



Town of The Pas

FINANCIAL PLAN PRESENTATION – 2018

May 23, 2018

Presentation Summary

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Assessment, mill rate, and property taxes – How does this work in calculating the tax I pay?

Assessment:

- Assessments are completed by the Manitoba Municipal Government Assessment Services – A branch of the Manitoba Government.
- Assessed value = estimated market value at the time of assessment. The criteria used to determine assessment is established by provincial legislature.
- Any concern that a property owner may have with assessment values determined by MMGAS should be discussed with an assessor. Contact information can be found online or on your notice of assessment.
- Total assessed value of all taxable properties is used in conjunction with budgeted costs for the Town to determine the mill rate each year.
- In 2018 total assessment for the Town is 192M, a decrease from 2017 of approximately 5M. The effect of this is that a smaller assessment base is responsible for a larger percentage of the total cost.

Assessment, mill rate, and property taxes – How does this work in calculating the tax I pay?

Mill rate and property taxes:

- The mill rate is determined by the following formula:

	At Large	Debentures
Budgeted expenses	13,065,748	
Less: Budgeted other revenues	6,253,321	
Less: Debentures	718,079	
Equals: Net cost to taxpayers	6,094,348	718,079
Divided by: Total assessment	192,228,240	216,824,620
Equals: Estimated Mill rate - (Required / Assessment *1000)	31.70	3.31

- *Debentures include some tax exempt properties not subject to 'At Large' taxes.*
- The above mill rates are used to calculate the Town portion of taxes payable. i.e. taxes used by the Town of the Pas to provide services. There are additional amounts included on the property tax invoices for school levies and provincial education levies that the Town collects on behalf of the province and Kelsey School Division and remits those directly to the aforementioned entities.
- A more detailed breakdown of the 2018 Mill rate including school and provincial levies and a comparison to 2017 amounts is included on the next slide. Please note that in an effort to improve financial statement presentation additional items previously included under 'At Large' including reserves or deficit recoveries are being broken out in 2018.

Comparison 2017/2018 Mill Rate

Residential	2017	2018	Change
At large	29.96	28.36	-1.60
Deficit recovery		.64	.64
Debentures	3.24	3.31	0.07
Reserves		2.70	2.70
Kelsey School Division	17.33	17.54	.21
Net Mill rate	50.53	52.55	2.02
Estimated tax per 100k Value	2,273.85	2,364.75	90.90

Commercial	2017	2018	Change
At large	29.96	28.36	-1.60
Deficit recovery		.64	.64
Debentures	3.24	3.31	0.07
Reserves		2.70	2.70
Kelsey School Division	17.33	17.54	.21
Provincial Education	10.50	9.77	-0.73
Net Mill rate	61.03	62.32	1.29
Estimated tax per 100k Value	3,966.95	4,050.80	83.85

What's new for 2018: Decrease in assessment

- For 2018 we experienced a decrease in overall assessment for the community of approximately 5M.
 - How this affects taxpayers – All other things being equal, a reduction in assessment will trigger an increase in mill rates / taxation for the same valued assessment as the previous period. To simplify, the same cost is now being spread over a smaller group.
 - Overly simplified example:

2017 Total Assessment	197,143,430
2018 Total Assessment	192,282,240
Change	4,915,190
Percentage Change	2.49%

2017 Mill rate	50.53
Convert based on 2018 Assessment (2017 M/R * 1.0249)	51.79
2018 Mill rate	52.55
Change based on other factors	0.76
Change based on Assessment	1.26

What's New for 2018: Policing costs

- Policing continues to be a challenge for the budget process:
- Policing cost is estimated to increase by \$161,605 in 2018 to \$2,546,089. (2017 Budgeted - \$2,384,484).
- This effect is compounded by the decreased assessment for the community as a whole. *(Previous slide)*
- Policing amount is included in the “At Large” mill rate for the Town. It represents approximately 13.25 mills / 35.01 total mills for the Town (Est 38%), or 19.3% of net taxes collected. *(graphic included in a later slide)*

