



ARNPRIOR
· WHERE THE RIVERS MEET ·

Tabling of 2023 Draft Budget & LRFCF

Jennifer Morawiec, GMCS/Treasurer
Jennifer Eve, Manager of Finance

Council Meeting – Monday, January 9, 2023

Presentation

- Guiding Principles
- Operating Budget (Draft)
- Capital Budget (Draft)
- Reserve and Reserve Funds
- Long Range Capital Forecast
- Conclusions and Recommendations





ARNPRIOR
· WHERE THE RIVERS MEET ·

Guiding Principles

Guiding Principles

- Arnprior Strategic Plan
- Financial Strategies
- Financial Controls
- Informed Data / Supporting Studies
- Asset Management Focus
- Adapt / Address Pressures
 - Growth Management
 - Legislative Requirements



Guiding Principles

- 2020-2023 Town Strategic Plan
 - **Vision: Sustainable financial model** with sound fiscal responsibility and accountability to create efficiencies and synergies, balance tax and non-tax revenue, and manage debt effectively



Guiding Principles

- Financial Strategies
 - The “**Pay-as-you-go**” principle continues to be the vanguard in order to avoid new long-term borrowing, pay down debt and to build reserves to fund future expenditures
 - Reserve / Reserve Fund Policy
 - Debt Management Policy
 - Growth pays for Growth



Guiding Principles

- Financial Controls
 - Delegation of Authority / Procurement Policy
 - 80% rule for discretionary spending
 - Earmarking to ensure offsetting revenues or cost saving measures in place
 - Departmental reviews with business case requirements for new expenditures



Guiding Principles

- Informed Data / Supporting Studies
 - Significant analysis of the operating budget including a comprehensive review of every line item including a 3 year trend analysis
 - Capital analysis to determine mandatory and legislated requirements
 - Significant reliance upon Town's Asset Management Plan, Master Plans and other data to inform budget and long range forecasts



Guiding Principles

- **Asset Management Focus**
 - Manage the Town's capital asset portfolio.
 - Key consideration of lifecycle strategies, risk profiles and levels of service requirements
 - Financial strategies to reach sustainability
 - Compliance with Ontario Regulation 588/17
 - Maximize the value ratepayers receive from assets



Guiding Principles

- Adapt / Address Pressures
 - Growth Management
 - Consideration of both operating and capital impacts of current and future growth
 - Legislative Impacts
 - Bill 23 impacts on financial revenues and municipal fiscal sustainability
 - Delayed Current Value Assessment roll-out
 - Market / Inflationary Pressures
 - Pricing impacts on expenditures





ARNPRIOR
· WHERE THE RIVERS MEET ·

Draft 2023 Operating Budget

Operating Budget - Format

Column 1	Column 2	Column 3	Column 4
2022 Actuals	2022 Budget	2023 Budget	Budget Variance – 2022 vs 2023

Notes:

- 2022 Actuals: these are unaudited amounts and some invoices remain outstanding at point of printing
- 2022 Actuals: consideration for partial return to “norm” from COVID impacts



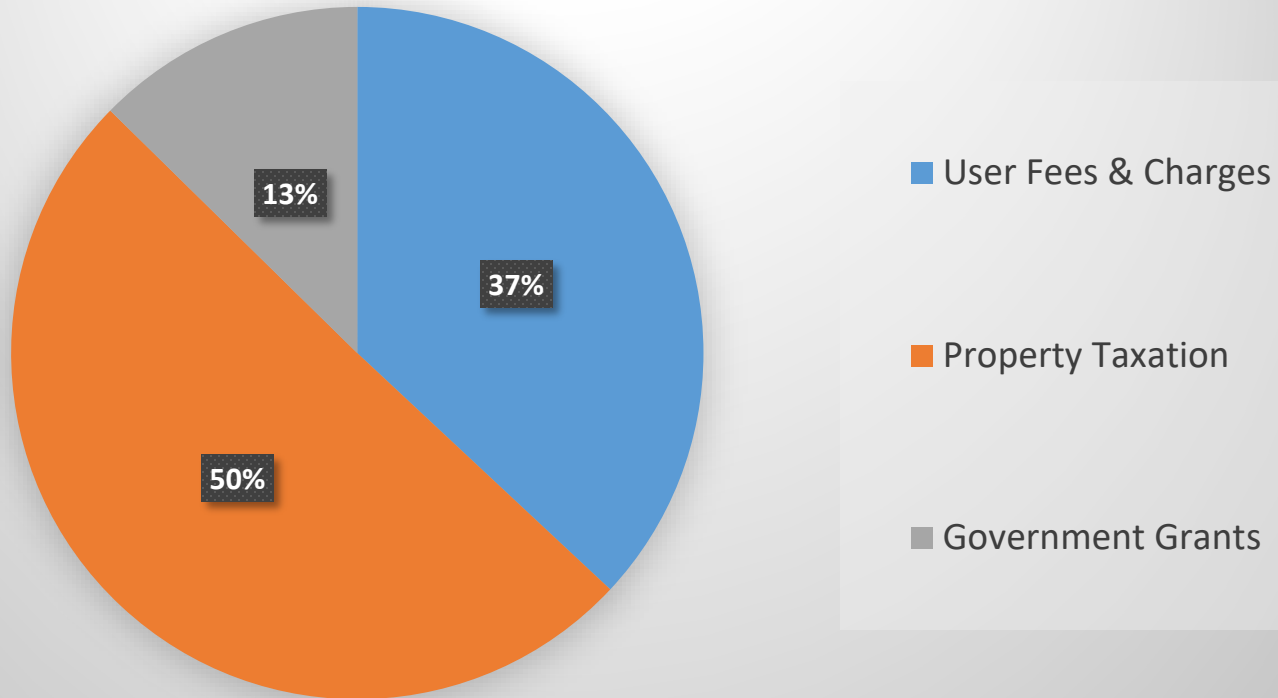
Operating Budget - Format

- Format Changes
 - “Museum” is now “Museum & Culture”
 - Continue shift of minor capital or items of operating nature from capital projects into the operating budget
 - Annual lifecycle replacement of IT hardware
 - Funding to address continued impacts of Emerald Ash Borer on tree management
 - Fire Department and Garage minor capital



Operating Budget

Municipal Revenues



Operating Budget - Impacts

- Taxation impact due to no CVA increase
 - MPAC announcement that the new assessment cycle which was delayed in 2021 will be delayed again for 2022 and 2023.
 - Annual taxation will be calculated on the current value assessment which is based on a 2016 valuation.
 - Loss of significant revenues to address inflationary impacts.



Operating Budget - Impacts

- Growth – Supplemental taxation revenues
 - A significant amount of the growth from prior year (new builds) or renovations that increase home values resulted in additional supplemental taxation revenues for the Town

	2018	2019	2020	2021	2022
# Permits	200	243	226	457	171
New Builds	72	119	97	333	28
Supps (\$)	\$126K	\$109K	\$192K	\$241K	\$646K



