

Welcome to the Town of Smithers Public Presentation of the 2011 – 2015 Five -Year Financial Plan

Handout Available:

•2011-2015 Five-Year Financial Plan Information Package which includes:

- Key Highlights of the 2011-2015 Budget
(includes excerpts from Council's
Presentation)**
- Draft 2011 – 2015 Five-year Plan Budget
Schedules**
- 2011-2015 Draft Capital Plan Detail**

Part I

Council Strategic Priorities: Mayor Farrow

Economic Development...

- In 2010 the Bulkley Valley Economic Development Association (BVEDA) was established with the following partners: Town of Smithers, Electoral Area A (Bulkley Nechako Regional District) and the Office of the Wet'suwet'en.

Starting in the 2011 Council has approved ongoing funding to the new BVEDA in the amount of \$70,000 per year plus all 2% Hotel Tax revenue (estimated to be approximately \$100,000 per year). Other partners are contributing approximately \$45,000 per year.

Tourism costs previously paid for out of 2% Hotel Tax funds, and previously overseen by the Tourism Advisory Committee, will now be handled through BVEDA.

- Council will work with the Airport Business Land Use Plan, with the commitment to continue to develop the Smithers Regional Airport to maximize opportunities for passenger and air cargo.

Town Property...

- Work is being finalized on a new section of the Town's website to address the Town's new Land Sale Policy and lands currently for sale or lease.
- Council has approved the sale of residential lots in the upper section of the LB Warner property. The Town will be installing water, sewer and storm services in 2011 to accommodate the new residential development.
- The Town purchased the Kratz/Howard property in 2010. The Town will be revising the Central Park Plan, which will be prepared in-house.
- The Town will be actively marketing the sale of Willowvale property (Phases II and III), to be developed for residential purposes.

Future Cost Savings ...

- Council will be working with the Board of the Bulkley Nechako Regional District to review the taxation formulas for various Regional District functions, to ensure that taxation formulas amongst the regional areas and the municipalities are fair and equitable.
- The Town has developed and implemented a comprehensive Safety Management System with the goal of achieving COR Certification. Having the certification will result in savings in employer WCB costs of up to 15% for 3 years.

First Nation Relationships...

- The Town signed a Protocol Agreement with the Office of the Wet'suwet'en and will be working with them concerning the Ministry of Education's approval to dispose of the Chandler Park School property for community use.

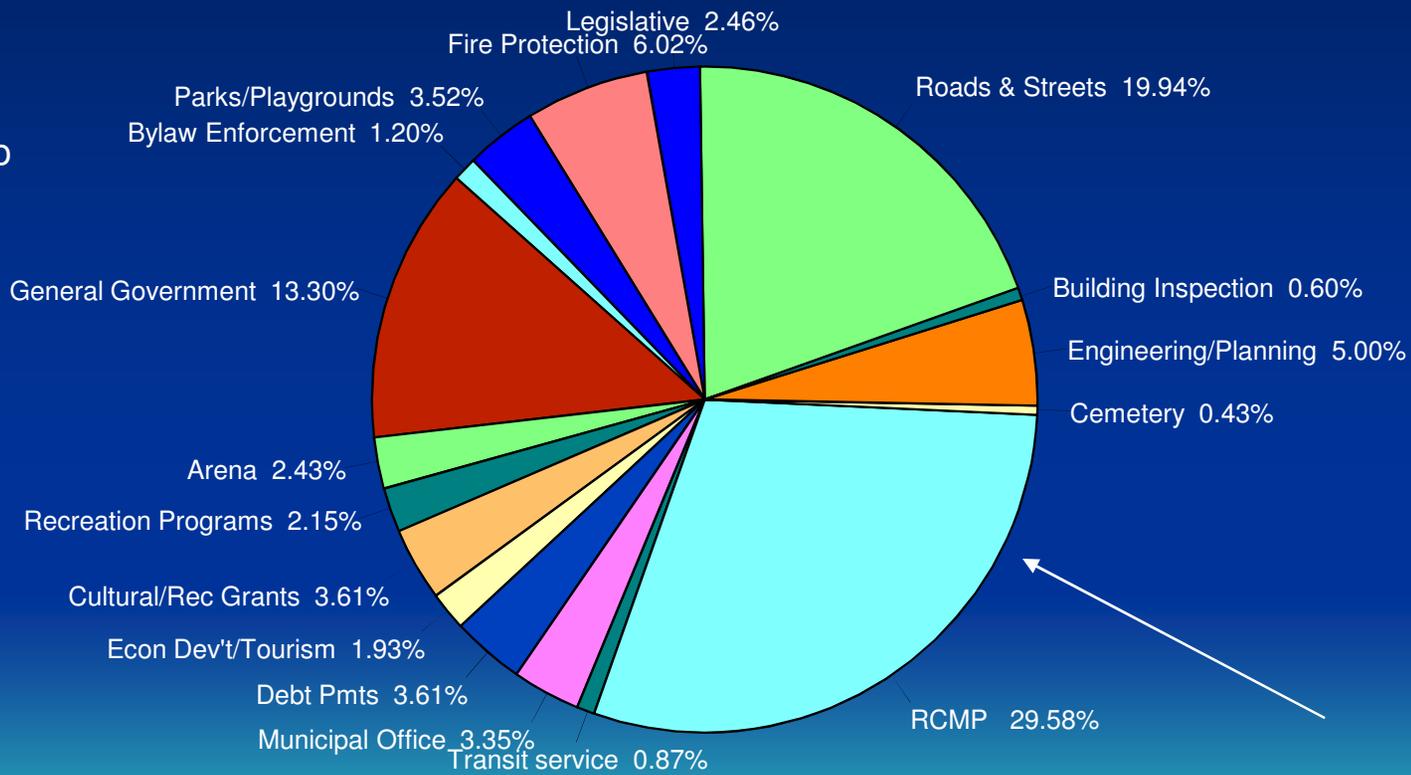
Operations...
Operating Revenue
Presented by:
Councillor Benson

- The 2011 General Municipal Tax revenue in 2011 is budgeted to increase by 2.32% over 2010 to maintain current levels of services. Of this 2.32%: 1.54% represents increased taxation due to cost of living increases and 0.78% represents new taxation due to assessment growth.
- The 2011 RCMP Municipal Tax revenue will increase by 4.34%.
- The blended combined 2011 Municipal Tax revenue is 2.91% higher than 2010.

