

FINANCE COMMITTEE MEETING - AGENDA

Agenda for the Finance Committee Meeting scheduled for Monday, July 22, 2019 at 6:00 p.m. in Council Chambers at Village Hall, 2697 Sunnyside Road, Anmore, BC

1. CALL TO ORDER

2. <u>APPROVAL OF THE AGENDA</u>

Recommendation: That the Agenda be approved as circulated.

3. MINUTES

Page 2 (a) Minutes of the Meeting held on March 7, 2019

Recommendation: That the Minutes of the Finance Committee meeting held on

March 7, 2019 be adopted, as circulated.

4. BUSINESS ARISING FROM THE MINUTES

5. <u>UNFINISHED BUSINESS</u>

6. <u>NEW BUSINESS</u>

Page 6 (a) Meeting Schedule for the Current Term April 1, 2019 – March 31, 2021

Recommendation: That the Finance Committee set the meeting schedule for the April 1,

2019 to March 31, 2021 term for the 3rd Monday of each month, or

at the call of the Chair.

Page 11 (b) Request for Funding – Double Check Valves

Report dated July 18, 2019 from the Chief Administrative Officer attached.

(c) New Civic Building – Financing Considerations and Options

Report dated July 18, 2019 from the Chief Administrative Officer attached.

7. <u>ADJOURNMENT</u>

FINANCE COMMITTEE MEETING - MINUTES

Minutes of the Finance Committee Meeting held on Thursday, March 7, 2019 in Council Chambers at Village Hall, 2697 Sunnyside Road, Anmore, BC



COMMITTEE MEMBERS PRESENT

Mayor John McEwen, Chair Councillor Polly Krier Councillor Tim Laidler Councillor Kim Trowbridge Councillor Paul Weverink Nick Cheng Mark Roberts

OTHERS PRESENT

Juli Halliwell, Chief Administrative Officer Karen Elrick, Manager of Corporate Services

1. CALL TO ORDER

Mayor McEwen called the meeting to order at 5:35 p.m.

2. APPROVAL OF THE AGENDA

It was MOVED and SECONDED

"THAT THE AGENDA BE APPROVED AS CIRCULATED."

CARRIED UNANIMOUSLY

3. MINUTES

(a) Minutes of the Meeting held on November 19, 2018

It was MOVED and SECONDED

"THAT THE MINUTES OF THE FINANCE COMMITTEE MEETING HELD ON NOVEMBER 19, 2018 BE ADOPTED AS CIRCULATED."

CARRIED UNANIMOUSLY

4. <u>BUSINESS ARISING FROM THE MINUTES</u>

Nil

5. UNFINISHED BUSINESS

Nil

6. <u>NEW BUSINESS</u>

(a) Five Year (2019 – 2023) Financial Plan

Ms. Juli Halliwell, CAO, provided an overview of the documents included in the agenda package and outlined legislative requirements regarding adoption of the 5 Year Financial Plan and Tax Rate Bylaw.

Ms. Halliwell noted that the budget presented would result in a property tax increase for an average single family home of 8.99% not including consideration of an adjustment of Council remuneration. It was noted that the limited tax base in Anmore results in a higher impact of budget changes to property taxes than neighbouring communities.

Points included:

- Additional taxation revenue.
- Increased investment income.
- Overview of revenue and expenditure changes.
- Contemplation of new service for contracted dog control at the budgeted cost of \$12,000 per year.
- Breakdown of proposed property tax increase 6.7% for fixed asset levy and 2.2% for general operating budget.

Discussion included:

- Investment portfolio of Village is regulated and low risk.
- Asset management and contemplation of new Civic building.
- CPI increase for salaries is based on Vancouver area rate which was 2.9% for 2018.
- Breakdown of 2018 property taxes:
 - o 22% operation of village
 - o 16% asset replacement levy
 - 4% policing
 - o 45% school
 - 5% Metro Vancouver
 - o 7% TransLink
 - o 1% BC Assessment / MFA
- Need for additional contract services for Finance, Communications and

Geotechnical review.

- Increased legal fee expenditure in 2018 due to Anmore Green Estates.
- Noted decrease in building permit revenue.
- Potential for new revenue source of Building, Bylaw, and Planning services contract.

Action Item: Staff to provide historical actuals to Committee members to show trend patterns for budget items.

- Contemplation within budget for proposed Council remuneration increase budget impact of \$50,000.
- Civic Building considerations for future community needs.
- Whether Council conference budget should be adjusted.
- Strong financial position of Village of Anmore
- Budget changes considered to accommodate for Council remuneration proposed increase:
 - Elimination of new dog service of \$12,000 with potential alternate options to be investigated.
 - o Potential offset to contract service amount \$10,000 reduction.
 - Funding of MSP for 2019 from reserves would result in an \$8,000 decrease in budget.
 - o Reduce legal budget by \$10,000.
 - o Reductions noted above would result in a 9.38% average tax increase.

Ms. Halliwell provided an overview of the proposed water rate increase of 2% to \$2.86 per cubic meter and a proposed increase in garbage collection from \$269 to \$289; and noted the bylaw amendments would be brought forward at the next Regular Council meeting.

