

#### FINANCE COMMITTEE MEETING – AGENDA

Agenda for the Finance Committee Meeting scheduled for Monday, October 19, 2020 at 6:00 p.m. in Council Chambers at Village Hall, 2697 Sunnyside Road, Anmore, BC

NOTE: The Village Hall/Council Chambers is now open in a limited capacity to the public due to COVID-19. Physical distancing measures have been put in place to allow members of the public to attend in person with a maximum capacity of 20 persons, including staff and council. Alternatively, members of the public may view our Finance Committee meeting by accessing the meeting via our new YouTube channel. Comments for public input on any item shown on the meeting agenda may be submitted up to 4:00pm on meeting days by email to karen.elrick@anmore.com or delivery to Village Hall to be read during the meeting.

https://www.youtube.com/channel/UCeLV-BY6qZzAVEKX5cMWcAQ?view\_as=subscriber

## THIS MEETING'S PROCEEDINGS WILL BE BROADCAST LIVE VIA YOUTUBE AND AVAILABLE AS A RECORDED ARCHIVE ON THE VILLAGE WEBSITE

#### 1. CALL TO ORDER

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

Recommendation: That the Agenda be approved as circulated.

#### 3. <u>PUBLIC INPUT</u>

\*Note: The public is permitted to provide <u>comments</u> to the Committee on any item shown on this meeting agenda. A two-minute time limit applies to speakers.

#### 4. <u>MINUTES</u>

#### Page 3 (a) Minutes of the Meeting held on February 6, 2020

Recommendation: That the Minutes of the Finance Committee meeting held on February 6, 2020 be adopted, as circulated.

#### 5. BUSINESS ARISING FROM THE MINUTES

6. <u>UNFINISHED BUSINESS</u>

#### 7. <u>NEW BUSINESS</u>

#### Page 8 (a) Strong Road Culvert Replacement

Memorandum from Chris Boit, ISL Engineering dated October 15, 2020 attached.

Recommendation: That Finance Committee recommend to Council approval of a \$50,000 budget for the replacement of the culvert on Strong Road.

#### Page 13 (b) Anmore Community Hub Funding Options

Report dated October 15, 2020 from Juli Halliwell, Chief Administrative Officer attached.

#### Page 35 (c) 3<sup>rd</sup> Quarter 2020 Financial Forecast

Report dated October 15, 2020 from Nancy Gomerich, NG Consulting attached.

#### 8. <u>ADJOURNMENT</u>



#### FINANCE COMMITTEE MEETING – MINUTES

Minutes for the Finance Committee Meeting scheduled for Thursday, February 6, 2020 at 5:30 p.m. in Council Chambers at Village Hall, 2697 Sunnyside Road, Anmore, BC

#### COMMITTEE MEMBERS PRESENT

ABSENT

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

#### **OTHERS PRESENT**

Juli Halliwell, CAO Karen Elrick, Manager of Corporate Services Lance Fortier, Operations Superintendent Chris Boit, ISL Engineering Nancy Gomerich, NG Consulting\*

#### 1. <u>CALL TO ORDER</u>

Mayor McEwen called the meeting to order at 5:40 pm

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

It was MOVED and SECONDED:

That the Agenda be approved as circulated.

**Carried Unanimously** 

#### 3. <u>MINUTES</u>

#### (a) Minutes of the Meeting held on July 22, 2019

It was MOVED and SECONDED:

That the Minutes of the Finance Committee meeting held on July 22, 2019 be adopted, as circulated.

Carried Unanimously

## 4. BUSINESS ARISING FROM THE MINUTES

None.

## 5. <u>UNFINISHED BUSINESS</u>

None.

## 6. <u>NEW BUSINESS</u>

## (a) Statutory Reserve Framework Review / Establishment

Ms. Nancy Gomerich, NG Consulting, provided an overview of the report included in the agenda. Ms. Gomerich noted that some refinements to existing bylaws and policy are recommended in order to align with legislation and to more easily manage reserve accounts.

