



# COMMITTEE OF THE WHOLE AGENDA CITY OF MERRITT

Tuesday, December 3, 2019

5:00 P.M.

COUNCIL CHAMBERS, CITY HALL

2185 Voght Street

Merritt, B.C

Mission Statement: *The City of Merritt is a progressive, attractive, economically viable City that is socially responsible and environmentally sustainable.*

Pages

1. CALL TO ORDER

1.1 Call to Order

2. ADOPTION OF MINUTES

2.1 Committee of the Whole Meeting Minutes - November 19, 2019

2

**Recommendation:**

**THAT the Minutes of the Committee of the Whole Meeting held on November 19, 2019 be adopted.**

3. GENERAL MATTERS - Delegations and Recognitions

4. UNFINISHED BUSINESS

5. NEW BUSINESS

5.1 Asset Management Presentation

6

Presentation from Sheila Thiessen, Director of Finance and IT

5.2 2019 Estimated Budget Position Report

39

**Recommendation:**

**THAT the Committee of the Whole receive this report for information.**

6. TERMINATION OF MEETING



# **MINUTES**

## **CITY OF MERRITT**

### **COMMITTEE OF THE WHOLE**

Tuesday, November 19, 2019  
5:00 P.M.  
COUNCIL CHAMBERS, CITY HALL  
2185 Voght Street  
Merritt, B.C

**PRESENT:**

- Mayor L. Brown**
- Councillor M. Bhangu**
- Councillor K. Christopherson**
- Councillor A. Etchart**
- Councillor T. Fehr**
- Councillor T. Luck**
- Councillor M. White**

**IN ATTENDANCE:**

- Mr. S. Hildebrand, Chief Administrative Officer**
- Mr. S. Smith, Director of Corporate Services**
- Mr. W. George, Tourism & Economic Development Manager**

**1. CALL TO ORDER**

**1.1 Call to Order**

Mayor Brown called the meeting to order at 5:04pm

**2. ADOPTION OF MINUTES**

**2.1 Committee of the Whole Meeting Minutes - November 5, 2019**

*THAT the Minutes of the Committee of the Whole Meeting held on November 5, 2019 be adopted.*

**Moved, Seconded, CARRIED**

### **3. GENERAL MATTERS - Delegations and Recognitions**

#### **3.1 BC PNP Program - Heather Michaud**

Outreach Officer – BC & Yukon

Dedicated Service Channel | Domestic Network

Immigration, Refugees and Citizenship Canada (IRCC) | Government of Canada

Heather Michaud introduced the work that the IRCC does, noting that the BC PNP program is part of a much larger scheme to support and attract skilled foreign workers.

Heather discussed the 4 pillars of the Global Skills Strategy, work permit programs, and the international mobility program. She emphasized that Canada's strategy and initiatives have been centered around making the foreign worker hiring process as simple as possible for Canadian businesses.

The Provincial BC PNP representative was introduced, and discussed how the Province interacts with the Federal Government regarding immigration, in an effort to provide a niche service that Federal programs do not cover.

The presenters responded to questions from Council regarding the reasons for the gap in workers that currently exists, what can be done where foreign workers find themselves in exploitative situations, and what is being done to support certification for health care workers.

#### **3.2 Merritt Airport Development Plan Review - Andrew Templeman**

Civil Engineer, Urban Systems

Mayor Brown called a recess to the meeting at 6:03pm

Mayor Brown called the meeting to order at 6:09pm

Andrew Templeman presented to Council regarding the Merritt Airport Development Plan Review. Andrew's presentation covered the following:

- Background of the Merritt Airport
- The reviews considered were from 1987, 2003, 2005, 2007, and 2018
- Likely classification of the Merritt Airport is AGN2
- Obstacle Limitation Surface - Hazards and risks

- Recommendations

Public Comments:

- Jeff Schultenz - Recommended sealing the runway, installing hazard and other lights, consider threshold offsets, set up an Airport Advisory Committee, and consider development .

