

## **Recommendation:**

Council accepts this report for information and discussion.

## **Introductory Remarks**

This is a preliminary look at the City of Merritt financial plan for 2024 - 2028. Final decisions are not required at this time. Council discussion and strategic direction will assist in finalizing the financial plan in 2024 and approving the financial plan and tax rate bylaw before May 15, 2024.

Recovery operations are not included at this time as they are funded with provincial grant money and do not impact the source and use of funds for core municipal services.

The financial plan will also be adjusted in 2024 for work completed through December for projects underway such as Voght Street or Exit 286. New information will also be incorporated as it relates to grants. For example, staff are anxiously awaiting news on the Housing Accelerator Fund grant application as well as the status of negotiations between the provinces and the federal government on the gas tax.

In prior years, Council has typically seen a year-over-year plan comparing the upcoming budget year to the current year by financial plan bylaw line item, along with a list of requests. This meant that major capital was largely considered for the first year of the plan only. For the upcoming financial plan, capital has been considered for the full five years of the financial plan bylaw as well as an additional five years for planning and risk management purposes. This will support strategic decision-making regarding funding strategies that need to begin in 2024 for the long-term.

The first night of the discussion will largely centre around two priorities. The first priority focuses on financial sustainability and identifies a path to a balanced operating budget as the first stage in which municipal taxation, the sale of services, operating grants, and other revenue cover departmental expenditures and debt payments. The second priority focuses on longer-term risk management for core municipal services (water/sewer) and the need to begin building reserves that can fund future infrastructure needs.

## **2023 Approved Budget**

Prior to beginning discussion on the financial plan for 2024 and beyond, it may be helpful to capture a visual representation of how the City of Merritt budget was balanced in 2023. This is depicted in the following source and use of funds graph. Given recovery operations are funded with provincial grants and the 2024+ preliminary budget will not consider the recovery scope at this time, an adjusted view of the source and use of funds graph is captured to depict core municipal services for comparability.

# City of Merritt 2023 Budget

\$M Excl. Amortization

60.0

55

55

50.0

40.0

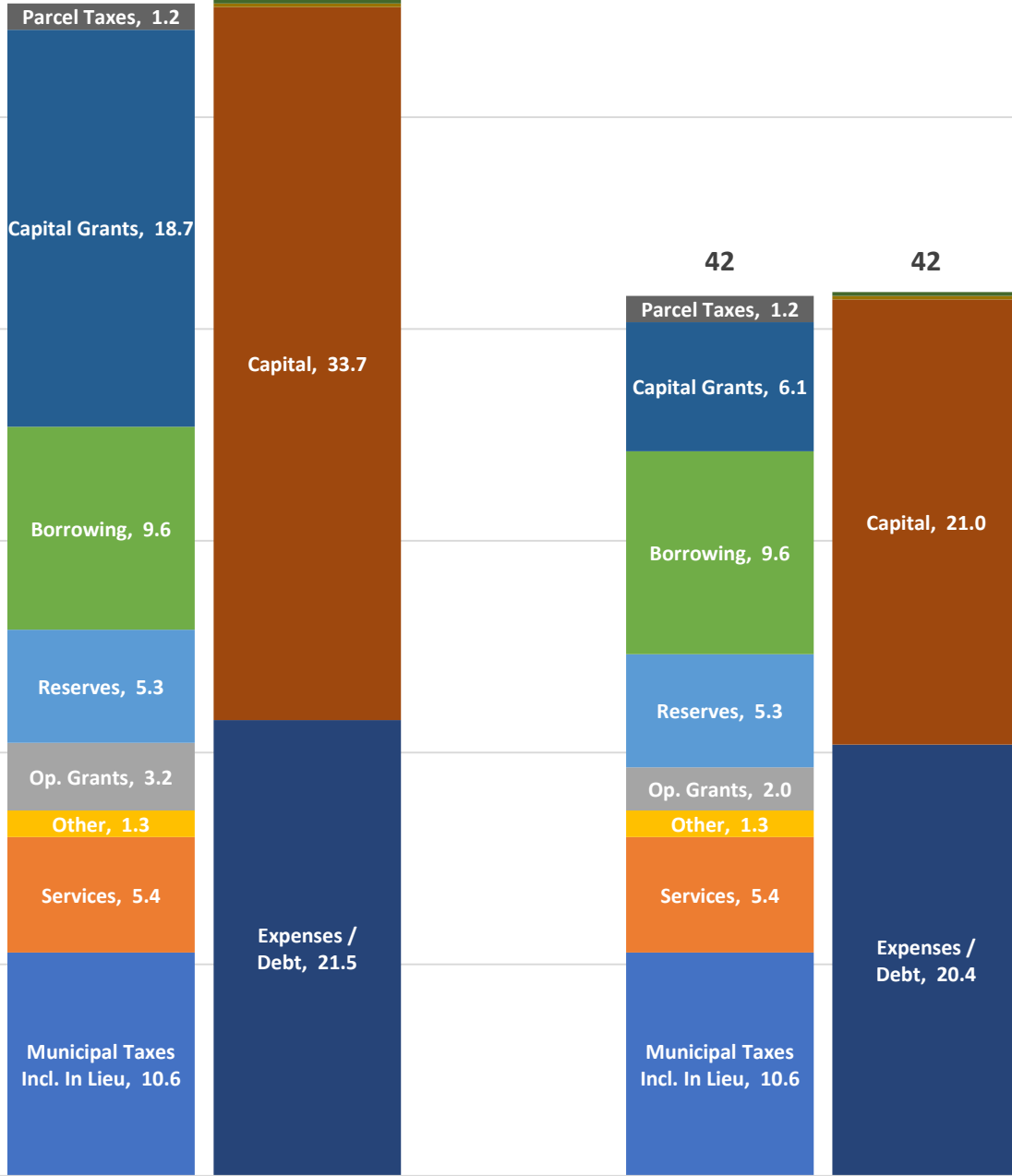
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42

30.0

20.0

10.0



Source of Funds

Use of Funds

Source of Funds

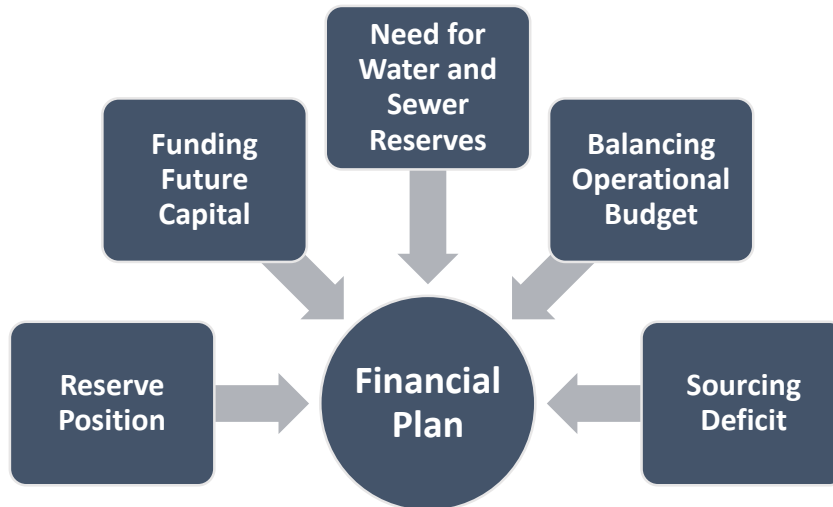
Use of Funds

Approved Bylaw

Approved Bylaw  
Excl. Recovery

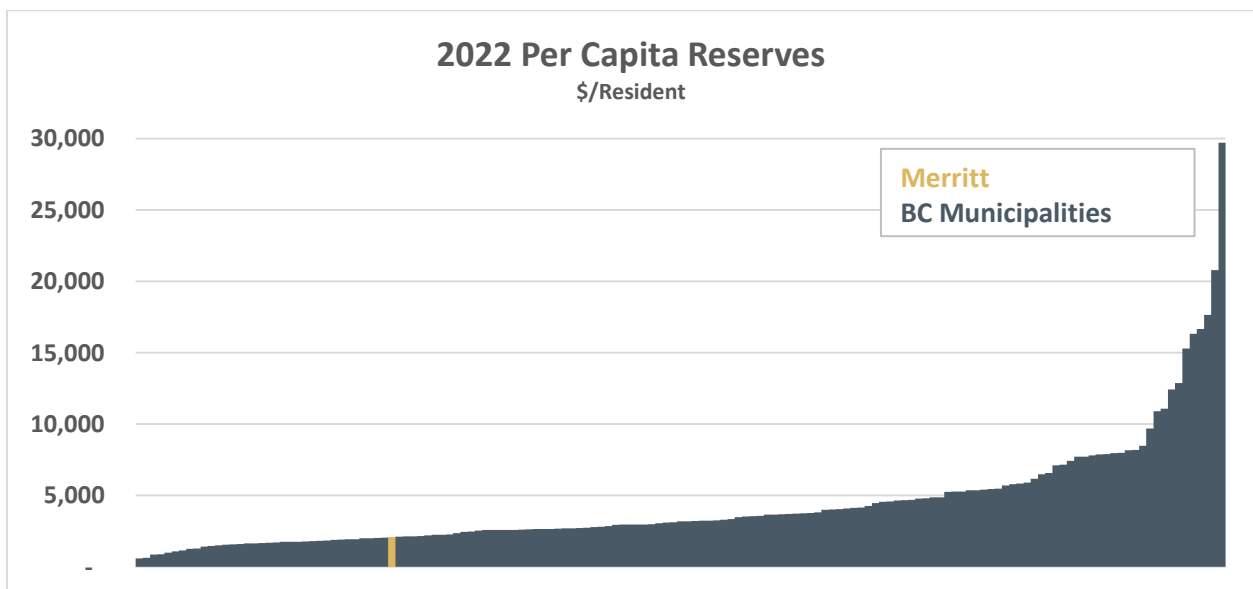
## Top Five Considerations for the 2024 – 2028 Financial Plan

The following section captures the top five considerations for the 2024 – 2028 financial plan.



### 1. Current Reserve Position

The City of Merritt closed out 2022 with an unrestricted surplus and reserve position of \$15.9M. In the 2023 budget, we budgeted to use \$5.3M of reserves for capital purposes. Disclosures from 151 municipalities across British Columbia were recently made public including their reserve positions. Calculating reserves on a per capita basis enables comparisons across municipalities that vary greatly in size. As depicted in the following graph, the City of Merritt has \$2,096 in reserves for each resident. This contrasts to the provincial average of ~\$4,400 and results in the City of Merritt being in the bottom quartile.



For reference, select municipalities in the area are comparable to the provincial average per capita with Hope, Logan Lake, Osoyoos, Peachland and Princeton averaging \$4,100 in reserves per capita.

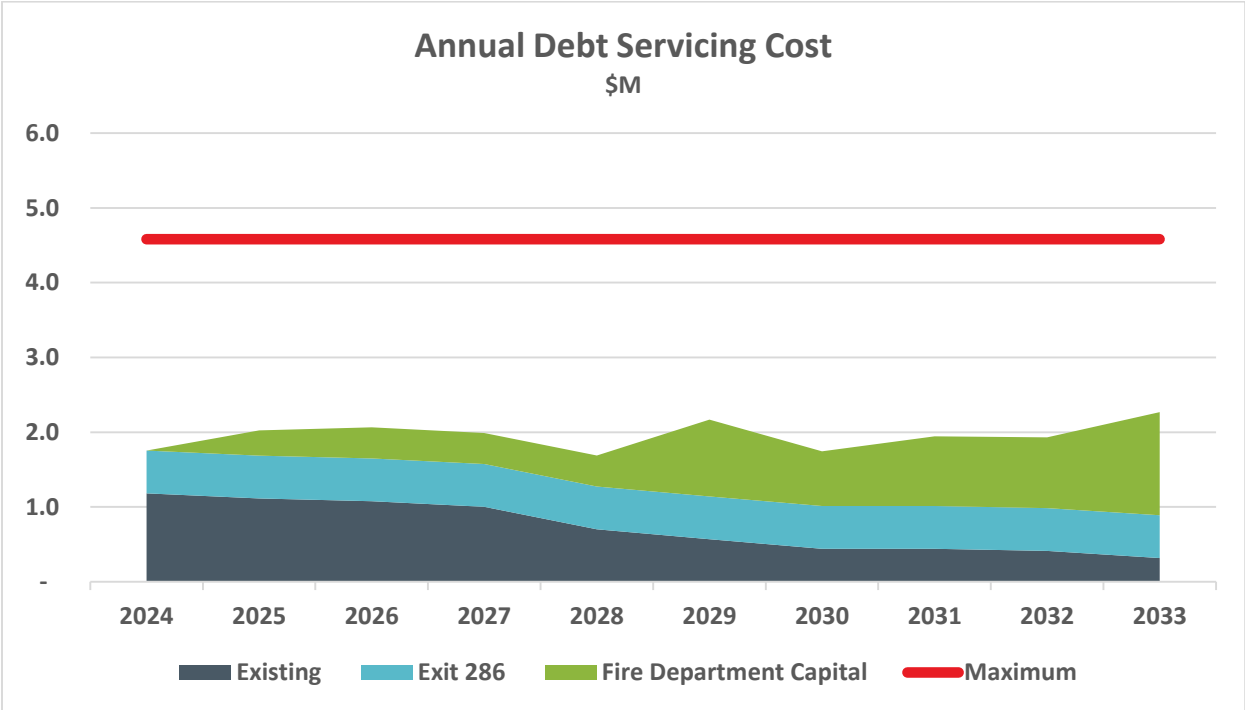
Municipality	Reserves	Population	Reserves Per Capita
Hope	\$27.7M	6,767	\$4,093
Logan Lake	\$10.4M	2,272	\$4,592
Osoyoos	\$22.1M	5,518	\$4,003
Peachland	\$18.9M	6,043	\$3,127
Princeton	\$15.3M	3,280	\$4,658

Reserves are one of three key sources of funds, in addition to borrowing and grants, for funding future infrastructure and capital needs. While reserves per capita is interesting on a relative basis, framing the reserve position in relation to the future capital needs of a municipality informs whether the reserve position is sufficient.