What's new for 2018: Presentation Changes

- In an effort to improve the overall clarity of the financial plan a few changes have been completed:
- **Wellness/Kelsey Recreation**
 - Historically KRC has been a separate entity accountable to the Town of the Pas for which a annual funding grant was provided. (net cost to the Town only)
 - In the previous period KRC was dissolved and reintegrated with the Town in an effort to improve efficiency. The result is that treatment on the financial plan would now include all revenues and expenditures for KRC and the Wellness Center (gross effect). This causes some comparison issues in respect to the transition year.
 - Below is a table illustrating the comparison as included in the Town of the Pas financial plan:

	2018	2017
Revenues	1,024,865	
Expenditures	1,950,649	921,396
Net grant (compare)	925,783	921,396

- **Additional changes**
 - Schedule 8 financial plan – additional breakout of ‘At Large’ amounts to provide additional details on specific mill rate amounts. (Specified reserves, Deficit recovery, etc.)

What's new for 2018: New Union agreements

- Municipal workers are represented by the following groups:
 - CUPE
 - USW
 - Fire Fighters Association
 - Non-Union Staff (Management)
- As noted in the 2017 Financial Plan presentation several of the agreements had expired and negotiations were in progress at that time.
- On Oct 10, 2017 an agreement with CUPE ending Dec 31, 2020 was attained.
- As of May 1, 2018, the Town is nearing conclusion of an agreement with USW,
- Both agreements included incremental wage/cost of living increases of:
 - Jan 1, 2017 – 0%
 - Jan 1, 2018 – 1%
 - Jan 1, 2019 - 1%
 - Jan 1, 2020 – 1.5%

What's new for 2018: Deficit Recovery:

- **Operating fund Deficit:**

- When a municipality in Manitoba runs an operating deficit it is required to recover the amounts using one of the three possible remedies: A) Reduction in reserve funds, B) Adjustment to accumulated surplus, C) Recovery over a 1-3 year period.
- Owing to a depletion in reserve funds and accumulated surplus, and the cash requirements for upcoming significant capital projects (Lagoon, Landfill) the only reasonable option is C) Recovery.
- The following amounts are being included as a net deficit recovery of \$123,852 in 2018.
 - 2015 - \$223,428 deficit
 - 2016 - \$ 99,576 surplus

- **Utility fund Deficit recovery:**

- The public utility board requires the same type of recovery occur for deficits in operating public utilities. As part of the 2018 rate increase, PUB ordered that deficits for 2014 and 2015 be recovered in 2018. Owing to limited surplus/reserve funds a rate rider will be applied to recover deficits for both years.
- The current year recovery of \$150,981 is based on the following years:
 - 2014 - \$387,034 - 3 year term (\$129,011 / year)
 - 2015 0 \$21,970 - 1 year term

What's new for 2018:

- **Sale of surplus lots**

- In early 2018 the Town of the Pas created a Land Development Initiative by offering residential town own lots for sale at a reduced cost to promote development and improve the declining assessment base. 33 Lots were sold including 21 Lakeside, 9 wood acres (only 1 remaining), and three other properties throughout the community. This action should help improve mill rates in future years by increasing the assessment base and reducing cost for maintenance of Town owned property.
- Review of other Town properties is underway to assess other potential saleable items.
- Also under review is the building code by-law. Special attention is being given to clauses on ability to develop on ½ lots.

- **Larose Avenue**

- Completion of the Larose avenue project is expected during construction season in 2018. Water and sewer lines were replaced during the 2017 season. This year the paving, curbing and project wrap up is scheduled.

