



# Town of The Pas

FINANCIAL PLAN PRESENTATION – 2020

May 25, 2020

# 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 2020 total assessment for the Town is 197M, an increase from 2019 of approximately 4M (~2%). The effect of this is that a slightly larger assessment base is responsible for a smaller 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	12,523,167	
Less: Budgeted other revenues	5,328,915	
Less: Debentures	567,161	567,161
Add: Tax Allowance	6,000	2,352
Equals: Net cost to taxpayers	6,633,091	569,513
Divided by: Total assessment	197,061,540	220,741,430
Equals: Estimated Mill rate - (Required / Assessment *1000)	33.66	2.58

- 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 2020 Mill rate including school and provincial levies and a comparison to 2019 amounts is included on the next slide.

# Comparison 2020/2019 Mill Rate

Residential	2020	2019	Change
At large	31.30	30.62	0.68
Deficit recovery			
Debentures	2.58	3.31	-0.73
Reserves	2.36	2.32	0.04
Kelsey School Division	15.00	17.30	-2.30
Net Mill rate	51.24	53.55	-2.31
Estimated tax per 100k Value \$	2,306	2,410	-104

Commercial	2020	2019	Change
At large	31.30	30.62	0.68
Deficit recovery			
Debentures	2.58	3.31	-0.73
Reserves	2.36	2.32	0.04
Kelsey School Division	15.00	17.30	-2.30
Provincial Education	8.83	9.77	-0.94
Net Mill rate	60.07	63.32	-3.25
Estimated tax per 100k Value \$	3,904	4,116	-211

# What's new for 2020: Increase in assessment

- For 2020 we experienced an increase in overall assessment for the community of approximately 4M (~2%).
  - How this affects taxpayers – All other things being equal, an increase in assessment will trigger a decrease in mill rates / taxation for the same valued assessment as the previous period. To simplify, the same cost is now being spread over a larger group.
  - Overly simplified example:

<b>2019 Total Assessment</b>	<b>193,018,150</b>
2020 Total Assessment	197,061,540
Change	4,043,390
Percentage Change	2.09%

<b>2019 Mill rate</b>	<b>53.55</b>
Convert based on 2020 Assessment (2019 M/R * 0.9791)	52.43
2020 Mill rate	51.24
Change based on other factors	-1.12
Change based on Assessment	-1.19

# What's new for 2020: Presentation Changes

- In an effort to improve the overall clarity of the financial plan a few changes have been completed:
- **Recreation**
  - Further break out of historical combined figures to split out parks and playground maintenance costs into a separate line item.
- **Bylaw**
  - Previously included in Transportation, now included as own line in protective services.
- **Grants**
  - Grants historically recorded to general government. In the current year efforts made to relocate grants to the areas within the financial plan to which they apply. This provides a better indicator of what services are being provided externally.
    - Examples include:
      - **Recycling** (now included in Environmental Health)
      - **The Pas CDC** (now included in Economic Development Services)
      - **The Pas Animal Shelter** (included in protective services)

# What's new for 2020: Deficit Recovery:

- **Operating fund Deficit:**

- *The Municipal Act requires that operating deficits are recovered once realized in the year subsequent.*
- 2018 Audited financial statements reported a nominal surplus.
- 2019 Unaudited financial statements indicate a deficit is expected. Anticipated recovery of a 2019 deficit would be in the 2021 fiscal year after completion of the 2019 audit.

- **Utility fund Deficit recovery:**

- *The public utility board requires that recovery of any previous year deficits occur in subsequent years for municipalities operating public utilities.*
- A 2018 deficit of \$276,107 was reported under PUB. Recovery is affected through transfer of accumulated surplus as per board order #190/19.
- A nominal 2019 surplus is anticipated.

# Update for 2020: Policing costs

- Policing continues to be a challenge for the budget process:
- Policing cost is expected to increase by \$75,572 in 2020 to \$2,629,504. (2019 Budgeted - \$2,553,932). This anticipated cost was revised owing to a lower 2019 actual result.
- Policing amount is included in the “At Large” mill rate for the Town. It represents approximately 17.1% of net municipal expenditure (2019 – 16.1%). *A chart of all cost centers included in a later slide.*

# 2020 Update – Development:

- **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 is expected to improve mill rates in future years by increasing the assessment base and reducing cost for maintenance of Town owned property.
- Several properties in the lakeside subdivision are currently under construction or nearing completion. Purchasers are required to complete lock-up stage by spring 2021 so we are anticipating additional assessments increases over the next few years.
- One Town residential property acquired in a previous tax sale was sold in early 2020.
- Review of other Town properties continues to assess other potential saleable items.
- Also under review is the zoning by-law. Special attention is being given to clauses on ability to develop on ½ lots.