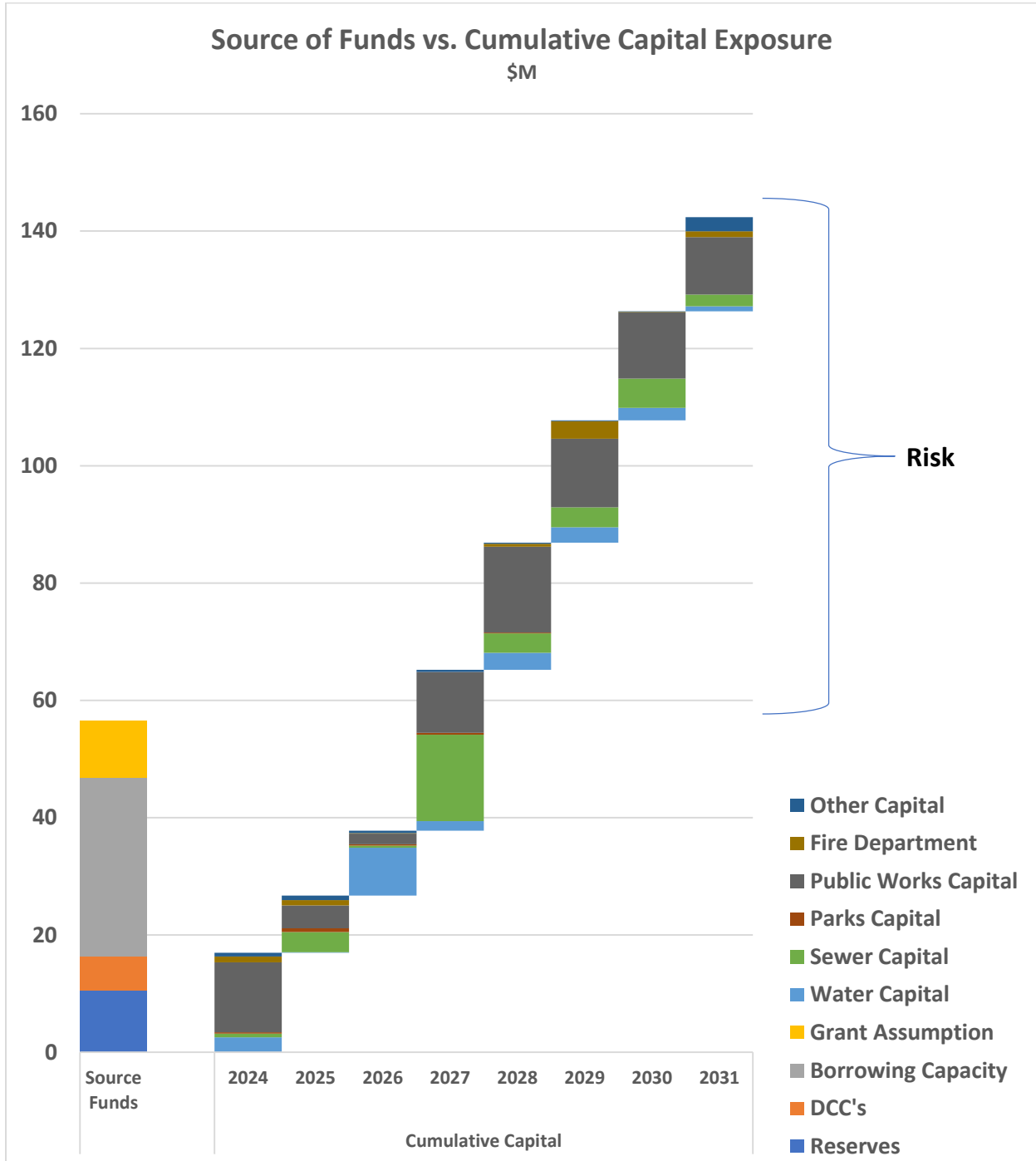
**2. Reserves and Other Sources of Funds for Future Capital Needs**

Reserves, ability to borrow, and grants combine to establish how much capital and infrastructure the City of Merritt can afford in the future. Debt ceilings are prescribed provincially and cap the annual liability servicing costs at 25% of eligible municipal revenues. This results in the City of Merritt being able to service up to \$4.6M in annual debt payments.

The estimated cost on unissued debt for the Exit 286 water and sewer infrastructure immediately reduced our borrowing capacity. As well, borrowing capacity will need to be reserved for fire truck purchases over the next ten years. Current debt, plus the cost on unissued debt for Exit 286 and fire department requirements require the City of Merritt to be able to service \$2.3M in annual payments.



This leaves \$2.3M remaining in annual servicing room which translates to approximately \$30M in borrowing ability assuming long-term debt for 25 years. The following graph charts our sources of funds for future operating and capital needs and contrasts these sources with a longer-term capital plan. As the estimated cost on unissued debt for Exit 286 has been considered in future borrowing ability, the 2024 capital for Exit 286 infrastructure has been excluded.



The graph illustrates that the City of Merritt can cover approximately 45% of future capital needs assuming future operational budgets are balanced and do not require reserves to balance. A strategic option for building a stronger reserve position for water and sewer infrastructure is the general parcel tax.

### 3. Parcel Taxes Used to Save for Future Water and Sewer Infrastructure

Parcel taxes are currently imposed based on a single amount for each parcel or unit of property: \$200 for sewer and \$160 for water. The current rates generate \$1.1M in general parcel tax revenue for the water and sewer funds. If user fees increase for water and sewer services to cover operating costs, the parcel tax revenue could be funneled directly into water and sewer reserves and increased over time. This would build funds toward the \$54M in water and sewer infrastructure capital risk over the next decade. The December 31, 2022, balances in the sewer and water non-statutory reserves were as follows:

Non-Statutory Reserve	December 31, 2022 \$M
Sewer	\$0.5
Water	-

#### Assumptions for Framing a Scenario to Build Water and Sewer Reserves

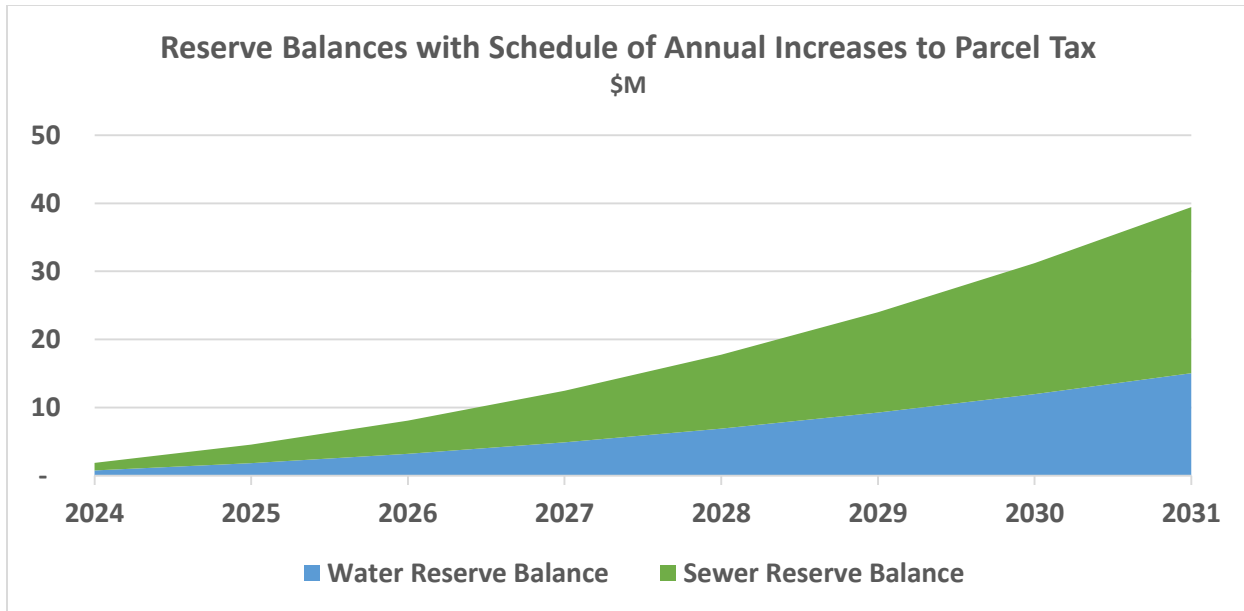
Council may elect to build funds to cover a portion or all of the capital risk. The following assumptions were used to develop a scenario that would create a path to funding \$39M of the \$54M in infrastructure risk.

	Capital 2024-2031 [A]	Grant Assumption [B]	DCCs If eligible [C]	Reserves Required A - B - C = D	Interest Rate for Reserve
Water	\$21M	\$5M	\$1M	\$15M	5%
Sewer	\$33M	\$5M	\$4M	\$24M	5%

#### Schedule of Annual Increases to the Parcel Rate

	2024	2025	2026	2027	2028	2029	2030	2031
Water	75	75	75	75	75	75	75	75
Sewer	137	137	137	137	137	137	137	137

Following this schedule of annual parcel tax increases to the previous year's amount would build the required reserves by the end of 2031 as depicted in the following graph. Any timing differences between capital requirements and reserve balance shortfalls before the target is reached in 2031 could be managed with temporary borrowing.



In 2031, when the water and sewer infrastructure is renewed, future capital requirements would be identified, and rates would be anticipated to materially reset lower and steadily rebuild the depleted reserves thereafter.

Council will have the opportunity to discuss the Public Works infrastructure requirements with the Director of Public Works and Engineering Services. Following that discussion, a consolidated graph of the total Public Works capital requirements will be presented for Council discussion. There will be an opportunity for Council to provide other assumptions (grants to be received, unfunded risk, etc.) that would lower the level of water and sewer reserves required. A simple model will be available for Council interaction. Parcel taxes represent the best opportunity for building reserves and managing future infrastructure risk. Council direction on the level of reserves to be built will allow staff to prepare any applicable parcel tax bylaws in early 2024.