Proposed capital project highlights included:

- Truck replacement \$120,000.
- Tennis court resurface \$15.000.
 - This project will be placed on hold.
- Trail standards maintenance and upgrades, and bus shelter installations.
 - These projects will be kept in budget but action will not commence pending potential funding opportunities from other government levels.
- Culvert repair and replacement.
- Sunnyside Road Improvements \$147,000.
 - Remove this item from budget pending alternative funding options.
 Portion funded by MRN of \$98,000 to remain in budget.

Action Item: Staff to determine scope of Sunnyside Road Improvement project within Major Road Network budget amount of \$98,000.

It was MOVED and SECONDED

"THAT THE FINANCE COMMITTEE REFER THE DRAFT 2019-2023 FINANCIAL PLAN, AS AMENDED, TO REFLECT AN AVERAGE PROPERTY TAX INCREASE OF 9.38% TO COUNCIL, FOR CONSIDERATION.."

CARRIED UNANIMOUSLY

7.	AD.	<u>IOU</u>	IRN	MEN	<u>1T</u>

Certified Correct:

It was MOVED and SECONDED:

"TO ADJOURN."

Approved:

The meeting adjourned at 7:33 p.m.

Karen Elrick Mayor John McEwen
Manager of Corporate Services Chair, Finance Committee



VILLAGE OF ANMORE REPORT TO FINANCE COMMITTEE

Date:

July 18, 2019

Submitted by:

Juli Halliwell, Chief Administrative Officer

Subject:

Request for Funding – Double Check Valves

Purpose / Introduction

To request funding for four (4) double check valves to be installed on the Village's watermain at Countryside Village.

Recommended Options

That Finance Committee recommend approval of \$25,000 to fund the installation of four (4) double check valves on the Village's watermain at Countryside Village And That funding be allocated from the Water Reserve.

Background

Through regular maintenance of our water system as well as review of the Village's infrastructure, it has been identified that double check valves should be installed at four (4) points along the watermain that runs through Country Village. Countryside Village is responsible for maintaining the majority of the water infrastructure within their common property through the Strata Corporation.

Discussion

Through the review and discussion with the Village's engineering consultant, staff is recommending that double check valves be installed at each of the four (4) connection points from the Village's watermain to Countryside Village's infrastructure. This will limit the Village's liability of transferring potential contamination from the private system to the Village's system. At present, there are Pressure Reducing Valves (PRVs) which limit the backflow to the Village's watermain, however if there were to be a negative pressure within our system, there is potential to draw water into our lines. The installation of double check valves would prevent such backflow.

Request for Funding – Double Check Valves July 18, 2019

Each double check valve assembly is estimated to cost \$6,250 to install (breakdown provided in **Attachment 1**). The total requested budget for this project is \$25,000 to be funded from the Water Utility Reserve. The Water Utility Reserve has a current balance of \$351,185.

Other Options

1. That Finance Committee recommend to not move forward with the installation of four (4) double check valves.

Financial Implications

As outlined in the report.

Communications / Civic Engagement

Affected residents will be communicated with regarding any construction and/or water supply disruption that may take place.

Corporate Strategic Plan Objectives

This project will provide responsive, efficient, transparent and engaged service to residents benefitting from potable water in Anmore.

Attachments:

1. Email dated June 21, 2019 from ISL Engineering regarding recommendation

Prepared by:	
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Halluul	
V	
Juli Halliwell	
Chief Administrative Officer	

Juli Halliwell

From: Chris Boit <cboit@islengineering.com>

Sent: June-21-19 4:04 PM

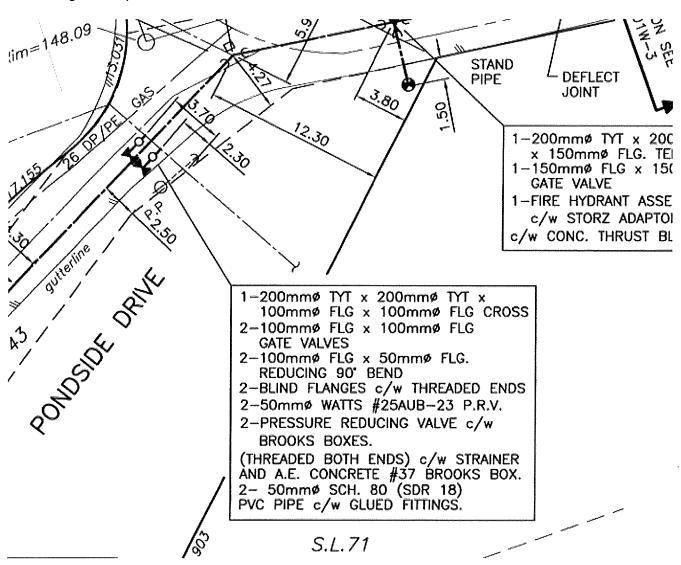
To: Lance Fortier Cc: Juli Halliwell

Subject: Countryside water service connections

Attachments: IMG_0555.jpg; IMG_0554.jpg

Lance,

Following up on our site visit today, I believe we should investigate installing some backflow protection on our main that runs through Countryside.



