



CITY OF PORT ALBERNI

2017-2021 DRAFT FINANCIAL PLAN

February 1 2017 Discussion

3 Critical Issues

1. Lack of Growth

- Tax Base and Population

2. Inadequate funding for infrastructure renewal

3. Reliance on Industrial tax base

Direction From Council October 24 2016

- A different approach to budget development process and 5 year planning
- Gradual **redirection** of heavy industry tax revenue to infrastructure and reserve funds
- Anticipated approximate shift of 2% per year in “operational dependency” on industrial taxation
- Sustained direction over a 12 year period



2017 Budget Process - Different Than Previous Years

- Based on Council direction, a draft budget was prepared for Council consideration
- No planned departmental presentations – one overview presentation
- **Imperative that Council ask questions**
- Expanded use of collaborative “round table” sessions ... Council and senior staff
- Line by line review of 2017 Capital



Draft 5 Year Plan Highlights

- Limited reduction in services
- Net increases in City operational cost of 5% over 5 year period
- City infrastructure expenditures (from taxation) increase over 300% over 5 years (from \$770,294 in 2016 to \$2,881,212 in 2021)
- Reduction of 4.7 FTEs by attrition
- Annual taxation increases of 3% (all classes*)



Projected Taxation Increases

- 2017
 - Increase Residential and Commercial by 3%.
 - Heavy Industry 0%
- 2018 through 2021
 - 3% annual increases across all classes



Other Revenues

- As per 2015 Rogers Report, fees for utilities, services and facility rentals will be revised to reflect market values and/or actual costs.
- Revenues discussed later in this presentation in individual department overviews

Annual Infrastructure Expenditures From Taxation

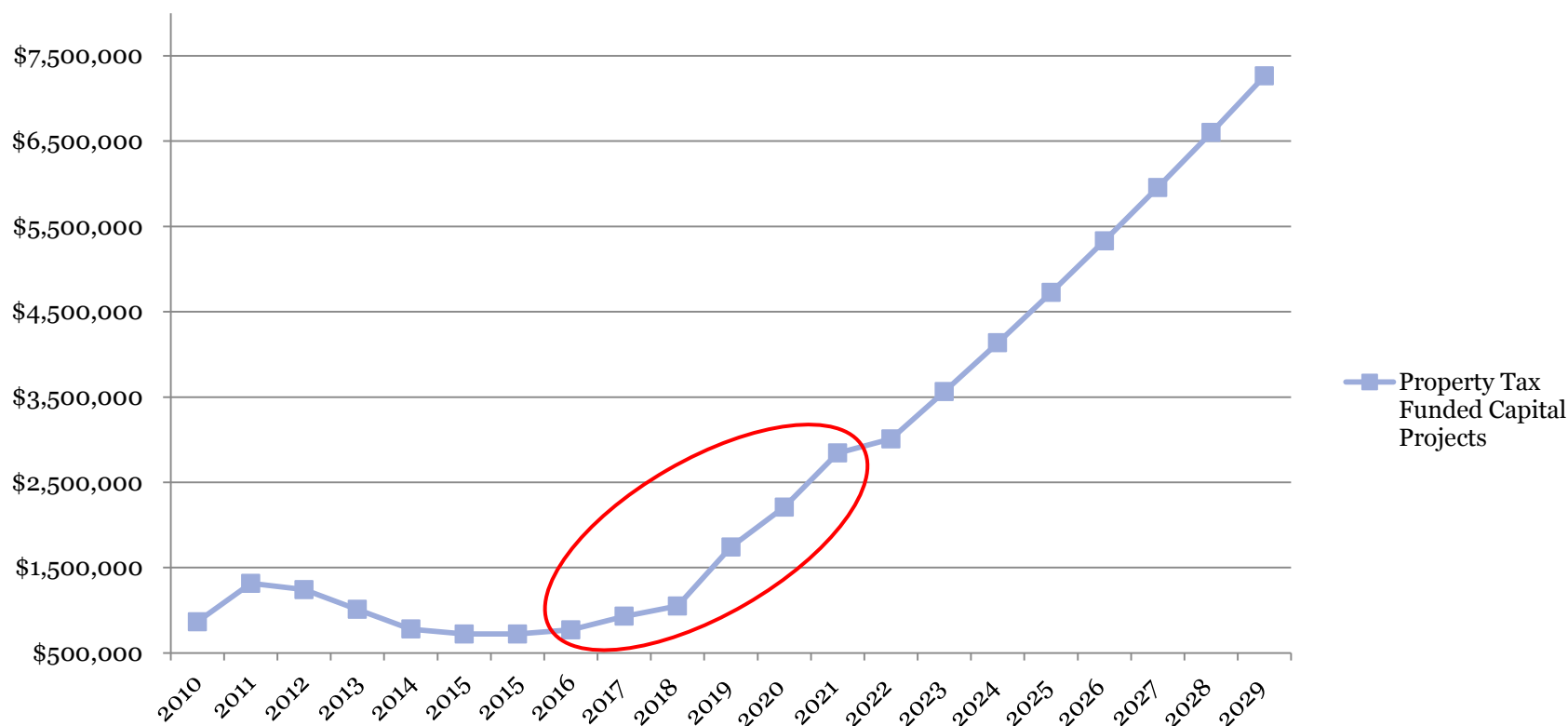


YEAR	TAX INCREASE	\$ to INFRASTRUCTURE
2016	2.7*	\$770,294
2017	3%**	\$953,442
2018	3%	\$1,285,354
2019	3%	\$1,978,051
2020	3%	\$2,771,100
2021	3%	\$2,881,212
5 Years	15%	\$9,869,159