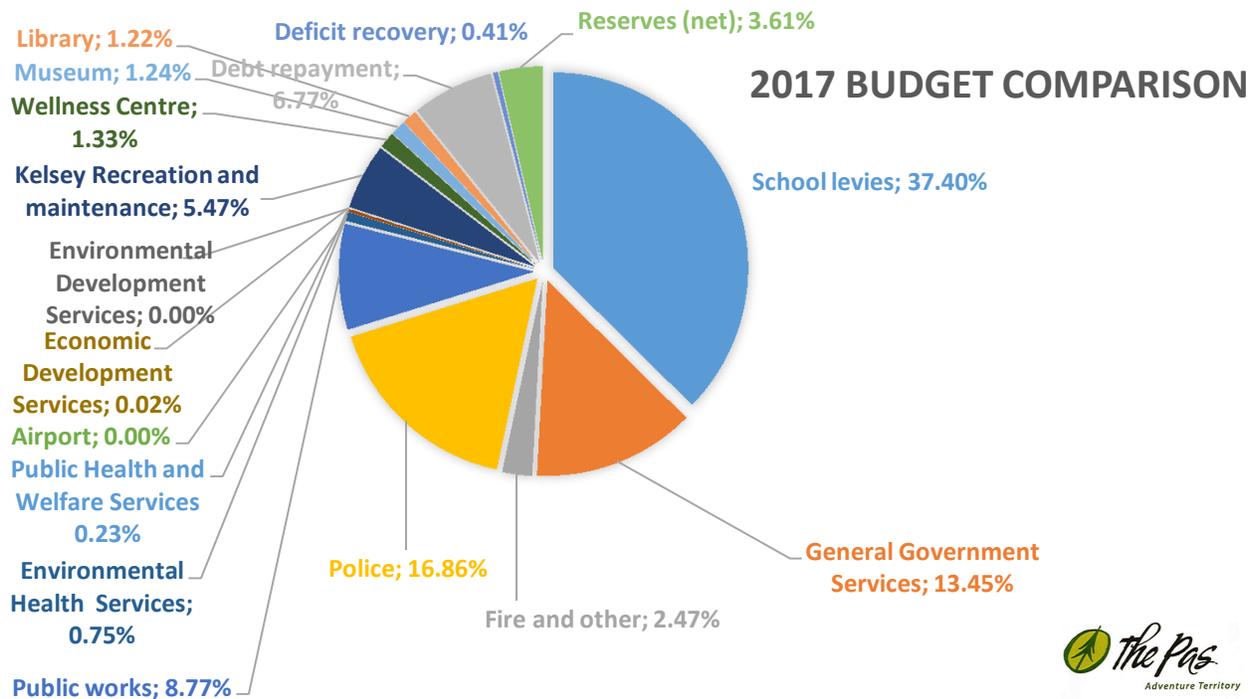
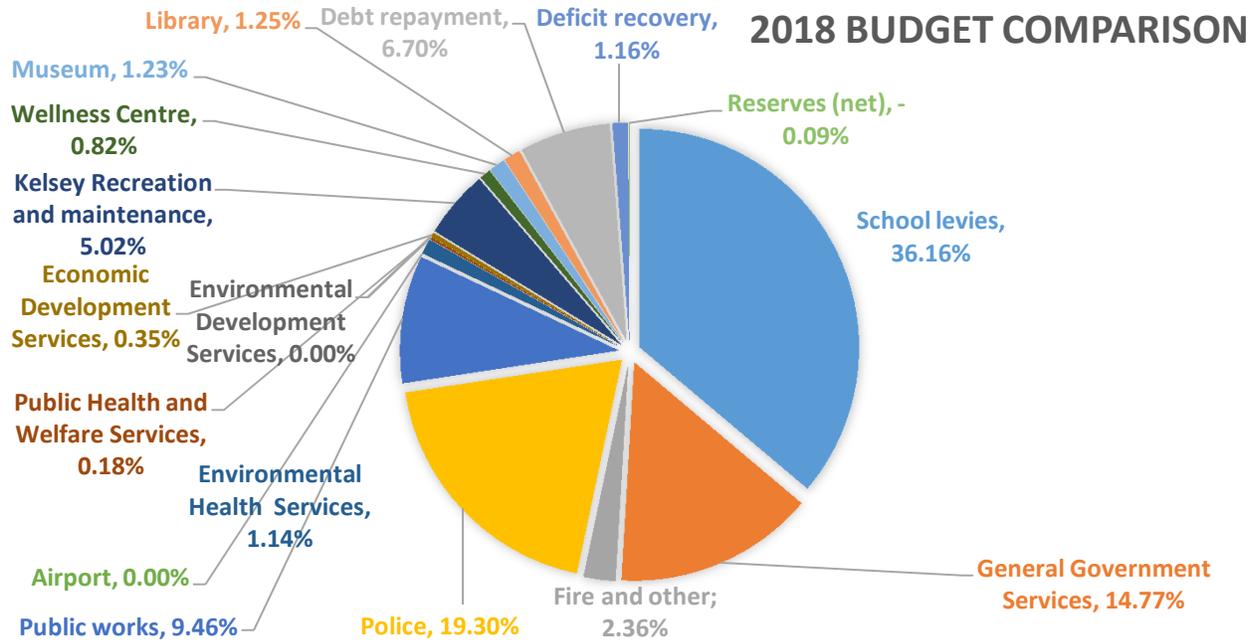