Discussion points included:

- Creation of flexibility will ensure that funds can be utilized for current priorities
- Policy and budget constraints will drive any spending of reserve funds
- This process is intended to set up a new clean structure with supporting policy
- Any expenditures would be discussed and decided by Council as part of budget process

It was MOVED and SECONDED:

THAT Finance Committee recommend the following to Council:

- 1. All existing Reserve Fund Establishment bylaws be amended to remove the requirements to:
- Hold the reserve's cash funds in a separate (bank) account; and
- To require approval for use, by separate bylaw approved by 2/3 of the members of Council, as applicable.
- 2. The "Anmore Reserve Fund Bylaw No. 531-2014" be repealed.
- 3. Two NEW broad purpose statutory reserves be established; one for capital purposes and one for operating purposes.
- 4. \$150,000 of surplus (General Fund) be transferred to the NEW statutory operating reserve.
- 5. \$126,000 of the Transfers to Reserves approved in the current Financial Plan Bylaw for fiscal 2019 and future years, be transferred to the new Operating Reserve, and all remaining transfers, to the new Capital Reserve.

- 6. No further transfer of funds be made to the following Reserves:
- Capital Projects Reserve Fund Establishment Bylaw, 1989, No. 29
- Anmore Water Storage Reserve Fund Establishment Bylaw No. 191-1996
- Anmore Capital Roads Reserve Fund Establishment Bylaw No. 213-1997

And, that the existing funds therein, be used for the purposes specified in the respective bylaws, and then the bylaws be repealed.

- 7. Policy 64 Reserves & Surplus be approved
- 8. And two non-statutory reserves be established, and unspent funds be transferred thereto:
- Major Road Network (MRN) To hold all unspent MRN grant funds.
- Community Works Fund (CWF) To hold all unspent CWF grant fund

#### **Carried Unanimously**

## (b) 2019 Preliminary Year End Review

Ms. Gomerich provided a Forecast Statement of Operations, by Segment for 2019 which is included as **Attachment 1** and forms part of the original minutes.

Discussion points included:

- Surplus estimated at \$2.2 million (before reserve transfers) which is better than budgeted
- Budgeted transfer to Capital Reserves of \$1.4 million and budgeted transfer to capital expenditures of \$70,000
- Outline of key reasons for variance
- Request for breakdown of Anmore Green Estates legal costs
- \$150,000 Community Amenity Contribution would be applied to a non-statutory reserve for Civic Building
- Any interest earned on statutory reserves need to be used for reserves

Ms. Gomerich invited Council to provide feedback regarding the financial reporting including timing and any additional requests. It was noted that the intent would be to provide reporting in early October and potentially early February in the form provided tonight.

Ms. Gomerich provided a Forecast Statement of Capital Expenditures for 2019 which is included as **Attachment 2** and forms part of the original minutes.

Discussion points included:

- Decision to hold off on projects due to tenders coming in over budget
- Whether lighting could be added to bus shelter
- Allocation of \$25,000 for trail improvements
- Delivery status of new truck. It was confirmed it should be delivered in March
- Audit will be performed in March

\*Ms. Gomerich left the meeting at 6:45 p.m.

## (c) Five Year (2020-2024) Financial Plan

Ms. Juli Halliwell, CAO, provided an overview of the budget for general operating, water and capital. The 2020-2024 5 Draft 5 Year Financial Plan is included as **Attachment 3** and forms part of the original minutes.

Discussion points included:

- Property tax impact
- No significant changes in service levels are proposed
- Capital asset levy increases over past 10 years
- Future asset management planning will need to include new Civic Building
- General support from committee for proposed budget with the addition of 1% increase for future community enhancements which would result in approximate 4.8% property tax increase
- Initial funding contribution for future community enhancements will result from the surplus capital reserve contribution amount that exceeds the Asset Management Plan annual contribution amount

It was MOVED and SECONDED:

That Finance Committee recommend to Council THAT the 2020-2024 Draft 5 Year Financial Plan as presented be referred to Council with the addition of a budget increase for future community enhancements.

Carried unanimously

# 7. <u>ADJOURNMENT</u>

It was MOVED and SECONDED:

THAT the meeting be adjourned at 7:30 p.m.

Carried Unanimously

Karen Elrick Corporate Officer John McEwen Chair



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#### 

#503, 4190 Lougheed Hwy., Burnaby, BC V5C 6A8 T: 604.629.2696 F: 604.629.2698

То:	Village of Anmore	Date:	October 15, 2020
Attention:	Juli Halliwell, C.A.O	Project No.:	32592
Cc:	Lance Fortiere		
Reference:	Strong Road culvert replacement		
From:	Chris Boit, P.Eng		

Operations identified an issue with an existing 1050mm Corrugated Steel Pipe (CSP) located on Strong Road, approximately 20m to the west of Lancaster Court. The Village contacted ISL to assess the culvert and provide a recommendation.