	2008 Budget	2009 Budget	2010 BUDGET	2011 BUDGET
Municipal (General) Tax levy	3,024,648	3,105,094	3,182,722	3,256,674
General Tax levy Increase over previous year	2%	2.66%	2.5%	2.32%
Municipal (RCMP) Tax levy	1,123,780	1,213,682	1,310,777	1,367,707
RCMP Tax levy Increase over previous year	3.5%	8%	8%	4.34%
Total Municipal Property tax revenue	\$4,148,428	4,318,776	4,493,499	4,624,381
TOTAL MUNICIPAL TAX CHANGE	2.40%	4.11%	4.05%	2.91%

RCMP Municipal taxation continues to represent the largest part of Smithers total Municipal Taxation at 29.6%

2011
Municipal
Taxes are
budgeted to
go to...



As a result of the review of the majority of the Town's fees and charges bylaws in the fall of 2010; many of the Town's fees and charges were adjusted:

- Cemetery Fees (increased)
- Development fees (increased)
- Campground Fees (increased)
- Field User Fees (increased)
- Arena Fees (increased)
- Preschool Fees (increased)
- Water and Sewer Connection Fees (increased)
- Commercial Water and Sewer Fees (increased)
- Garbage Collection Fees (increased)
- Residential Water and Sewer Fees (decreased)
- RV Storage Fees (decreased)

Copies of all amended fees and charges bylaws are on the Town's website.

Garbage Collection Fees:

Council adopted a resolution that makes the use of residential garbage carts mandatory starting in 2014. The \$25 annual reduced garbage fee for property owners who own a residential cart will be in place up to, and including, 2014.

Approximately 50% (750) of property owners now own residential garbage carts.

Water and Sewer Fees...

Residential water and sewer user fees will **DECREASE** annually in 2011, 2012, 2013 and 2014. Residential water and sewer fee savings over the next four years will total \$52.92 per household.

The senior fee waiver for annual water and sewer fees will be phased out commencing in 2011.

- In 2011 the senior fee waiver will be at 75% of the water and sewer use fees
- In 2012 the fee waiver will be at 50% of the regular fees
- In 2013 the senior fee waiver will be at 25% of the regular fees.
- In 2014 there will be no more senior water and sewer fee waivers.

Airport Fees...

The Airport operations continue to be self sustaining as a result of its user fees.

Council approved a continuation of the 2010 airport fee structure in 2011 to allow the new airport manager to review the fees; and to ensure that the Town's airport fees remain competitive with other airports' fees.

Council has directed staff to investigate increasing the Airport Improvement Fee (AIF), which has not changed since its implementation in 2000, to ensure there is adequate funding in the future for runway and other airport infrastructure upgrades.

Operations...
Operating Expenses &
Special Projects
Presented by:
Councillor Adomeit

The Town of Smithers completed its budget deliberations in a series of three Finance Committee meetings held on January 18th, 2011 (Capital Budget) and February 3rd and 9th, 2011 (Operating Budgets).

Councillors approved an overall 2011 Operating budget of \$10.5M, which includes a General Operating Budget of \$6.7M, an RCMP budget of \$1.5M, a Utility (Water, Sewer and Storm) Operating budget of \$1M and an Airport Operating budget of \$1.3M.

The following are examples of some of the cost cutting measures that have been reflected in the 2011 budget:

- There has been over 3000 person hours reduced in the 2011 general operating budget.
- Advertising budgets have been restructured and reduced.
- Total funding to various external organizations through the grant in aid process has been reduced from \$110,919 in 2010 to \$102,400 in 2011.

The Town has budgeted to complete the following special operating projects in 2011....

→ A Town of Smithers Corporate and Community Energy and GHG Emissions Management Plan will be completed in 2011, funded fully by Federal and Provincial Grants.

→ At the Airport, funds have been included in the airport operating budget for a pre-engineering design and subdivision plan. There will also be a review of most contracts and leases, including lease rates, at the airport over the next year.

→ A Smithers Community Wildfire Protection Plan, funded by grants, will be completed in 2011.

→ New course developments will take place utilizing the Fire Training Centre, including the possibility of Aircraft Rescue courses.

The following Budget items were included in the Town's 2011 Operating Budget:

- Town Administration will be overseeing the upcoming Council and School District Trustee election, to take place on November 19th, 2011, at an estimated net cost of \$18,500 .
- Smithers and Area Transit costs are budgeted to increase by 25% due to the upcoming replacement of the older BC Transit bus.
- Increased 2010 operating funding was approved for the Smithers Public Library. Last year their approved Regional District/ Town funding was \$208,517. In 2011 their approved combined funding is \$223,524.

2011-2015 Capital Plan
Presented by:
Councillor Bandstra (Finance
Chair)

Over the past 12 years the Town has spent over \$32M on capital projects/infrastructure. Of this total, \$11M (34%), has been spent on Airport capital infrastructure.