Infrastructure Capital From Taxes

Property Tax Funded Capital Projects





Policing

2016	2017	2018	2019	2020	2021	Cumulative
\$6,335,249	2.6%	2.3%	-0.3%	2.4%	2.6%	9.9%

- The City contracts RCMP to provide policing services
- The City funds 34 member positions
- Policing budget has been under-expended in most years (\$400,000 - \$600,000 annually) due to temporary vacancies
- Calls for policing services per capita and policing costs per capita are among highest in BC
- In BC, communities with populations over 15,000 pay 90% of policing costs.



Policing cont'd

2017 – Reduction in revenue (\$25,000) (I.T. - related)

2017 – Hiring of City-employed manager (\$100,000)

2017 – Based on previous years' experience with budget under-expenditures due to unfilled positions, anticipate equivalent cost of 2 members (\$334,000) “surplus”

- Remove cap on Emergency Reserve Fund
- Redirect all policing annual “surplus” to Reserve
- If needed in any year, Council can consider drawing from Reserve to fund operating shortfall.

2018 – Anticipated reduction in cost of equivalent of 1 FTE (City) (\$80,000)

2019 – reduction in one RCMP member position



Fire

2016	2017	2018	2019	2020	2021	Cumulative
\$3,156,132	0.4%	1.1%	2.4%	-0.9%	2.0%	5.0%

- Port Alberni Fire Department staffed by two exempt chief officers, one fire prevention officer and 20 firefighters
- Port Alberni experiences more fires than other similar-sized communities in BC
- The City provides fire protection to several areas outside of the City, for which revenue is received
- Considerable effort has been made to control costs



Fire cont'd

- 2017 – Reduce one firefighter position by attrition – some occurrence of shifts being staffed by fewer than 4 personnel
- 2020 – Further reduction of one firefighter position by attrition – increased frequency of staffing fewer than 4 personnel



General Government

2016	2017	2018	2019	2020	2021	Cumulative
\$2,736,872	0.6%	2.4%	-2.5%	1.4%	1.4%	3.3%*

- General Government includes Administration, Finance, Information Services, Human Resources and Clerk's Departments
- General government is an internal service, providing support to other City departments

General Government cont'd

- 2017 – reorganization within Clerk's Dept to enhance Communications capacity (no increase in cost)
- 2017 – reduction of 1/2 FTE by attrition in HR, work absorbed by Clerk's Dept.
- 2017 - \$25,000 increase in revenue/recovery from RCMP for I.T. service
- 2019 – reduction of 0.4 FTE by attrition



Economic Development

2016	2017	2018	2019	2020	2021	Cumulative
\$273,872	1.3%	2.6%	0.1%	0.7%	0.3%	5.1%

- Economic Development
- 10% (\$2,000) reduction in trade show budget
- zero increase in many non-labour costs



Planning

2016	2017	2018	2019	2020	2021	Cumulative
\$365,475	-4.0%	3.0%	2.0%	2.0%	2.1%	5.0%

- Planning includes Planning/Development services, Bylaw Enforcement and Building Inspection services
- A significant reduction in consulting fees in 2017 and subsequent years has resulted in a 5% overall increase over the 5 Year Plan



Engineering

2016	2017	2018	2019	2020	2021	Cumulative
\$490,909	7.0%	-2.0%	-3.0%	-3.9%	2.0%	0.9%

- Engineering Dept staffing is 5.5 personnel
- Engineering is responsible for capital project design work, oversight of capital projects, long term infrastructure renewal, GIS mapping
- Engineering budget is primarily salaries and wages with limited equipment and consultation costs



Engineering cont'd

- Engineering work is tied closely with infrastructure projects. As more infrastructure renewal occurs, the City will rely more heavily on Engineering.
- 5 Year Plan gradually transfers the costs of the City's 2.5 Engineering Technologists to Capital budget. In 2021 30% of Tech costs is reflected in Capital.
- Zero increase in consulting fees



Works (Operations)

2016	2017	2018	2019	2020	2021	Cumulative
\$5,785,082	-0.6%	1.1%	1.2%	1.2%	1.3%	4.3%

- The City Works department provides services including water, sewer, storm water, streets, solid waste (garbage) pick up, facility and parks maintenance.
- City Works performs maintenance of infrastructure, service delivery and undertakes some capital renewal works.
- Water, sewer and garbage services are funded via specific fees for service.