Operating Budget - Impacts

- Government Grants

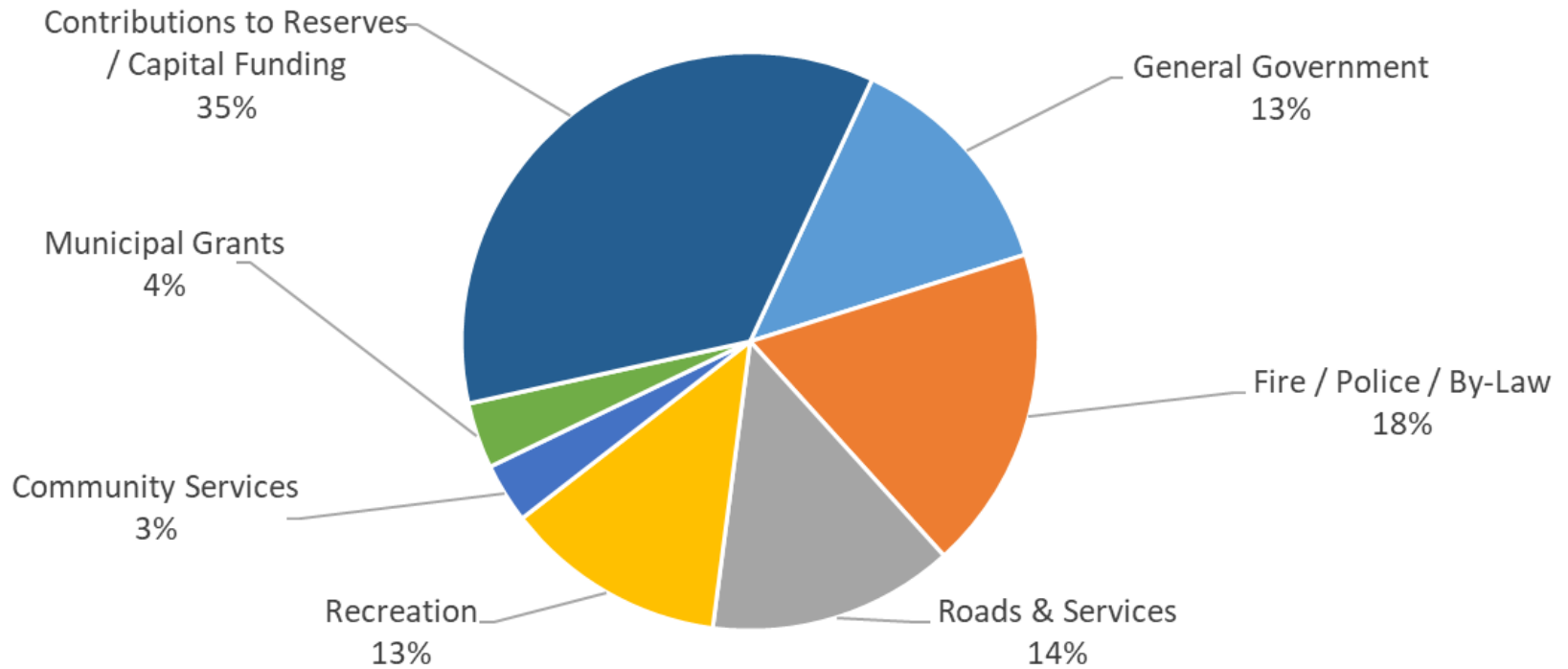
Grant	2022	2023	\$ Impact
OMPF	\$1,588,800	\$1,473,700	-\$115,100
OCIF	\$1,099,596	\$934,657	-\$164,939
CCBF	\$278,935	\$291,062	\$12,127
Total	\$2,967,331	\$2,699,419	-\$267,912

– Shortage of funding for the 2023 budget is equivalent to a 2.46% tax rate impact



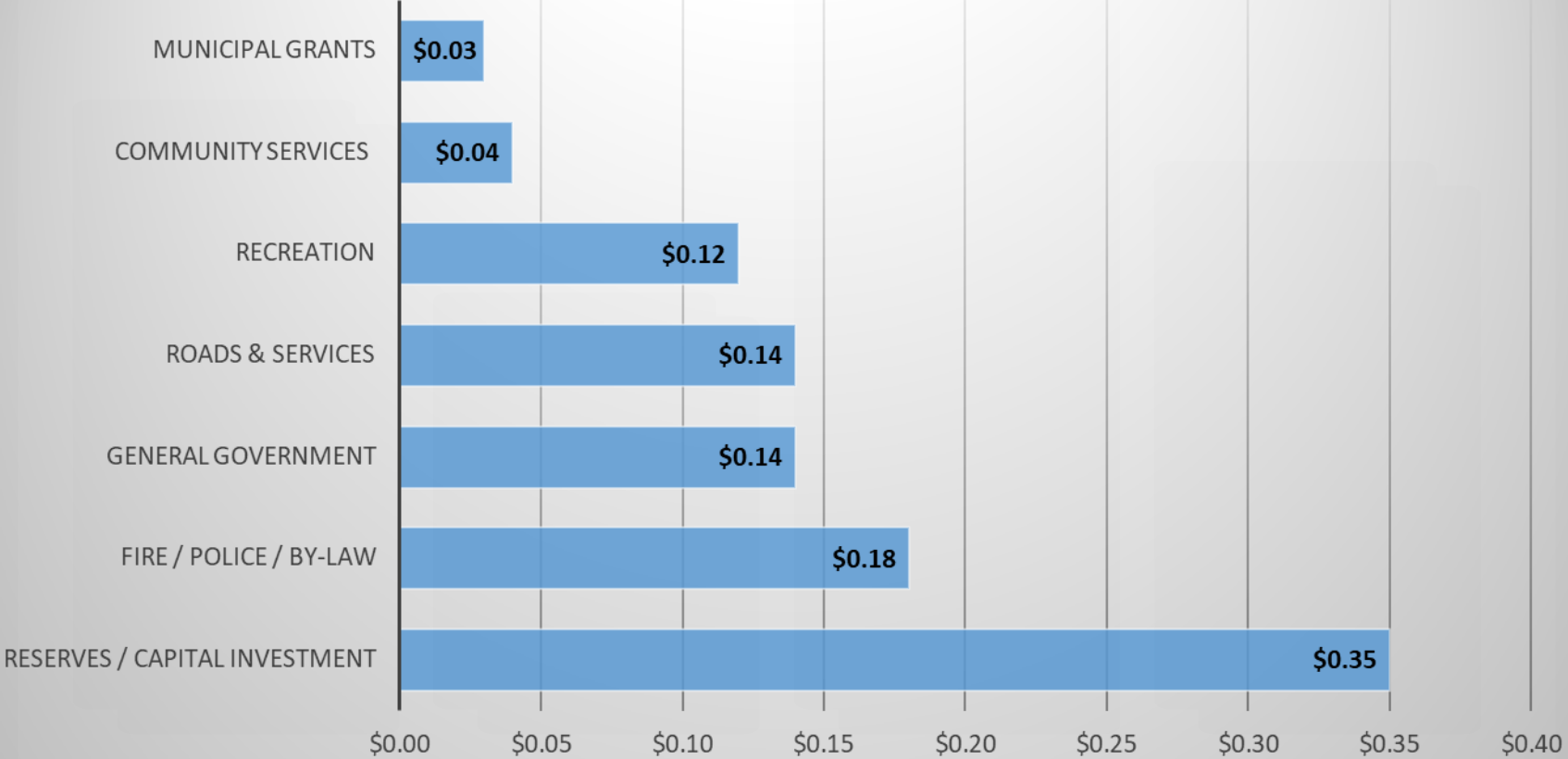
Operating Budget

Net Operating Expenses - Levy Cost Centres



Operating Budget

Levy Allocation per \$1.00



Operating Budget - Impacts

- Salaries & Wages
 - COLA increase 1.75%
 - Based on Collective Bargaining Agreement
 - 2022 Job Evaluation (JE), Pay Equity and Market Review completed
 - Impact on the salary grid varies by grade but overall average of 3.5%
 - Council remuneration
 - Full year at new compensation rates



Operating Budget - Impacts

- Employment Benefits
 - OMERS for non-full time (\$38K impact)
 - All employees eligible to participate as of Jan 1st
 - Statutory Deduction impacts
 - EI, WSIB & CPP (increase), EHT remained the same, 0.39% overall increase
 - Benefit Premiums (Manulife) 8.8% increase
 - Increases on life insurance and extended health benefits, no impact on LTD or dental premiums
 - Annual impact \$39,019



Operating Budget - Impacts

- Policing Services

	2022	2023
# of Households	4,524	4,618
Policing Per Unit Cost	\$375.81	\$362.01
Annual Cost	\$1,700,173	\$1,671,758
Prior Year Adjustment	\$4,169	\$10,322
New Annual Cost	\$1,704,342	\$1,682,080

– 2023 budget cost savings of \$22,262



Operating Budget - Impacts

- General Insurance & Risk Management
 - \$49,152 premium increase allocated across operating budget by facility
- Advancements in Information Technology
 - Additional licensing, online initiatives, in-house resource, network and security improvements.