Based on our findings, my recommendation would be to install a new double check valve assembly at each connection point (4). This will limit the Village's liability of transferring potential contamination from the private connection into our main. At present there are PRVs connected to the municipal watermain and these in theory limit the backflow to

our main. However, if there were to be a negative pressure within the muni system, there is a potential to draw water back into our lines.

Ive attached a couple of sketch of the existing condition and proposed solution. My estimate right now would be \$2500 per install and we have 4 to complete. Therefore, we should set a side a budget of 25k for the work (5k for unforeseens)

Let me know what you think

Chris

Chris Boit, P.Eng. | Manager, Burnaby Office ISL Engineering and Land Services Ltd. #503, 4190 Lougheed Hwy. Burnaby, BC V5C 6A8 T: 604.629.2696 F: 604.629.2698 C: 778.990.7342

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VILLAGE OF ANMORE REPORT TO FINANCE COMMITTEE

Date:

July 18, 2019

Submitted by:

Nancy Gomerich, NG Consulting

Subject:

New Civic Building – Financing Considerations and Options

Purpose / Introduction

To identify and explore options for financing the build of the new civic building, and establish guidelines to be considered as part of the decision process that are supportive of long-term financial sustainability and the Village's Council Strategic Plan.

Recommended Option

That Finance Committee make the following recommendations to Council:

- That the Village only consider the use of available reserve funds (Capital Reserve Funds) and not surplus, to fund the new civic building project.
- 2. That the Village pursue a funding strategy for the new civic building project that would include incurring a level of long-term debt that:
- Does not exceed what would be permitted within the Elector Free Zone,
- Eliminates a tax increase to fund some/all of the annual debt repayment, and
- Would permit a sufficient and reasonable amount of Capital Reserve Funds to remain available to fund other capital works.
- 3. That staff be directed to proceed with a civic building detailed design, for a maximum budget of \$750,000, to be funded from the Capital Reserve.
- 4. That a \$1,265,000 contingency budget be added to the current \$8M new civic building budget, and that the budget be further refined following completion of the detailed design, and again, upon final consideration of the project tender responses.

New Civic Building – Financing Considerations and Options July 18, 2019

Background

In 2012, the Old Village Hall was decommissioned due to unsafe working conditions and was deemed unsuitable to be remediated and renovated. Temporary trailers were purchased to be used as administrative offices in early 2013. In 2016, additional trailers were leased to provide a Council Chambers, meeting space and room for community groups to use. The Old Village Hall was dismantled and disposed of in January 2018.

In early 2018, the Village adopted a Village Centre Development Plan which included the construction of a new Civic Building ("the Project") which would serve the purposes of providing a community space/Council Chambers as well as administrative offices and meeting space. It was agreed that the civic building would be sited in the same location as the Old Village Hall.

In May 2019, based on preliminary design work, a cost estimate from HCMA Architecture + Design was obtained, and the Village is currently working with a total build budget of \$8M.

The Village is currently in the position to explore, in more depth, various options to finance the Project, prior to proceeding to the detailed design and tendering phase.

Discussion

Project Timeline

For the purposes of this report the Project timeline is assumed to be as follows:

- August 2019-February 2020 (8 months) Final Project Design, Project Tendering and Award
- March 2020-September 2021 (1.5 years) Project construction including civil works

Project Total Costs

It is important that the Village consider both the best and worse case total cost scenarios.

The HCMA Architecture + Design cost estimate is a Class D cost estimate which means it is expected to be accurate within plus or minus 20%, and in addition, it specifically does not include certain other costs that will be necessary to complete the new civic building.

Attachment 1 further explores the HCMA cost estimate, estimating the lowest/best case cost to be \$6,482,352 and the highest/worst case cost to be \$9,264,525. The table below provides

New Civic Building – Financing Considerations and Options July 18, 2019

a breakdown of Village funds already set aside to offset the overall cost of the Project, and the amount remaining to be funded:

·	Low	Mid	High
Current total cost estimates	\$6,482,352	\$8,000,000	\$9,264,525
Developer Contributions	(695,236)	(695,236)	(695,236)
Green Gym Grant	(94,358)	(94,358)	(94,358)
Provincial Grant	(30,000)	(30,000)	(30,000)
Remaining Amount (RA) to be funded	\$5,662,758	\$7,180,406	\$8,444,931

The Village is currently working with a project budget of \$8M, which is very close to the average of the above total cost estimates, and is <u>currently</u> very reasonable/likely. As the actual cost will not be known until the project is complete, and the final design and tendering has yet to done (i.e. still relatively early in the process), the Village should be prepared to spend additional funds should the highest/worst case (based on available information today and <u>many</u> assumptions), materialize.

Additionally, as noted in the HCMA Report, the current annual cost escalation cost is about 6%. As this rate is much higher than what the Village can earn on its invested cash funds, the Village should proceed with the detailed design and following tender process as soon as possible, in order to minimize total costs.

