	716,800	1,042,800	819,300
Sewer Operating Fund	787,300	763,500	322,500	294,656	525,656
Federal Government Grants	2,228,550	548,500	-	-	-
Provincial Government Grants	3,172,250	838,500	-	-	-
Prior Year Surplus	28,000	-	-	-	-
Reserve Accounts	10,214,531	3,460,500	1,365,000	842,500	1,447,500
Reserve Funds	2,629,300	2,737,000	3,523,500	1,226,000	1,296,500
Development Cost Charges	785,750	607,250	875,000	480,000	695,000
Short Term Debt	-	399,500	-	-	-
Long Term Debt	7,265,041	4,380,000	56,025,000	3,470,000	1,500,000
Developer Contributions	836,200	-	-	-	-

**Total Funding Sources**

<b>\$ 30,899,947</b>	<b>\$ 19,534,410</b>	<b>\$ 67,985,450</b>	<b>\$ 10,937,106</b>	<b>\$ 10,030,106</b>
----------------------	----------------------	----------------------	----------------------	----------------------

**Finances Applied**

Transportation Infrastructure	\$ 13,053,776	\$ 10,481,650	\$ 9,638,650	\$ 6,088,650	\$ 4,813,650
Buildings	8,688,300	430,000	555,000	330,000	103,000
Land	-	-	-	-	-
IT Infrastructure	70,000	120,000	20,000	20,000	20,000
Machinery and Equipment	1,325,700	1,204,500	2,363,500	746,000	936,500
Vehicles	427,000	265,000	655,000	95,000	145,000
Parks Infrastructure	748,630	1,553,460	764,000	370,000	445,000
Utility Infrastructure	6,586,541	5,479,800	53,989,300	3,287,456	3,539,956

**Total Capital Expense**

<b>\$ 30,899,947</b>	<b>\$ 19,534,410</b>	<b>\$ 67,985,450</b>	<b>\$ 10,937,106</b>	<b>\$ 10,003,106</b>
----------------------	----------------------	----------------------	----------------------	----------------------

**Departmental Summary:**

	2023 Budget	2024 Budget	2025 Budget	2026 Budget	2027 Budget
--	----------------	----------------	----------------	----------------	----------------

General Government Services	\$ 54,300	\$ 250,000	\$ 100,000	\$ 100,000	\$ 100,000
Protective Services	1,115,800	502,000	292,000	167,000	617,000
Transportation Services	14,204,276	11,444,150	12,385,150	6,682,650	5,198,150
Environmental Health Services	-	555,000	255,000	70,000	60,000
Environmental Development Services	-	-	-	-	-
Recreation and Cultural Services	1,803,030	1,253,460	914,000	580,000	465,000
Water Services	9,155,604	4,203,800	716,800	3,042,800	1,316,800
Sewer Services	4,566,937	1,326,000	53,322,500	294,656	2,273,156
<b>Total by Department</b>	<b>\$ 30,899,947</b>	<b>\$ 19,534,410</b>	<b>\$ 67,985,450</b>	<b>\$ 10,937,106</b>	<b>\$ 10,030,106</b>

Schedule "B" – Bylaw #4564  
2023 Revenue Policy Disclosure

1. Table One (1) reflects the proportion of total revenue proposed to be raised from each funding source in 2023. 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, Cemeteries 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 #4564  
 2023 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	41.05%	47.52%
Parcel Taxes	7.07%	8.18%
User Fees, Charges and Interest Income	23.88%	27.64%
Other Sources	14.21%	0.70%
Proceeds From Borrowing	13.79%	15.96%
	100.00%	100.00%

- 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 between Class 5 (Light Industry) and 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 #4564  
 2023 Revenue Policy Disclosure

Table 2: Distribution of Property Taxes Between Property Classes

Property Class	2022 Tax Rate	Class Multiple	Percentage to Total Property Tax	Percentage to Total Property Assessment Value
Residential	3.0324	1.00:1	66.45%	87.64%
Utilities	23.3768	7.71:1	0.80%	0.14%
Supportive Housing	0.000	0.00:1	0.00%	0.00%
Major Industry	65.1406	21.48:1	2.73%	0.17%
Light Industry	10.0717	3.32:1	2.59%	1.03%
Business	10.0717	3.32:1	26.69%	10.60%
Managed Forest Land	7.4675	2.46:1	0.01%	0.00%
Recreational/Non Profit	2.3528	0.78:1	0.14%	0.24%
Farm	13.3093	4.39:1	0.59%	0.18%

- 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 2020 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	\$ 41,054.00	\$ 35,174.50	\$ 76,228.50
Non Profit Societies	422,707.00	246,032.00	668,739.00
Senior Centers	13,637.00	6,892.00	20,529.00
Other	4,140.00	2,108.00	6,248.00
Sports Clubs	268,921.00	141,012.00	409,933.00
<b>Total</b>	<b>\$ 750,459.00</b>	<b>\$ 431,218.50</b>	<b>\$ 1,181,677.50</b>

Schedule "B" – Bylaw #4564  
 2023 Revenue Policy Disclosure

- 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	2017 General Municipal Tax Exemption	2018 General Municipal Tax Exemption	2019 General Municipal Tax Exemption	2020 General Municipal Tax Exemption	2021 General Municipal Tax Exemption	2022 General Municipal Tax Exemption
C-2 "Downtown Commercial Zone"	\$ 29,851.20	\$ 24,304.74	\$ 24,657.03	\$ 18,939.56	\$ 14,424.23	\$ 10,358.95

- 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.

Area	2017 General Municipal Tax Exemption	2018 General Municipal Tax Exemption	2019 General Municipal Tax Exemption	2020 General Municipal Tax Exemption	2021 General Municipal Tax Exemption	2022 General Municipal Tax Exemption
"Industrial Zone"	\$ 0.00	\$ 5,425.51	\$ 5,400.26	\$ 7,614.60	\$ 36,999.43	\$ 91,830.85



**THIS PAGE INTENTIONALLY LEFT BLANK**

Item 8.

**CITY OF SALMON ARM**

Date: January 10, 2023

Moved: Councillor Lavery

Seconded: Councillor Wallace Richmond

THAT: the Special Council Meeting of January 10, 2023, be adjourned.

**Vote Record**

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

- Harrison
- Cannon
- Flynn
- Gonella
- Lavery
- Lindgren
- Wallace Richmond

THIS PAGE INTENTIONALLY LEFT BLANK