ISL conducted a site review on October 9th and identified the following:





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There is a significant collaspe on the northern end of the culvert. This is restricting storm flows within the culvert. The restriction will cause surcharging during a storm event, which can potentially cause damage to property and Village infrastructure. The collaspe has also caused a sinkhole to develop on Strong Road.



The sinkhole looks minor at this point, but it does show there has been a significant amount of granular material migration. The sinkhole will continue to worsen over time. The municipal watermain is located within the failure zone, and could potentially cause a failure of the watermain.

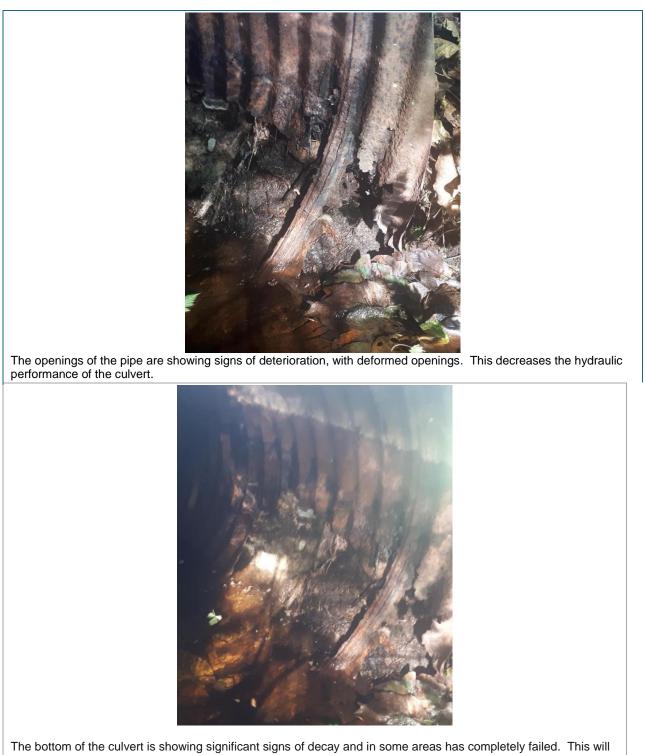
#### islengineering.com

ISL is proud to be: Bullfrog Powered | An Aon Best Small and Medium Employer in Canada - Platinum Level



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increase the risk of collapse of this culvert



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Having reviewed the culvert we recommend the CSP pipe be removed and replaced with a matter of urgency, as there is significant risk of a failure that could cause harm. We have attached a quote provide by Richco for the replacement of the watermain. Richco are currently working for the Village under the Capital Works program.

If you have any questions please call the undersigned.

Regards

Bat

Chris Boit, P.Eng Village Engineering Consultant



# Richco CONTRACTING LTD

25349 60th Avenue, Aldergrove, B.C. V4W 1G9 Ph: (604) 856-8866 Fax: (604) 856-8834 admin@richco.ca

ISL Engineering 503 - 4190 Loughheed Hwy Burnaby, B.C. V5C 6A8 Date 14-0ct-20 Quotation

1

ATTN: Chris Boit

Village of Anmore Capital Works

#### Site Services

Item	Discription		Qty	Unit	Unit Cost	Value
1	1050 dia Concrete Pipe C76 CLIV Supply and Install Pavement & Slope Restoration	c/w	12.5	m	\$ 1,881.00	\$23,512.50
2	Precast Concrete Headwall ( Optional )		2	ea	\$ 12,255.00	\$24,510.00
					TOTAL	\$48,022.50

Notes 1. Survey layout not Included.

2. Compaction testing include.

3. Includes all assciated permits to complete work

5. Disposal of Contaminant Materials not include.

6. Mass Rock Excavation not include.

7. ESC measures included in qoutation.

8. TMP and Traffic Control Supplied by Richco

9. Bypass pumping include in quote.

10. 5% GST. Has not been included.

11. Invoices due 30 days after billing.

12. This quote is valid for 60 days.

Approval This price is APPOVED BY:

Buyer: Signed: Date: Richco Contracting Ltd.

GST 124441841





# **REPORT TO FINANCE COMMITTEE**

Date:	October 15, 2020	File No. 0810-10-03
Submitted by:	Juli Halliwell, Chief Administrativ	e Officer
Subject:	Anmore Community Hub Fundin	g Options

# Purpose / Introduction

To present funding options for the Anmore Community Hub construction cost, estimated at \$8,000,000, including contingency.