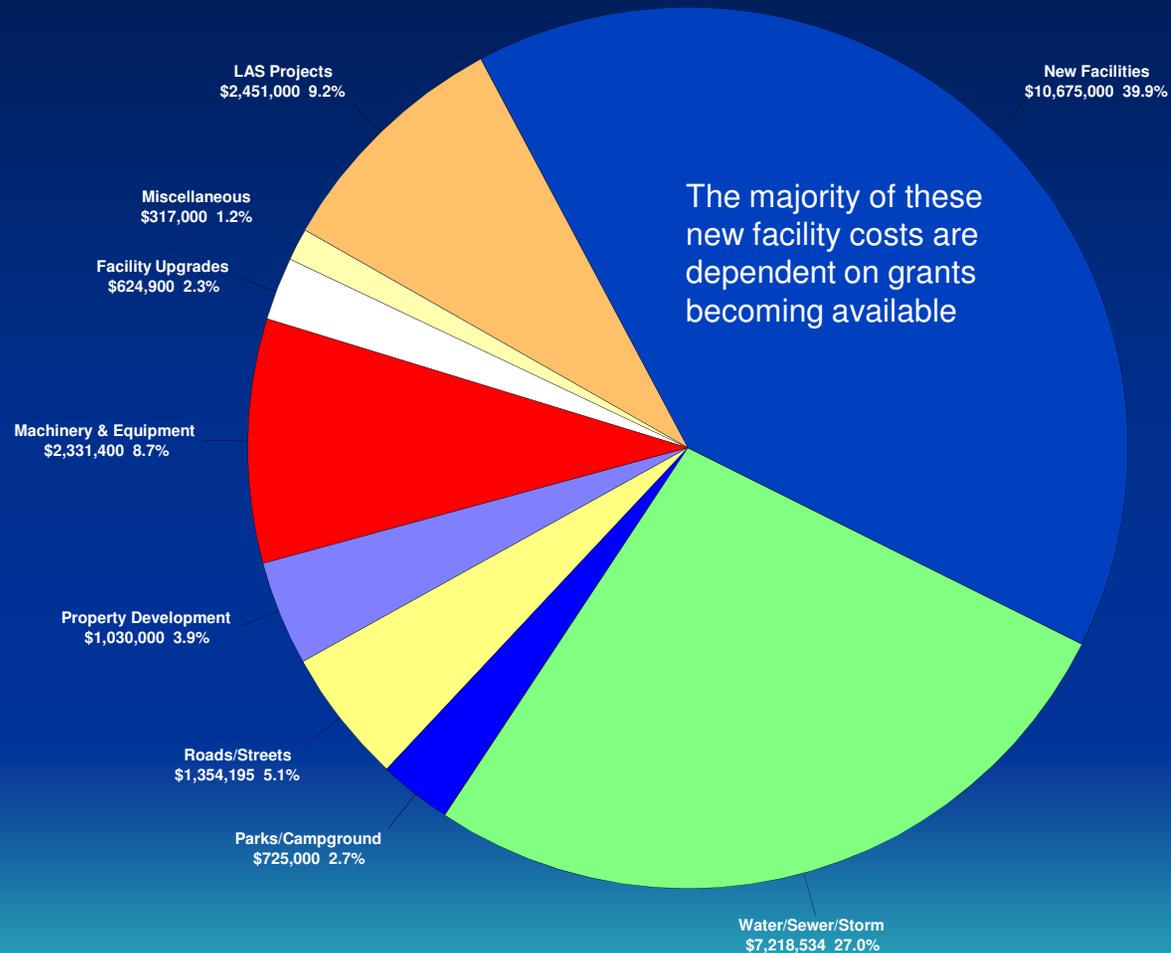
The Town has capital assets of just over \$95.5M (net book value after estimated accumulated amortization brings that to \$51M).

The Town will be starting an asset management plan/review process over the upcoming months in order to identify how best to manage the replacement and upgrading of the Town's infrastructure over time.

The Town is also working on a Facilities Maintenance Plan in order to better prioritize the upgrade and maintenance needs of all Town facilities in the future.

Council has approved \$26.8M of capital within the 2011 – 2015 Five Year Capital plan. Of this, \$11M has been budgeted for 2011. The Five Year Capital Categories are as follows:

47% of the proposed capital is budgeted to be funded through grants and 33% is budgeted to be funded using the Town's own surpluses and reserves.



Buildings/Facilities...

The Town has a budgeted to spend \$351,200 over the next five years on capital maintenance of Town buildings.

Funds have been placed in the Town's Capital Plan, totalling \$105,000 over the next five years, for capital improvements to Fall Fairground facilities.

Council has allocated \$100,000 in capital funds for Smithers Airport terminal renovations. Staff will be gathering information to make recommendations to Council as to how this is to be utilized.

The Town completed its Multiplex Feasibility Study in 2010, which provided information for the Town to use to apply for additional grants for a Second Sheet of Ice (ie \$2.95M Enabling Accessibility Grant). Council has approved the construction of a Second Sheet of Ice, to a maximum of just over \$2.2M, if grant funds are not forthcoming by May 2011.

Machinery and Equipment/Fleet Replacement...

The Town has budgeted \$1.4M over the next five years to replace aging machinery and equipment and fleet vehicles. In 2011 the Town has budgeted to replace an excavator, riding mower, dump truck and sander.

As part of the upcoming Regional District 9-1-1 implementation; pagers and radios will be purchased to ensure interoperability between the 9-1-1 dispatch and the Smithers Fire Department.