- Brad Fandrich of Merritt Valley Helicopters shared his experience with the development and building permit process, noting that all of the additional costs associated has put his planned development on hold until he is able to find some relief.

4. **UNFINISHED BUSINESS**

5. **NEW BUSINESS**

5.1 **Merritt Airport 100 Year Anniversary Event**

***THAT the Committee of the Whole recommend to Council that Council direct staff to budget for an annual Merritt Airport Celebration event;***

**Moved, Seconded, CARRIED**

***THAT the Committee recommend that staff explore grant funding possibilities for hiring an event coordinator.***

Against (2): Tony Luck, and Melvina White

**Moved, Seconded, CARRIED**

6. **TERMINATION OF MEETING**

The Mayor declared the meeting ended at 7:52pm

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Corporate Officer

Sean Smith

Certified correct in accordance with Section 124(2) (c) of the Community Charter

Confirmed on the \_\_\_\_ day of \_\_\_\_, 20\_\_\_\_



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Mayor  
Linda Brown

# Why invest in asset management? (4 mins)

Why Invest in  
Asset Management?

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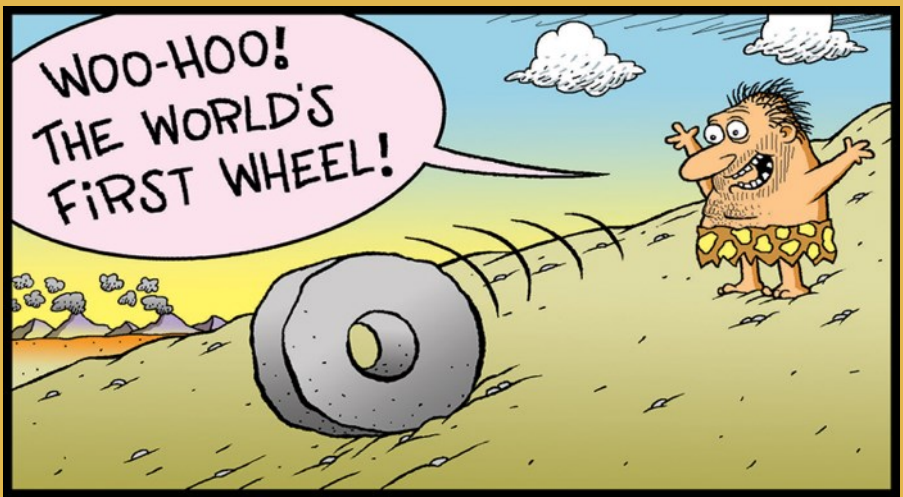


# Asset management



# PART

# 1



What is asset management?



# What is management?



“Mind you, I’m not responsible for the entire pipeline – just the section that flows through my office.”

CartoonStock.com



# Formalized planning for the services that contribute to our quality of life





# Asset management is...



# Asset management is a process used in decision-making.

It helps us care for the infrastructure that delivers valuable services to our community, in a way that:

- **Considers service needs of our community**
- **Manages risks and opportunities**
- **Uses resources wisely**