# **Recommended Option**

That Finance Committee make the following recommendations to Council:

That Council direct staff to begin the process to seek approval for participating in the MFA Spring 2021 Long Term Borrowing, as outlined in the Metro Vancouver letter dated September 23, 2020, for up to \$4,000,000.

AND THAT Council allocate a minimum of \$1,500,000 and a maximum of \$4,000,000 to be funded from the Capital Reserve, developer contributions and approved grants to fund the Anmore Community Hub project.

AND THAT Council supports the Anmore Community Hub project and commits to its share of the Anmore Community Hub total estimated project cost of \$8,000,000, with \$2,500,000 being applied for through the Investing in Canada Infrastructure Program.

# Background

At the July 22, 2019 Finance Committee meeting, the Committee endorsed the following recommendation:

- 1. 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,

Anmore Community Hub Funding Options October 15, 2020

- 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.

A portion of the recommendation was approved at the Council at the Regular Council meeting held on July 22, 2020, as follows:

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.

At the Regular Council meeting held on September 1, 2020, Council passed the following resolution:

That Council approve the current detailed design of the Anmore Community Hub project with changes including a rough in for a commercial kitchen adjacent to the Community Hall, a veranda to wrap around the Community Hall to the south, a second servery space for future use and finish the basement (not day lighted) to the north;

And That the budget for the Anmore Community Hall project be set at \$8,000,000, which includes a 15% contingency;

And That as the detailed design process is refined that staff report back on appropriate changes to the contingency amount allocated as part of the project budget;

And That staff be directed to apply to the Investing in Canada Infrastructure Program (Community, Culture & Recreation Infrastructure) with the intent to secure Federal and Provincial funding towards the Anmore Community Hub project.

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# Discussion

As noted above, Council received the most up to date cost estimates for the Anmore Community Hub at the September 1, 2020 Regular Council meeting. The cost was determined to be \$6,850,000, not including contingency. With a conservative contingency applied of approximately 15%, the overall budget was approved at \$8,000,000. As the detailed design is developed over the coming months, the contingency amount will be able to be reduced as more final decisions are made.

Now that the project design and the budget have been approved by Council, it is appropriate to discuss how the project is going to be funded. Further, Council approved the submission of a grant application in the amount of \$2.5Mil to the Investing in Canada Infrastructure Program, which was submitted on September 29, 2020. It is not expected that award of the funds will be made until Fall 2021.

The current costs, as well as funds already allocated to the Anmore Community Hub project are outlined below:

Current Cost Estimate (including contingency)	\$8,000,000
Developer Contributions*	(845,236)
Green Gym Grant	(94,358)
Provincial Grant	(30,000)
Additional funds required	\$7,030,406

\*estimate, final developer contributions including interest earned will be calculated during the 2020 yearend process

As per the July 22, 2019 Finance Committee report titled "New Civic Building – Financing Considerations and Options" (**Attachment 1**), the options to fund the project (regardless of if the grant is received or not) are to use reserves and surplus, take on debt, or use a combination of the two. Options A through C below outline the options and some of the considerations to be given. Option A is being recommended.

#### <u>Option A</u>

**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 \$4.1M, 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 \$225,000 per year (based on 2019 revenues). In order to avoid a tax

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increase to fund the annual debt servicing, the Capital Asset Levy contribution could be reduced by the servicing amount. For example, based on the current 5-year approved financial plan, the annual contribution to reserve would be reduced from \$1.179Mil to \$954,000.

- This option would preserve significantly more of the Capital Reserve and Surplus funds than Options B or C, providing a high level of funding to be directed to other capital works, as required.
- Although the Village could borrow up to \$4.1M, it is being recommended that no more than 50% of the total estimated project cost be funded from debt, or \$4Mil.