Operating Budget - Impacts

- Fire Department
 - Increased standby coverages and officer pay for the additional four lieutenants
 - Additional training requirements due to the new regulatory framework for mandatory minimum training standards (certifications)
 - Increased costing for equipment (PPE) and equipment maintenance



Operating Budget - Impacts

- Investment in Museum & Culture
 - Provide funding for a PT Collections Coordinator and PT Programmer
 - Recommended in the Museum strategic plan
 - Reduce Weekend Staff from two to one

Part-Time	2022	2023
PT Collections Coordinator	\$16,600	\$22,000
PT Programmer	\$5,800	\$22,000
PT Weekend Staff	\$13,000	\$8,100
TOTAL	\$35,400	\$52,100



Operating Budget - Impacts

- Investment in Museum & Culture
 - FT Manager of Culture / Curator
 - Funding for cultural market, new cultural programming and events



Operating Budget - Impacts

- County Summer Maintenance
 - Summer maintenance for County properties moved back to County staff at their request
 - Reduction in expenses & revenues
- Urban Storm
 - New MECP legislation includes requirements for preparation of a stormwater facility monitoring plan and for that plan to be peer reviewed by professional engineering firm



Operating Budget - Impacts

- Winter Control
 - Continue to see efficiencies and savings from investment in in-house sidewalk clearing
 - Increasing cost of supplies and external equipment rentals
 - Overall cautiously optimistic for savings trend



Operating Budget - Impacts

- Parks & Recreation
 - Revenue growth related to new and existing programs and events
 - Some inflationary increases for operating supplies / maintenance and repairs
 - Bring new parks online / maintain (growth)
 - Some salary reallocations from 2022 reorg.
 - M/B funding as per Joint Use Agreement
 - Dec 22, 2022 notice of agreement termination by letter provided by M/B, effective June 30, 2023



Considerations

Self-Sustaining Cost Centers

- The following programs are established as self-sustaining cost centers:
 - Wastewater Services
 - Waterworks Services
 - Waste Management
 - Cemeteries
 - Building Services



Water / Wastewater

- Water / Wastewater projected revenues
 - Follows the 2018 Water/Wastewater Rate Study as part of a cost recovery model.
 - Model includes small shifts from consumption to base fees to create a more constant revenue base
 - Updated rate study is currently in progress
 - Model's 3% annual target – raised to 5% to address inflationary increases on capital costs
 - Base and consumption budgeted revenues are estimated based on past year actuals (Jan-Oct) and forecasts for Nov-Dec.



Water / Wastewater

- Estimated impact on user with 5/8" meter and average consumption 155m³

	2022	2023
Water		
Base Monthly Charge	\$ 21.14	\$ 22.31
Volume Rate	\$ 1.76	\$ 1.78
Annual Base Charge	\$ 253.68	\$ 267.72
Annual Volume Charge	\$ 272.80	\$ 275.90
Total Water Charges	\$ 526.48	\$ 543.62
Wastewater		
Base Monthly Charge	\$ 13.98	\$ 16.06
Volume Rate	\$ 1.20	\$ 1.22
Annual Base Charge	\$ 167.76	\$ 192.69
Annual Volume Charge	\$ 186.00	\$ 189.10
Total Wastewater Charges	\$ 353.76	\$ 381.79
Total Combined Charges	\$ 880.24	\$ 925.41
Annual % Increase		5.1%



Water / Wastewater

- Operating Budget impacts
 - Increasing supply costs for WFP and WPCCC plants with chemical prices rising
 - Inflationary impact
 - Increasing water meter lifecycle replacements
 - Asset Management impact
 - Additional position for plant operations – Mechanical Technician
 - Growth impact



Waste Management

- Cost recovery three main areas:
 - Garbage / Recycling / Landfill
- Garbage collection
 - Increased costs due to higher number of curbside stops due to growth
- Landfill
 - Annual operating costs of the landfill increased
 - New contract tender in 2023 (Sept)
 - Contribution to reserves for closure costs

Waste Management

- Recycling Collection & Processing
 - Move to Producer Pay Model in July 2023 for residential but not commercial / industrial
 - Stewardship grant Q1-Q3

Contracted Services	2022	2023
Garbage	\$164,800	\$198,000
Recycling	\$300,000	\$245,000
Landfill	\$320,000	\$350,000
Monitoring	\$74,000	\$52,000



Waste Management

- Waste Management Rate
 - May need to develop separate ICI rate

Residential	2022	2023
Garbage / Landfill	\$117.30	\$119.14
Recycling	\$52.70	\$30.86
Total	\$170.00	\$150.00



Waste Management

- Municipal Comparisons

	2022 Garbage / Recycling Rate
Arnprior	\$170.00
McNab/Braeside	\$215.00
Beckwith	\$250.00
Mississippi Mills	\$252.00
Whitewater	\$160.00

– Arnprior proposed 2023 rate \$150.00



Cemetery

- Goal is to have the Cemetery cost centre be self-sustaining. In theory, the Care & Maintenance investment fund should generate enough interest to maintain the cemetery.
 - Reality: investment interest generates less than 20% of the revenues required to operate the cemeteries



Cemetery

- Three year rate schedule (2023-2025)
 - Included in the User Fees and Charges and includes moderate increases for interment rights & interments to cover increasing costs
- Maintain internal equipment rates at 70%
- Malloch Rd Phase I columbaria installation will be completed in 2023
 - Includes 2 x 80 unit columbaria

Building Services

- Continuing to address the inspections stemming from an unprecedented number of permits issued in 2021
 - Each new build permit may generate up to 6 inspections

	2017	2018	2019	2020	2021	2022
# Permits	175	200	243	226	457	171
# New Builds	73	72	119	97	333	28



Building Services

- 2023 budget includes a transfer from the building services reserve to support the annual operating expenses
 - The reserve is working as intended with the significant revenues generated in high permit years will balance the fluctuations in other years
 - Building Services Reserve is \$1.09M
 - Utilize \$111K (estimate) for 2023



Grants to Organizations

Organization	Grant Request	2022 Budget	2023 Budget
Arnprior Public Library	\$336,848	\$298,051	\$299,453
Arnprior & M/B Archives	\$35,000	\$32,000	\$32,000
Arnprior Airport	\$55,000	\$55,000	\$55,000
ARH - Physician Recruitment	\$20,000	\$20,000	\$20,000
ARH - SALC	\$15,000 cash \$5,000 in-kind*	\$10,000 \$5,000 in-kind*	\$10,000 \$7,500 in-kind*
ARH – CT Scan	\$50,000/yr for 4 yrs	\$0	\$0
Ontario Winter Games	~\$10,000 in-kind*	N/A	\$10,000 in-kind*

*Resolutions to be included on February agenda for in-kind requests





ARNPRIOR
· WHERE THE RIVERS MEET ·

Draft 2023 Capital Budget

Capital Budget Approach

- Approach to identify capital projects
 - Capital projects identified in the Long Range Capital Forecast
 - New projects include mandatory (legislated), Council directed, approved master plan, time sensitive or mission critical projects
- Challenges
 - Inflationary costs, supply chain impacts
 - Ability to fund / resources to manage