# Asset management is not just the job of...

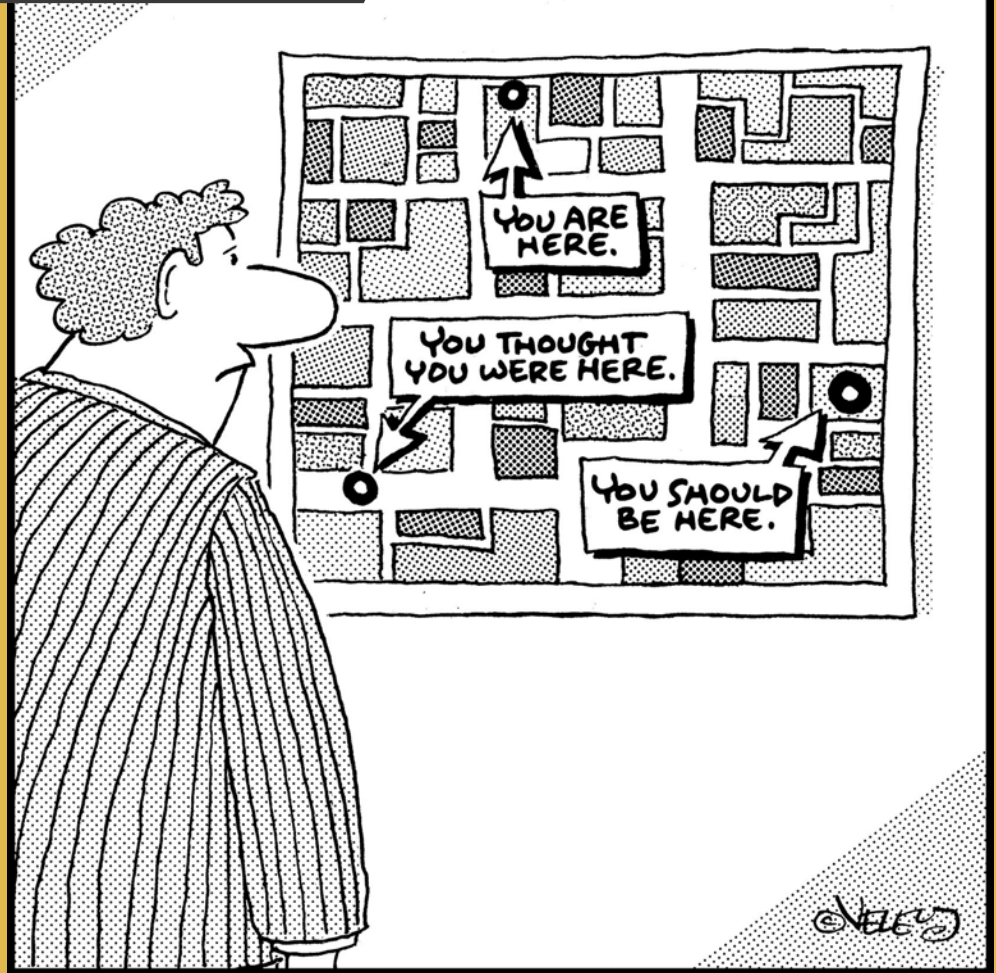
- Staff
- Consultants



It is everyone's job

# Asset management is...

- A process
- A journey
- An approach
- A way of doing business





# Haven't we been doing this all along?



# PART

# 2

What is the benefit of asset management to my community?



# What do people in our community want?

Safe and sustainable services in a predictable, cost-effective manner.