Recommendations:

That staff be directed to proceed with a civic building detailed design, for a maximum budget of \$750,000, to be funded from the Capital Reserve.

That a \$1,265,000 contingency budget be added to the current \$8M new civic building budget, and that the budget be further refined following completion of the detailed design, and again upon final consideration of project tender responses.

Project Financing Options & Considerations

Based on a review the Village's financial position and the current 2019-2023 Financial Plan, the Village has the option to fund the Project RA (RA=Remaining Amount to be funded) substantially with: reserves and surplus, with debt, or a combination. **Attachment 2** provides a summary of the Village's total reserves and surplus based on the 2019-2023 Financial Plan,

New Civic Building – Financing Considerations and Options July 18, 2019

estimating that about \$9.1M would be potentially available to fund the Project RA.¹ However, it would be unwise to fully use these funds, especially if the civic building cost is on the high end of the current cost estimates, because:

- a) The Financial Plan does not include any significant capital expenditures overall;
- b) Current work is underway to develop long-term (10 year) capital works plans, for the Village's road and drainage infrastructure, that will clarify/identify any significant priority needs; and
- c) Some (ideally \$1M of the \$1.27M balance) of the identified available surplus funds should remain for contingency and short-term financing purposes.

A more prudent approach would be to utilize a level of debt funding in combination with the use of some of the available reserve funds (those in the Village's Capital Reserve Fund) only.

When considering the amount of debt to incur to fund the Project RA, and the related financing term, the following should be considered:

- Current interest rates are still at historically low levels with 25 year rates available to the Village in the range of 2.8%, which is only about 0.8% (or less) over what the Village is currently earning in its invested surplus and reserve funds.
- The amount of debt, the debt term, the process to obtain the debt, and who the Village may borrow from, is set by legislation (See Attachment 4 for details). A key requirement, is that debt over a defined limit (the Elector Free Zone), <u>must</u> be approved by the electors. In the Village's case, debt over \$3.4M for 25 year debt must be approved by the electors and the amount is much less for shorter debt terms (see Attachment 3, bottom of page). While it may not be the case for the Village, it is typically more difficult to obtain elector approval for buildings with a primary use as a municipal hall, than it would be for other municipal projects.
- The impact of the annual debt annual servicing cost (i.e. the annual principle and interest payment) on operations and how it will be funded:
 - o Longer-term debt will have a lower annual cost impact.
 - Given the Village's significant planned contributions to the Capital Reserve (i.e. Fixed Asset Levy) for future capital works, it would be achievable, especially for longer-term debt, and appropriate, to fund the full annual debt servicing cost, from this source, rather than increase tax rates to fund.

¹ The \$9.1M is the balance of Surplus and the Capital Reserve Fund at the end of 2021. These are the two sources of Village savings that could be used to fund the Project. The \$9.1M is <u>before</u> any reduction due to expenditures for the Project or other expenditures that might be required before 2021. 2021 is the expected year the Project would be complete.

New Civic Building – Financing Considerations and Options July 18, 2019

Recommendations:

That the Village only consider the use of available reserve funds (Capital Reserve Funds) and not surplus, to fund the new civic building project.

That the Village pursue a funding strategy for the new civic building project that would include incurring a level of long-term debt that:

- Does not exceed what would be permitted within the Elector Free Zone;
- Eliminates a tax increase to fund some/all of the annual debt repayment; and
- Would permit a sufficient and reasonable amount of Capital Reserve Funds to remain available to fund other capital works.

Financing Options

Three options have been developed for comparative purposes, based on currently available information and facts. Key information required to better inform the options include:

- Confirmation of the Project timeline; and
- A deeper review of the Village's other capital works requirements.

Options A and B are relatively "extreme" options and are not recommended as written, but are provided to demonstrate what would be possible. If Council felt very strongly about the primary goal for either option, the approach could be softened and fine-tuned to support the above stated recommendations.

Option C takes a more balanced approach, assuming that the Village will borrow to the Elector Free Zone Limit (approximately \$3.4M), and then use funds in the Capital Reserve to fund any remaining requirements. This option strongly supports the above stated recommendations. Note that given the Villages current financial position, subject to significantly greater capital needs being identified through the current long-term plan development process, borrowing less than this maximum limit may be the most prudent and reasonable approach. The table below shows the amount of reserves that would be required to fund the difference in cost and debt under Option C:

	Low	Mid	High
Remaining Amount (RA) to be funded	\$5,662,758	\$7,180,406	\$8,444,931
Debt	(3,400,000)	(3,400,000)	(3,400,000)
Funded from Reserves	(\$2,262,758)	(\$3,780,406)	(\$5,044,931)

New Civic Building – Financing Considerations and Options July 18, 2019

Option A:

Goal: Minimize use of Reserves & Surplus by incurring as much debt as possible, but then repay the debt, in full as soon as possible.