Roads/Streets Infrastructure:

The Town has included \$500,000 within its capital plan for Capital Road Work over the next five years. On the priority list is the upgrade of Railway Avenue Road (from Pacific Street to King Street) and 11th Avenue (from Princess Street to Bulkley Lodge).

The Town has included the budgets for two Local Area Service projects to occur in 2011: the 4100/4200 Block Second Avenue Paving Project (pending LAS bylaw and grant approval) and the BV Christian School sidewalk project.

Parks/Campground Infrastructure...

The Town has included \$145,000 to be spent over the next five years for parks and playground upgrades/improvements.

The \$500,000 Riverside Campground Upgrade project to install showers at Riverside campground and upgrade surrounding trails will be completed in 2011. 75% of this project is funded through a Towns' for Tomorrow grant.

Utility (Water, Sewer, Storm) Infrastructure:

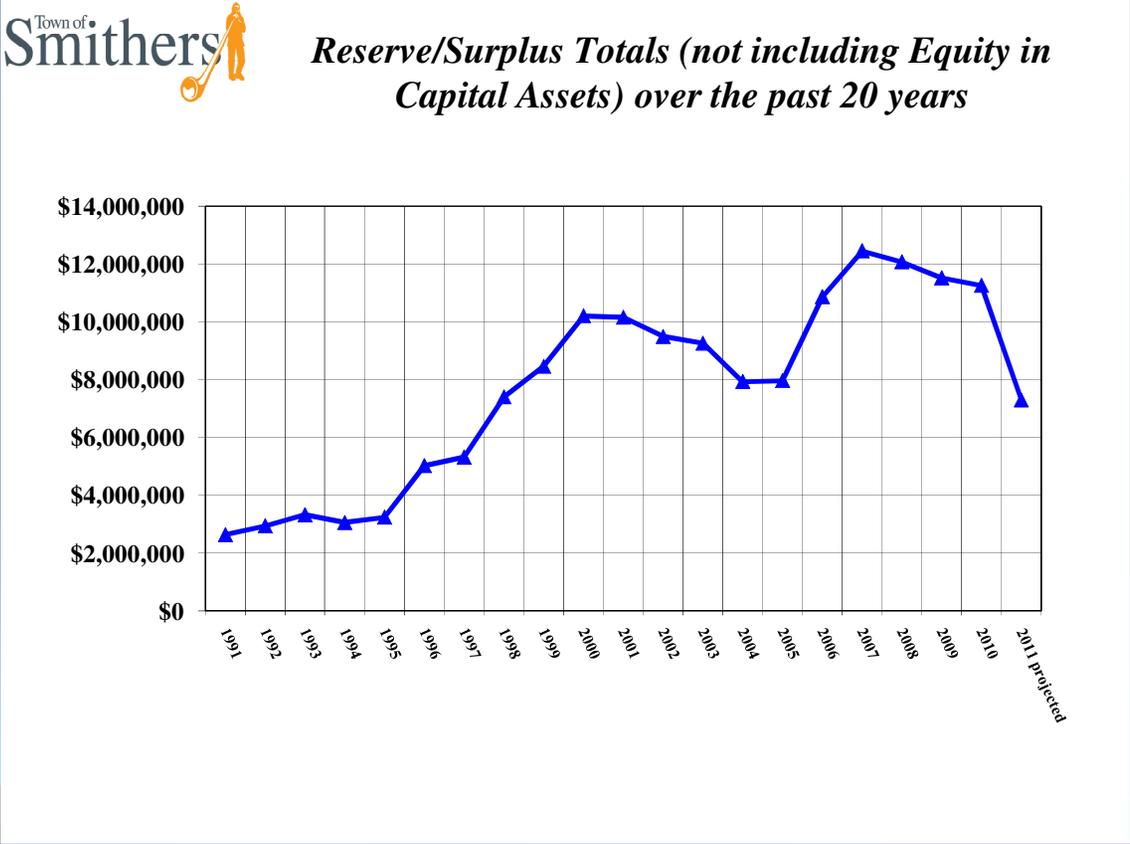
The \$2.4M South Trunk Storm sewer project is budgeted to be completed in 2011. Two-thirds of the funding for this project (\$1.6M) is through a Building Canada Grant, shared by the Province and the Federal Government.

The Town has budgeted to spend \$835,000 over the next five years upgrading water, sewer and storm systems.

The Town will be installing a 500,000 litre water cistern at the Airport at a cost of \$259,000 to increase fire-fighting capacity within the airport water system.

Town Surplus and Reserve
Town Debt
Presented by:
Councillor Groves (Deputy
Mayor)

Total Surplus and Reserves on hand at the end of December 31, 2010 are \$11.25M and that total is budgeted to decrease to just under \$7.3M as of December 31, 2011, due to the budgeted use of surplus, capital reserves and statutory reserve for capital projects (i.e. budgeted use of the \$2M Second Sheet of Ice Capital Reserve etc).