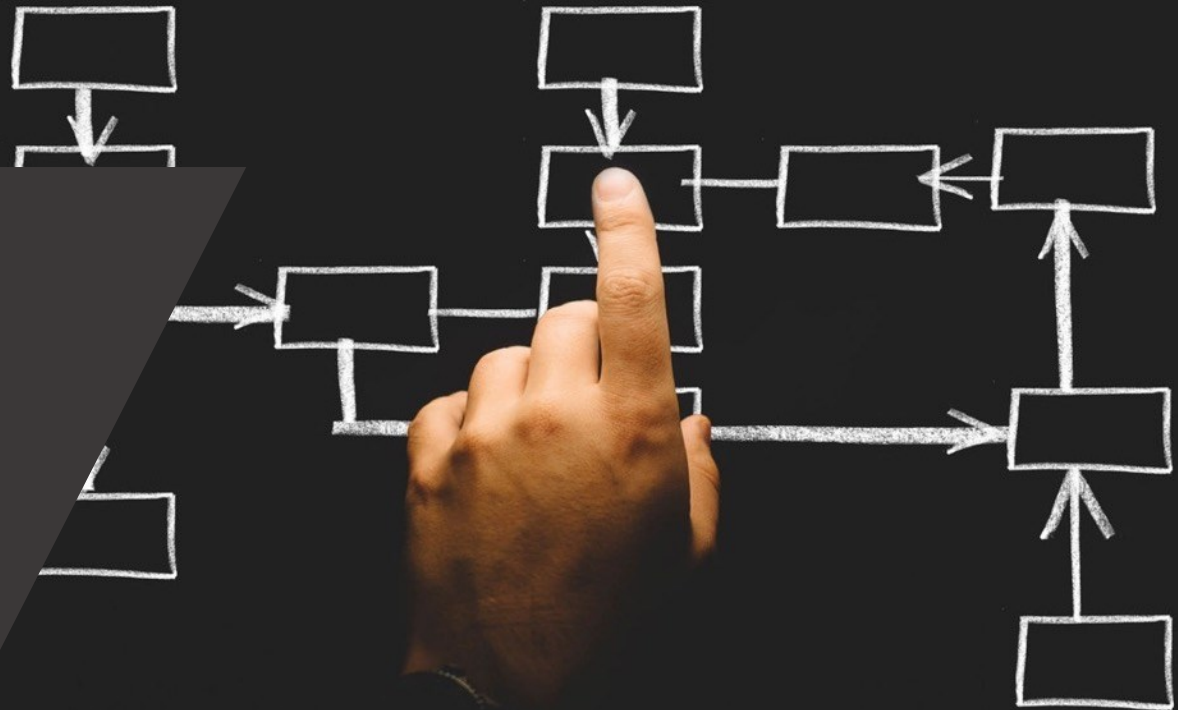


People don't want surprises like this.



# We need a system that helps us to...

- **Maintain the delivery of services**
- **Plan for the future**
- **Manage risk**
- **Budget smartly**





# How does asset management deliver value to my community?

**Performance**



**Risk**



**Cost**



**Value from  
services**



# COMPONENT ① Performance

Does it do what it is supposed to at the level we expect?

My road gets plowed within 24 hours of a snowfall, not once a month.

# COMPONENT ②

## Risk



What is the **likelihood** of service failure?  
What is the **consequence** of service failure?



# COMPONENT ③

## Cost

How much money do we need to maintain and replace our assets?

Performance + Risk + Cost =  
VALUE FROM SERVICES

**SIMPLE ≠ EASY**



A man with a beard and a woman with curly hair are walking outdoors. The man is wearing a dark suit and a watch. The woman is wearing a grey suit and a large necklace. They are both smiling.

# PART

# 3

What is my role as  
an elected official?

# Role of council

## Council sets strategic direction

- Level of service
- Resource allocation





Council needs  
**information**  
about asset  
performance,  
risk and cost to  
**set direction**







# ASSET MANAGEMENT

gives us the empirical evidence  
so we can...

- Do the right thing
- To the right asset
- At the right time





# Let's talk about **BUDGETS**

*Table 3.1: AMIP Summary*

<b>Asset Category</b>	<b>Replacement Value</b>	<b>Expected Remaining Life</b>	<b>Infrastructure Deficit (Backlog)</b>	<b>20 Year Total</b>	<b>Average Annual Life Cycle Investment (AALCI)</b>
Water System	\$60,076,000	46%	\$8,873,400	\$31,032,750	\$1,337,450
Wastewater System	\$45,138,650	37%	\$5,758,050	\$30,638,300	\$733,700
Stormwater System	\$25,233,300	30%	\$3,922,650	\$7,420,950	\$439,300
Roadway System	\$76,008,137	34%	\$26,719,754	\$35,992,204	\$1,927,250
Vehicles & Equipment	\$9,177,502	45%	\$1,205,878	\$9,700,818	\$488,583
Buildings	\$31,452,000	27%	\$1,397,000	\$25,384,000	\$945,000
Parks & Recreation	\$3,042,000	55%	\$254,000	\$1,780,000	\$122,000
<b>Total</b>	<b>\$250,127,589</b>	<b>37%</b>	<b>\$48,130,732</b>	<b>\$141,949,022</b>	<b>\$5,993,283</b>