## <u>Option B</u>

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

- Incurring long-term debt to fund the project would result in a debt level that would exceed the Elector Free Zone, and accordingly, elector assent would be required.
- Annual debt servicing would be significant, reducing the Capital Reserve annual funding from revenues for capital works (i.e. the Capital Asset Levy).
- Significant reserves and surplus would remain available for other purposes. The estimated Capital Reserve and Surplus balance in 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 C:

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 would be about \$9.1M which is greater than the estimated cost and approved budget.
- The balance in the Capital Reserve Fund and Surplus, would be significantly reduced. Following completion of the new building (end of 2022), the Capital Reserve and Surplus balance would be reduced to approximately \$1.1M. The recommended minimum surplus level sufficient for contingency and short-term operational financing is about \$1M.
- However, the annual Capital Reserve Contribution would remain very high (\$1.122M current level), and thus, significant capital and operational funding availability could be increased quickly over a few years.

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If the Village is successful in its grant application, the following would need to be funded by borrowing and reserves:

Total project cost	\$8,000,000
Investing in Canada Infrastructure Program	(2,500,000)
MFA Long-Term Borrowing	(4,000,000)
Developer contribution & approved grants	(969,594)
Estimated Capital Reserve requirements	\$ 530,406

If the Village is <u>not</u> successful in its grant application, the following would need to be funded by borrowing and reserves:

Total project cost	\$8,000,000
Investing in Canada Infrastructure Program	0
MFA Long-Term Borrowing	(4,000,000)
Developer contribution & approved grants	(969,594)
Estimated Capital Reserve requirements	\$3,030,406

# **Financial Implications**

The financial implications have been outlined in the report above. Finance Committee may choose to recommend an alternative level of borrowing for Council consideration.

# Attachments:

1. July 22, 2019 Finance Committee Report titled "New Civic Building – Financing Considerations and Options".

Prepared by:
Hallund
luli Halliwell
Chief Administrative Officer



# 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:

- 1. 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.<sup>1</sup> 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 <u>\$3.4M</u> 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.

<sup>&</sup>lt;sup>1</sup> 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, **significant capital and 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

allund Chief Administrative Officer

# Attachment 1: Estimated New Civic Building Costs

Cost Category	Low End	High End	Comments
Class D Cost Estimate	6 105 000	6 105 000	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
	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 <u>minimum</u> 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.
Total (Average \$7,873,000)	6,482,352	9,264,525	이 같은 것은 것은 것 같은 것은 것은 것은 것은 것은 것은 것 같은 것은 것은 것은 것은 것은 것은 것을 받았다. 것은

#### 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 <u>not</u> 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.

stimated Reserve & Surplus (balance beginning of year)	2019	2020	2021	2022	2023	2024	
etail (opening balances)							
Surplus - GF - Opening Balance	1,421,744	1,271,744	1,271,744	1,271,744	1,271,744	2,236,157	1
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	P
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	
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	
otal Reserves & Surplus	8,200,837	9,560,041	11,351,728	13,257,606	15,242,205	18,399,858	
ISR=Non-Statutory Reserve; SR=Statutory Reseve, DCC=				Reserve, CR=0	Capital Reserve	e	
F=General Fund, WF=Water Fund, SWF=Solid Waste Fu	ind, MRN=Mu	nicipal Road N	etwork				

94,358 30,000 <b>819,594</b>	695,236 94,358 30,000 <b>819,594</b>	695,236 94,358 30,000 <b>819,594</b>	0 0 0 0	0 0 0 0	0 0 0 0
94,358	94,358	94,358		0	0
095,250	695,236	695,236	0	0	0
695,236	COT 22C	COF 226	•		
5,547,750	6,343,285	7,672,199	9,101,341	10,624,715	13,282,329
4,126,006	5,071,541	6,400,455	7,829,597	9,352,971	11,046,173
1,421,744	1,271,744	1,271,744	1,271,744	1,271,744	2,236,157
(balance beginning of	f year)				
	1,421,744 4,126,006 5,547,750	4,126,006 5,071,541 5,547,750 6,343,285	1,421,744 1,271,744 1,271,744   4,126,006 5,071,541 6,400,455   5,547,750 6,343,285 7,672,199	1,421,7441,271,7441,271,7441,271,7444,126,0065,071,5416,400,4557,829,5975,547,7506,343,2857,672,1999,101,341	1,421,7441,271,7441,271,7441,271,7441,271,7444,126,0065,071,5416,400,4557,829,5979,352,9715,547,7506,343,2857,672,1999,101,34110,624,715

\*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.