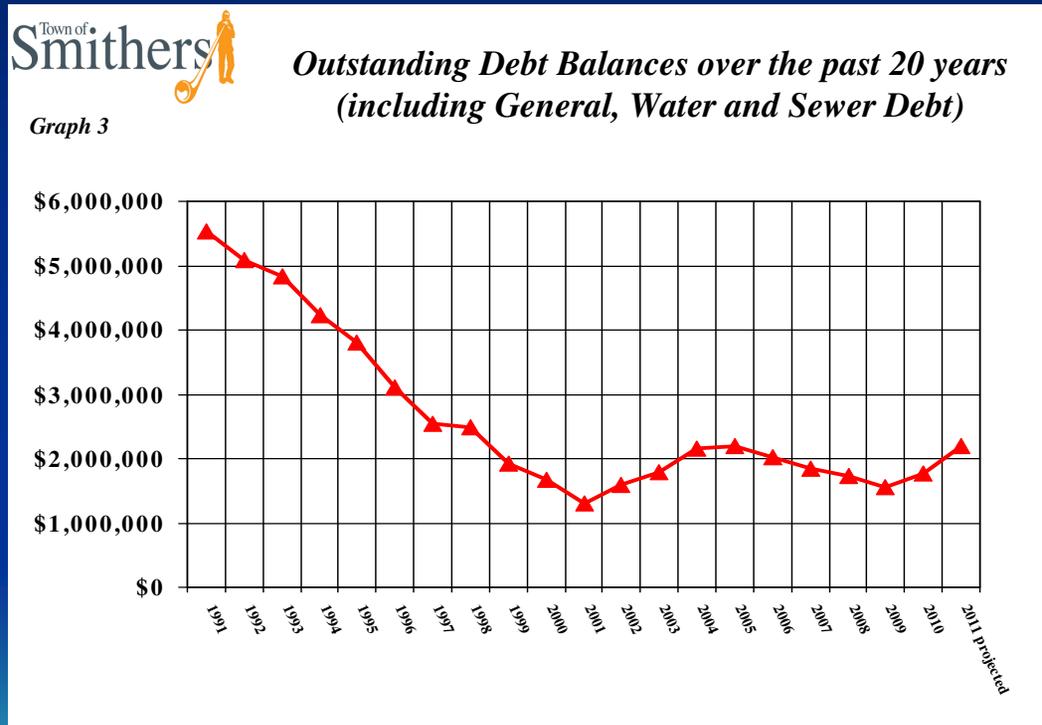
In the fall of 2010 the Town adopted an Operating Surplus and Capital Reserve Policy, establishing criteria as to when operating surplus and capital reserves can be used, as well as maintaining minimum balances within various operating surplus funds.

Council has approved that \$10,000 from an Economic Development Operating Reserve can be used to pay for the costs of organizing a 100th anniversary celebration in 2013.

Council created a Facilities Maintenance Capital Reserve in 2009 to pay for ongoing facilities upgrades/capital maintenance based on an upcoming approved Facility Maintenance/Upgrade Plan. To date \$160,000 has been placed into this capital reserve fund and \$25,000 is budgeted to go into reserve, annually. Funding to this reserve is from redirected funds from the Machinery and Equipment Replacement reserve funds.

The annual Gas Tax Funds received from the Federal Government, administered through UBCM, is placed into a Gas Tax Capital Reserve. The Town has received \$962,671 since 2005, and of this has spent \$577,460 on eligible capital projects. The Town is expecting to receive an additional \$780,918 over the next 3 years and has budgeted to utilize \$360,189 within the Five Year Capital Plan.

Current long term debt outstanding is at \$1.7M. The balance of the South Trunk Storm sewer project debt will be finalized in 2011. Payments on this debt will be paid back from the Utility Fund.



Municipal Property Taxes

Presented by:
Councillor Wray

As seen from the chart below, the Town of Smithers 2011 assessments increased in total by 4.55%. The majority of this was due to market changes. Only 1.34% of the 4.55% increase was due to non-market (new construction) changes. The only class to see an overall assessment increase in 2011 was that of the class 1 residential.

**Assessment Class Values
in Smithers**

	Residential Class 1	Utility Class 2	Heavy Industry Class 4	Light Industry Class 5	Business, Commercial Class 6	Recreation/ Not-for-profit Class 8	Total
2007 Assessment	229,800,697	2,015,650	9,774,900	3,307,400	82,190,350	941,400	328,030,397
2008 Assessment	343,276,673	2,123,530	10,720,300	3,753,500	107,664,300	1,382,400	468,920,703
2009 Assessment	351,355,447	2,116,000	11,015,300	3,539,500	110,799,700	1,163,400	479,989,347
2010 Assessment	389,950,200	2,188,565	10,568,800	4,114,000	126,530,373	1,371,500	534,723,438
2011 Assessment	416,273,792	2,137,230	10,233,800	4,022,200	125,040,250	1,345,500	559,052,772
% change of 2011 assessment over 2010	6.75%	-2.35%	-3.17%	-2.23%	-1.18%	-1.90%	4.55%