\\P:\projects\451102\101080\101080\GIS\Projects\AMIP\Sanitary Mains\Sanitary Mains In-Service Year.mxd Last updated by: jbrule on June 10, 2016 at 11:54:37



City of Merritt  
AMIP

## Sanitary Mains In-Service Year

### Legend

#### Sanitary Main In-Service Year

- 1960 - 1969
- 1970 - 1979
- 1980 - 1989
- 1990 - 1999
- 2000 - 2009
- Year not available

The accuracy & completeness of information shown on this drawing is not guaranteed. It will be the responsibility of the user of the information shown on this drawing to locate & establish the precise location of all existing information whether shown or not.

#### Coordinate System:



Scale:  
0 250 500 1,000 1,500  
Metres

WGS 1984 Web Mercator Auxiliary Sphere: 140,000

#### Data Sources:

Data provided by:

Project #: 0521.0199.01

Author: BP

Checked: SS

Status: DRAFT

Revision: A

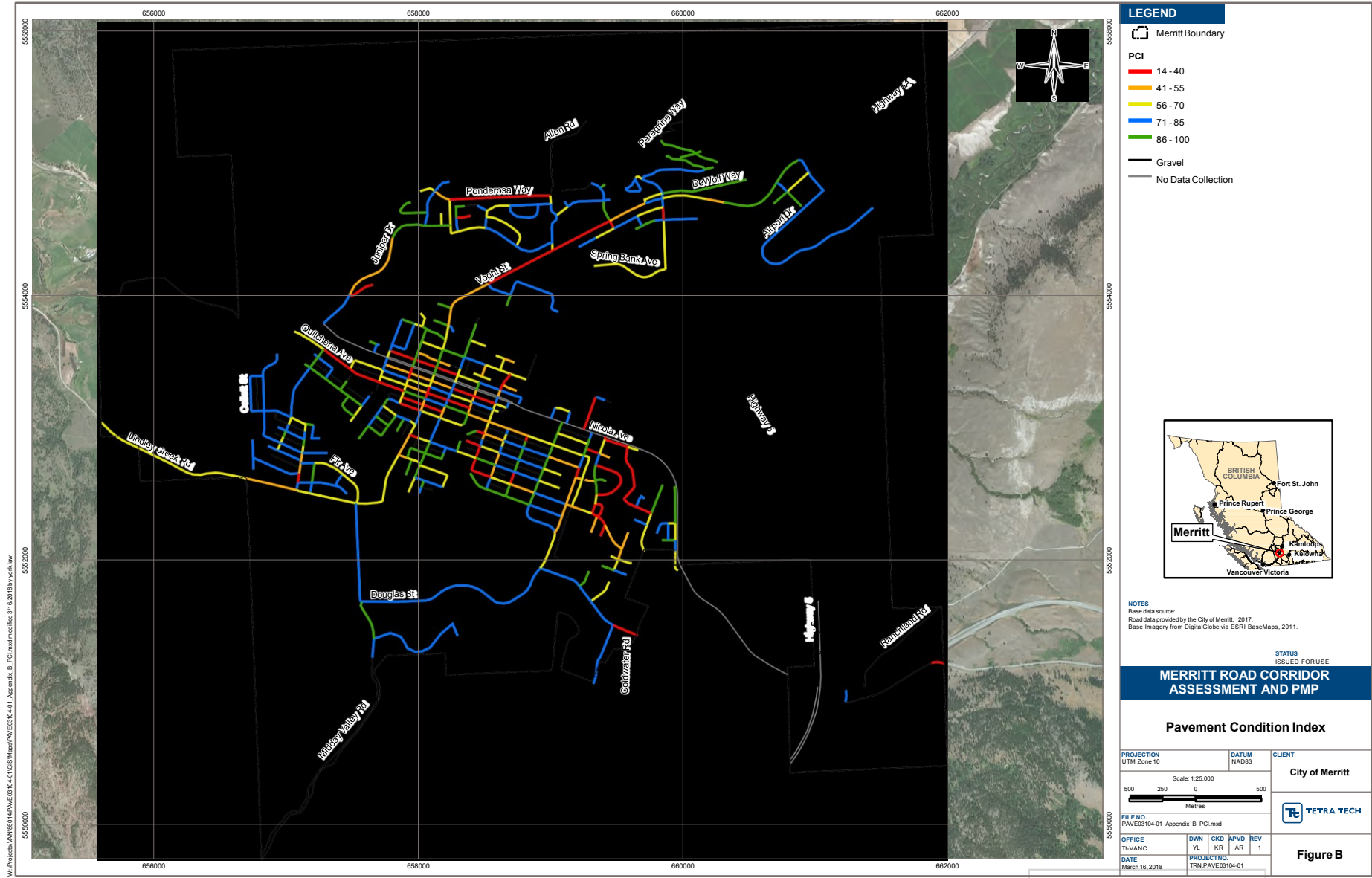
Date: 2016 / 6 / 10

**URBAN**  
systems

FIGURE 2

27





## How to close the gap?

- Funding options
  - Taxes
  - Debt
  - Grants
- Priorities
  - Key infrastructure
  - Risks
  - Timing

# PART

# 4

How do we get started?



# Actions we can take right now:

- Policy
- Resolution from council
- Engagement
- Life cycle costing

...so what  
do we  
want to  
do?



# Let's not pass it on



# Let's discuss asset management in our community

1. What are the most important services that we deliver to our citizens?
2. Do we have the information we need to ensure that we can continue to provide these services over the long term?
  - Do we know which assets provide these services? What condition those assets are in? When they will need to be repaired and replaced? And how much it will cost over the long term to continue providing these services?