#### 4. Path to Balancing Operational Budget (Excluding Capital) Needed for Sustainability

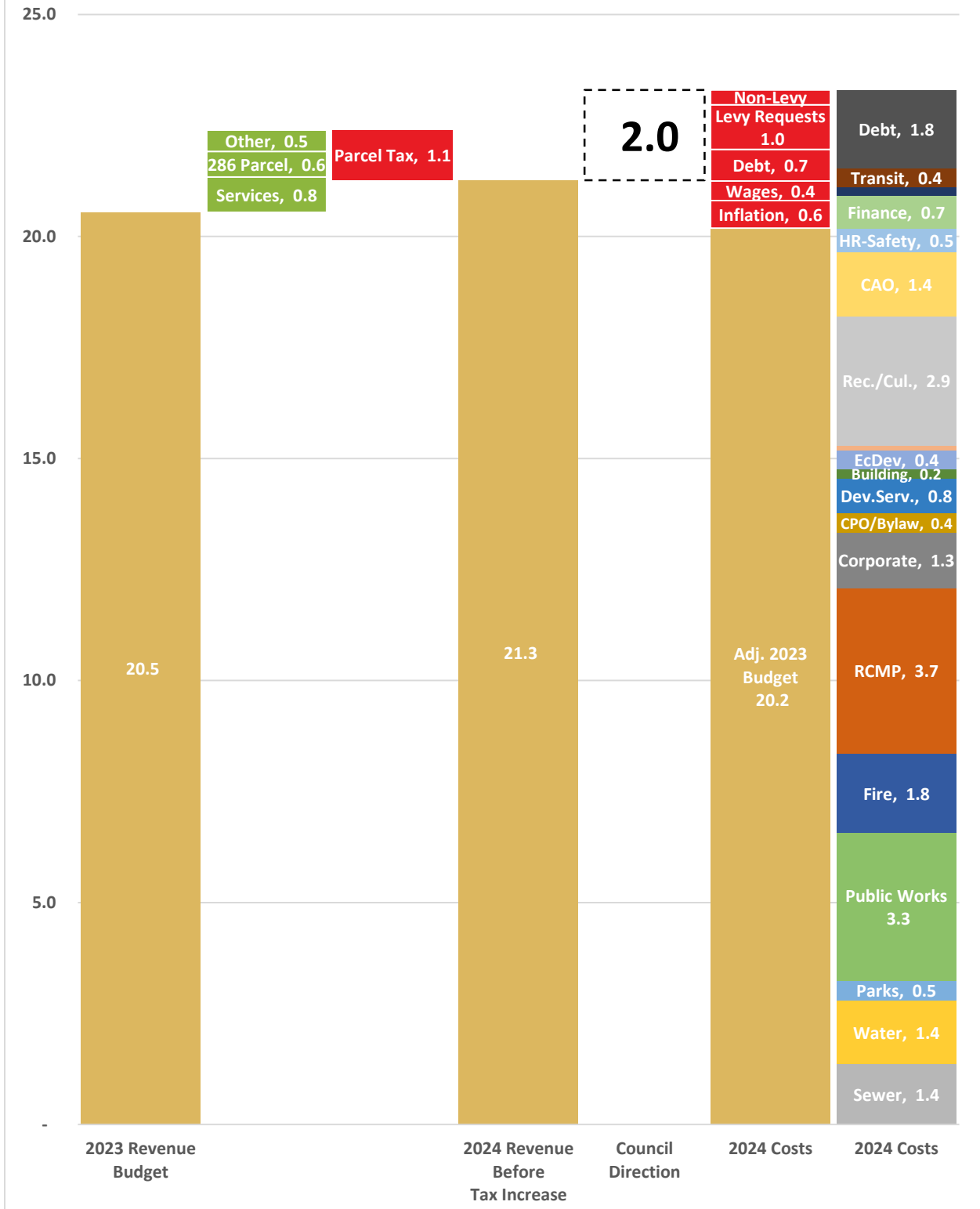
Given current reserve positions, unfunded future capital, and the need for parcel tax revenue to be saved for future water and sewer infrastructure costs, creating a path to balancing the operational budget without drawing down on existing reserves will improve financial sustainability.

In the 2023 budget, parcel taxes were available for water and sewer funds as revenue and the general fund required \$0.8M from the surplus. The 2024 operational budget is also not currently balanced. Balancing it requires Council direction on the combination of municipal property tax increases, changes to service levels, and consideration given to the level of community investment and how it is delivered. Prior to Council walking through departmental budgets with each Director, a consolidated operational budget graph is presented contrasting 2024 preliminary revenues prior to any changes in municipal tax levy with two views on 2024 operational costs:

1. 2024 costs using 2023 budget as the basis to identify inflationary and market factors, requests from the tax levy, requests funded through grants, etc.
2. Stack of services/departments

## 2024 Operational Budget (Excludes Capital)

\$M





In the graph, Council will see sale of services updates in 2024 for the rates and fees going through committee. Many fees have not been updated in almost a decade. There is offsetting amounts premised related to the Exit 286 Development in revenue and costs (parcel tax and debt). Other revenues increase primarily for return on investment [\$0.2M] and Development Services Licenses, Permits and Fees [\$0.2M]. General parcel tax revenue has been removed from the operational budget based on proposal to begin saving this revenue in reserves for future water and sewer infrastructure needs.

2024 costs have been presented two ways. The first view illustrates 2024 costs anchored on the 2023 budget. Budgeted costs in 2023 of \$20.4M have been adjusted by \$(0.2) M to reflect operational scope changes between 2023 and 2024. Scope changes primarily relate to grants as well as the absence of one-time costs (fire supplies, fees/charges bylaw, which was worked in house, etc.) partially offset by public works scope. Cost pressures are then stacked on the adjusted 2023 budget including inflation, wages, debt, Director requests out of the municipal levy, and Director requests that have been sourced from grants, etc.

Over half of the inflationary pressures in the preliminary plan [\$0.4M] are from services like the RCMP [+10%] and transit [+12%] that, while funded by the city, are not directly managed by city staff. Examples of inflation in core city services includes the annual cost of our ERP system [+10%] and advertising [+6%]. Overall, inflation on non-personnel costs averages 5% in 2024. For operational costs in each of the Director portfolios, a 'bridging' waterfall has been incorporated to connect the 2023 and 2024 budgets and separate inflationary and market factors from requests of Council.

The second operational cost view allows Council to see the cost of each service or department and can assist in evaluating service levels. Council discussion and direction will inform the sourcing of the \$2M delta between operational revenues and costs through tax increases, service cuts and changes to community investment levels. Reserves may be required for one year to smooth the transition to a balanced operational budget.

**5. Sourcing Operational Deficit**

The City of Merritt budgeted to bring in \$10.3M in property tax revenue in 2023. The 2024 operational budget deficit requires \$2.0M from taxation increases, service decreases, lower community investment or use of reserves. The deficit for the duration of the five-year financial plan averages \$3M compared to 2023.

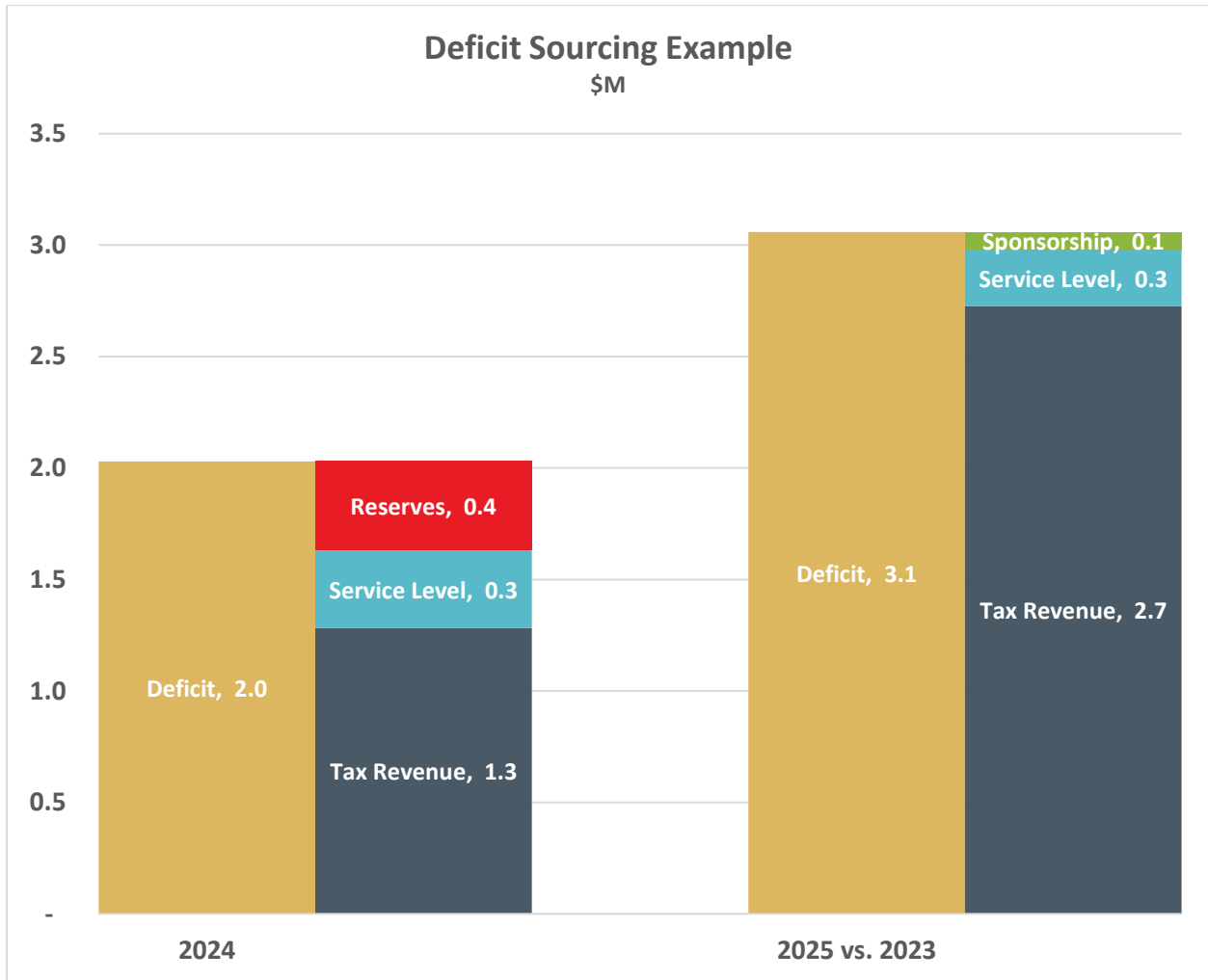
There is approximately ~\$6M in operational costs in which Council and staff have no influence or influence requires participation in processes external to the organization. This is summarized in the following table.

<b>2024 Operational Costs</b>	<b>\$23.3 M</b>
Debt – <i>No Influence</i>	\$(1.8) M
RCMP – <i>Participation in External Processes to Change Service Levels</i>	\$(3.7) M
Transit – <i>Participation in External Processes to Change Service Levels</i>	\$(0.4) M
<b>Costs with Varying Degrees of Ability to Influence</b>	<b>\$17.4 M</b>

Of the \$17.4M that remains, each Director would need to assess the degree to which costs can be influenced.

An illustrative example for a possible path to sourcing the operational deficit is presented in the following graph. The deficit is sourced with consecutive 12.5% increases in total municipal tax revenues (general and transit) in 2024 and 2025, service cuts of 4% of non-wage costs equivalent to 2% of total operational costs,

use of reserves in 2024, and a new community investment strategy in 2025 (net reduction across permissive tax exemptions, grants in aid, sponsorships, etc.) while maintaining a program and budget that provides Council flexibility.



How the deficit is sourced will have borrowing implications. For example, if eligible municipal revenues increased by \$3M, this would generate \$10M in long-term debt borrowing capacity.

The following table summarizes some of the levels at which the deficit can be sourced:

2024 Increase in Total Municipal Taxes %*	Increase in Municipal Taxes \$M	New Municipal Revenues \$M	Service Reductions / Use of Reserves
20%	2.0	12.3	0.0
17.5%	1.8	12.1	0.2
15%	1.5	11.8	0.5
12.5%	1.3	11.5	0.7

\* Municipal + Transit

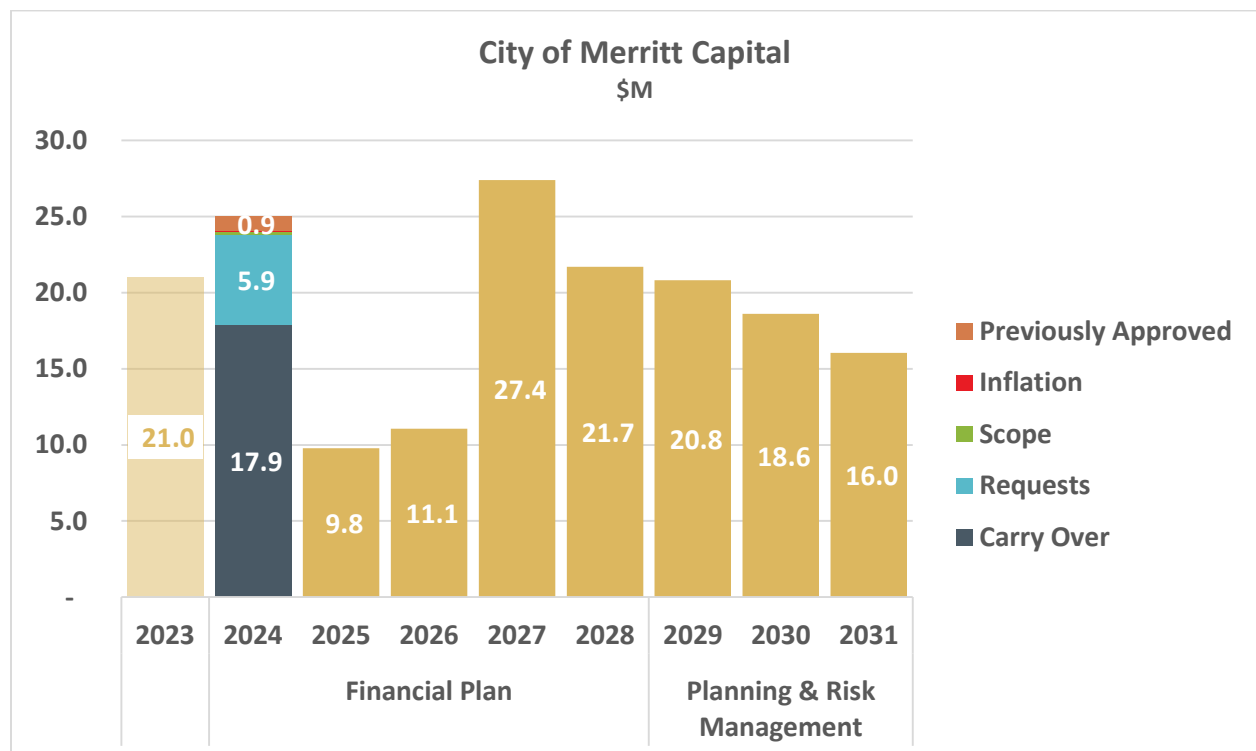
## Concluding the Top Five Considerations