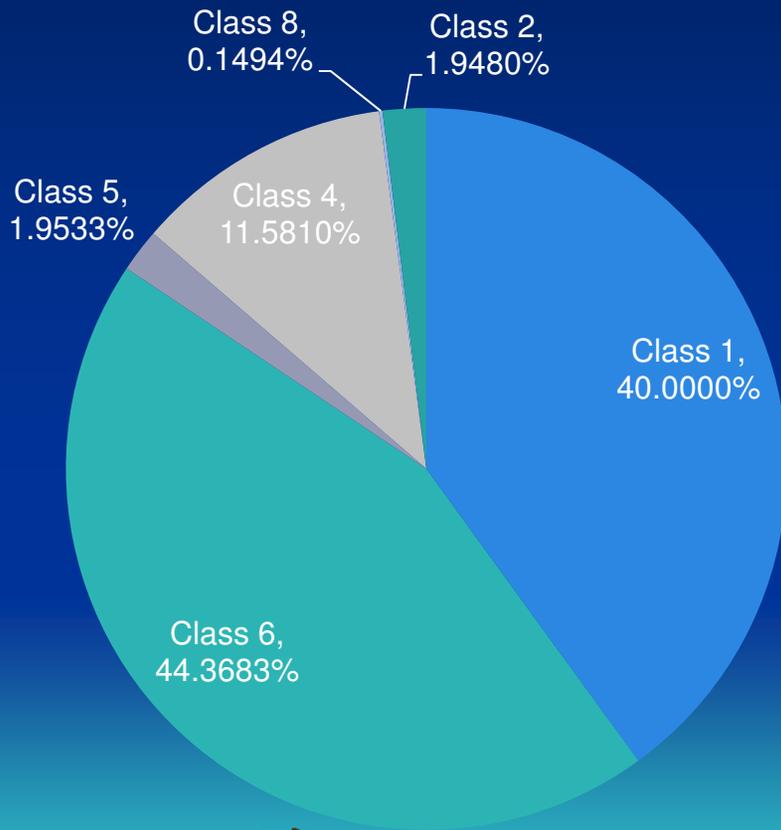


After approving the 2011 tax revenue requirements, Council then reviewed all 2011 assessment changes. They made changes as to how the 2011 municipal tax revenue was to be apportioned amongst the assessment classes based on non market changes within the classes.

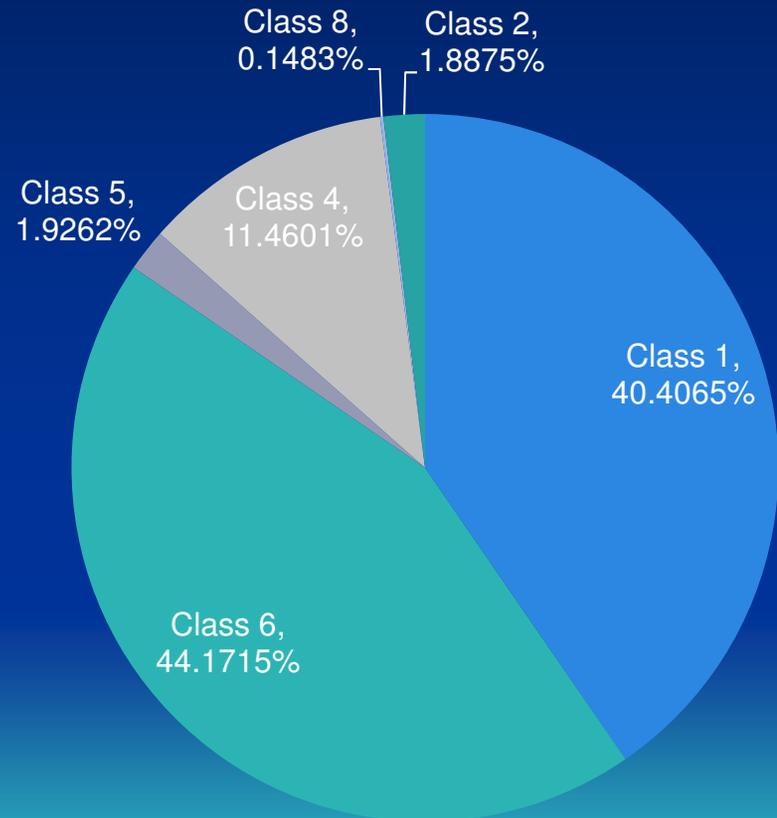
As a result, the share of municipal tax revenue paid by the residential class was increased slightly in 2011 and the percentage paid by the other classes was reduced in 2011.

The following graphs depict the % tax revenue changes between each class comparing 2010 to 2011:

2010 % apportionment of the Municipal Tax Revenue by Class



2011 % apportionment of the Municipal Tax Revenue by Class



The percentage of municipal tax revenue paid by class 6 properties has been decreasing each year over the past 8 years.

	Business Class 6 percentage of the annual municipal tax revenue
2003	48.227%
2004	47.0366%
2005	44.7766%
2006	44.7766%
2007	44.7766%
2008	44.5684%
2009	44.6884%
2010	44.3683%
2011	44.1714%

The percentage of municipal taxes paid by the class 5 light industrial properties has been reduced significantly over the past 6 years.

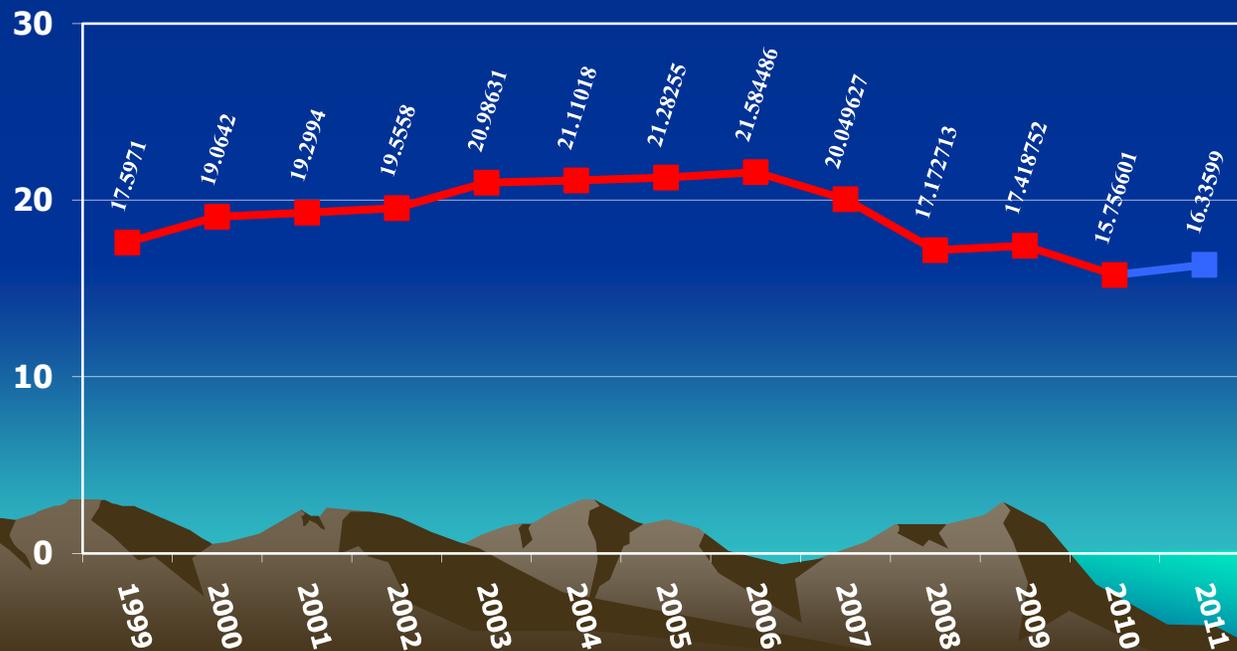
	Light Industry Class5 percentage of the annual municipal tax revenue
2005	4.4485%
2006	2.4078%
2007	2.128%
2008	2.1265%
2009	1.9533%
2010	1.9533%
2011	1.9262%