3. Which of our services do we consider CRITICAL (i.e., must not fail or it would have a significant impact to the health, safety or quality of life of our citizens)?
  - Are we investing enough in our assets to ensure our most critical services can be sustained? How do we know?
4. What can we do to ensure we can answer these questions and feel like we have the right information to be responsible stewards of our community's services?



# Report

**City of Merritt**  
**Committee of the Whole**  
**December 3, 2019**

**File Number: 1870**

**To:** Scott Hildebrand, Chief Administrative Officer  
**From:** Sheila Thiessen, Director of Finance & IT  
**Date:** December 2, 2019  
**Subject:** 2019 Estimated Budget Position Report

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## **RECOMMENDATION:**

**THAT Council receive this report for information.**

## **Background:**

The attached report (Schedule A) covers the period from January 1, 2019 to December 31, 2019 and provides a summary of the estimated financial activity incurred for 2019 in relation to the budgeted amount.

The report includes the following columns from left to right:

- 2019 Budget – Amounts as per Financial Plan Bylaw 2261, 2019
- 2019 Estimated – Estimated Costs incurred up to December 31, 2019
  - Actual costs are included to November 24, 2019, with the remainder of the year's activity being estimated.
- Percentage of Variance
  - Revenue, a negative % means that the years revenue did not meet budget.
  - Expenditures, a positive % means that there are funds remaining, this would be an operating surplus.
- Details (items to be analyzed further in this report)

## **Analysis:**

- A. **Federal Government Grants**, this is usually an annual grant for Canada Day, not received this year.