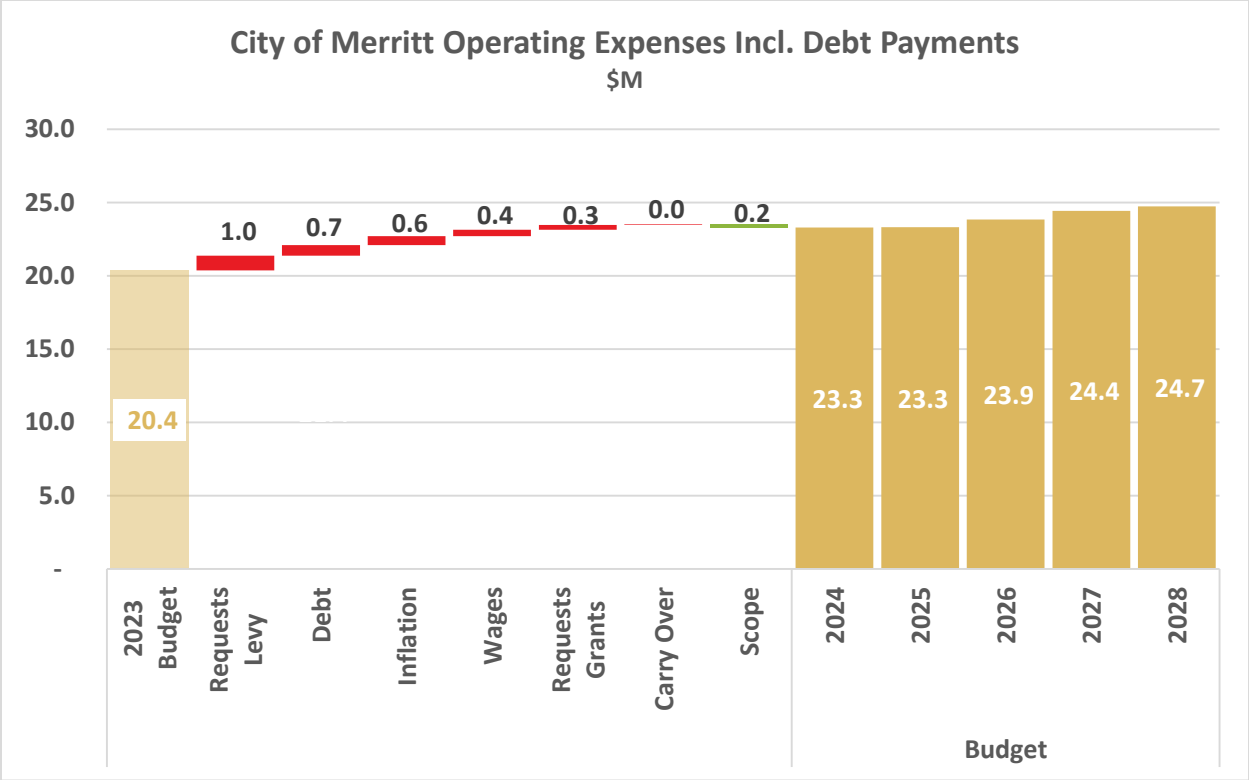
The City of Merritt does not currently have the financial resources and source of funds for all future infrastructure and capital risks. Building reserves for water and sewer infrastructure using the parcel tax will improve the ability to manage that risk in the future.

As current reserves will be required for future capital, balancing the operational budget through a combination of higher municipal tax revenues, service reductions, and Council direction on the level of community investment through permissive tax exemptions, grants in aid, sponsorships, etc. will improve financial sustainability.

## Consolidated Operating Expense and Capital Views

The following section provides consolidated capital and operational graphs. These graphs will be broken down by department/service in conversations with each Director. Following discussion and identification of capital priorities, the funding of the capital program will be finalized and presented to Council in 2024 in a future budget update. Fire Department, Corporate Services (IT/Bylaw), and City Hall capital are fully funded with borrowing, reserves, and grants. Public Works and Community Services (Recreation) capital requires prioritization.



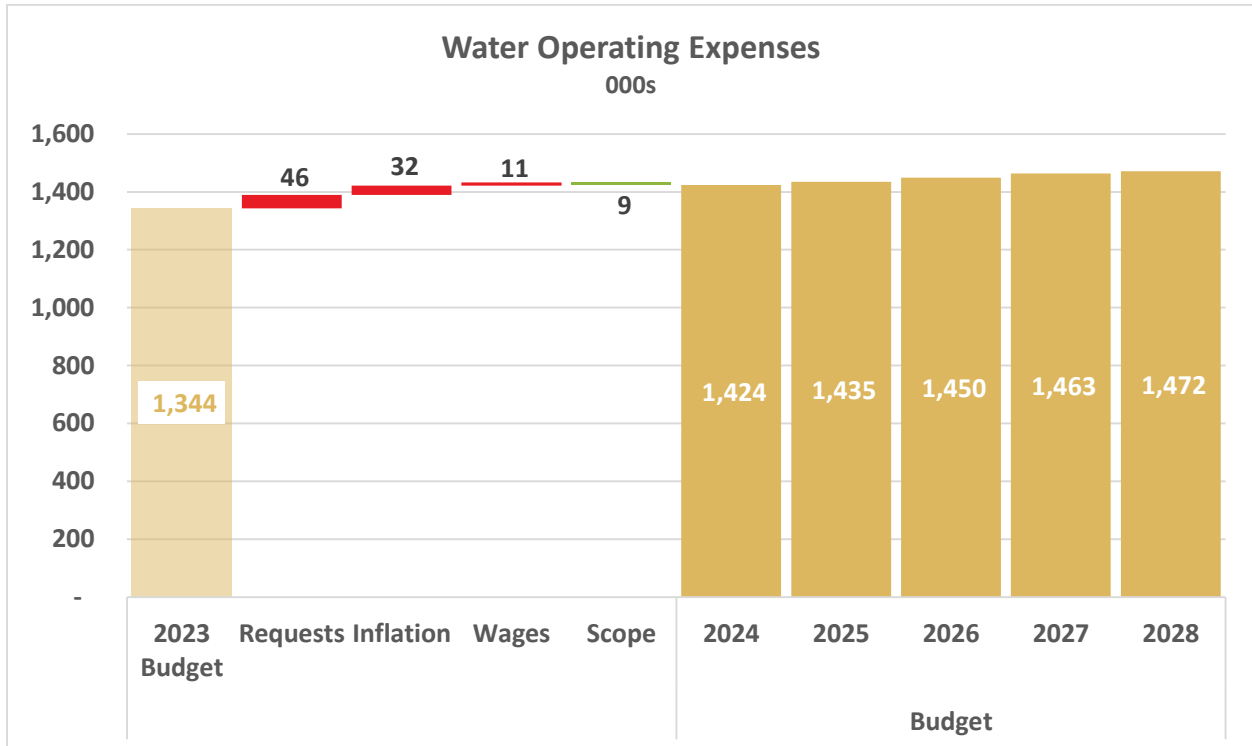


Council will note that costs flatten in 2025 which is counterintuitive given inflationary and labor market pressures. The cost profile reflects the absence of one-time asset management costs (grant/gas tax funded), the absence of grant funded projects (two grants that have been assigned to CAO budget for repurposing and fire department projects), and public works scope such as lower line painting costs. These offset higher wages and other inflationary pressures (insurance, computer software maintenance, etc.) in 2025.

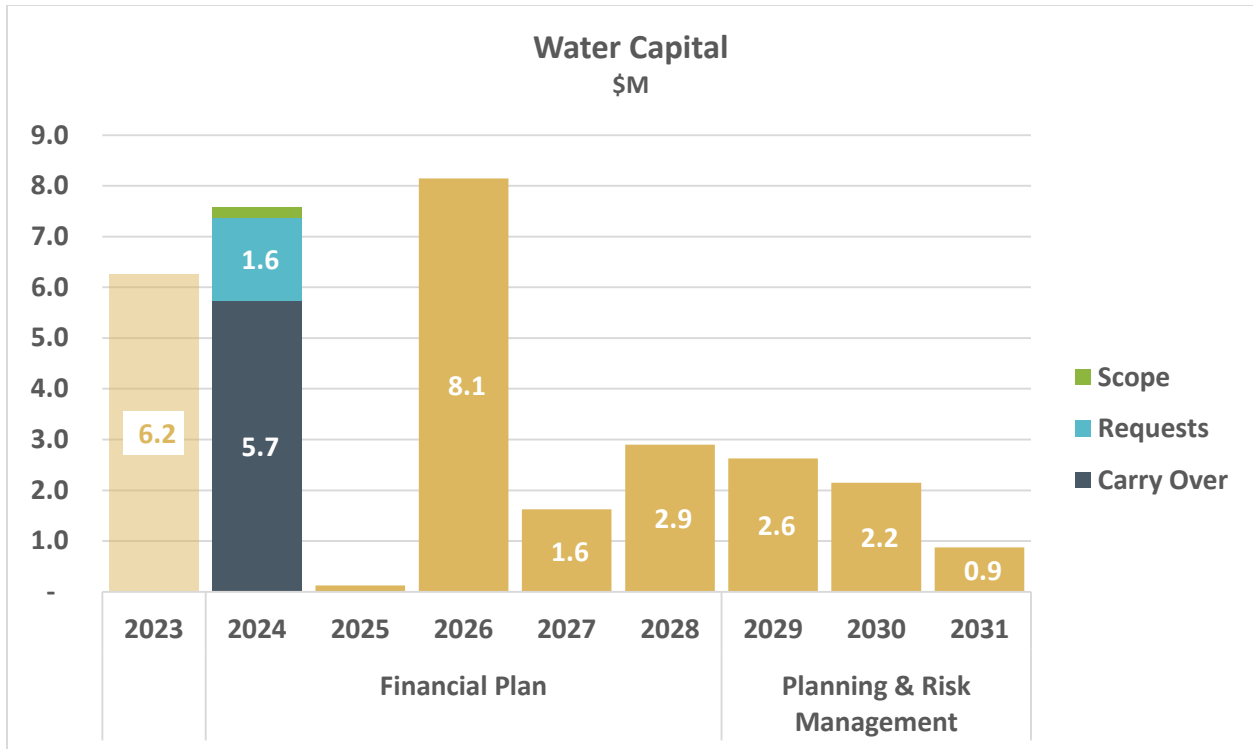
## Public Works

Given capital profiles over the next eight years and the challenging funding situation, Council direction is needed to identify further information required, method of delivery, etc. and any projects that require formal request sheets.

## Water



There is one request for Council that was included in the 2023-2027 financial plan amendment, the senior operator position. This position is required as both our water operating permit and WWTP Master Plan identified being one qualified person short of standard from a regulatory perspective creating a risk for provision of municipal services. This position is split across the water and sewer funds. Scope reduction is primarily the absence of the Fairley Park electrical upgrades.



