

2018 BUDGET INFORMATION PACKAGE



Your City Budget: How does it work?

The City of Fernie is growing and changing and with this comes new challenges and added pressures on our services and infrastructure. The proposed **\$12.6 million** Operating Budget and **\$8.7 million** Capital Budget for 2018 have been developed with the goal of maintaining and improving City services, while also making responsible investments to help meet the future needs of our growing city.



Capital vs. Operating Budget: What is the difference?

The City Budget is broken into two types of expenses – Operating and Capital.

The Operating Budget is comprised of the regular expenses that are required to keep things running smoothly day in and day out. These are things like waste collection, water and sewer, maintenance of equipment and facilities like the Aquatic Centre.

Capital expenses are one-time purchase or upgrades. The Capital Budget can include money for items such as road projects, new facilities, new equipment like vehicles or snow plows, and replacement of aging infrastructure.

How is the Operating Budget determined?

The operating budget is the largest part of the City's budget, **\$12.6 million** for 2018. It is set by determining what it will cost to continue offering existing City services and programs at the service levels set by Council. As with homes and businesses, external costs for the City increase each year. Hydro costs, insurance, permits and licenses, contractors and parts and equipment are all costs we cannot control. Delivery of many of these services also has little room for adjustment-- roads, and sewer services must be maintained and cemetery services are essential. This means that just to maintain the existing level of service a Cost of Living Adjustment to the taxes is required.

How is the Capital Budget determined?

A number of considerations go into determining the capital budget. The 2018 capital budget is **\$8.7 million** dollars. It includes funds for projects deemed necessary in the City's 2017 Service Level Review, allocates funding for the priorities already set out by Council in the Strategic Plan and priorities from the City's Facilities Master Plan and Official Community Plan.

Service Level Review: Why does it affect the Budget?

A Service Level Review is a review process undertaken to help determine whether the existing means for delivering a service remains the most efficient, effective and appropriate means for delivering that service. Service Level Reviews help local government clarify the needs of their communities and use an evidence-based approach to assess how efficiently and effectively it is meeting those needs. Using this information, local governments can determine what changes to make to service delivery which will provide benefits to all stakeholders while still being financially sustainable. Service delivery reviews are an ongoing process to ensure local government is delivering what the community needs in the best possible way.

During the 2017 Service Level Review, Council was asked to evaluate existing services using these four questions:

1. *Should we continue with this program/service as is?*
2. *Should we continue with this program/service in modified form?*
3. *Should we stop delivering this program/service?*
4. *Is there anything that we should be doing that we are not doing now?*



The 2018 Budget:

- ◆ Implements the recommendations outlined in the 2017 Service Level Review
- ◆ Contributes to infrastructure reserves in accordance with the City's Asset Management Plan
- ◆ Continues projects started in 2017
- ◆ Invests in the maintenance of infrastructure assets such as roads, water, sewer and drainage
- ◆ Allow for inflationary increases in operations contracts , supplies and wages



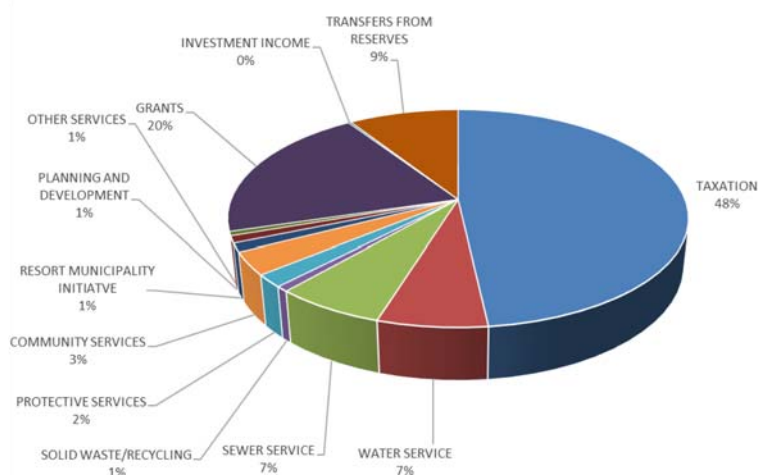
Did you know? The assessed value of an average home in Fernie is \$418,851

The average home will pay \$1,619.92 in municipal taxes, an increase of 4.3% or \$67.09

Budget At A Glance

Where does our money comes from?

Like most other Canadian municipalities, taxation is the largest source of revenue for the City. It finances the majority of the service provided by the City of Fernie. In 2018, Taxation will contribute 48% of the City's revenue. The second largest source of revenue is User Fees, contributing 22% of revenue. User Fee costs are designed to cover the cost of providing the service without generating surplus revenue. Grants make up 20% of the City's revenue, supporting new infrastructure and one-time projects.