(See Attachment 3 for detailed analysis of this option)

- Incurring long-term debt to fund the Project RA, even for the lowest cost scenario, would result in a debt level that would exceed the Elector Free Zone, and accordingly, elector assent <u>would</u> be required.
- Annual debt servicing would be significant, reducing the Capital Reserve annual
 funding from revenues for capital works (i.e. the Fixed Asset Levy) from about \$1.289M
 in 2022 (first year of debt repayment) to about \$347,000 to \$657,000 depending on
 actual building costs. Although this reduction is large, the remaining contribution is still
 relatively significant.
- Significant reserves and surplus would remain available for other purposes. The estimated Capital Reserve and Surplus balance at the start of 2022 (when the Project would be complete) is \$7.82M and \$1.27M, respectively (total of \$9.1M).
- Debt could be repaid relatively quickly: within ten (10) years under all build cost assumptions.

Option B:

Goal: Eliminate the Use of Debt by using available Reserves & Surplus.

- It would be possible to build the new civic building without incurring any debt, as the estimated balance of available reserves and surplus to fund the Project RA would be about \$9.1M which is greater than the Project RA even under the current highest build cost estimate.
- The balance in the Capital Reserve Fund and Surplus, would be significantly reduced. Following completion of the new building (end of 2021), under the LOW, MID and HIGH Build cost assumptions the Capital Reserve and Surplus balance would be reduced to \$3.4M, \$1.9M and \$656,000 respectively. The recommended minimum surplus level sufficient for contingency and short-term operational financing is about \$1M.
- However, under <u>all three cost assumptions</u>, the annual Capital Reserve Contribution would remain very high (\$1.289M current level), and thus, <u>significant capital and</u> operational funding availability could be increased quickly over a few years.

New Civic Building – Financing Considerations and Options July 18, 2019

Option C:

Goal: A balanced approach – incur debt to the Elector Free Zone limit, and then fund the remainder of costs with available Reserves & Surplus.

- Under this option the Village would **borrow approximately \$3.4M**, and fund the rest of the build costs from the Capital Reserve.
- Annual debt servicing (over 25 years) would be the maximum permitted without elector approval of about \$189,000 per year.
- This option would preserve significantly more of the Capital Reserve and Surplus funds than Options A or B, providing a high level of funding to be directed to other capital works, as required.

Community Space - Revenue Generation

Staff have reviewed the revenue generation potential of a 4,000 square foot community hall at a high level. Assuming that a similar rate to Old Orchard Hall (2,000 square feet) is charged at \$925.00 per day, and that there are 2 full days per month booked (2 X 12 = 24) the total amount of revenue that may be generated is \$22,200.

In addition, the current costs associated with the lease of the Council Chambers/community room trailers is \$2,471 per month, or \$29,652 annually.

This potential additional revenue and cost reductions, were not considered in the above analysis as they will likely, instead, offset the additional operating costs associated with the Civic Building.

Attachments:

- 1. Estimated New Civic Building Costs
- 2. Surplus and Reserves & Other Funds Available for the New Civic Building
- 3. Various Debt Analysis
- 4. Long-Term Debt Borrowing Process and Limits

New Civic Building – Financing Considerations and Options July 18, 2019

Prepared by:

Nancy Gomerich, BBA, CPA, CA

Financial Consultant, NG Consulting

Reviewed for Form and Content / Approved for Submission to Council:

Chief Administrative Officer's Comment/Concurrence

Chief Administrative Officer

Attachment 1: Estimated New Civic Building Costs

Cost Category	Low End	High End	Comments
Class D. Cost Fatius etc.	0.405.000		HCMA Report Class D cost estimate (at May 15 2019). Class D estimates are typically +/- 20% accurate with many variables influencing the final construction price including most importantly the final design scope parameters, final specifications, final drawings, contractors contractual obligations, extent of supplementary conditions, number of
Class D Cost Estimate	6,105,900	6,105,900	compliant bidders and the market activity at time of tender.
Class D accuracy (+/-20%)	(1,221,180)	1,221,180	Class D estimates are typically +/- 20% accurate.
Construction Change Order Contingency	305,295	305,295	HCMA Report advises s/b a construction change order contingency for soft costs set at a minimum of 5% of the construction costs (\$6.1M estimate).
Soft Costs (Non-construction costs)	671,649	793,767	Soft Costs are any costs that are not construction costs such as: insurance, consulting fees (project management, financing support, additional design, cost estimates etc.), permits, legal fees, etc. HCMA consultant advised that ALL consultants required to do the final detailed design and complete working drawings for construction, and then to monitor the project for the entire construction duration typically run b/w 10-12 % of the construction value. Assumed Low End at 11% and High End at 13%.
Additional Cost Escalation Contingency	230,412	288,015	One year, 6% cost escalation contingency to May 15 2020, is incuded IN the Class D cost estimate. HCMA consultant advised: that one should assume a cost escalation contingency to at least the point of awarding the tender, and that escalation has been quite significant but recently has softened, but would provide for 6% (for 12 months) still. Best esimate of time to complete the final drawings, tender process and award is six (6) to eight (8) months followed by one (1) year to one and one-half year (1.5) to build the community hall followed by completion of the related civil works. Assumed continuance of 6% annual contingency for an additional 8 months (Low) and 10 months (high).
Addiional costs to finished basement	330,276	440,368	HCMA Report quotes at 323,800. Low end estimate adds 2% for above noted adjustments and High end adds 36%.
Remove existing buildings/portables	10,000	10,000	Currently operate out of two portables and these will stay during the construction with some minor modifications. NO relocation of staff. Portables will go once new building done. Costs for removal and related works.
Office furniture & equipment, movable office partitions, meeting room technology & any new telephone/computers/security equipment	50,000	100 000	Above costs do not include any of these costs. High level guesstimate included.
			Dove costs do not include any of these costs. Thigh level guesstillate included.
Total (Average \$7,873,000)	6,482,352	9,264,525	