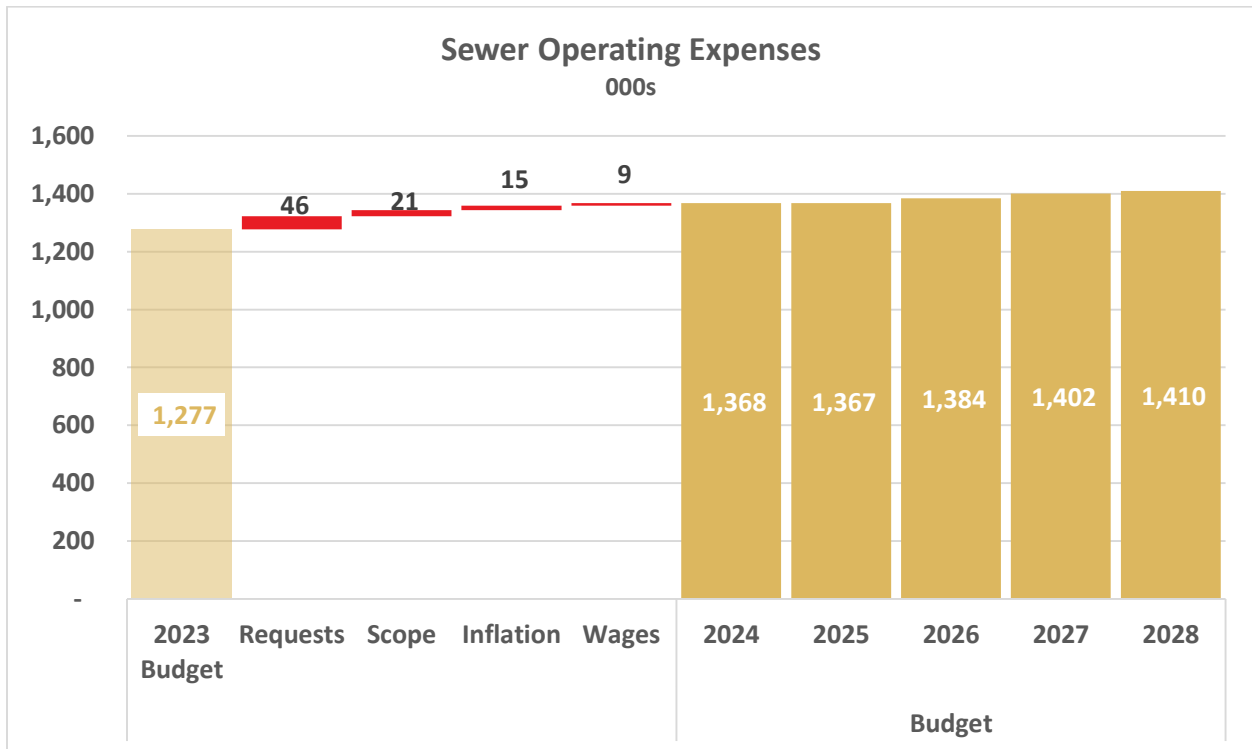
Projects carrying over into 2024 primarily relate to the Exit 286 service extension and Voght St Phase 2A from Blackwell to the hospital. There are eight operational projects carrying over into 2024:

1. Water Master Plan Update
2. Active Mountain Monitoring Infrastructure
3. Nicola Reservoir Piping Design
4. Grandview Heights Reservoir Repair
5. Nicola Lift Station Upgrades
6. Kengard PLC Upgrades
7. Water Model Maintenance
8. Valve Replacements

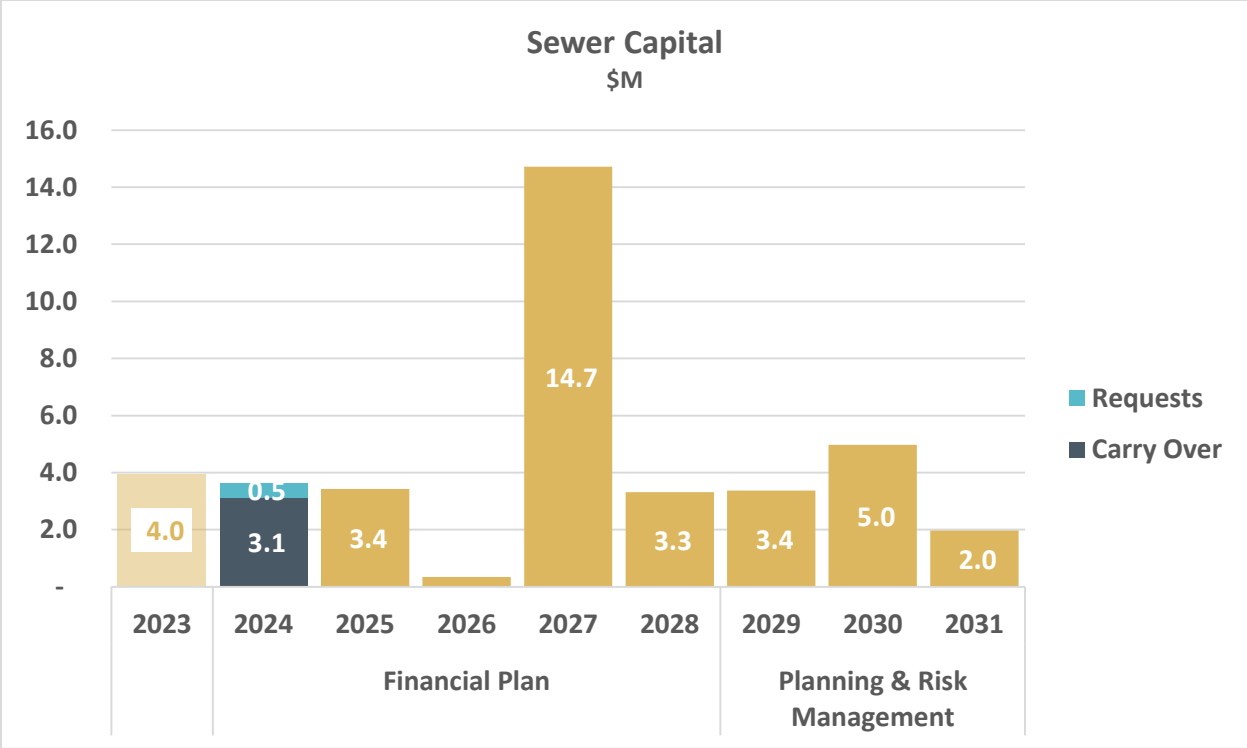
There are five capital requests in the 2024 budget for \$1.6M and nine requests across the 2024 – 2028 Financial Plan for \$13.9M in addition to annual operational capital of \$0.1M.

Year	Project	Estimate
2024	Kengard Well - Manganese Treatment Plant Design & Tender Specifications	\$450,000
2024	Collettsville Well Pump Replacement	\$85,000
2024	Reservoir Projects Incl. Inspections and Active Mountain Connection	\$65,000
2024	Pipe Bridge Replacement with Drilled Water Line	\$900,000
2024	Supply and Distribution Projects Incl. Quilchena Alley and Thorpe Watermain	\$130,000
2026	Kengard Well Upgrades	\$8,000,000
2027	Coldwater Avenue Voght to Blair	\$1,500,000
2028	Blair Street/Clapperton Ave - Coldwater to Orme	\$1,700,000
2028	Voght Street Phase 2B Hospital to River Ranch Construction	\$1,050,000
<b>2024 – 2028 Financial Plan</b>		<b>\$13,880,000</b>

**Sewer**



There is one request for Council that was included in the 2023-2027 financial plan amendment, the senior operator position. This position is required as both our water operating permit and WWTP Master Plan identified being one qualified person short of standard from a regulatory perspective creating a risk for provision of municipal services. This position is split across the water and sewer funds. Operational Scope includes \$20,000 for CCTV inspections.



Projects carrying over into 2024 primarily relate to the Exit 286 service extension. There are four operational projects carrying over into 2024:

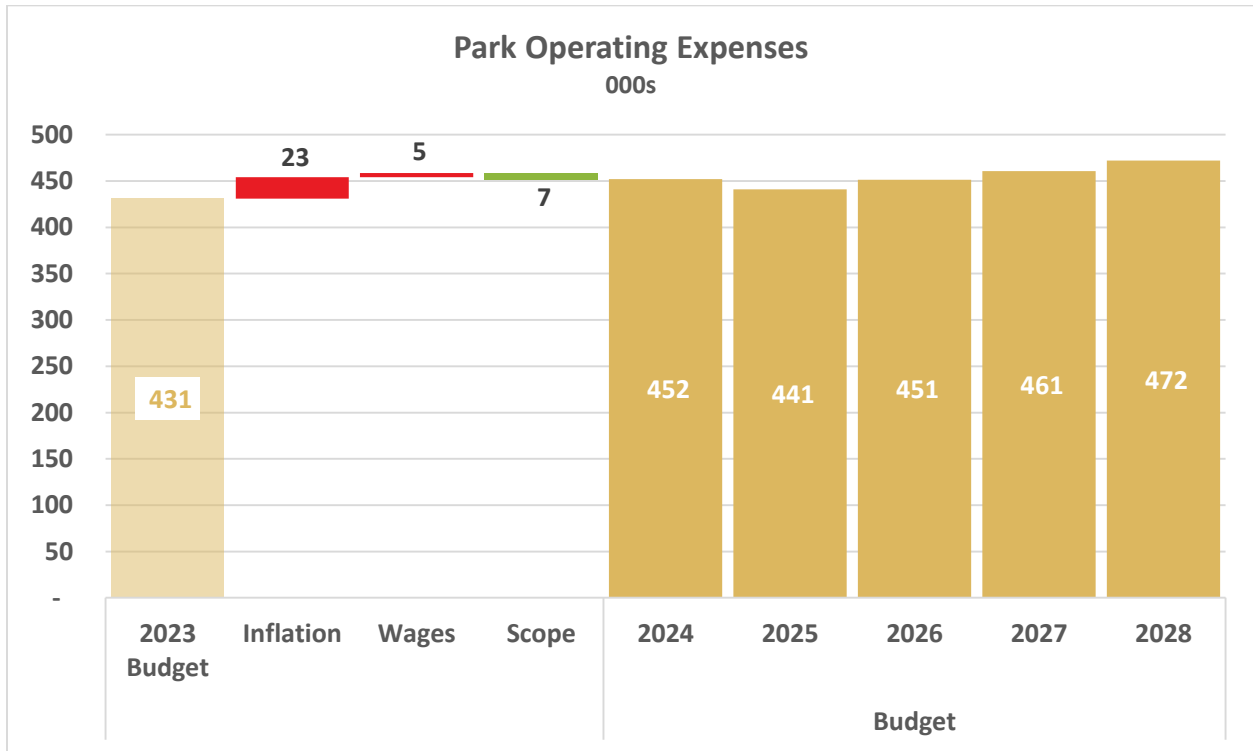
1. East Merritt Utility Corridor Functional Design
2. PLC & Radio System Upgrades
3. Septage Station Communications Upgrade and Integration to Scada
4. Sewer Model Maintenance

There are four capital requests in the 2024 budget for \$0.5M and eleven requests across the 2024 – 2028 Financial Plan for \$22M.

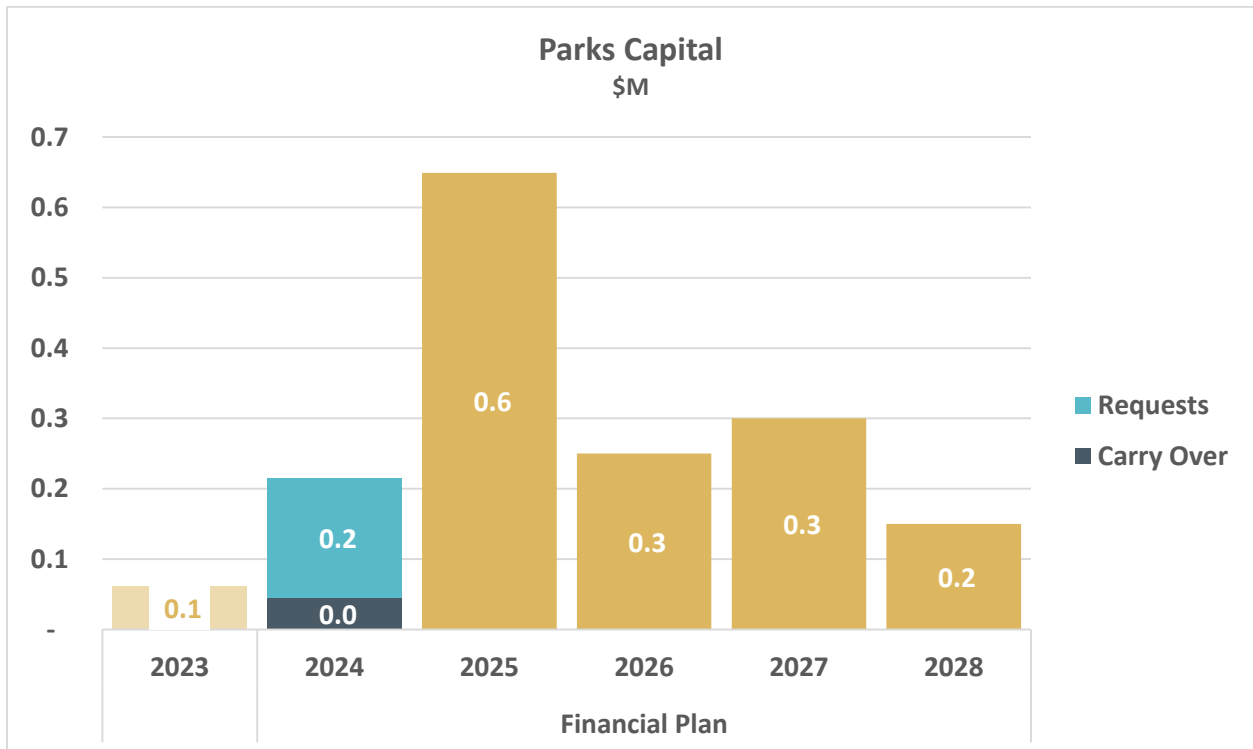
Year	Project	Estimate
2024	Compost Facility Safety Improvements	\$300,000
2024	Operators Room Safety Improvements	\$150,000
2024	Gas Detector Replacement	\$27,000
2024	WWTP Lab Equipment	\$25,000
2025	Dewatering Equipment Replacement	\$3,400,000
2026	Aeration Pipe Replacement	\$325,000
2027	Headworks Replacement	\$13,500,000
2027	Coldwater Ave. Voght to Blair	\$1,200,000
2028	Electrical & SCADA (Raise MCC room and replace end of life electrical infrastructure)	\$1,100,000
2028	Voght Street Phase 2B Hospital to River Ranch Construction	\$840,000
2028	Blair Street/Clapperton Ave - Coldwater to Orme	\$1,350,000
<b>2024 – 2028 Financial Plan</b>		<b>\$22,217,000</b>