REVENUE	2018	2019	2020	2021	2022
TAXATION	10,291,461	10,735,220	11,130,672	11,537,640	11,799,988
PARCEL TAXES	391,247	531,047	531,047	531,047	531,047
FEES AND CHARGES					
WATER SERVICE	1,248,713	1,273,850	1,299,489	1,325,640	1,352,315
SEWER SERVICE	1,208,490	1,256,510	1,306,451	1,353,803	1,360,623
SOLID WASTE/RECYCLING	162,600	331,751	338,355	345,089	351,959
PROTECTIVE SERVICES	398,391	405,374	412,496	419,761	427,171
PARKS, RECREATION AND CULTURE	717,700	712,319	675,091	675,135	675,834
RESORT MUNICIPALITY INITIATIVE	271,176				
PLANNING AND DEVELOPMENT	217,500	217,500	217,500	217,500	217,500
TOTAL FEES AND CHARGES	4,224,570	4,197,304	4,249,382	4,336,928	4,385,402
OTHER					
OTHER SERVICES	132,771	127,788	127,790	127,790	127,790
GRANTS	2,635,640	2,720,609	960,474	1,047,310	1,246,310
INVESTMENT INCOME	48,000	48,000	48,000	48,000	48,000
PROPERTY SALES	599,625				
TOTAL OTHER	3,416,036	2,896,397	1,136,264	1,223,100	1,422,100
PROCEEDS FROM BORROWING	2,000,000	2,240,000			
TRANSFERS FROM RESERVES	8,386,174	3,716,958	3,352,969	2,676,290	2,632,760
TOTAL FUNDING	28,709,488	24,316,926	20,400,334	20,305,005	20,771,297

Grants: How do they work?

Grants make up a significant source of revenue for the City. In 2018, the City of Fernie will include **\$4.3 million** in grant money in the budget. While grants are a great way to support new infrastructure, one-time projects and community services, they also come at a cost. Grants funding is dependent on successful grant applications. Applications can require a lot of staff time and are increasingly dependent on supporting documentation such as Feasibility Studies, Needs and Demand Studies or Cost of Services Studies. These studies can be very costly and take a long time to complete. Typically, grants also require varying degrees of matching funding from the municipality to contribute to the project.

Elk Valley Property Sharing Tax Agreement

The City of Fernie benefits from the Elk Valley Property Sharing Tax Agreement that distributes tax dollars collected from the regions coal mines to each community in the Elk Valley. In 2018 the City will receive **\$2,890,928**.

In Fernie, we use these taxes to fund quality of life amenities like the Aquatic Centre, parks and trails, the Arts Station and the Fernie Heritage Library. This Tax Agreement helps make Fernie a great place to live by allowing us to support community initiatives and offer subsidized recreational opportunities to our residents.



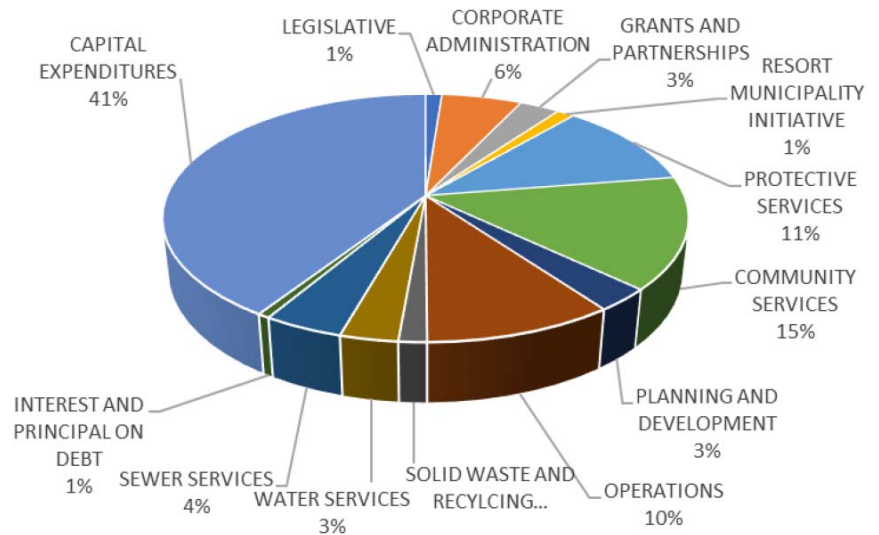
Did you know? The Elk Valley Property Sharing Tax Agreement pays for **78%** of the net cost to operate Recreation and Cultural services in the City of Fernie.