Even though the apportionment of the class 6 municipal taxes was reduced in 2011 the combined class 6 municipal tax rate will increase slightly - due to a decreased overall class 6 assessment base net of an increase in total municipal tax revenue.

The combined (General and RCMP) class 6 municipal tax rate will be 16.33599 per \$1,000 assessment in 2011 compared to last year's combined class 6 rate of 15.756601 per \$1,000 assessment (as noted in the graph below).

Impacts will vary greatly on class 6 properties since there was considerable fluctuation in property assessment changes.



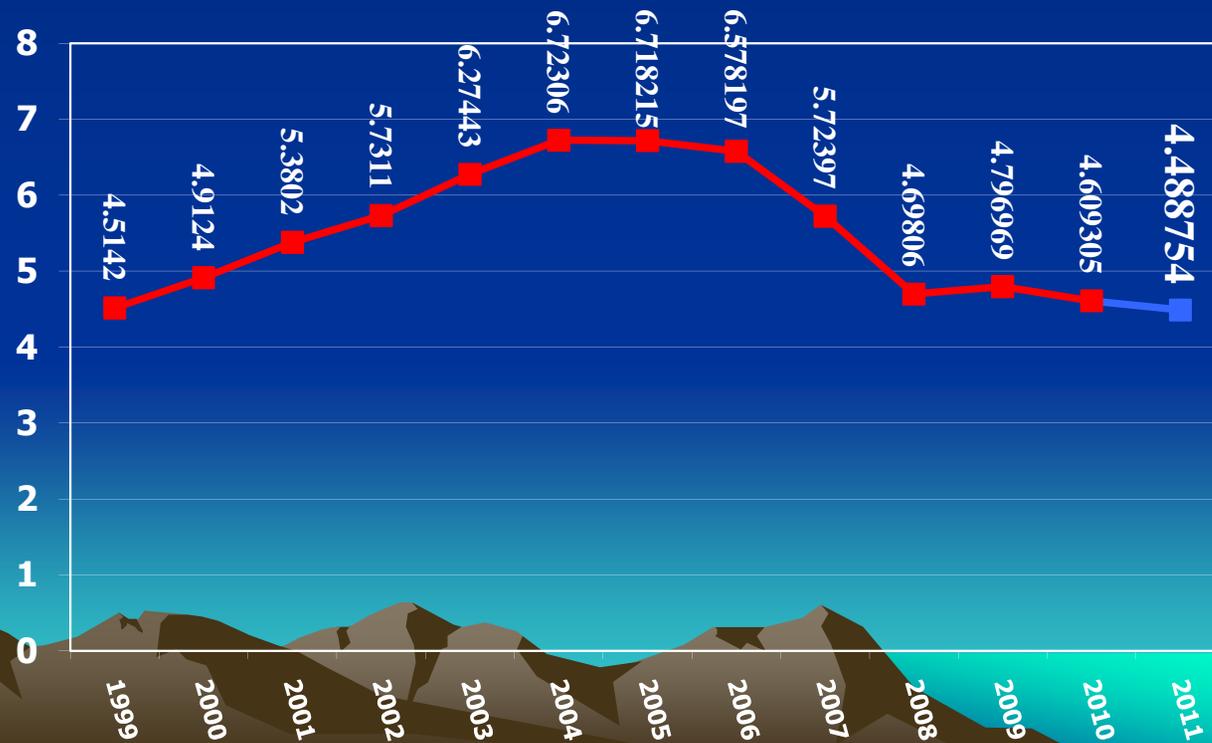
The percentage of municipal tax revenue paid by class 1 residential properties has been increasing over the past 8 years.

	Residential Class 1 percentage of the annual municipal tax revenue
2011	40.4065%
2010	40.00%
2009	39.0259%
2008	38.8758%
2007	38.3618%
2006	38.1546%
2005	36.5412%
2004	36.5412%
2003	34.331%



Although the class 1 percentage of the municipal tax revenue increased in 2011, the 2011 municipal class 1 residential tax rate will reduce as a result of increased assessments from a combined (General and RCMP) 4.609305 rate per \$1,000 assessment in 2010 to 4.488754 rate per \$1,000 assessment in 2011 (as noted in the graph below).