Financial Strategy 2018: Overview

- In an effort to reduce tax burden on property owners the Town of the Pas has done extensive review of internal operations, grants, and other expenditures and made efforts to reduce non-essential services and improve overall efficiency. Efforts have included budget reductions to many departments/areas, reduction or elimination of grants, and staff reductions where possible.
- The Town of the Pas is continuing with its strategy of investigation into options to improve cost efficiency and make improvement to local infrastructure and community assets. (i.e. Larose Avenue Renewal 2017-2018)
- Aging infrastructure represents a significant risk and financial burden to the Town and to the community. As systems continue to age they become less reliable and more prone to failure. Making emergency repairs on existing infrastructure, as well as costs for replacement are a significant draw on resources.

Financial Strategy 2018: How are my tax dollars allocated?

- Total expenses adjusted to reflect internal revenues for specific departments and provide a better comparison on cost to taxpayer.



Financial Strategy 2018: Debentures

- At the end of 2018 the Town will have 3.7M in debt. This represents an annual debt payment of \$718,079. Composition per below.
- The Recreation Infrastructure reserve is currently being allocated to help offset costs of the Wellness center/multiplex loan payments. The budgeted amount for 2018 is \$43,750.

	Wood Acres II	Multi-plex	Wellness Centre	Winton Pool	Total
Balance, start	277,665	1,065,831	1,355,874	1,524,224	4,223,593
Payment	150,918	169,099	206,615	191,447	718,079
Interest	15,966	59,953	62,709	66,685	205,313
Balance, end	142,712	956,685	1,211,968	1,399,461	3,710,827
Expires	2019	2025	2025	2027	

- While no new debts are anticipated for 2018, debentures will need to be considered in respect to the Lagoon upgrades as reserve balances are insufficient to cover the municipal contribution portion of anticipated funding agreements.

Financial Strategy 2018: Reserves

- The Town of the Pas maintains reserves by making contributions on an annual basis to assist with large purchases or projects. Maintaining sufficient reserve balances is a critical component of the Town’s ability to provide services.
- Contributions to the Reserves for 2018 Total \$1,355,014

Tax funded reserves	2018 Budget
- Machinery & Equipment	200,000
- Infrastructure	250,000
- Museum	4,000
- Elections	2,500
- Arena	10,000
- Civic Center	7,500
- Computer equipment	5,000
- Library	5,000
- Winton Pool	10,000
- Wellness equipment	25,000

Other reserves	2018 Budget
Federal Gas Tax	297,773
Hydro Bipole III CDI	250,941
Fire fighting equipment	45,050
Waste Disposal Grounds	67,250
Community Enhancement	87,500
Destination Marketing	43,750
Recreation Infrastructure	43,750

Utility	300,000
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- Budgeted withdrawals from the reserve for 2018 are \$2,798,345.
 - Major items include:
 - Equipment and Machinery – primarily funding through Federal Gas Tax reserve and Machinery replacement reserve.
 - Larose project completion (\$400,418) – split funded from Utility and Infrastructure reserves
 - Forestry incentive grant (\$478,494) to CKPI year 2/3 – funded through Hydro Bipole III CDI reserve
 - Rink repair (\$250,000) – funded through Federal Gas Tax reserve
 - Full details on withdrawals from reserves and capital included on Financial Plan pg. 13.