- B. **Provincial Government Grants**, we have received all the annual provincial grants, the remainder relates the grant funding for projects that are still in progress at the end of the year. Rural Dividend for example. \$150,000 of this difference is related to the Community Emergency Preparedness Funding that was applied for but not received in 2019.
- C. **Sale of Services**, this difference will be reviewed in greater detail during the 2020 budget process to ensure that our projections are accurate.
- D. **Licences, permits and fines**, there were more building permit revenues than budgeted for in 2019.
- E. **Penalties and interest on taxes**, this is lower than budget due to collection of many ongoing outstanding tax debts due to property sales and staff efforts resulting in the second year in a row where there were no properties listed in the tax sale.
- F. **Return on investments**, this amount is higher due to greater than anticipated yields on investments and maintaining balances in reserves and surpluses.
- G. **Protective Services** this variance is due primarily to lower than budgeted staffing levels and other adjustments for the RCMP contract.
- H. **Development Services** includes Planning and Economic Development and both departments have operating costs that have not been fully incurred at this point, due to timing with projects etc. The projects will be carried forward, this surplus is offset by the unreceived grant funding in the case of Rural Dividend projects.
- I. **Public Health and Welfare** this surplus is primarily related to Mosquito Control, where there was less treatment required than budgeted for.
- J. **Water Utility**, this line item will be reviewed carefully with the department to determine the differences, and adjustments will be made for 2020 moving forward.
- K. **Capital Expenditures**, refer to Schedule B attached for analysis
- L. **Transfer from prior year's surplus**, this variance is a result of both unspent operating costs and savings realized on budgeted items.
  - There is an amount incurred in the transfer from prior years surplus because when the surplus was designated for a specific project it was recorded as the project was completed.
  - The 2019 Financial plan did include transfers of prior year's surplus to cover operating expenditures in lieu of increasing taxation. The variance on this line, means that all the surplus designated was not needed to cover the net expenditures.
- M. **Proceeds from debt**, this variance is related to the Fire Hall expansion. Debt of \$300,000 has already been incurred for the Commercial Garbage Truck as budgeted and is budgeted to be incurred for the Loader and new Public Works 1-ton truck.
- N. **Financial Plan Balance Surplus (Deficit)**, this line shows a surplus of \$115,203 for all funds combined.

Other major costs of note are wages, utilities and fuel. The year-end estimated variance for each of these items is as follows:

	<b>Budgeted</b>	<b>Year End Estimate</b>	<b>Remaining</b>
<b>Wages</b>	\$5,991,406	\$5,947,757	1%
<b>Fuel</b>	206,000	203,500	1%
<b>Utilities</b>	789,245	694,871	12%

**Financial / Risk Implications:**

The City's operating costs as of November 24, 2019 have been as anticipated. The variances will be reviewed closely in the 2020 budget process to ensure that the budgeted amounts are reasonable, and any positive variances result primarily due to operational savings, not over budgeting.

With an estimated surplus balance, staff is providing Council with the option of using surplus funds to cover the cost of the purchase of the loader and new public works truck, rather than borrowing as budgeted. The borrowing rate for short term financing is 2.456%, and is a floating rate, which will change as rates increase.

If Council directs staff to not borrow the funds, a budget amendment will be made in conjunction with the budget amendment bylaw that will be coming to Council at the December 17, Regular meeting. This budget amendment bylaw will incorporate the budget amendments made by Council resolution during the year.

**Options:**

1. That Council accept this report for information only and staff will proceed with securing the borrowing for the public works equipment as budgeted.
2. That Council direct staff to amend the budget to use prior year's surplus to fund the purchases of the public works equipment.
3. That Council request further information from staff.