*An average residential property owner with a 6.75% average assessment increase should see an increase of approximately **\$38** in their combined General and RCMP municipal taxes in 2011, however impacts will vary pending assessment changes.*



Property Tax Payments and
Other Property Tax Information
Presented by:
Councillor Northrup

General Property Tax Payment Information...

**Property Taxes: Due Date is
Monday July 4th, 2011**
to avoid the 10% penalty

- 2011 Tax notices will be mailed by the May 2011 long weekend

General Property Tax Payment Information...

- Taxes can be paid on-line using on line banking services (Royal Bank, Credit Union, Bank of Nova Scotia, CIBC) or paid directly at the Credit Union or the Town Office.
- The Town accepts postdated cheques.
- Taxes can be paid using VISA/Mastercard however a 2% administrative charge will be added if paying by charge card (as per the Town's Admin Fees and Charges bylaw)

Home Owner Grants...

- Home Owner grants can be claimed on-line through the Town's website (E-HOG), directly at the Town Office or at the BV Credit Union.

- **NEW:** The Provincial Home Owner grant will increase this year by \$200. The regular home owner grant in 2011 will be \$770 and the over 65 years/disability home owner grant will be \$1,045.

Provincial Property Tax Programs

The class 5 light industrial and class 4 heavy industrial taxpayers will continue to receive a credit off of the total tax bill on their school taxes. Last year that credit resulted in approximately \$50,000 in total tax savings for class 5 and class 4 properties.

In 2011 the school tax credit will be 60%, which will mean even more tax savings for class 4 and class 5 properties.

Provincial Property Tax Programs..

The Province has the continuing senior tax deferment program. The Town acts as an intermediary in that tax forms are signed and completed by the Town and then sent to the Province before the tax due date. Only actual taxes, not user fees, qualify for tax deferment program.

For those that are eligible under the deferment program the Province reimburses the Town for the outstanding taxes and the taxes become due when the property changes ownership.

The Town currently has 6 property owners (seniors) on this Provincial deferment program.

Payment of Future Property Taxes:

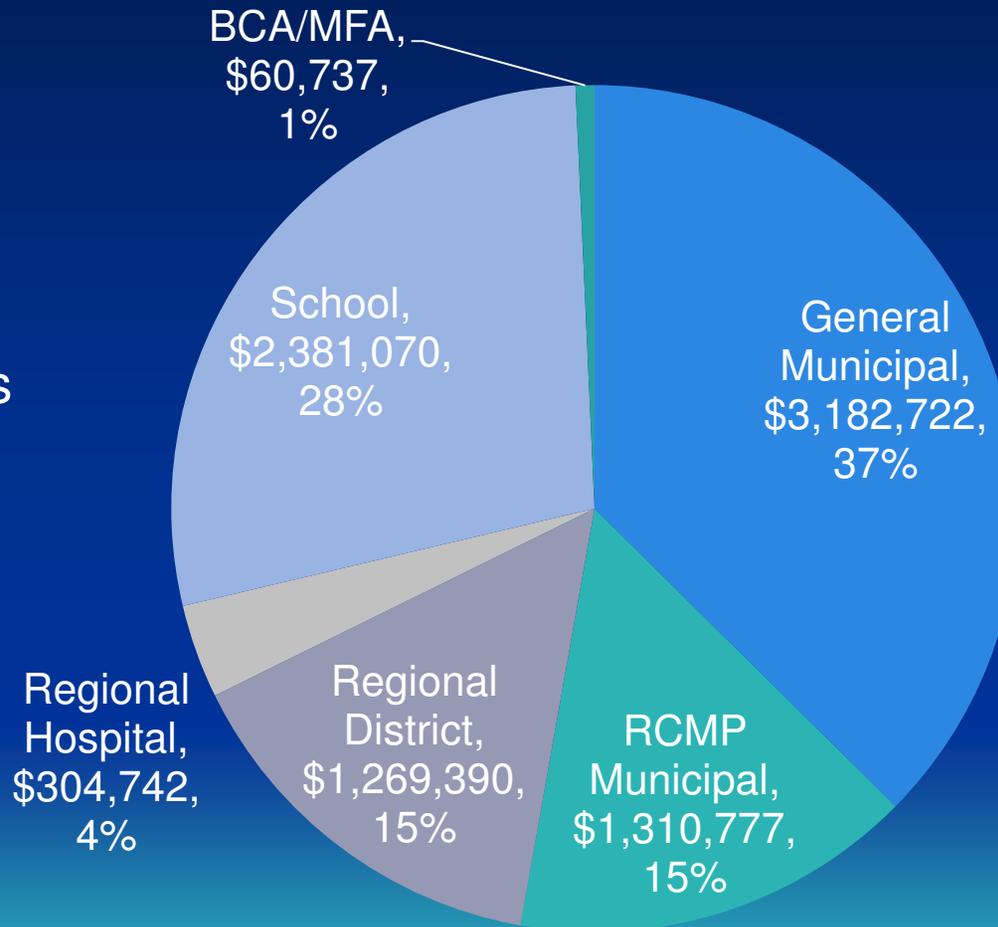
Taxpayers can sign up to participate in the annual Town's Tax Prepayment program.

If a taxpayer wishes they can start prepaying in August and pay monthly until next May for their 2012 property taxes. Over 100 taxpayers currently use this tax prepayment program.

Information on the Tax Prepayment program is available on the Town's website or at the Town Office.

Smithers taxpayers should know that within their annual total tax bill a large portion of their taxes they pay is for other taxing authorities...

2010 Total Tax Requisitions billed out...



Approximately 37% of the total taxes billed out is for general municipal operations

Thank you for listening to our
presentation.



Questions from the Public?