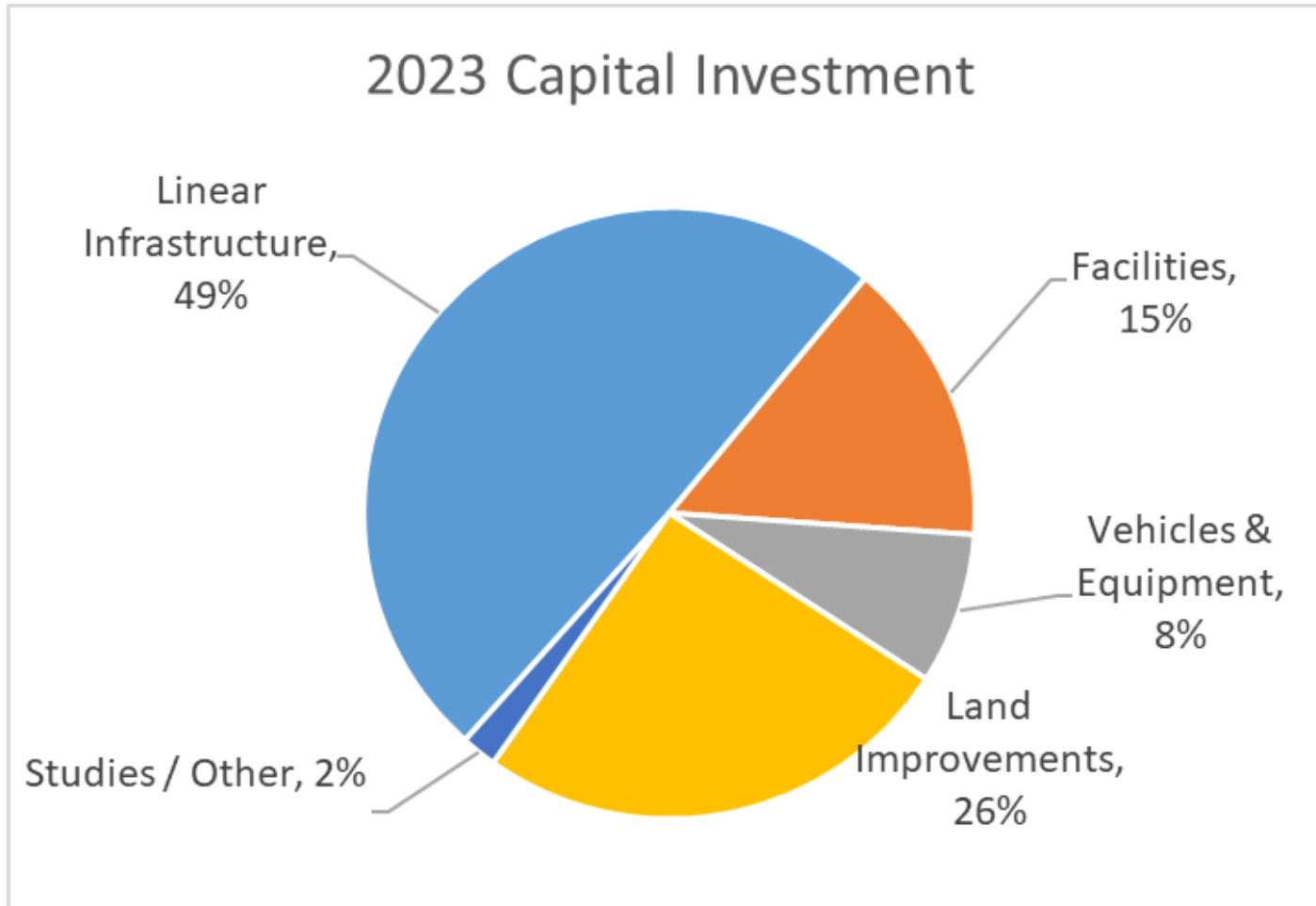
Capital Budget Summary

- 2023 Capital budget includes 31 capital projects – total investment of \$6,949,500

Investment Type	Capital Investment	% of Total Investment
Linear Infrastructure	\$3,425,500	49%
Land Improvements	\$1,779,000	26%
Facilities	\$1,045,000	15%
Vehicles & Equipment	\$560,000	8%
Studies / Other	\$130,000	2%
TOTAL	\$6,949,500	100%



Capital Budget Summary



Linear Infrastructure

- Daniel St Signalized Intersection (\$2.1M)
 - Realignment of signalized intersection of Daniel, Edey and Galvin to improve traffic movements.
 - Scope increased to include replacement of culvert at Edey.
 - Project subject to County funding their portion (\$700K) based on design

Linear Infrastructure

- Rolling Road Rehab (\$963K)
 - Strip & pave surface, replacement of curb & sidewalks for Smolkin, Cranston, Gardner & Maple
- Design: MacDonald & Edey St Reconstruction (\$150K)
 - MacDonald (McGonigal to Edey St) and Edey (MacDonald to Allan Dr) design work for sanitary sewer upsizing / separation, partial watermain, and road reconstruction



Linear Infrastructure

- Sidewalks
 - Construction: Winners Circle (125m) new sidewalk to accommodate growth.
 - Design: McNab St (850m) on west side, Madawaska Blvd (500m) on north side, (200m) on south side to accommodate growth, address rail crossing.



Land Improvements

- Park Development
 - Legion Park (\$250K)
 - Landscaping, accessible pathways, furnishing, addition of new play structure and rubber surface play area
 - Caruso (\$120K)
 - Accessible pathways, furnishings and new play structure (upsized)
 - Funding: Grants, development charges, parkland development reserves



Land Improvements

- Waterfront Revitalization
 - Pathways – Construction (\$801K)
 - Pathway Surfacing Improvements / Lighting
 - River Rescue Stations / Location Identifiers
 - Robert Simpson Park – Design (\$478K)
 - Beach expansion and pier, Boardwalk and Landscaping, Pedestrian Ramp to Beach, Parking, Accessible Washrooms, Play Structure Enhancements, Change Huts, Accessibility and Seating Improvements.
 - Significant design project – 2 years



Land Improvements

- Marina Feasibility Study (\$50K)
 - Feasibility review for a Harbour Master Building and other further development opportunities.
- CN Park Revitalization (\$20K)
 - Design with construction in 2024
- Albert St Cemetery Columbaria (\$60K)
 - Installation of two additional columbaria into Albert St. Cemetery
 - Only 17 niches still available

Facilities

- DA Gillies Bldg – Lightning Protection (\$15K)
- Stanley Tourangeau Centre - RTU#1 (\$30K)
 - Lifecycle replacement of 1997 HVAC Roof Top Unit (RTU) #1
- Design of Water Filtration Plant Clearwell Replacement (\$250K)
 - Construction planned for 2025
 - ICIP grant funding of \$1,833,250 (73.33%)



Facilities

- Building Condition Assessments (BCA)
 - Water Filtration Plant (\$130K)
 - Water Pollution Control Centre (\$160K)
 - Due to the age of both facilities, full building condition assessments are recommended to help prioritize future maintenance and repairs.
- NSC Pool Dectron Unit (\$300K)
 - End of life replacement of 2004 dectron unit



Facilities

- NSC Arena Floors / Header Trench Replacement – Design (\$160K)
 - Construction planned for 2025
 - Rink slabs are original to the building (45 yrs) with the building lifecycle (80 yrs)
 - Number of slab and header trench failures / repairs in the last few years – risk of full failure
 - Proactive replacement
 - Debt financing considerations

Machinery & Equipment

- Skid Steer Loader with Flail (\$117K)
 - Replacement of #13 Ford Tractor w/ Flail (1979) and #12 New Holland TC40D Tractor/Loader (Cemetery) (2001) with one new skid steer loader with flail mower.