**Parks**



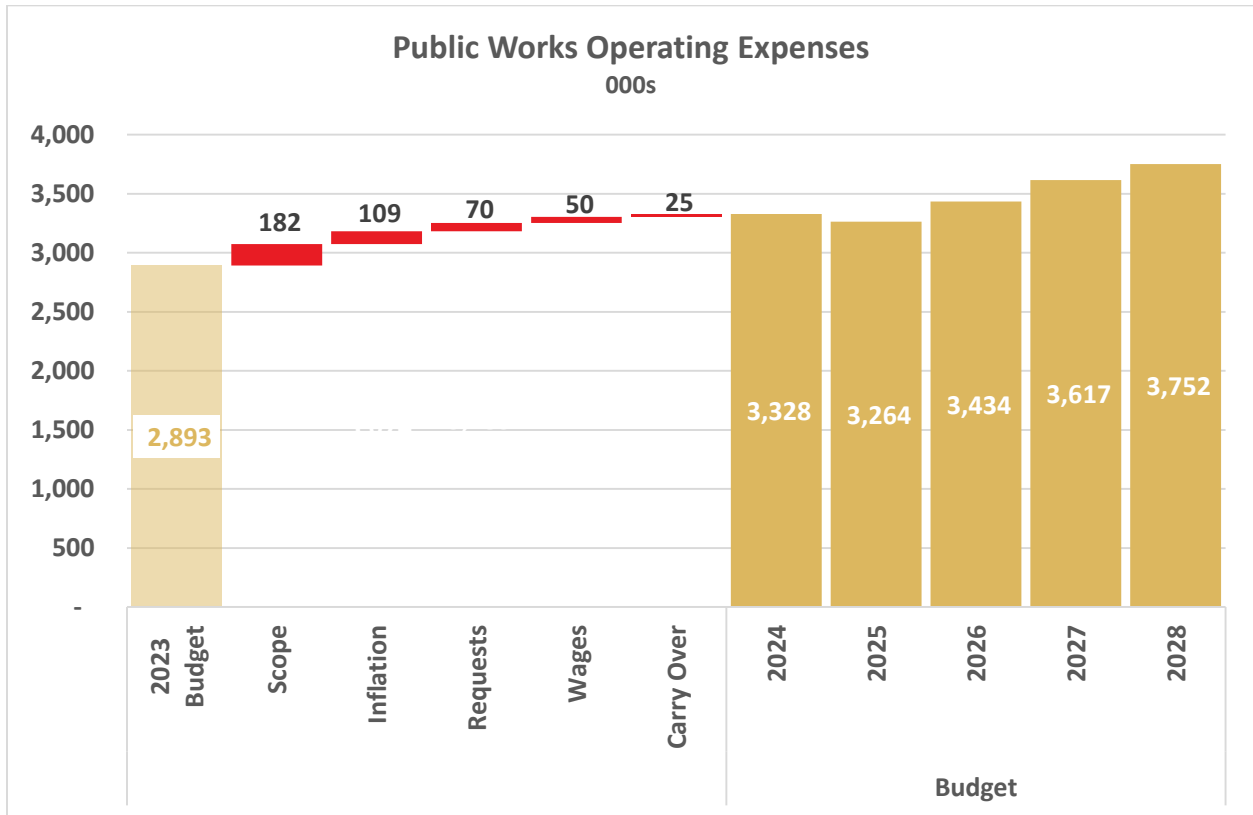
Scope primarily relates to correcting the memorial contributions in the budget partially offset by materials and supplies. The drop in 2025 compared to 2024 primarily reflects absence of playground inspections and parks irrigation audits.



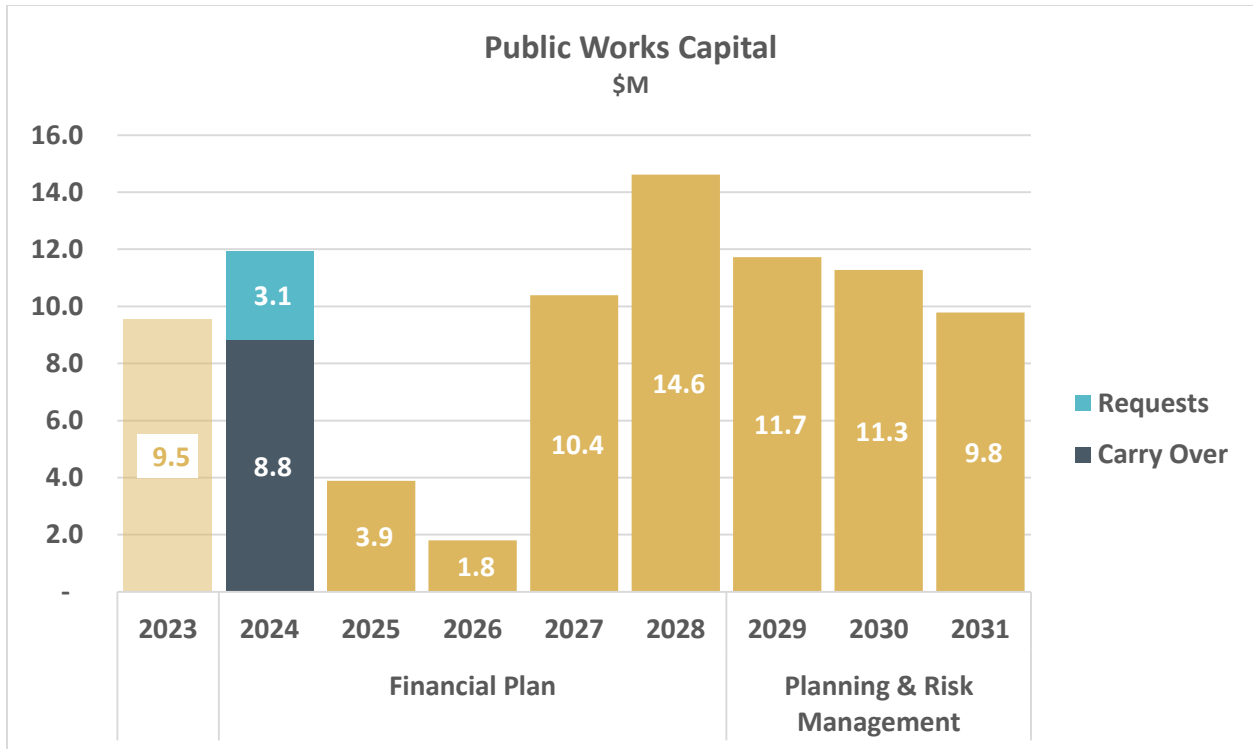
There are nine capital requests in the 2024 budget for \$0.2M and 16 requests across the 2024 – 2028 Financial Plan for \$1.5M.

Year	Project	Estimate
2024	Irrigation Clocks Upgrade	\$32,500
2024	Skate Park Exterior Maintenance Upgrades	\$15,000
2024	Rotary Park Spray Park Replacement Design	\$25,000
2024	Fairley Park Playground Replacement Design	\$20,000
2024	Lions Park Pathway Connections	\$18,000
2024	Greenhouse	\$7,500
2024	Parks Entrance Sign Replacement	\$25,000
2024	Side Bed Re-Vamp at Maze (Curling Parking Lot)	\$7,500
2024	Concrete Pads for Picnic Tables	\$20,000
2025	Lawn Bowling Surface Rehab	\$50,000
2025	Central Park Ball Diamonds	\$225,000
2025	Rotary Park Spray Park Replacement	\$350,000
2025	Park to Central Park Hill Side Trail Design	\$24,000
2026	Fairley Park Playground Replacement	\$250,000
2027	Central & Rotary Park Rubber Surface Replacement	\$300,000
2028	Central Park Field Safety Netting	\$150,000
<b>2024 – 2028 Financial Plan</b>		<b>\$1,519,500</b>

**Public Works**



Operational scope increases next year primarily in four areas: Airport fuel [75K] which is offset in revenue, line painting expenses [41K], street lighting multi-year conversion to LED project [25K], and consulting support [20K]. There is one request that was submitted for Council approval, the public works administrative clerk position, to focus on regulatory requirements, keeping labor focused on serving the community, efficiency, and on-site triaging phone calls, etc. The DCC Bylaw project carries over into 2024. The drop in 2025 compared to 2024 primarily reflects the absence of line painting for various facilities (Central Park [new], Civic Center [new], City Hall, Curling Club, Arena Parking, Aquatic Center, Nicola Valley Museum).



Projects carrying over into 2024 primarily relate to the Voght St Phase 2A from Blackwell to the hospital, the West Merritt Active Transportation Path, airport projects, purchase of the residential garbage truck and the cemetery expansion. There are six other operational projects carrying over into 2024:

1. PW Office Renovation
2. Sand Grizzly
3. Design - 1838 Juniper Outfall & Erosion Repairs
4. Design - Parker Storm Sewer Gillis to Castillou
5. Des & Build - Clapperton Dry Well Connection to Storm Sewer Collection System
6. Regulated Dikes Maintenance Management Plan and Maintenance Works Specifications/Scope

There are 19 capital requests in the 2024 budget for \$3.1M and 46 requests across the 2024 – 2028 Financial Plan for \$33.8M.

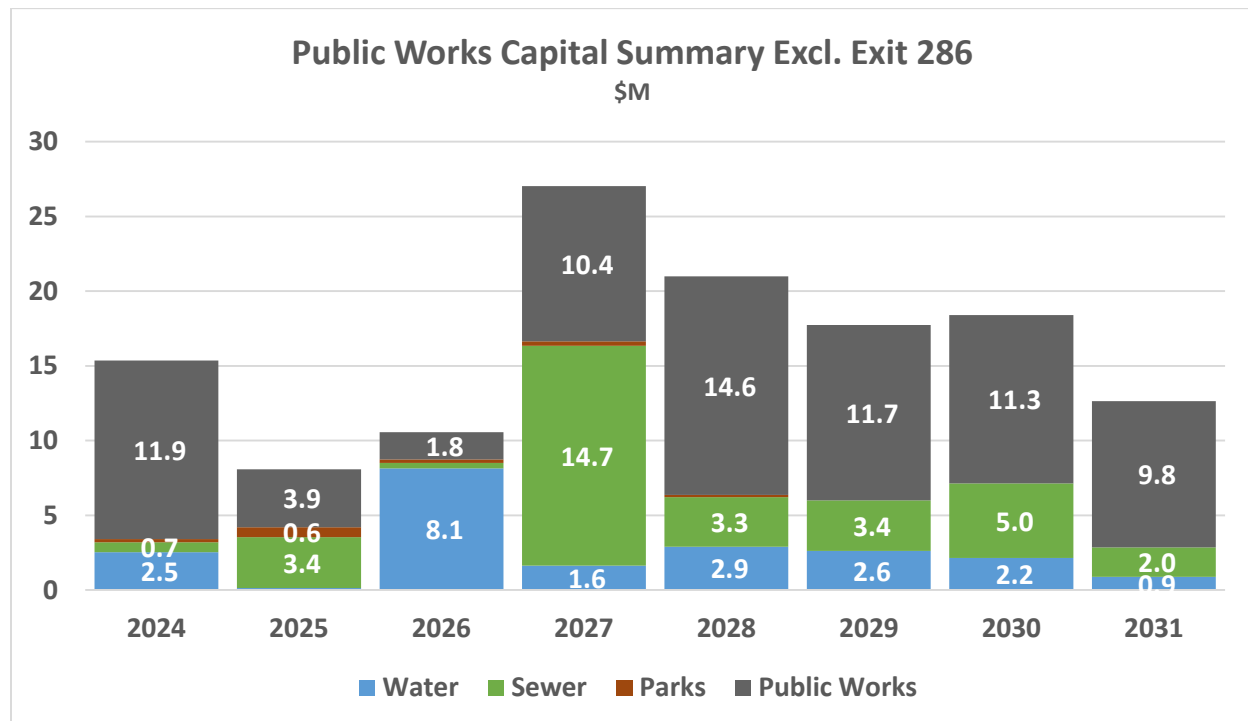
Year	Project	Estimate
2024	<b>2024 Engineering Design Projects</b> <ul style="list-style-type: none"> <li>Merritt Tennis Club Geotechnical Investigation and Rehab Design/Cost Estimate</li> <li>Merritt Pickleball Courts Surface Remediation Design</li> <li>Fir Extension, Turn-around and Pathway Connection</li> </ul>	<b>\$108,000</b>
2024	<b>Engineering Services</b> <ul style="list-style-type: none"> <li>River Ranch Road / Voght Int Transportation Analysis Functional Planning</li> </ul>	<b>\$28,000</b>
2024	<b>Garage and Yard Projects</b> <ul style="list-style-type: none"> <li>Concrete Blocks for Material Bunks</li> <li>Security Camera Upgrades</li> <li>Electrical Service Upgrade (Lights/Plugs at West Fence)</li> </ul>	<b>\$43,500</b>
2024	Fleet: Replace Unit 67 Large TORO Field Mower	<b>\$175,000</b>
2024	Fleet: Ball Diamond Groomer Replacement	<b>\$24,000</b>
2024	Fleet: Loader Forks	<b>\$21,000</b>
2024	Fleet: PW Van – Cross Connection	<b>\$74,000</b>
2024	Fleet: PW Pickup x2	<b>\$110,000</b>
2024	Fleet: Letterboard Sign Trailer (Portable Notices)	<b>\$8,500</b>
2024	Fleet: Asphalt Repair Trailer	<b>\$108,000</b>
2024	Roads: Nicola & Voght Intersection Improvement	<b>\$135,000</b>
2024	Roads: Cleasby Street Extension	<b>\$1,200,000</b>
2024	Roads: Lighting Upgrade (Curling Rink, Civic Centre, etc.)	<b>\$45,000</b>
2024	Roads: Upgrade Voght & Gordon to Camera Detection	<b>\$60,000</b>
2024	Sidewalks: New Sidewalk (Walters; Forksdale)	<b>\$55,000</b>
2024	Airport: Runway Surfacing Geotechnical & Rehab Design	<b>\$45,000</b>
2024	Drainage: 1838 Juniper Outfall and Erosion Repairs / Parker Storm Sewer Gillis to Castillou	<b>\$71,000</b>
2024	Cemetery: Flower Bed Retaining Wall and Irrigation Upgrades	<b>\$22,000</b>
2024	Operational Capital*	<b>\$769,500</b>
2025	<b>2025 Engineering Design Projects</b> <ul style="list-style-type: none"> <li>Design Parker to Central Park Trail Connection</li> <li>Central Park Trail and Erosion Design (Golf Course to RCMP Parking Lot)</li> <li>Spirit Square Alley Concept Design</li> </ul>	<b>\$112,000</b>
2025	<b>Garage and Yard Projects</b> <ul style="list-style-type: none"> <li>Electrical Entrance Power Gate</li> </ul>	<b>\$17,500</b>
2025	Fleet: Pickup	<b>\$55,000</b>
2025	Fleet: Commercial Garbage Truck	<b>\$450,000</b>
2025	Fleet: Freightliner SD108 with 16' deck & Hiab 228 Crane	<b>\$320,000</b>
2025	Fleet: Grader	<b>\$250,000</b>
2025	Roads: Fir Extension, Turnaround, and Pathway Connection	<b>\$245,000</b>
2025	Airport: Runway Rehab & Overlay	<b>\$1,600,000</b>
2025	Cemetery: Columbarium Supply and Install	<b>\$130,000</b>
2025	Operational Capital*	<b>\$712,000</b>
2026	<b>2026 Engineering Design Projects</b> <ul style="list-style-type: none"> <li>Central Park Soccer Pitch Grading Design</li> </ul>	<b>\$24,000</b>
2026	Garage and Yard Projects	<b>\$250,000</b>