Attachment 2: Surplus and Reserves & Other Funds Available for the New Civic Building

The schedule below was prepared based on the current Financial Plan Bylaw and incorporating various recommendations in the Reserve & Surplus Framework Review/Establishment Report, which has not yet been submitted to Council (given the limited meeting time at the July 22, 2019 meeting this Report has not been included in the Agenda).

Notably:

- Capital expenditures shown in the Financial Plan during this planning period are relatively nominal. Once the Village completes its work on developing its long-term capital plans the expenditure needs and priorities may significantly increase, reducing the amount of reserves and surplus available for other purposes.
- The Financial Plan does not reflect estimates for Development Cost Charge (DCC) contributions, thus the balance shown below for these reserves is understated.

Estimated Reserve & Surplus (balance beginning of year)	2019	2020	2021	2022	2023	2024	
Detail (opening balances)							
Surplus - GF - Opening Balance	1,421,744	1,271,744	1,271,744	1,271,744	1,271,744	2,236,157	Α
Surplus - WF - Opening Balance	(89,665)	(89,665)	(89,665)	(89,665)	(89,665)	(89,665)	
Surplus - SWF - Opening Balance	17,505	17,505	17,505	17,505	17,505	17,505	
NSR - Community Works Fund - Opening Balance	196,783	262,935	330,409	399,234	469,434	541,039	PA
NSR - MRN Roads (Unspent) - Opening Balance	77,582	77,582	77,582	77,582	77,582	77,582	
SR - OR - Operating - Opening Balance		196,000	248,400	300,800	329,200	381,800	
SR - CR - Capital - Opening Balance	4,126,006	5,071,541	6,400,455	7,829,597	9,352,971	11,046,173	Α
SR - CR - Parkland Acquisition - Opening Balance	402,363	410,410	418,618	426,991	435,531	444,241	
SR - CR - Water System - Opening Balance	440,850	702,167	1,004,060	1,317,748	1,637,710	1,970,031	
SR - CR - Water Storage - Opening Balance	37,433	38,182	38,945	39,724	40,519	41,329	
SR - DCC - Roads - Opening Balance	637,551	650,302	663,308	676,574	690,106	703,908	
SR - DCC - Drainage - Opening Balance	68,357	69,724	71,119	72,541	73,992	75,472	
SR - DCC - Water - Opening Balance	864,328	881,615	899,247	917,232	935,576	954,288	
Total Reserves & Surplus	8,200,837	9,560,041	11,351,728	13,257,606	15,242,205	18,399,858	
NSR=Non-Statutory Reserve; SR=Statutory Reseve, DCC=	-Development	Cost Charge,	OR=Operating	Reserve, CR=0	Capital Reserve	e	
GF=General Fund, WF=Water Fund, SWF=Solid Waste Fu	ınd, MRN=Muı	nicipal Road N	etwork				
Estimated Available Funds For the New Civic Building (palance beginning of	year)					
Surplus - GF - Opening Balance	1,421,744	1,271,744	1,271,744	1,271,744	1,271,744	2,236,157	
SR - CR - Capital - Opening Balance	4,126,006	5,071,541	6,400,455	7,829,597	9,352,971	11,046,173	
Total Estimated Available (A) Reserves & Surplus	5,547,750	6,343,285	7,672,199	9,101,341	10,624,715	13,282,329	
Estimated Other	1						
Deferred Revenue - Amenity Contribution*	695,236	695,236	695,236	0	0	0	
Grant - Green Gym Grant	94,358	94,358	94,358	0	0	0	
Grant - Provincial Grant	30,000	30,000	30,000	0	0	0	
Total Estimated Other	819,594	819,594	819,594	0	0	0	
Total Estimated Available	6,367,344	7,162,879	8,491,793	9,101,341	10,624,715	13,282,329	

^{*}For the purposes of this Report it is assumed that:

- All current amenity contributions will be used, in full, to fund the new civic building, and
- That no further amenity contributions for the new civic building will be received.