Net Costs to run City of Fernie Recreation & Cultural Services

Aquatic Centre	629,207
Arena	489,112
Community Centre	81,463
Heritage Library	277,618
Museum	55,905
Curling Center	38,863
Chamber of Commerce & Info Centre	127,687
Arts Station	83,563
Parks and Trails	370,996
Max Turyk Property	144,486
Reserve contributions	963,000
Recreation and Leisure Services Administration	393,587
	3,655,487



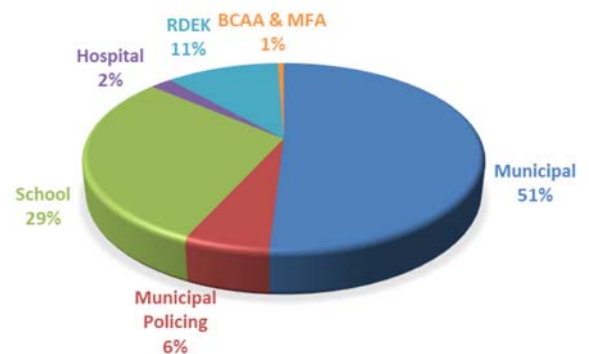
Where Does My Tax Money Go?



EXPENSES	2018	2019	2020	2021	2022
OPERATING EXPENSES					
LEGISLATIVE	253,807	233,373	242,056	242,355	242,661
CORPORATE ADMINISTRATION	1,247,500	1,248,907	1,271,662	1,293,012	1,314,767
GRANTS AND PARTNERSHIPS	625,260	637,318	570,825	639,796	566,796
RESORT MUNICIPALITY INITIATIVE	647,646				
PROTECTIVE SERVICES	2,395,103	2,532,450	2,561,261	2,590,654	2,617,909
COMMUNITY SERVICES	3,095,604	3,148,076	3,175,760	3,206,177	3,224,801
PLANNING AND DEVELOPMENT SERVICES	630,022	642,193	652,992	666,031	677,919
OPERATIONS	2,110,118	2,149,021	2,165,265	2,181,841	2,190,222
SOLID WASTE AND RECYCLING	310,685	370,081	376,726	383,504	390,374
WATER SERVICES	642,085	653,675	656,441	659,264	659,264
SEWER SERVICES	884,478	932,498	982,439	1,029,791	1,036,611
TOTAL OPERATING EXPENSES	12,842,308	12,547,592	12,655,427	12,892,425	12,921,324
INTEREST AND PRINCIPAL ON DEBT	133,534	273,334	273,334	273,334	273,334
TRANSFERS TO RESERVES	4,704,000	4,704,000	4,704,000	4,704,000	4,965,345
CAPITAL	11,029,646	6,792,000	2,767,573	2,435,246	2,611,294
TOTAL EXPENDITURS	28,709,488.00	24,316,926.00	20,400,334.00	20,305,005.00	20,771,297.00

You may be surprised to learn that only half of the property taxes you pay each year go towards municipal services. Every year, the City of Fernie is responsible for collecting taxes on behalf of other public authorities.

- ◆ Reginal District of East Kootenay
- ◆ Elk Valley Hospital
- ◆ BCAA & MFA
- ◆ School District No.5
- ◆ Municipal Policing



2018 Budget Highlights

- ◆ \$2,000,000 for the design and construction of a new public works building
- ◆ \$1,129,076 for an annual paving program for: 9th Street from 2nd Ave to Hwy 3; 7th Street from Hwy 3 to 11th Ave; an additional \$80,000 to complete the corresponding sidewalks
- ◆ \$772,868 for the commissioning and start-up of the James White Park wells
- ◆ \$448,000 for annual watermain replacement
- ◆ Funds to hire an additional part time Bylaw Enforcement Officer, and a summer Bylaw Student to help with continued education and enforcement of City bylaws
- ◆ New automated curbside waste and recycling collection
- ◆ Two new public works staff to increase the city's capacity to meet service levels
- ◆ Funding for the continued planning work of a new Firehall, slated for construction in 2019
- ◆ Funding for the development of the City's Emergency Social Services program

Changes to Municipal Policing Costs

In 2017, the City of Fernie passed the 5,000-population mark in the 2016 federal census. Passing this threshold means the City is no longer eligible for heavily subsidized policing by the Province. We are required to pay for policing by either signing a Municipal Police Unit Agreement that appoints the RCMP as the city's municipal police force, or by creating our own force. The City has chosen to appoint the RCMP as the city's municipal police force.



Did you know?

In 2018, the City will pay \$782,520 for five RCMP members. In 2019, the City will be fully responsible for paying for the full complement of six RCMP members and one support position at a cost of approximately \$915,423.

The average home will pay \$195.64 for policing in 2018.