Vehicles

- Roads & Services
 - Lifecycle replacement of 2012 #6 tandem axle plow truck (\$340K)
- Recreation
 - Lifecycle replacement of ½ ton truck with upgrade to ¾ ton truck with a plow (\$68K)
 - Support clearing NSC entries, outdoor rinks and other parks and rec amenities

Studies / Other

- Strategic Plan / Committee Review (\$20K)
 - Creation of a strategic plan to cover the next four year term and evaluation of a new committee structure.
- Job Evaluation (\$15K)
 - Joint exercise with the union for unionized staff
- Culture Plan & Implementation Guide (\$15K)
 - Preparation of a five-year museum & culture strategic plan and implementation guide.

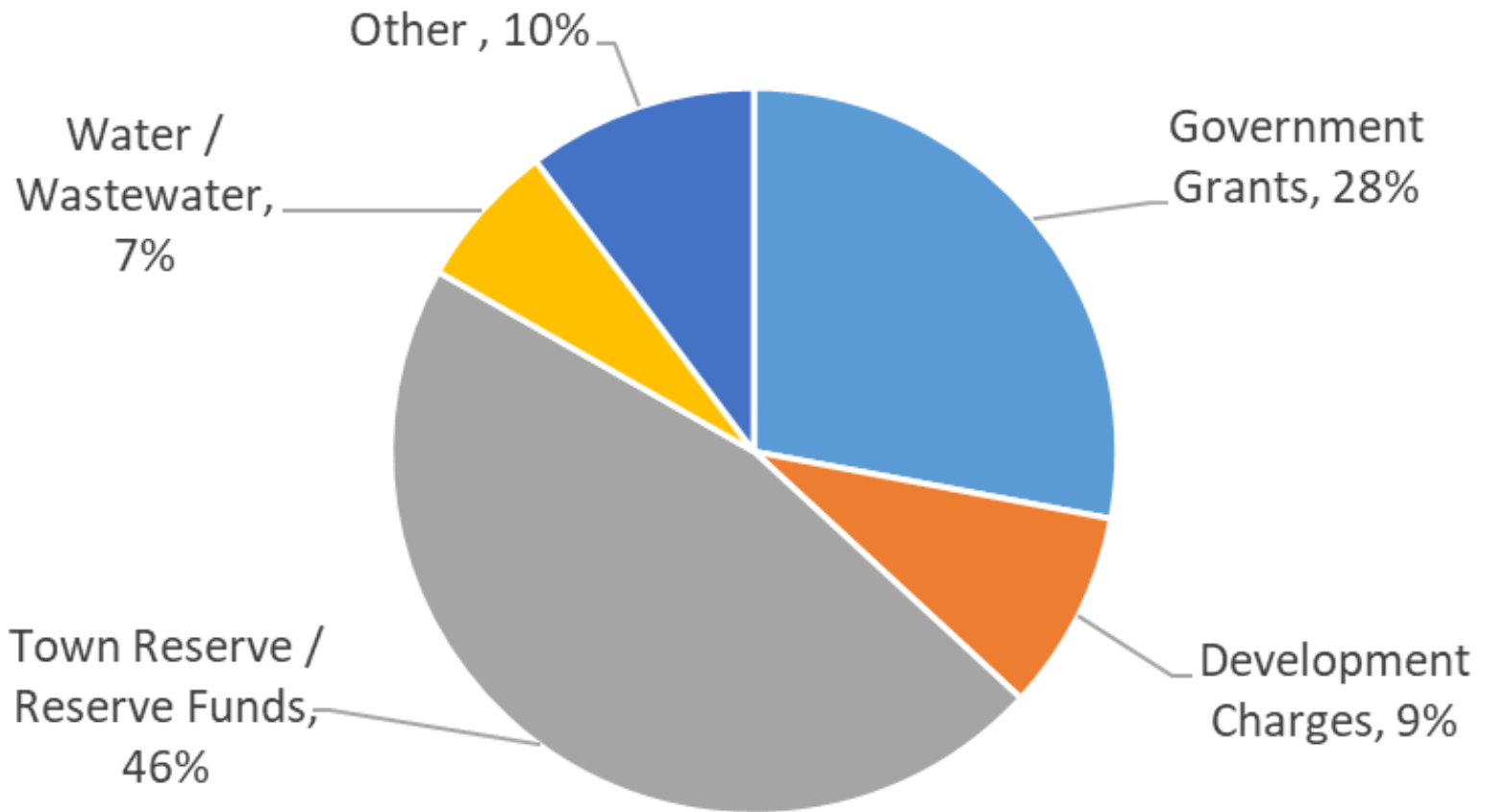


Studies / Other

- Asset Management (\$25K)
 - Risk & Level of Service Framework
- Asset Retirement Obligations (\$25K)
 - Mandatory reporting under PSAB 3260 for the recognition, allocation and measurement of all asset retirement obligations
- Employment & Industrial Gap Study (\$30K)
 - As recommended from the retail demand study to identify employment & industrial opportunities



Capital Funding Sources



Works in Progress (WIP)

- WIP 2022 Capital Projects
 - Normal for some projects to carry forward
 - Project length longer than one year
 - Projects may not follow calendar year cycle
 - Some projects experienced delays (supply chain)
 - Draft Works-in-Progress by-law will be provided for budget deliberations (Feb 6-7)
 - Year-end invoicing still in progress





ARNPRIOR
· WHERE THE RIVERS MEET ·

Reserves / Reserve Funds

Reserves / Reserve Funds

2023 Impacts	Contributions	Expenditures	Total
Reserves / Reserve Funds	\$5,279,312	(\$3,865,381)	\$1,413,931
Government Grants (Capital)	\$1,671,657	(\$1,942,972)	(\$271,315)
Development Charges	\$750,000	(\$1,465,059)	(\$715,059)
Net Impact on Reserves	\$7,700,969	(\$7,218,412)	\$427,557

Total contributions are \$404K higher than 2022 contributions of \$7,296,727.



2023 Contribution to Reserve / Reserve Funds	\$
Reserves	
Election Reserve	8,500
Marketing & Economic Development Reserve	15,000
Reserve Funds	
Landfill Reserve Fund	51,000
Wastewater Reserve Fund	492,266
Water Reserve Fund	1,100,424
Capital Expenditure Reserve Fund	3,589,322
Municipal Parking Reserve Fund	15,100
Museum Reserve Fund	5,000
Cemetery Reserve Fund	2,700
Grants Funds	
Canada Community Building Fund (CCBF)	291,062
OCIF Formula Funds	934,657
Total Contributions from Operating	6,505,031
ICIP - COVID Resilience Stream	189,283
ICIP - Green Stream (Intake 1)	73,330
ICIP - Green Stream (Intake 2)	183,325
Development Charges (2023 Projected)	750,000
Total Contributions to Reserve / Reserve Funds	7,700,969

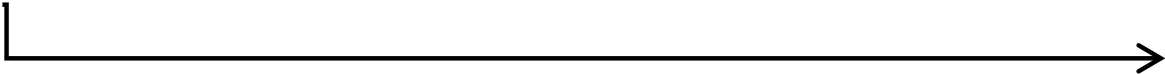


Reserves/Reserve Fund Expenditures	2023 Capital	2023 Operating	2023 TOTAL
Cannabis Reserve	-	3,770	3,770
Building Services		111,160	111,160
Marketing & Econ Development	30,000	-	30,000
Museum Reserve	15,000	-	15,000
Cemetery Reserve Fund	60,000	-	60,000
Development Charges Reserve Fund	619,233	845,826	1,465,059
Wastewater Reserve Fund	194,751	-	194,751
Water Reserve Fund	258,096	-	258,096
Capital Expenditure Reserve Fund	2,981,369	75,656	3,057,025
Parkland Development Reserve	135,579	-	135,579
Grants			
Canada Community Building Fund	562,377	-	562,377
OCIF Formula Funds	934,657	-	934,657
ICIP - COVID Resilience Stream	189,283		189,283
ICIP - Green Stream (Intake 1)	73,330		73,330
ICIP - Green Stream (Intake 2)	183,325	-	183,325
Total R/RF Expenditures	6,237,000	1,036,412	7,273,412