	• Sand/Salt Storage Shed	
2026	Fleet: Residential Garbage Truck	\$450,000
2026	Fleet: PW Pickup	\$55,000
2026	Fleet: Municipal Tractor	\$225,000
2026	Operational Capital*	\$802,000
2027	Fleet: Street Sweeper (Sell Existing)	\$525,000
2027	Fleet: Skid Steer Loader	\$225,000
2027	Roads: Coldwater Ave. Voght to Blair	\$7,300,000
2027	Sidewalks: Hill Street MUP (Incl. Drainage Works)	\$1,600,000
2027	Operational Capital*	\$739,000
2028	Fleet: PW Pickup	\$60,000
2028	Fleet: Mini-Excavator	\$225,000
2028	Roads: Voght Street Phase 2B Hospital to River Ranch	\$5,111,000
2028	Roads: Blair Street/Clapperton Ave - Coldwater to Orme	\$7,500,000
2028	Cemetery: Expansion Phase 2	\$450,000
2028	Operational Capital*	\$1,275,000
<b>2024 – 2028 Financial Plan</b>		<b>\$33,810,000</b>

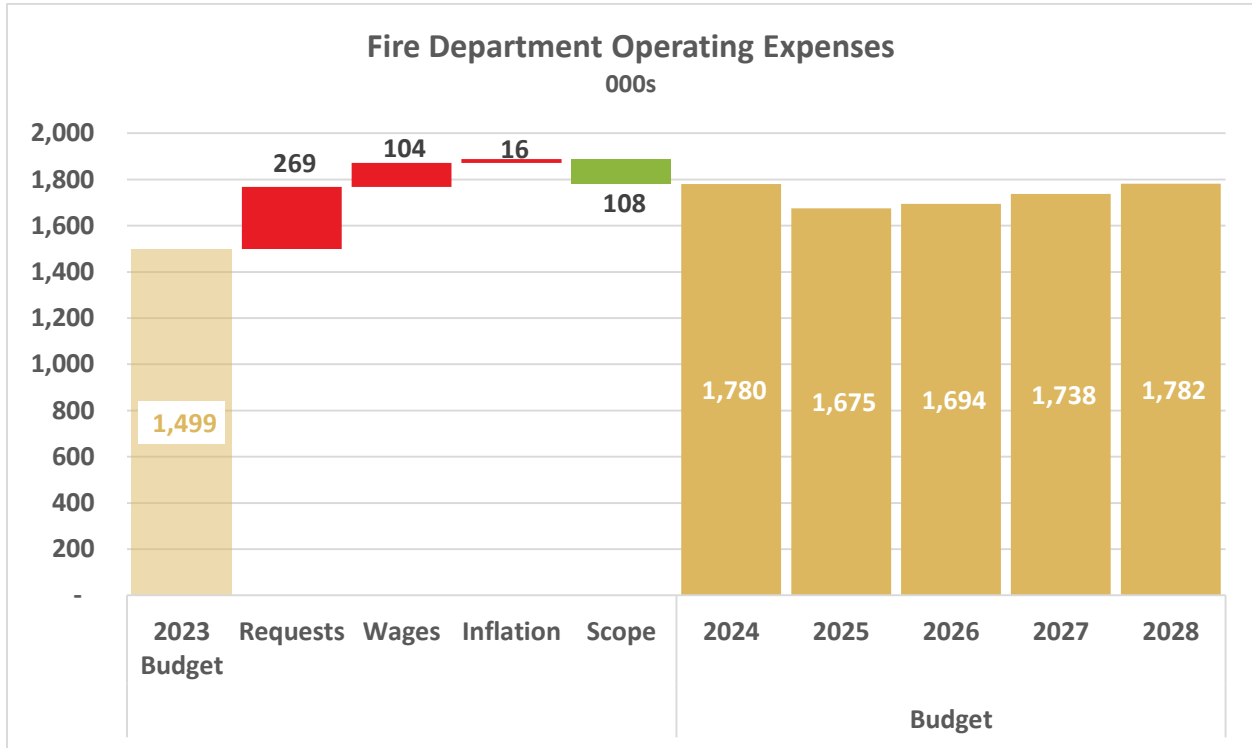
\* Annual Operational Capital: Storm Sewer Model, Air Photo/Lidar Update, Asphalt Overlay Program, Bridge Maintenance, Sidewalk Maintenance, Transit Shelter slabs, Dike Maintenance, New Bins

## Public Works Capital Summary

The following graph summarizes the public works preliminary capital profile for council to provide direction on how much of the capital to fund in parcel tax reserves.



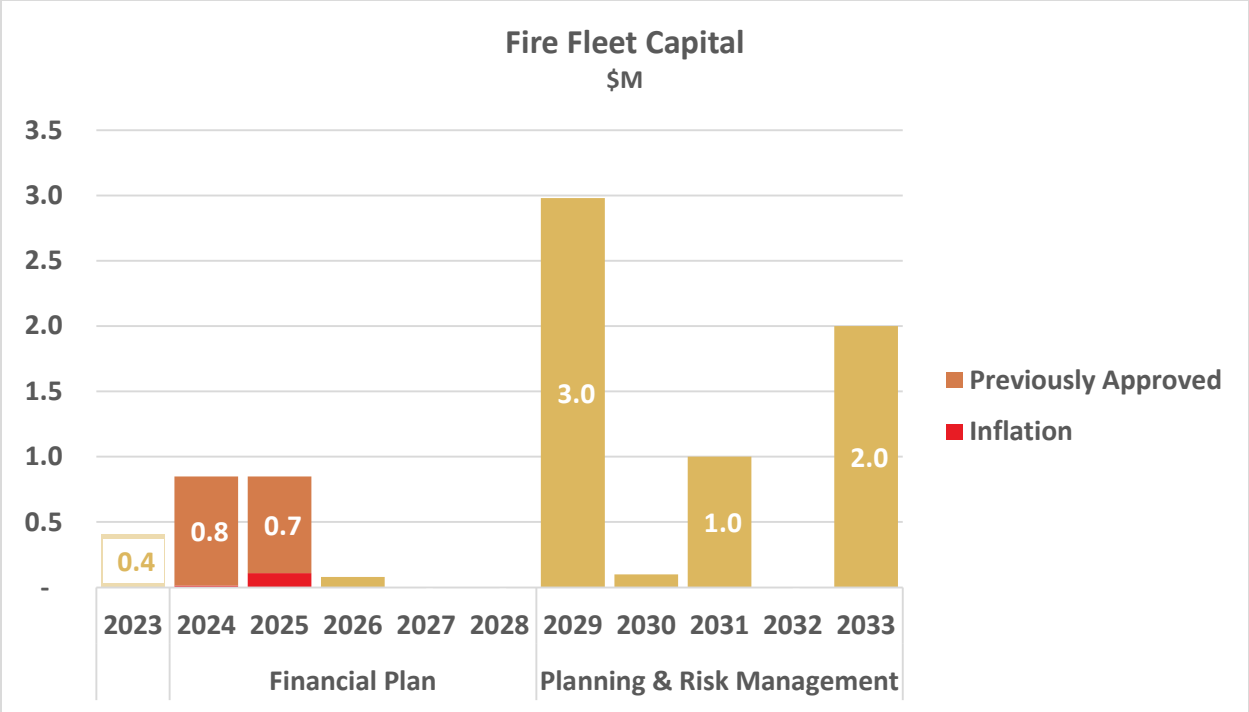
**Fire Chief**



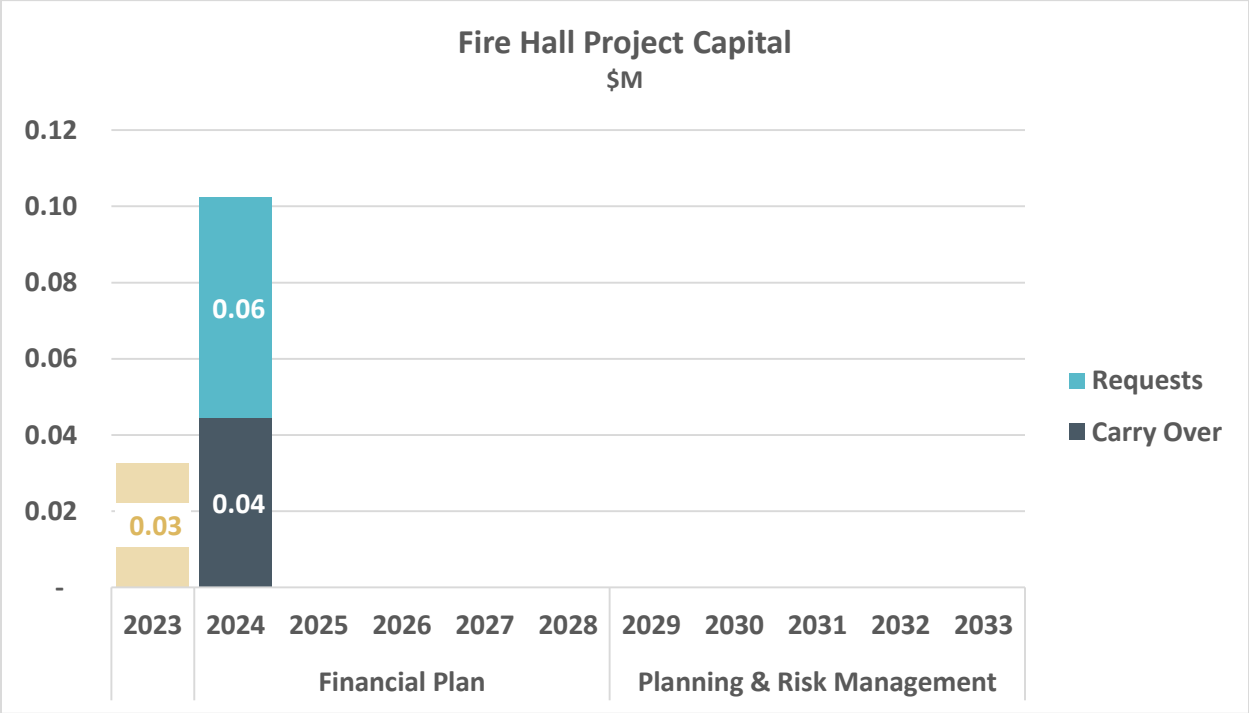
Requests for consideration include funding \$181,398 into reserves to meet future equipment needs. Reserve funding over the 2024-2028 financial plan averages \$118,600. Building reserves over the next five years smoothens out the impact of \$500,000 in self-contained breathing apparatus required in 2028. There is a \$60,000 request for an Emergency Management, Climate Readiness, and Fire Department Master Plan. This is premised to be funded with climate grant funding. There is a proposal for piloting a WASP Community Sprinkler Program for \$20,000. The cost of this program would be offset in user fee revenue. The Fire Department is also requesting \$8,000 to fix the stucco on the fire station. Requests are summarized in the following table and are captured in the appendix.