Terrm (1)	Interest Rate (2)	Annual Debt Servicing (3)	% Debt Servicing Limit Used (4)	Unused/ Available \$ Debt Servicing Limit (5)	Capital Reserve Annual Transfer in 2022 AFTER Debt Servicing Payment (6)
OPTION A: BOR					
	ate LOW: Bo				2
5 years	2.07%	1,183,825	123.83%	n/a	n/a
10 years	2.44%	632,137	66.12%	323,884	657,563
15 years	2.71%	457,928	47.90%	498,093	831,772
20 years	2.82%	370,433	38.75%	585,588	919,267
25 years	2.82%	315,007	32.95%	641,014	974,693
30 years	2.82%	278,717	29.15%	677,304	1,010,983
Cost Estim	ate MID: Bor	row \$7,180,4	06 (Rounded)	
5 years	2.07%	1,501,097	157.02%	n/a	n/a
10 years	2.44%	801,552	83.84%	154,469	488,148
15 years	2.71%	580,655	60.74%	375,366	709,045
20 years	2.82%	469,711	49.13%	486,310	819,989
25 years	2.82%	399,431	41.78%	556,590	890,269
30 years	2.82%	353,414	36.97%	602,607	936,286
Cost Estim	ate HIGH: Bo	orrow \$8 444	931		
5 years	2.07%	1,765,451	184.67%	n/a	n/a
10 years	2.44%	942,712	98.61%	13,309	346,988
15 years	2.71%	682,913	71.43%	273,108	606,787
20 years	2.82%	552,431	57.78%	403,590	737,269
25 years	2.82%	469,774	49.14%	486,247	819,926
30 years	2.82%	415,653	43.48%	540,368	874,047
OPTION C: BOR			arrain with aut	elector approval	
5 years	e estimated of 2.07%	736,286	77.02%	219,735	
10 years	2.44%	392,464	41.05%	563,557	
15 years	2.44 %	278,686	29.15%	677,335	
20 years	2.82%	222,413	23.26%	733,608	
25 years	2.82%	189,135	19.78%	766,886	
	2.82%	167,345	17.50%	788,676	
30 years	2.0270	107,345	17.5076	700,070	
Maximum I	Debt Could B	orrow witho	ut elector ap	proval	
5 years	900,000				
10 years	1,700,000				
15 years	2,340,000				
20 years	2,900,000				
25 years	3,400,000				
30 years	3,900,000				
•					

See Notes on next page.

Attachment 3: Various Debt Analysis (continued)

Notes:

- 1. The term the debt can be incurred for must be in 5 year increments as shown.
- 2. Indicative rates per the Municipal Finance Authority (MFA), the organization that legislatively municipalities must borrow debt for greater than five years, from. Indicative rates are the MFA's best estimate of the interest rate cost for the stated term debt. See Attachment D for a more in-depth discussion.
- 3. Annual Debt Servicing is the estimated principal and interest payment that would be required to be made annually for the life/term of the debt.
- 4. Legislatively, municipalities cannot incur a total (i.e. for all debt) debt servicing amount beyond a certain level. The annual Debt Servicing Limit /Liability Limit, for a municipality is set by legislation and is currently \$956,000 for the Village. The stated percentage shows how much of this limit would be taken by the respective debt servicing repayment requirements.
- 5. The amount of the Village's Debt Servicing Limit that would remain available to the Village. The table below details the amount of 25-year debt that could be supported by various available debt servicing.

Unused/	
Available \$ Debt	25 Year Debt
Servicing Limit	would support
50,000	900,000
100,000	1,800,000
150,000	2,700,000
200,000	3,600,000
250,000	4,500,000
300,000	5,500,000
350,000	6,300,000
400,000	7,200,000
450,000	8,100,000
500,000	9,000,000
550,000	9,900,000
600,000	10,800,000
650,000	11,700,000

Attachment 3: Various Debt Analysis (continued)

6. The Capital Reserve is the main funding source for all capital works, excluding water system works or the applicable portion of new works funded from development cost charges. The Annual Capital Reserve Transfer/Contribution (i.e. Fixed Asset Levy), is the annual amount that the Village collects from taxpayers, as part of general municipal taxes, and then transfers to the Capital Reserve to be used as the funding source for these capital works.

Based on the current Financial Plan, the expected Annual Capital Reserve Transfer/Contribution, <u>before</u> the first debt payment is expected to be incurred in 2022, is \$1,289,700. The amounts shown in this column, is the balance of the transfer/contribution to the Capital Reserve AFTER the respective debt servicing payment.

Note: Part of the reduction in the contribution required to fund the debt payment would be offset by rental of community space (current high-level staff estimate is \$22,200) and savings from no longer having to lease the portables (also about \$29,600/year), net of any increase in the new civic building operating costs. For the purposes of this Report it is assumed that these potential new revenues would be fully offset by increased operating costs.

Attachment 4: Long-Term Debt Borrowing Process and Limits

Debt Legislation and Related Rules and Limits

- Municipal access to debt is governed under the Community Charter.
- Debt Limit
 - Municipalities may incur liabilities, such as leases and debt, to fund services; however, the maximum amount of liabilities a municipality may undertake is subject to the liability servicing limit.
 - o A municipality may not incur a liability, if the total annual debt servicing cost* of the aggregate liabilities is greater than 25 percent of specified annual revenues.
 - o The specified annual revenues used in the calculation relate to those that are primarily within the municipality's control, such as taxes and fees, unconditional grants and payments in place of taxes.
 - A municipality may exceed the liability service limit with the approval of the Inspector of Municipalities. Approval to exceed the limit only occurs in extreme circumstances, for example when a municipality must address a health or safety concern.