2023 Reserve Balances

	Opening Balance	Contributions	Operating Expenses	Capital Expenses	Closing Balance
RESERVES	\$ 3,889,764	\$ 23,500	\$ (114,930)	\$ (30,000)	\$ 3,768,334
RESERVE FUNDS	\$ 15,852,561	\$ 6,005,812	\$ (921,482)	\$ (4,264,028)	\$ 16,672,863
GRANTS	\$ 271,315	\$ 1,671,657	\$ -	\$ (1,942,972)	\$ -
TOTAL	\$ 20,013,639	\$ 7,700,969	\$ (1,036,412)	\$ (6,237,000)	\$ 20,441,197



Net Impact of \$427,558 increase

- Opening Balances do not yet include any 2022 surplus / deficit

Reserve & Reserve Funds

- Reserve & Reserve Fund Policy
 - Sets annual contribution requirements
 - Sets minimum balance requirements
 - Meet required funding for future capital
 - Consistent with Long-Range Capital Forecast
 - Asset management financial strategy
 - Water/Wastewater financial plans
 - Maintain Pay-As-You-Go (PAYG) model



Reserve & Reserve Funds

Requirements	2023 Budget
1. Annual Contributions	Yes – meets all contribution requirements
2. Minimum Balances	Almost – two reserves not at minimum balances (\$108K)
3. Future Capital Funding	No – infrastructure funding gap still exists for LRCF



1. Minimum Contributions

Reserve / Reserve Fund	Meets Annual Requirement	2023 Contribution	Annual Contribution Requirements
Election	Yes	8,500	Over 4 years, not less than \$30,000 to hold the election.
Marketing & Econ Development	Yes	15,000	Not less than \$15,000 annually until Min Balance reached.
Landfill Site	Yes	51,000	Not less than \$51,000 annually
Water	Yes	1,100,424	Not less than \$50,000 annually pursuant to LRCF & Water Financial Plan
Wastewater	Yes	492,266	Not less than \$50,000 annually pursuant to LRCF requirements
Museum	Yes	5,000	\$5,000 annual repayment (10yrs) to cover 2nd Floor window installation.
Municipal Parking Lot	Yes	15,100	Dependent upon the levies set for municipal parking lot costs.

- All required minimum contributions met in the 2023 budget as outlined in the Reserve and Reserve Fund Policy

2. Minimum Balances

Reserve / Reserve Fund	Closing Balance (ESTIMATED)	Minimum Limit Met	Minimum Balance	Shortfall	MINIMUM BALANCE REQUIREMENTS
Working Capital	667,038	Yes	563,512	-	Not < 5% min, not > 10% max of Levy
Insurance Stabilization	185,118	Yes	100,000	-	Not < \$100K
Building Services	981,192	Yes	657,820	-	Not < 2 year Operating budget & capital
Levy Stabilization	450,000	Yes	450,000	-	Not < \$450K
Winter Control	1,059,641	Yes	376,200	-	Not < than 50% budget, no > than 100% budget
Police	125,000	Yes	125,000	-	Not < \$125K
Waste Management & Collection	197,730	Yes	50,000	-	Not < \$50K, not > 10% of WM Operating Expense
Marketing & Econ Development	85,000	No	100,000	(15,000)	Not < \$100K
Cemetery	6,904	No	100,000	(93,096)	Not < \$100K
TOTAL BALANCES	3,757,623		2,522,532	(108,096)	

- \$108K to address all minimum balances as per the Reserve and Reserve Fund Policy
- Shortfall may be addressed with any prior year surpluses should they be available.

3. Funding Future Capital

- While not a specific minimum balance, the Reserve and Reserve Fund Policy does require the following reserve funds to be consistent with the required funding set out in the Long Range Capital Forecast
 - Capital Expenditure Reserve Fund
 - Water Reserve Fund
 - Wastewater Reserve Fund



3. Funding Future Capital

Reserve & Reserve Funds	2023	2024	2025	2026	2027	2028
Opening Balance	20,013,639	20,441,197	19,810,164	17,961,763	17,242,837	16,303,511
Annual Contributions	5,279,312	5,379,312	5,166,937	5,266,937	5,366,937	5,466,937
Development Charges	750,000	750,000	700,000	700,000	650,000	650,000
Government Grants	1,671,657	3,232,137	2,875,644	1,225,719	1,225,719	1,225,719
Subtotal	27,714,608	29,802,646	28,552,745	25,154,419	24,485,493	23,646,167
Capital Expenditures	(6,237,000)	(9,071,000)	(9,669,500)	(6,990,100)	(7,260,500)	(6,899,000)
Operating Expenditures	(1,036,412)	(921,482)	(921,482)	(921,482)	(921,482)	(921,482)
Closing Balance	20,441,197	19,810,164	17,961,763	17,242,837	16,303,511	15,825,685
MTRI 1.5%	20,605,241	20,138,252	18,453,895	17,899,013	17,123,731	16,809,949
MTRI 2.5%	20,714,603	20,356,976	18,781,981	18,336,461	17,670,541	17,466,121
MTRI 2.5% + 1.0% per year	20,714,603	20,464,976	19,105,981	18,984,461	18,750,541	19,086,121
MTRI 4.5% + 1.0% per year	20,933,329	20,902,428	19,762,159	19,859,365	19,844,171	20,398,477



Water & Wastewater Reserve Funds

- Both reserve funds projected currently in positive balances (recovery strategy)
- Continue with goal to build reserve balance to sufficiently fund capital requirements
 - Pay-As-You-Go financial model
 - Significant future water/wastewater capital expenses in LRCF
- Water / Wastewater Rate Study (2023) to set go forward rates



Grant Opportunities

- Successful grant applications will help fund capital investments:
 - ICIP Green Stream (\$2.1M)
 - 400mm River Crossing Replacement (2024)
 - ICIP Green Stream (\$1.6M)
 - WFP Clearwell Replacement
 - ICIP COVID Resilience (\$189K)
 - Caruso & Legion Park upgrades



ARNPRIOR
· WHERE THE RIVERS MEET ·

Long Range Capital Forecast -20 Year Term

Background

- LRCF is a snap shot in time of known future Budget & Infrastructure pressures.
 - Significant reliance upon Town Master Plans and the Asset Management Plan
 - Subject to many factors, changes in priorities, legislation, pace of growth, inflation, data, etc.
- Set at a full 20 year timeframe given the nature and longevity of municipal infrastructure



Background

- LRCF is a dynamic toll which is reviewed and updated annual at budget time and is in “today’s dollars.”
- The Budget Binder identifies all additions and revisions from the previous LRCF under the LRCF tab.
 - Revisions are in orange (year or value)
 - Additions are in yellow



20 Year LRFC

- For planning purposes, varying levels of accuracy exist depending on the timeframes in the LRFC.

