



The Corporation of the Village of Slocan Memo

DATE: November 19, 2020
TO: Mayor and Village Council
FROM: M. Gordon, CAO
SUBJECT: Financial Plan Bylaw Amendment

ANALYSIS SUMMARY:

The Five-Year Financial Plan Bylaw No. 670, 2020 for the years 2020-2024 was adopted by Council on May 11, 2020. Since adoption, a few unbudgeted changes to capital projects have arisen. These changes were reported to and subsequently authorized by Council and need to be reflected through an amendment to the Financial Plan. Attached for Council's consideration is the Financial Plan Amendment Bylaw prepared by Chief Financial Officer, Colin McClure. Council is requested to pass first three readings of the Amendment Bylaw.

BACKGROUND:

As the Five-Year Financial Plan is adopted in the early part of a fiscal year, it is common for opportunities or changes in what had been planned to arise as the year progresses. To allow staff to act on opportunities or make significant changes/revisions to projects in the current year and be in compliance with the Community Charter, approval from Council is required. This process is accomplished by amending the previously approved Five-Year Financial Plan to include the new requests, and must be presented and approved by Council.

As previously reported to Council, the changes to amend the 2020-2024 Five Year Financial Plan are as follows:

At the July 30, 2020 Special Council meeting, Council provided the first three readings of the Village of Slocan Loan Authorization bylaw No. 678, 2020. The purpose of the loan authorization was to assist in the purchase of the Old Slocan Mill site. The purchase price of the site was \$1,500,000 and has been added to the General Capital purchases row in the 2020 column. To fund this purchase, the Village used \$170,000 from the Land Sales Reserve, received a CBT grant for \$450,000, used \$35,000 from general surplus, and borrowed \$845,000 from the MFA. All the changes in capital purchases, borrowing or funding sources are highlighted in yellow in 2020 as the balances have changed in 2020.

In addition to the changes required to show the purchase of the land, the Village also needs to update the financial plan to show the future changes in funding, loan principal & interest payments, and expense curtailments proposed to the Ministry as part of getting the loan authorization Certificate of Approval.

In borrowing \$845,000 the estimated budget for principal and interest payments is \$41,000. The rows related to interest and principal are highlighted in yellow from 2021 to 2024. In order

to fund these debt payments, a 3% tax increase was proposed and it would bring approximately \$5,000 in additional revenue. The Small Community Grant in 2020 was \$16,000 higher than budgeted - it is expected that these new funds will carry into 2021 onward, and would be allocated to fund the debt payments. Lastly, on the revenue side, it has been proposed that \$6,000 in the Regional District Community Development funding would be drawn on.

With these additional funding sources, the remaining uncovered debt payment balance is \$14,000 annually. To cover this shortfall, it has been proposed that expense reductions from 2021 to 2024 would be the appropriate option. For the amended Financial Plan, the general government expense budget has been reduced by \$6,000; transportation budget reduced by \$5,000; and finally, the parks & recreation budget decreased by \$3,000.

It is important for Council to know that all of the future revenue streams and expense reductions proposed in the amended 2020-2024 Financial plan are not final. Council, as part of budget discussions and creation of the 2021 to 2025 Five Year Financial Plan, or any future Financial Plan, is able to make any changes they see fit.

The changes noted above are reflected in the attached 'Schedule A' of the amended Financial Plan Bylaw. The amounts highlighted in yellow indicate the capital and funding categories that changed from the previous Five-Year Financial Plan Bylaw, 'Schedule A'.

LEGISLATIVE IMPACTS, PRECEDENTS, POLICIES:

- The Village is in compliance with the *Community Charter*.
- The Financial Plan sets out the objectives and policies of the Village in relation to the revenue sources, proposed expenditures, proposed funding sources and proposed transfers to or between funds.
- Under section 165 of the *Community Charter*, Council must have a financial plan that is adopted annually by bylaw, before the annual property tax bylaw is adopted. All proposed expenditures, funding sources and transfers to or between funds must be included in the plan. The *Community Charter* also recognizes that a Council has the right to amend the financial plan during the fiscal year. Part (2) of section 165 states "For certainty, the financial plan may be amended by bylaw at any time".

COSTS AND BUDGET IMPACT - REVENUE GENERATION:

This amendment to the Five-Year Financial Plan includes the cost of the additional planned expenditures and their funding sources.

OPTIONS AND ALTERNATIVES:

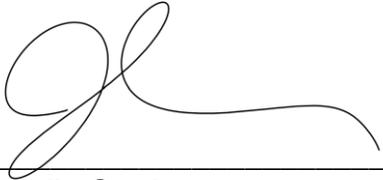
1. Move forward with amending the 2020-2024 Financial Plan Bylaw by passing first three readings of the Amendment Bylaw;
2. Do not amend the 2020-2024 Five-Year Financial Plan Bylaw;
3. Refer the matter back to staff for further review and recommendations.

ATTACHMENTS:

- Financial Plan (2020 -2024) Amendment Bylaw No.____,2020
- Schedule A – Amended 2020-2024 Five-Year Financial Plan

RECOMMENDATION:

1. That the Village of Slocan Financial Plan (2020-2024) Amendment Bylaw, No. _____, 2020 be read a 1st, 2nd, and 3rd time.
2. That staff be directed to post notice of its intention to amend the Financial Plan Bylaw, and that copies of the amendment be made available for public inspection and comment.

A handwritten signature in black ink, consisting of a large, stylized initial 'M' followed by a long, horizontal, slightly wavy line that tapers to the right.

Michelle Gordon
Chief Administrative Officer