# Attachment 3: Various Debt Analysis

	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)	
OPT		ROW ENTIRI					
		ate LOW: Bo					
	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	
			-				
	Longe and the second			106 (Rounded		1	
	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	
OPT	OPTION C: BORROW \$3.400,000						
					elector approval		
	5 years	2.07%	736,286	77.02%	219,735		
	10 years	2.44%	392,464	41.05%	563,557		
	15 years	2.71%	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		
	30 years	2.82%	167,345	17.50%	788,676		

#### Maximum Debt Could Borrow without elector approval

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.
- 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.
- 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.
  - 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.
  - 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.

- <u>Elector Approval & the Approval-Free Zone</u>
  - 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:
  - 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
  - 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.

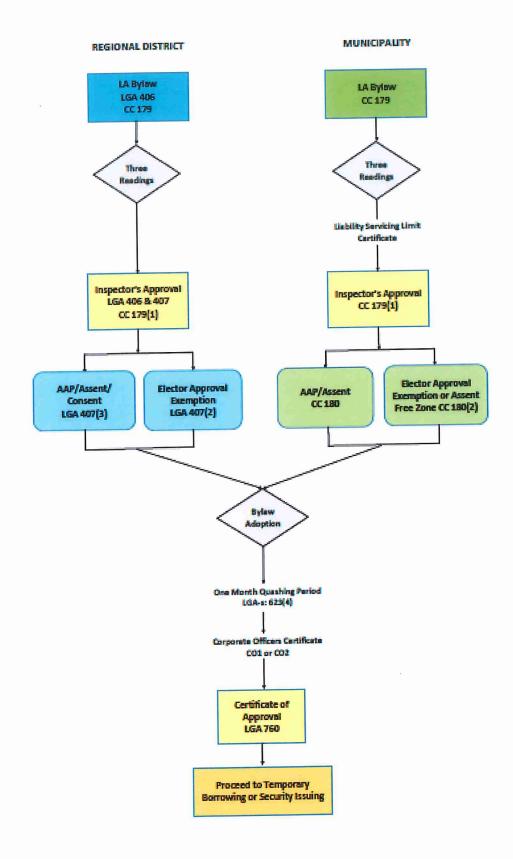
#### MFA Long-Term Debt Terms

- 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)





Date:October 15, 2020File No. 0830-01-01Submitted by:Nancy Gomerich, NG ConsultingSubject:3rd Quarter 2020 Financial Forecast

# Purpose / Introduction

To provide a forecast of 2020 revenue and expenses and the year-end financial position, and provide explanations for material variances.

# **Recommended Option**

That the 3<sup>rd</sup> quarter report be received for information.

# Background

Under the Community Charter the Village, must approve annually, by bylaw, a Financial Plan that sets out the Village's planned sources and uses of funds for a five (5) year period. This bylaw provides the over-all authorization for expenditures to be made with Village funds.

The Bylaw is laid out in format that is comparable to the annual audited financial statements detailing revenues and expenses, totaling to a budgeted annual surplus, which is the budgeted change to occur in the Village's financial position (referred to as Accumulated Surplus) in the coming year. The change in financial position occurs in three (3) areas that represent the net assets (assets less liabilities) of the Village at a point in time:

- Unappropriated Surplus
- Reserves, and
- Investment in Tangible Capital Assets

These components are important as they highlight "the options" available to finance future Village operations:

- Unappropriated Surplus A source of cash that can be used for any legal purpose.
- Reserves A source of cash that must be used in accordance with the establishing legislation and bylaw (statutory reserves only), and any Village policies.

3rd Quarter 2020 Financial Forecast October 15, 2020

> Investment in Tangible Capital Assets – Are not a source cash, in the normal course of operations (unless they are sold), but are available to be used and consumed to provide services.

# Discussion

#### Forecast Annual Surplus and Key Variances

Fiscal 2020 operations are forecast to result in an annual surplus of \$1,350,000, as compared to a budgeted surplus of \$1,365,000. This is a negative variance (i.e. is worse than) budget by \$15,000 (\$1,350,000 - \$1,365,000). This variance, broken down by Fund, is as follows:

	(Over)/Under Budget\$
Solid Waste Fund	(22,000)
Water Fund	(75,000)
General Fund	82,000
	(15,000)

While there are many differences in the various budgeted revenues and expenses, the primary reasons for the noted variances are:

- Solid Waste Fund Mainly over-budget due to increased costs for waste collection cost due to significantly increased organic waste.
- Water Fund Mainly over-budget due to the water fee revenue budget being set too high, net of related lower water purchase costs.
- General Fund The variance is due to differences in a number of forecast and budgeted revenues and expenses (see Attachment A for details). The most notable is a reduction in the MRN/TransLink annual operating grant of \$210,000 confirmed in early October. The primary offsetting cost savings were due to COVID-19 impacts that reduced or eliminated some costs and resulted in delays in planned work.