Timeframe	Accuracy
1-5 Years	Projects are generally set, limited change in value/year
6-10 Years	Probable to occur as forecasted, value/year may fluctuate somewhat
11-20 Years	Longer range and subject to adjustments as years draw closer



LRCF - Years 1 to 5

INVESTMENT TYPE	2024	2025	2026	2027	2028	YEAR 1-5
LINEAR INFRASTRUCTURE	7,740,600	4,505,000	4,498,600	4,355,000	4,816,000	25,915,200
LAND IMPROVEMENTS	335,000	2,042,500	2,029,000	787,500	1,237,000	6,431,000
FACILITIES	598,400	5,458,000	195,000	1,750,000	464,000	8,465,400
MACHINERY & EQUIPMENT	212,000	335,000	128,500	198,000	95,000	968,500
VEHICLES	85,000	289,000	0	60,000	77,000	511,000
STUDIES & OTHER	100,000	15,000	139,000	110,000	210,000	574,000
Total	9,071,000	12,644,500	6,990,100	7,260,500	6,899,000	42,865,100

- Over \$42.8M capital investment
- Average annual investment of \$8.5M
 - Higher than current ability to fund



LRCF - 20 Yr Summary

INVESTMENT TYPE	YEAR 1-5	YEAR 6-10	YEAR 11-20	TOTAL
LINEAR INFRASTRUCTURE	25,915,200	26,098,900	33,473,500	85,487,600
LAND IMPROVEMENTS	6,431,000	2,628,000	295,800	9,354,800
FACILITIES	8,465,400	19,628,300	39,258,200	67,351,900
MACHINERY & EQUIPMENT	968,500	2,265,250	2,112,500	5,346,250
VEHICLES	511,000	2,674,000	3,524,000	6,709,000
STUDIES & OTHER	574,000	546,000	955,000	2,075,000
Total	42,865,100	53,840,450	79,619,000	176,324,550

- Capital Investment of \$176M over 20 yrs
- Average annual investment \$8.8M
 - Need to increase ability to fund later years



LRCF Impacts

- Growth related impacts
 - Additional or amended projects
- Inflationary impacts
 - Cost of construction and supply chain issues
- Asset management data
 - Improved data allows for more detailed breakdown of LRCF projects and lifecycle planning



LRCF Impacts

- Waterfront Revitalization
 - Incorporated full waterfront revitalization into first 10 years of the LRCF
- Linear Infrastructure
 - Values and years adjusted to reflect increasing construction prices and prioritization
- NSC Floor Reconstruction
 - Replacement of arena floors and header trench to extend life of facility and avoid unplanned loss of service



LRCF - Future Impacts

- Future LRCF impacts from current projects in progress
 - Water/Wastewater Master Plan
 - Recreation Master Plan
 - Marina Feasibility Study
 - Design projects (Linear, Parks, etc.)
- LRCF Funding
 - Development Charges By-Law Renewal (Q1)



Roads / Linear Strategy

Project	2023	2024	2025	2026	2027	2023-2027 Total
RR Rehab - Smolkin, Cranston, Gardner, Maple	963,000					963,000
Signalization - Daniel & Edey, Edey Culvert	2,100,000					2,100,000
MacDonald St (McGonigal to Edey) & Edey	150,000	3,780,000				3,930,000
River Crossing Phase I - 400mm WM	100,000	3,440,000				3,540,000
First Avenue (Bridge St to End)		80,000	1,680,000			1,760,000
Victoria (John to Elgin)		100,000	2,400,000			2,500,000
Daniel St WM (Pt 2) - Charles to Stave Court			75,000	1,723,600		1,798,600
Daniel St at William Culvert and Atkinson Culvert			100,000	2,260,000		2,360,000
Rolling Road Rehabilitation			250,000	250,000		500,000
Third Avenue (Riverview Dr. to McNab St)				125,000	2,600,000	2,725,000
Hugh St. N. (McGonigal to Saint Johns Way)				80,000	500,000	580,000
Albert & Ewen Street Reconstruction					150,000	150,000
Caruso (Norma to Ida) - Upsize WM 300mm					240,000	240,000
RR Rehab - Shave & Pave - Meehan St					249,000	249,000
RR Rehab - Full Reconstruction - Tierney St N					308,000	308,000
RR Rehab - Full Reconstruction - Saint Johns Way					308,000	308,000
Major Linear Investments	3,313,000	7,400,000	4,505,000	4,438,600	4,355,000	24,011,600

- Over \$24M investment in linear infrastructure



Asset Management Plan

- Recommends eliminating the infrastructure deficit within 5-10 years
- Inflationary impacts on the infrastructure deficit, increasing replacement costs
- Continuous updates for LRCF and asset management data
 - Annual investments \$8.7M to fund LRCF



Pay-As-You-Go Model

- Maintaining a strong commitment to the pay-as-you-go model will help address funding challenges
 - Need to annually increase contribution to reserves to fund future capital requirements
 - One of the key objectives of the pay-as-you-go model is debt management
- Debt management policy adopted by Council in 2021



Debt Management

- 2023 annual debt payments are \$1.7M
- Factors to consider (flexibility/sustainability)
 - Arnprior’s debt servicing ratio is still considered “high” under provincial standards
 - Annual repayment limits by province are an additional \$2M based on 2021 FIRs
 - i.e. annual debt payments could increase from \$1.7M to \$3.7M without further ministry approval

Debt Management

- Growth pressures
 - Future water & wastewater plant expansions
 - Development charges collection, rate increases
- Asset Management Pressures
 - NSC lifecycle replacement of arena floors
- Competing priorities
 - Waterfront development 10 yr implementation

LRCF Summary

- Snapshot in time of known pressures
 - Supported by master plans and studies
- Varying levels of accuracy and probability
 - 1-5 years, 6-10 years, 11-20 years
- Fluid document meant to help inform financial planning
 - May be impacted by grant opportunities
 - Build reserves to close infrastructure gap
 - Appropriate debt management for flexibility and financial sustainability





ARNPRIOR
· WHERE THE RIVERS MEET ·

Conclusions and Recommendations

Draft 2023 Budget

- Continued MPAC postponement of the province-wide property assessment update due to the pandemic.
 - Property assessments for the 2023 property tax year continues to be based on January 1, 2016 current values.
 - This means property assessments remain the same as it was for the 2022 tax year, unless there have been changes to your property.

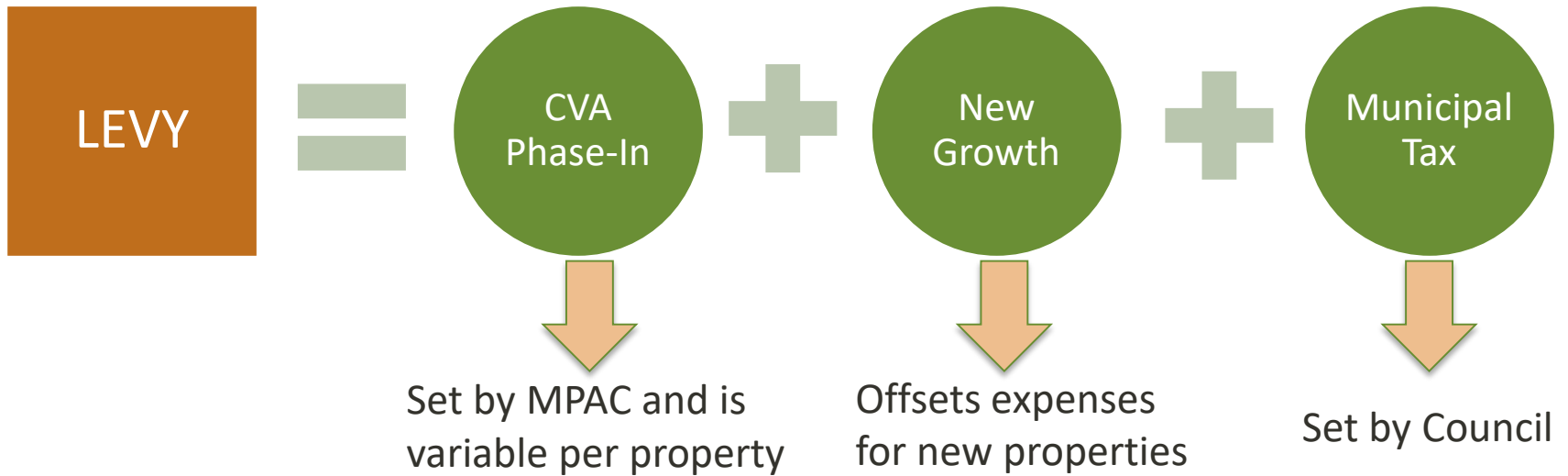


Draft 2023 Budget

- The current draft budget is presented with **0% Municipal Tax Rate Increase (MTRI)**.
 - At 0% MTRI, additional tax revenues of \$733,879 will be generated.
 - CVA remains at \$0 due to the delayed roll-out of the new assessment cycle by MPAC.
 - \$0 CVA Phase-in (0%)
 - \$712,813 Growth (6.97%)
 - \$21,066 Industrial Ratio Adjustment (0.22%)