Works cont'd

- In 2016 garbage collection fees were \$37,500 lower than actual costs. The 5 Year Plan gradually increases garbage fees to equal service costs by 2021.
- Increase in cemetery fees to cover costs
- Budget figures based on actual costs in previous years
- Reduction in annual power costs as a result of LED streetlight upgrades



Parks and Recreation

2016	2017	2018	2019	2020	2021	Cumulative
\$2,560,392	1.8%	2.6%	-0.8%	1.1%	-0.6%	4.1%

- Responsible for maintaining and programming a wide array of recreation facilities in the City which are utilized by people of all ages and abilities.
- Local socio-economic conditions drive high demand for publicly-funded services
- Department generates revenues of over \$1.6 million.
- Supports the work of nonprofits and volunteers in all sectors via the Community Investment Program and capacity building programs.

Parks and Recreation cont'd

- 2017 – elimination of one exempt position resulting in 0.8 FTE net reduction
- Increased revenues from leases, facility rentals, user fees, concessions
- Scheduling reorganization upon retirements to reduce some use of casual employees



Heritage (Museum and McLean Mill)

2016	2017	2018	2019	2020	2021	Cumulative
\$585,297	5.5%	-7.9%	-4.4%	-5.4%	-6.2%	-17.5%

- The City operates the AV museum, provides educational heritage programs including outreach, and provides professional staff to create exhibits, deliver education and programs, and provide support to other arts, culture and heritage groups
- City-owned McLean Mill is operated by the McLean Mill Society
- City-owned heritage trains, trucks, equipment and facilities are maintained and operated by WVIIHS

Heritage cont'd

- Projected increase in museum admission revenues
- Anticipated reduction in City payment of utility costs for Industrial Heritage Centre, Train Station, Round House
- Anticipated 50% reduction in McLean Mill subsidy

Capital Budget - 2017

- IT equipment \$113,230
- Replace 2004 Van with Hybrid \$45,000
- Replace firehall generator \$60,000
- Replace firehall control room console \$58,000
- Replace firehall thermal cameras \$30,000
- Replace firehall AEDs (2) \$15,000
- Replace garbage trucks (2) \$700,000

Capital - 2017, Paving/Road

- Beaver Creek widening (Pineo - Compton)
\$55,000
- Coal Creek Project Phase 2 - \$130,000
- Argyle (17th – 21st) water main project \$100,000
- Athol (4th – 5th) \$35,000

Capital - 2017, Storm

- Small Storm Projects \$200,000
- Lathom (Gertrude East) \$25,000
- Craig (Regina – Tebo) \$90,000
- Athol (4th – 5th) \$55,000
- Virginia (Leslie – Gordon) \$75,000
- Hilton culvert \$25,000
- 14th Ave (3800 block alley) \$65,000
- Somass Mill drain \$20,000

Capital - 2017, Main, Other

- Coal Creek Phase 2 \$244,000
- De-icing Equipment \$20,000
- Truck box #259 \$19,000
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- All abilities cycle tracks \$10,000
- Cycle lane (Stamp Ave) \$200,000
- City hall generator \$50,000
- Field of Honour Permanent Row \$14,600
- Johnston Rd sidewalk (to Muir) \$65,000
- Josephine bridge deck \$65,000

Capital 2017, Parks, Rec, Heritage

- Bob Dailey irrigation \$15,000
- McLean Mill capital \$65,000
- Aquatic Centre remove dive board/install slide \$38,000
- Canal Beach irrigation \$40,000
- City hall elevator \$150,000
- Echo Centre chlorine storage \$30,000
- Water bottle stations \$10,000
- Glenwood Centre roof \$27,500

Capital 2017, Parks, Rec, Heritage cont'd

- Gyro Youth Centre ramp \$35,000
- Multiplex canopy extension \$25,000
- Multiplex 2007 floor scrubber \$17,200
- Recreation Park Phase One \$285,000

Capital 2017 - Water

- Dead end & distribution upgrades \$100,000
- Bainbridge Lake intake \$335,000
- 21st Ave water main Phase One \$160,000
- 21st Ave water main Phase Two \$300,000
- Argyle (17th – 21st) \$600,000
- Athol (4th – 5th) \$40,000
- Water meter replacement (6 years) \$150,000
- Bainbridge pump station x2 \$15,000
- Back up generator Arrowsmith Pump \$100,000
- Arrowsmith reservoir pumps \$30,000

Capital 2017 - Sewer

- Small capital main replacements \$100,000
- Burde St (4th – 5th) \$160,000
- 14th Ave (3800 block) \$65,000
- Coal Creek Phase Two \$280,000
- Lagoon de-commissioning \$355,530
- New sewage treatment upgrade \$11,300,000

Next Steps

- Round Table Session (Feb 8) – Council engage with managers
- Public Input Session (Feb 15) – Council receive input on draft budget from public
- Council consideration of all public input to date
- Further Round Table sessions – Council continue to engage with managers
- Council direct when to proceed to adoption of budget.