**Attachments:**

***Schedule A*** 2019 Budget to Actuals Estimated to Year End

***Schedule B*** 2019 Capital Project Activity Summarized

Respectfully submitted,

**Sheila Thiessen, CPA, CMA**  
**Director of Finance & IT**

**Schedule A**  
**CITY OF MERRITT**  
**2019 Budget to Actuals Estimated to Year End**  
**Prepared November 24, 2019**

	<b>2019 Annual Budget</b>	<b>2019 YE Estimate</b>	<b>% Var</b>	<b>Details</b>
<b>REVENUE</b>				
Taxation, net	7,571,549	7,631,511	1%	
Parcel taxes	1,231,395	1,233,675	0%	
1% Utility Tax	154,138	154,138	0%	
Grants in lieu of taxes	136,500	143,779	5%	
Federal government grants	1,500	0	-100%	<b>A</b>
Provincial government grants	1,443,440	884,072	-39%	<b>B</b>
Regional grants	309,866	309,866	0%	
Sales of services and rentals	4,387,776	4,088,092	-7%	<b>C</b>
Licenses, permits and fines	220,800	252,567	14%	<b>D</b>
Penalties and interest on taxes	155,000	120,666	-22%	<b>E</b>
Return on investments	225,000	305,000	36%	<b>F</b>
Other revenue	280,500	260,977	-7%	
Transfer from Utilities	520,000	520,000	0%	
Gas Tax Funds	726,149	726,149	0%	
	<b>17,363,613</b>	<b>16,630,492</b>		
<b>EXPENDITURE</b>				
Departmental expenditure				
General government	2,175,360	2,072,894	5%	
Protective services	3,934,794	3,365,738	14%	<b>G</b>
Transportation services	1,830,538	1,769,248	3%	
Environmental health services	623,465	573,433	8%	
Development services	699,540	527,196	25%	<b>H</b>
Public health and welfare services	101,435	83,677	18%	<b>I</b>
Recreational and cultural services	2,771,891	2,704,379	2%	
Water utility	1,204,669	995,468	17%	<b>J</b>
Sewer utility	1,040,320	946,598	9%	
Debt servicing costs	308,414	309,224	0%	
Bank charges	15,000	15,000	0%	
	<b>14,705,426</b>	<b>13,362,854</b>		
<b>Surplus (Deficit for the year)</b>	<b>2,658,187</b>	<b>3,267,637</b>		
<b>Adjust for Cash Items</b>				
MFA debt principal payments	(360,399)	(360,399)		
Short term debt principal payments	(76,389)	(74,279)		
Capital expenditures	(8,146,502)	(3,644,018)		<b>K</b>
Transfer from (to) reserve for future	675,865	178,643		
Transfer (to) from reserve funds	386,732	(316,149)		
Transfer from prior years surplus	2,053,006	463,588		<b>L</b>
Proceeds from debt	2,809,500	600,000		<b>M</b>
	<b>(2,658,187)</b>	<b>(3,152,615)</b>		
Financial Plan Balance Surplus (Deficit)	<b>0</b>	<b>115,023</b>		<b>N</b>



**Schedule B**  
**CITY OF MERRITT**  
**2019 Capital Project Activity Summarized**  
**December 2, 2019**

<b>Projects Completed</b>	<b>2019</b>		
	<b>Budgeted</b>	<b>Expenditures</b>	<b>Savings</b>
General Fund	2,994,878	2,795,975	198,903
Water Fund	755,000	426,592	328,408
Sewer Fund	232,272	215,255	17,017
Transit Fund	20,000	20,000	-
	<u>4,002,150</u>	<u>3,457,822</u>	<u>544,328</u>
	<b>A</b>	<b>C</b>	

		<b>2019</b>		
		<b>Budgeted</b>	<b>Expenditures</b>	<b>Remaining</b>
<b>Projects to be carried forward</b>				
General	Fire Hall Expansion	2,209,500	43,253	2,166,247
General	Chlorine Storage Building	160,000	1,094	158,906
General	Door Security System	14,852	8,858	5,994
General	Bridge Repairs	15,000	6,980	8,020
Water	Watermain Replacement	500,000	67,330	432,670
Sewer	Sewermain Replacement	500,000		500,000
General	Downtown Revitalization	112,000		112,000
General	Voght Street Sidewalk	543,000	-	543,000
General	DFA Nicola Banks Projects	90,000	58,681	31,319
		<u>4,144,352</u>	<u>186,196</u>	<u>3,958,156</u>
		<b>B</b>	<b>D</b>	<b>E</b>

<b>2019 Capital Expenditures (D+E)</b>	<b>3,644,018</b>
<b>2019 Projects to be carried forward (E)</b>	<b>3,958,156</b>
<b>2019 Savings Realized</b>	<b>544,328</b>
<b>2019 Projects Budgeted (A+B)</b>	<b>8,146,502</b>