Financial Strategy 2018: Transportation Services

- Transportation services expenditures (pg. 1 - Financial Plan) includes both the Public works department and the Airport

- Public works:

	2018 Budget	2017 Budget	Change
Total Transportation	2,422,068	2,198,572	
Airport	-1,154,300	-926,578	
Public works	1,267,768	1,271,994	4,226

- In 2018 there is a nominal increase to Public Works

- Airport:

	2018 Budget	2017 Budget	Change
Airport revenue	1,165,199	996,738	
Airport expense	1,154,300	926,578	
Net airport	10,899	70,160	-59,261

- Increased fuel sales part of higher sales/cost structure. Airport functions at a net surplus effect to Town.



Financial Strategy 2018:

Grants

- In an effort to reduce impact on taxpayers current strategy included reduction or elimination of many longstanding grants for community programs. Full details per below.
- 2018 marks the 2nd of 3 years for the forestry incentive grant provided by the Town of the Pas to CKPI. This represents a significant source of funding that will dramatically improve financial health when complete.

* Change in grant total is based on changes to mill rate/assessment for 2018.

	2018	2017	Change
CKPI	478,357	453,756	24,601
Recycle Centre	129,664	138,570	-8,906
CDC – (DMC cost share employee)	46,500	82,800	-36,300
The Pas Arts Council		4,000	-4,000
Northern Gateway Chaplaincy		19,115	-19,115
OCN Blizzard		5,000	-5,000
Handivan	20,000	20,000	
Scholarships	5,500	5,500	
Other – nominal		500	-500
Total	680,022	729,241	-49,219

Financial Strategy 2018:

- **Surplus equipment sale**

- As part of our internal review process we will be performing a one time sale of surplus equipment in 2018 to help generate revenue by removing items no longer in use with no future plans.

- **Surplus lot sale continuation**

- The Town of the Pas will be looking to continue divesting itself of properties that are not essential to delivery of services to residents. This will include residential or commercial lots developed or attained through tax sale that are held in inventory. (including ½ lots). This will hopefully have a positive impact on total assessment and mill rate, and provide opportunity for development in certain areas in the community.

Financial Strategy 2018: Capital

- Major budgeted capital expenditures for fiscal 2018 (full list available on Financial Plan pg. 13):

Description	Cost	Non-Municipal Portion	Municipal Portion
Larose Avenue – project completion	\$1,201,255	\$800,837	400,418
Civic Center – Electric Boiler upgrade	175,000		175,000
Arena – Rink repair	250,000		250,000
Equipment/Machinery			
- Replace Backhoe loader	200,000		200,000
- Replace Single Axel Dump	250,000		250,000
- Replace 2 * ½ ton Trucks	120,000		120,000
Utility – Replace Chlorine Building roof	150,000		150,000
Fire equipment replacement	65,000		65,000

- Total capital budgeted \$2,935,303.
- With few exceptions capital is funded through the use of reserve funds from previous periods.
- Ongoing contributions to reserve funds allow for larger project or equipment replacements when needed by allocating annual costs as opposed to one time payments, which in some cases are quite large.

Looking Forward: Capital Projects

- A full list of major capital items budgeted for the five year period (2019 – 2023) is available on pg. 14 of the Financial Plan.
- Highlights (estimated):
 - Lagoon upgrade (2019) – \$18,000,000
 - Waste disposal site (2019) – \$10,000,000
 - Water treatment plan reservoir upgrade (2019) - \$3,000,000
 - Bagshaw Avenue renewal (2020) - \$2,992,053
 - Bignell Avenue renewal (2021) - \$5,564,060
 - Reader Street renewal (2023) - \$1,758,666
- Projects are included at estimated costs and inclusion in future year budgets is dependent on a number of factors including availability of external funding, capacity, and internal resources.

Additional information?

- If you have any questions, require further detail or would like to discuss any of the information from this presentation or the financial plan, please contact:



- Other contacts include Mayor or Council members, and administration staff at Town of the Pas Civic Center at the address above.