# Financial Strategy 2020: Overview

- In an effort to reduce tax burden on property owners the Town of the Pas continues to do extensive reviews of internal operations, grants, and other expenditures and make 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. Civic Center Electric Boiler 2019/20)
- 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 2020: 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.

Cost center	2019	2020	Change
General Government	18.3%	11.4%	-6.9%
Police	16.1%	17.1%	1.0%
Fire, other protection	3.4%	4.3%	0.9%
Public Works	10.2%	9.9%	-0.4%
Airport	-0.4%	0.0%	0.4%
Environmental (Waste)	2.3%	4.0%	1.7%
Public Health	0.3%	0.4%	0.1%
Economic Development	0.2%	0.8%	0.6%
Recreation/Maintenance	8.8%	9.5%	0.7%
Museum	1.2%	0.9%	-0.3%
Library	1.2%	1.4%	0.2%
Debt servicing	6.2%	5.0%	-1.2%
Transfers to capital	0.0%	0.6%	0.6%
Deficit recoveries (previous)	0.0%	0.0%	0.0%
Reserves (net)	-0.9%	4.6%	5.6%
School levies	33.1%	30.2%	-2.9%

- Grants relocated from General Government to departments
- The Airport budgets for net positive operations
- Fire, other protection adjusted 2020 to include bylaw, animal control.
- Economic Development includes CDC staffing costs for 2020.
- Recreation budget adjusted to eliminate historical deficits
- School levies reduced in 2020.
- Some reclassifications affect year to year comparisons

# Financial Strategy 2020: Debentures

- At the end of 2020 the Town will have 2.8M in debt. This includes an annual debt payment of \$567,161. 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 2020 is \$20,000.

	4381 - Multiplex	4435 - Wellness Centre	4486 - Winton Pool	Total
Balance, beginning	841,400	1,061,407	1,269,240	3,172,047
Payment	169,099	206,615	191,447	567,161
Interest	47,329	49,090	55,529	151,948
Balance, ending	719,630	903,883	1,133,322	2,756,835
Expires	2025	2025	2027	

- While no new debts are anticipated for 2020, 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 2020: 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 to residents.
- Contributions to the Reserves for 2020 Total \$1,900,838

Tax funded reserves	2020 Budget	Other Reserves	2020 Budget
Machinery and equipment	50,000	Federal Gas Tax	311,914
Infrastructure	300,000	Hydro Bipole II CDI	259,795
Municipal Elections	2,000	Fire Equipment (other)	32,025
Garage/tanks	22,542	Waste Disposal Grounds	72,750
Library	5,000	Community Enhancement	40,000
Civic Centre	10,000	Destination Marketing	20,000
Fire equipment	25,000	Recreation Infrastructure	20,000
Computer Equipment	15,000	Airport	-
Museum	5,000	Utility	500,000
Arena	10,000	Arena	12,000
Winton Pool	10,000	Wellness equipment	10,000
Wellness equipment	10,000	Winton Pool	8,000
	464,542	Garage (KSD portion)	19,812
			1,306,296
		Interest Allocation	130,000

- Budgeted withdrawals from the reserve for 2020 are \$3,282,701.
  - Major items include:
    - Equipment and Machinery (Single Axle Dump, Arena Chiller, etc.) – primarily funding through Machinery replacement reserve.
    - Asphalt Renewal project (Est \$1,600,000)– funding through Federal Gas Tax reserve
    - Civic center electric boiler (\$400,000) – funded through Federal Gas Tax reserve
  - Full details on withdrawals from reserves and capital included on Financial Plan pg. 13.

# Financial Strategy 2020: Transportation Services

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

	2020 Budget	2019 Budget	Change
Total Transportation	2,358,002	2,393,893	
Airport	1,191,550	1,149,932	
Public works (only)	1,166,452	1,243,961	(77,509)

- In 2020 there is a nominal decrease to Public Works expenditures
- Airport:

	2020 Budget	2019 Budget	Change
Airport Revenue	1,197,000	1,199,250	
Airport Expense	1,191,550	1,149,932	
Net Airport	5,450	49,318	(43,868)

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



# Financial Strategy 2020: Grants



	2019	2020	Change
CKPI	453,556		-453,556
Recycle Centre (2019 Inc. capital)	190,806	159,649	-31,157
Library	134,100	151,500	17,400
CDC – (DMC cost share employee + Annual)	124,650	80,250	-44,400
Manitoba 150		10,000	10,000
The Pas Arts Council	4,000	5,000	1,000
Northern Gateway Chaplaincy	15,000	15,000	
The Pas Animal Shelter		6,000	6,000
NRHA - Physician recruitment	75,000		-75,000
CDC – Clinic	5,832		-5,832
Handivan	40,000	40,000	
Trappers Festival	15,277	15,461	184
Scholarships	6,500	6,500	
Other – nominal	500	6,694	-6,194