3rd Quarter 2020 Financial Forecast October 15, 2020

#### Forecast Financial Position, and Other Available Resources

As detailed in the table below, the forecast annual surplus (\$1,350,000) will increase the Village's ending Financial Position (at December 31, 2020) to just short of \$70M:

			Forecast Financial
	Budgeted Annual	Forecast Annual	Position at
	Surplus	Surplus	Dec/31/2020
Unappropriated Surplus	-90,000	-15,727	1,586,846
Reserves	259,489	573,871	7,608,739
Investment in TCA	1,195,763	791,380	59,987,491
	1,365,252	1,349,524	69,183,077
Other Available Resources			
Development Cost Charges			1,689,839
Unspent grant funds			144,213
Community Amenity Contribution	S		595,236
			2,429,288
TOTAL AVAILABLE FINANCIAL F	71,612,365		

The total available funds as forecasted above is \$11,624,873 at the end of 2020.

# **Financial Implications**

The financial implications have been outlined in the report above.

# Attachments:

- A. General Fund Explanation of Forecast Variance
- B. Capital Works Forecast

Prepared by:	
Nancy Gomerich	
NG Consulting	
Reviewed for Form and Content / Approved for Submission to	Finance Committee:
Chief Administrative Officer's Comment/Concurrence	•
	Halluull Chief Administrative Officer

3rd Quarter 2020 Financial Forecast October 15, 2020

#### Attachment A: General Fund – Explanation of Forecast Variance

Variance \$	Variance Explanation
(210,000)	Reduction in the normal MRN/Translink operational grant (known in October).
(52,000)	Higher MRN road costs
(10,000)	Higher audit costs, mainly related to tangible capital assets.
(8,000)	Higher IT licensing and support costs.
20,000	Lower staffing costs for the Manager of Development Services who left the Village in July, net of related additional planning consultant costs.
48,000	Lower other general consulting costs (for financial, engineering, environmental and communications purposes).
16,000	Deferral of planned emergency program work/spending.
15,000	Higher interest revenue. *
20,000	Higher penalties and interest on unpaid taxes.
25,000	Higher fees (mainly development related).
17,000	Lower public works administration and yard costs.
30,000	Lower (non-MRN) roads costs.
12,000	Lower parks & trails maintenance.
40,000	Lower public works staffing costs.
72,000	Higher public works internal recoveries (from MRN cost centre, Water and Solid Waste Funds).
60,000	Net savings in: staff and council travel, convention/training and meeting costs; Village hall operating and supply/consumables costs, and planned but not held public events (e.g. volunteer appreciation, Ma Murry Day & Halloween fireworks).
95,000	Total explained
(12,000)	Unexplained
82,000	Total Forecast Variance

\* Although interest rates dropped substantially in April, as the Village holds a number of longer-term investments made earlier in 2020 to 2018 at higher rates, the impact of this drop has been minimized, at least for fiscal 2020.

3rd Quarter 2020 Financial Forecast October 15, 2020

# Attachment B: Capital Works Forecast

Capital Project	Budget	Forecast Actual	Comments
Anmore Civic Building	750.000	300,000	The detailed design work has been awarded and expect to spend about 60% of this by the end of the year (\$500.000 x 60%).
Trail Improvements	25.000	22.234	Contingency budget for work if/as required.
Replace PW Truck (F550)	0	117.173	Budgeted for in 2019 (\$120,000); ordered in 2019 but received in 2020 (thus is a 2020 expense).
Pathway Upgrades	15.000	0	Contingency budget for work if/as required.
Computer Replacement	15.000	13.782	Scheduled replacement of systems.
Electronic Signboards	75,000	0	Project will be carried forward to 2021.
2020 Capital Works (TransLink) Pı	1,190,325	1,190,325	Project was awarded in the summer and significant work has occurred. Expect work to be substantially complete by year end.
Automatic Flushing Valves	0	8,510	
Water Meter Replacements	0	6.500	Normal annual replacement program.
Water System. Valve Installation	45.438	45.438	
Solid Waste Cart Replacements	0	5.000	Normal annual replacement program.
Total	2,115,763	1,708,963	