What Impacts the Levy



\$733,879	=	\$0.00	+	\$733,879	+	\$0.00
7.19%	=	0.00%	+	7.19%	+	0.00%

*New growth value includes industrial ratio adjustment \$21,066, 0.22%



Draft 2023 Budget

- Each additional **1.0% Municipal Tax Rate increase** would generate an additional **\$109,362** in tax revenue.
- Staff is recommending a **2.5% Municipal Tax rate increase** which results in additional revenues of \$273,406 for additional contributions to reserves to fund future capital investment.



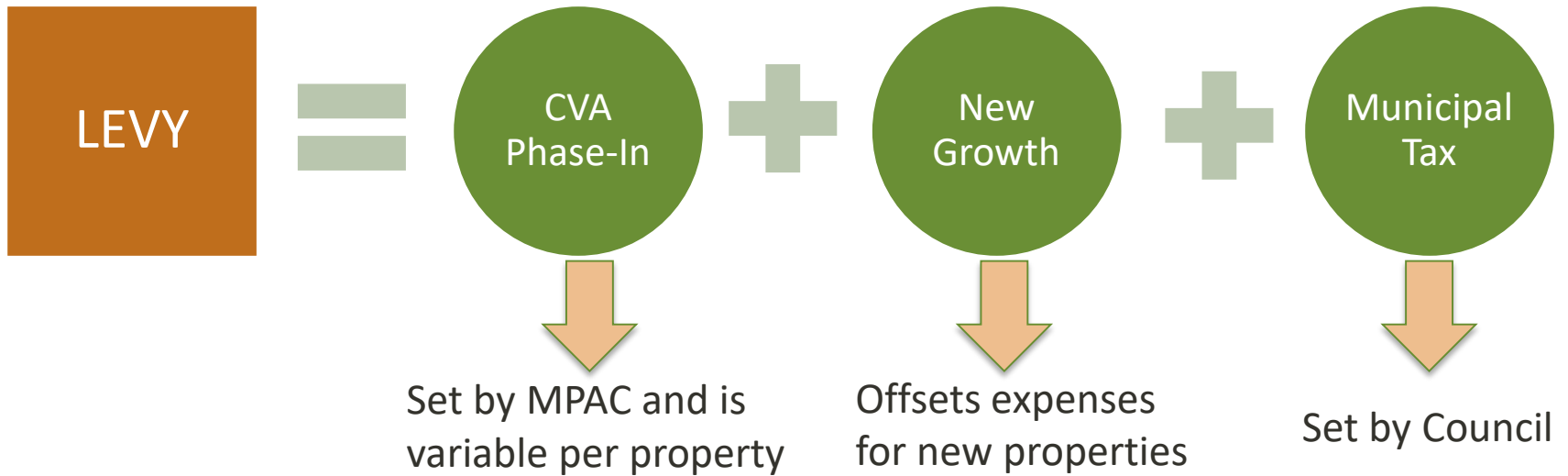
Draft 2023 Budget

- Inflation rates for consideration include:
 - 6.5% CPI (Ont. All items)
 - Oct 2021 – Oct 2022
- Average MTRI is still under the average CPI historically.

Year	MTRI	CPI Rate
2023	2.50%	6.50%
2022	0.00%	4.70%
2021	1.50%	0.90%
2020	1.58%	1.90%
2019	1.75%	1.80%
2018	2.00%	1.90%
2017	2.25%	1.80%
AVG	1.65%	2.79%



What Impacts the Levy



\$1,007,285	=	\$0	+	\$733,879	+	\$273,406
9.69%	=	0.00%	+	7.19%	+	2.50%

*New growth value includes industrial ratio adjustment \$21,066, 0.22%



Impact of Municipal Tax Rate

- Additional taxation revenue will help:
 - Bolster reserve / reserve funds to meet Council minimum balances and annual contributions.
 - Provide additional contributions to reserves to reduce the funding gap for future infrastructure investment and reach AMP reinvestment targets
 - Avoid the need for sharp increases in the future



Impact of Municipal Tax Rate

- Additional taxation revenue will help address:
 - Loss of government grants
 - Inflationary pressures
 - Delayed CVA implementation
 - Financial impacts of Bill 23



2.5% MTRI

- 2.5% MTRI equates to a **\$1.85 / month**, **\$22.17 annual increase** for \$100,000 of residential assessed value.

MTRI	Municipal Revenue	Annual Cost / \$ Assessed Value		
		\$100,000	\$200,000	\$300,000
0.5%	\$51,012	\$4.44	\$8.87	\$13.31
1.0%	\$109,362	\$8.87	\$17.74	\$26.61
1.5%	\$164,044	\$13.31	\$26.61	\$39.92
2.0%	\$218,725	\$17.74	\$35.48	\$53.22
2.5%	\$273,406	\$22.17	\$44.35	\$66.51
3.0%	\$328,087	\$26.61	\$53.22	\$79.85



Overall Tax Rate

2023 Impact with 2.5% Municipal Tax Rate				
	Town	County	Education	TOTAL
% Increase/(Decrease)	2.5%	2.5%	0.0%	
2022 Levy	0.00886646	0.00381620	0.00153000	0.01421266
Proposed 2023 Levy	0.00908812	0.00391161	0.00153000	0.01452973
\$100K of Assessment	\$100,000	\$100,000	\$100,000	
2022 Taxes	\$886.65	\$381.62	\$153.00	\$1,421.27
2023 Taxes	\$908.81	\$391.16	\$153.00	\$1,452.97
Annual Estimated Increase	\$22.17	\$9.54	\$0.00	\$31.71
Monthly Estimated Increase	\$1.85	\$0.80	\$0.00	\$2.64

- Assumes a 2.5% upper tier County of Renfrew tax increase



Overall Municipal Impact

- Impact Comparison on the Average Home
– Median home value \$221,000

Estimated Impacts	2020 1.58%	2021 1.5%	2022 0.0%	2023 2.5%
Municipal Tax Rate	\$72.29	\$38.61	\$0.00	\$48.99
Water/Wastewater	\$23.39	\$44.20	\$30.96	\$45.17
Garbage/Recycling Rate	\$25.00	\$0.00	\$0.00	(\$20.00)
TOTAL Annual	\$120.68	\$82.81	\$30.96	\$74.16
TOTAL Monthly	\$10.06	\$6.90	\$2.58	\$6.18



Schedule of Deliberations

MONDAY, FEBRUARY 6, 2023 at 5:00 PM	TUESDAY, FEBRUARY 7, 2023 at 5:00 PM
2023 Draft Operating Budget	Carry-Over from Prior Night
2023 Draft Capital Budget	
Long-Range Capital Forecast	
Supporting Documents	



Next Steps

- **Deliberations** – February 6 & 7, 2023
 - Forward questions to CAO & Treasurer
 - Response memo provided back to all Council
- **Budget & LRCF Approval** – February 13th
- **County Sets Tax Ratios** – by April 30th
- **Municipal Tax Rates** – by May 31st



Questions?



• WHERE THE RIVERS MEET •