# Financial Strategy 2020:

- **Surplus equipment sale**

- As part of our internal review process the Town will continue to retire and divest itself of equipment to help generate revenue and reduce costs 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 2020: Capital

- Major budgeted capital expenditures for fiscal 2020 (full list available on Financial Plan pg. 13):

Description	Cost	Non-Municipal Portion	Municipal Portion
Pavement rehabilitation	1,600,000		1,600,000
Civic Center – Electric Boiler upgrade	400,00		400,000
Arena – Floor	50,000		50,000
Equipment/Machinery			
- Arena Chiller	175,000		175,000
- Replace Single Axel Dump	252,664		252,664
SWDG expansion feasibility	120,000		120,000
Museum Brickwork	105,000	63,000	42,000
Airport – Runway Maintenance	85,000		85,000

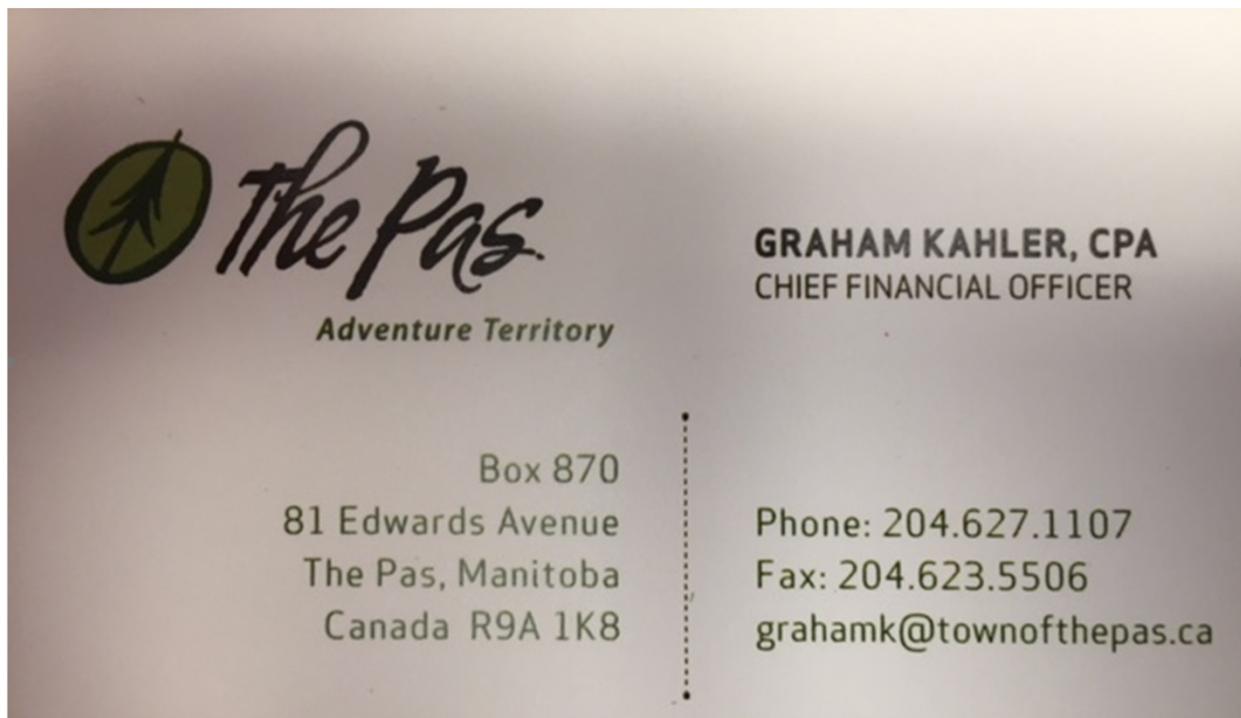
- Total capital budgeted \$3,191,164
- Capital is primarily funded through the use of reserve funds
- Ongoing contributions to reserve funds allow for larger project or equipment replacements when needed by allocating annual costs as opposed to one time payments, which in some cases are quite large.
- *\*several projects were carried over from 2019 owing to delivery timing.*

# Looking Forward: Capital Projects

- A short list of major capital items budgeted for the five year period (2021 – 2025) is available on pg. 14 of the Financial Plan.
- Highlights (estimated):
  - Lagoon upgrade (2021) – \$18M
  - Fire Tanker (2023) - \$350,000
  - Bagshaw (Eng. Only) (2025) - \$250,000
  - Vactor (2023) - \$350,000
- 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.