*The annual cost of servicing liabilities is the total annual principal and interest charges on defined liabilities currently being made, the total of the average implied costs for all defined liabilities that are not yet realized (authorized debt not yet borrowed), and estimates for amounts that would be paid if unrealized obligations (contingencies, guarantees) were realized.

- Elector Approval & the Approval-Free Zone
 - Elector approval (counter petition or referendum) is required for a municipality to incur long-term debt. Some liabilities are exempt from the requirement to seek elector approval, including the establishment of an Elector Approval-Free Zone.
 - The Elector Approval-Free Zone is five percent of controllable and sustainable municipal revenue. Once the total annual cost of servicing liabilities exceeds the five percent approval free limit, all subsequent borrowing must receive elector approval, with some specific and limited exceptions.
- Legislated Lender for Long-Term (>5 years) Debt The Municipal Finance Authority
 - Under the Community Charter, local governments that incur debt for a term greater than five years (referred to as long-term debt) <u>must</u> obtain the financing from the Municipal Finance Authority of BC (MFA).

Village of Anmore	Debt Servicing Payment (Principle + Interest)	Gross Debt would Support	
Annual Debt Servicing Limit:*	\$956,021	\$17,200,000	
Elector Approval-Free Limit:*	\$189,210	\$3,400,000	

^{*}IS the available amounts based on the 2018 data.

About The Municipal Finance Authority

- The MFA was created in 1970 to contribute to the financial well-being of local governments throughout BC.
- The MFA is independent from the Province of British Columbia and operates under the governance of a Board of Members appointed from the various Regional Districts within the province.

Attachment D: Long-Term Debt Borrowing Process and Limits (continued)

 The MFA pools the borrowing (and investment needs) of BC communities through a collective structure and is able to provide low cost and relatively flexible debt to local governments equally, regardless of the size of the community.

About The Municipal Finance Authority (continued)

• The MFA has a very high credit rating and is able to offer very low long-term debt rates to local governments. For example, MFA's recent Spring 2019 debt issue interest rates were 2.31% (fixed 5 year) to 2.66% (fixed 10 year).

The Debt Process

- The process to incur long-term debt is time consuming, taking about four to six months from the start of the process to receipt of debt funds.
- The process is governed by the Community Charter, and although complicated is very well laid out, and both the MFA and the Ministry can provide excellent support to facilitate the process.
- Municipal Government long-term debt must:
 - o Be incurred through that government's Regional District, requiring bylaws to be put in place to support the debt at both the municipal and regional level,
 - o The bylaws require approval of the Inspector of Municipalities, and
 - o Elector assent may be required,

And, all of the above, must be done in time to meet either the MFA Spring or Fall General Meeting dates, in order for the debt to be funded!

See the flow chart at the end of this Attachment for further details.

MFA Long-Term Debt Terms

- Proceeds on a debt request will be 99.00% of the gross amount of the loan. 1.00% is
 deducted by the MFA for security against loan default (this is held in trust by the MFA in its
 Debt Reserve Fund and will be refunded to clients, with interest, at loan expiry). For this
 reason, in order to obtain the full debt amount required to pay related expenses, a municipality
 must borrow 1% more than is actually required.
- Each debt issue will generally be for a 10 year term, which means the lending rate will be set from the date of funding for a period of 10 years. Municipalities have the option to borrow for periods ranging from of 5 to 30 years in 5 year increments, therefore, any terms that exceed the 10 year period will have the lending rate reset starting in year 11. Typically, the rate will be reset for the next 5 years covering the start of year 11 to the end of year 15, and this "5 year reset process" will continue as required (i.e. until loan obligations mature).
- Interest payments will be required semi-annually; with the first interest payment being six months after proceeds are received.
- Principal repayments will occur annually, commencing one year after funds are received.
 Associated with each principal payment is an "actuarial adjustment" which is a 'non-cash reduction' of the loan balance. Actuarials are the expected earnings that the MFA anticipates it will realize on each principal repayment, prior to having to pay these funds to the party from whom they obtained the debt funds.

Attachment D: Long-Term Debt Borrowing Process and Limits (continued)

- <u>Surplus Payments</u> If the MFA earns more than the actuarial associated with a loan, then that excess is paid back to the borrower/municipality once the loan is repaid either at the <u>maturity</u> <u>date of the loan</u> or the <u>early full repayment date</u>. Surplus payments are made on the date the loan is extinguished.
- <u>Early Loan Repayments</u> Members wishing to repay their loan early may do so at any of the stated rate reset/refinancing dates for an issue (i.e. after the first 10 years and typically each 5 year period thereafter).

Attachment D: Long-Term Debt Borrowing Process and Limits (continued)