Year	Request	Estimate
2024	Contribution to Reserves	\$181,398
2024	Emergency Management, Climate Readiness, and Fire Department Master Plan – <i>Grant Funded</i>	\$60,000
2024	Community Sprinkler Program – <i>Offset in Revenue</i>	\$20,000
2024	Fire Station Stucco Repairs	\$8,000
<b>2024 Financial Plan Requests</b>		<b>\$269,398</b>

Scope primarily relates to fire suppression safety supplies and fire hall material and supplies purchased in 2023 as well as lower public education fuel management costs. In 2025, costs drop with the absence of the Master Plan, sprinkler program, and stucco repairs as well as a lower contribution required for reserves.



Engine 2 was previously approved in the 2023 -2027 financial plan. The cost of the truck has been updated to \$1.7M reflecting inflation of \$0.1M. The only other fleet addition in the financial bylaw window is \$0.1M for Command 1 replacement. Most of the fleet capital occurs in the back half of the decade and will require reserving borrowing room to fund \$6.1M in capital.

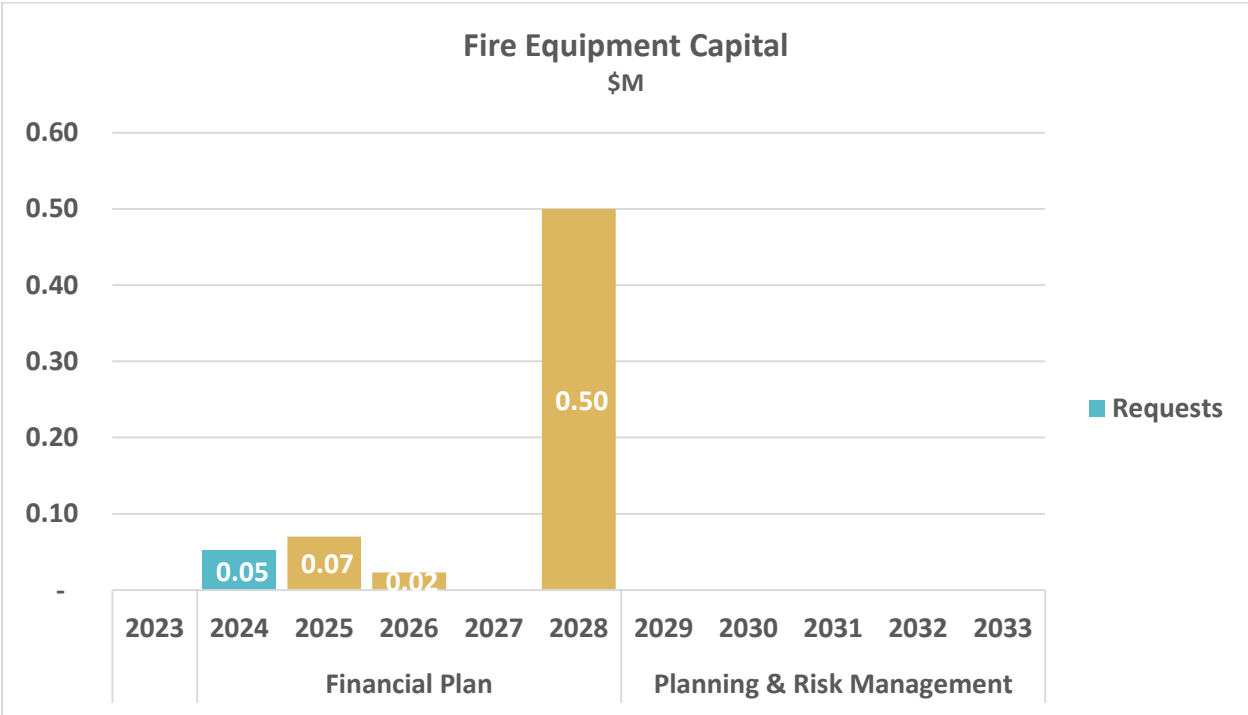




The FireSmart Interpretive Garden in the 2023 budget was conditional on grant approval. We have lined up grant funding for this project to proceed in 2024 at a cost of \$0.04M.

There are two new requests for Council consideration. The Fire Department has been working with the Ministry of Transportation and Infrastructure on approvals to enhance the fire station road signage with an Emergency Vehicle Warning System, consisting of solar-powered high-intensity flashing beacons and wireless controllers to provide road users with a highly visible warning that emergency vehicles are entering a roadway. This would reduce the number of close calls firefighters experience when responding and returning to the station in which firefighters back across the Provincial highway to park in the station. This can be funded partially from 2023 reserves generated by provincial deployments and an additional contribution in the 2024 budget of \$11,000. The second project, an energy efficiency project to relamp the fire station, is anticipated to be funded entirely by grants.

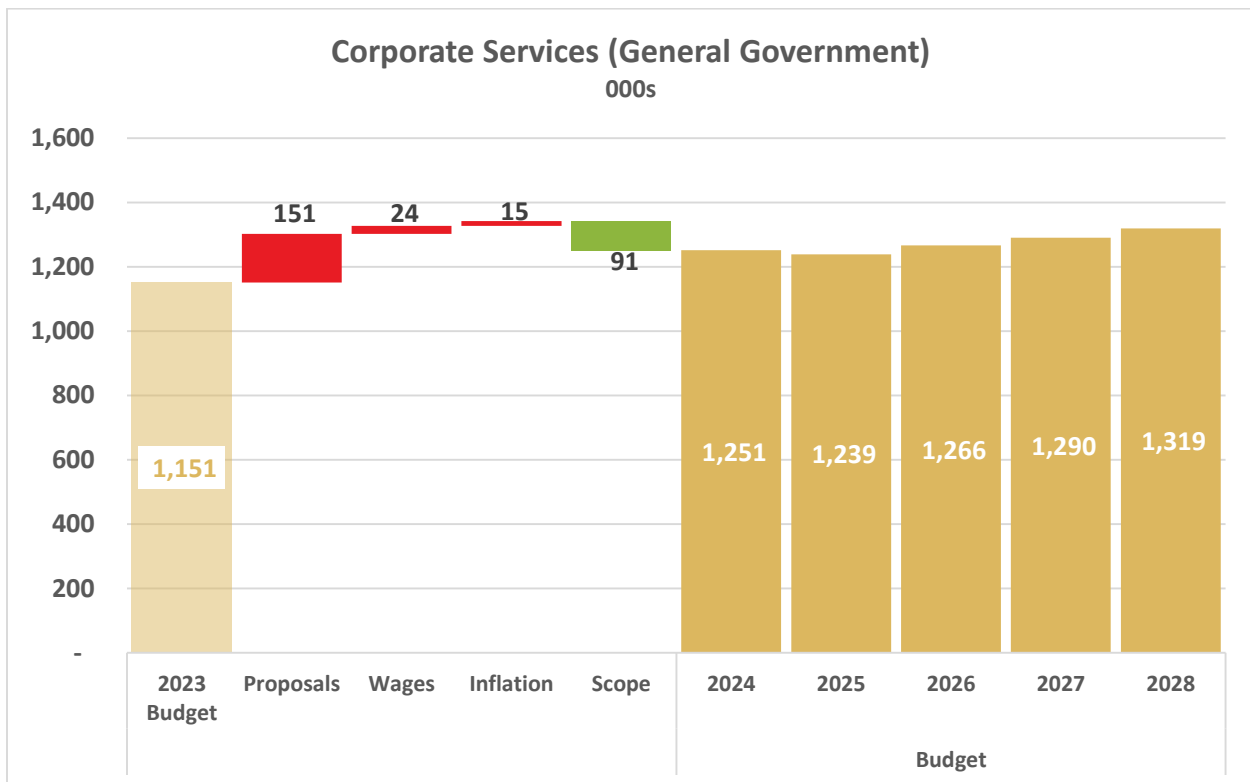
Year	Project	Estimate
2024	Emergency Vehicle Warning Signage	\$29,000
2024	Energy Efficiency Fire Station Relamp	\$28,800
<b>2024 – 2028 Financial Plan</b>		<b>\$57,800</b>



The new requests for 2024 equipment capital can be funded from reserves established from the provincial deployments in 2023. In the operating budget, an average of \$118,600 in annual reserve contributions has been included primarily to smooth out the impact of the hydraulic extraction tools required in 2025-2026 and the self-contained breathing apparatus required in 2028. Requests also include \$13,500 for EV plugs in 2024. These are required to shut off electric vehicles at accident scenes and are premised to be funded by climate grant funding.

Year	Project	Estimate
2024	Equipment: Soft Body Armour Vests, Pump, Bulk Hose	\$38,000
2024	Equipment: EV Plugs	13,500
2025-2026	Hydraulic Extraction Tools	\$93,000
2028	Self-Contained Breathing Apparatus	\$500,000
<b>2024 – 2028 Financial Plan</b>		<b>\$644,500</b>

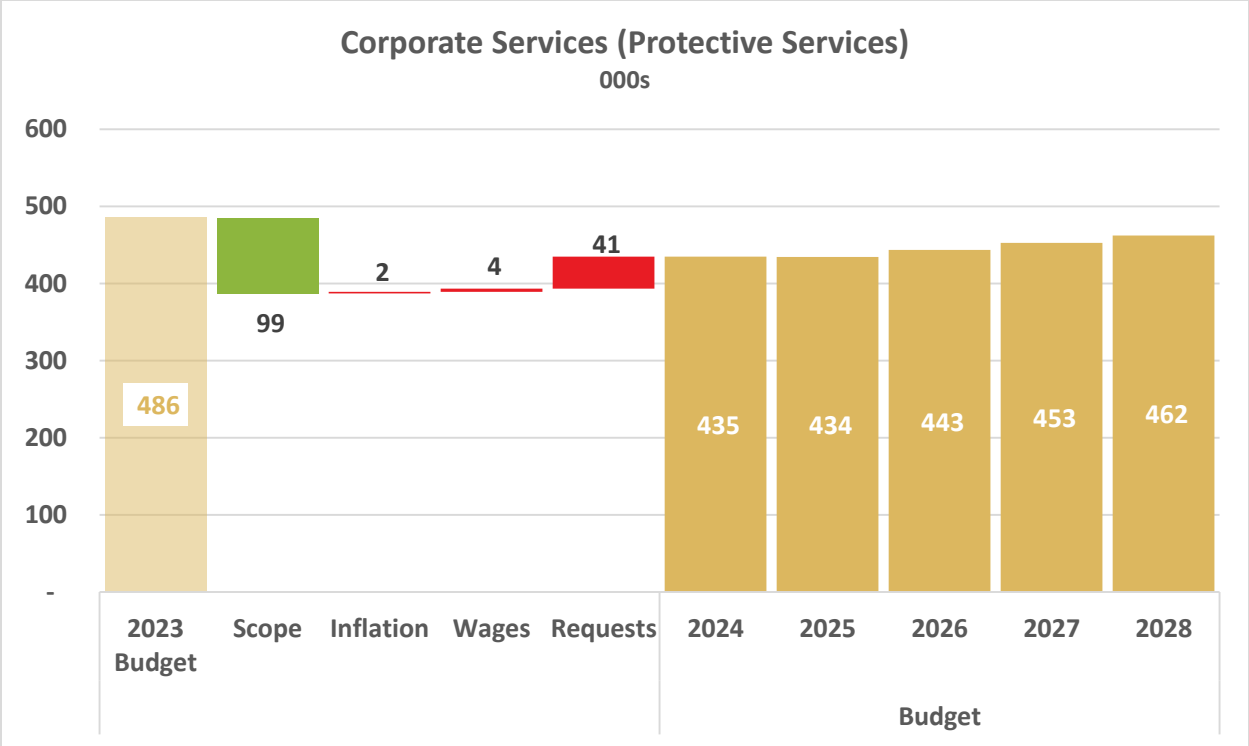
**Director of Corporate Services**



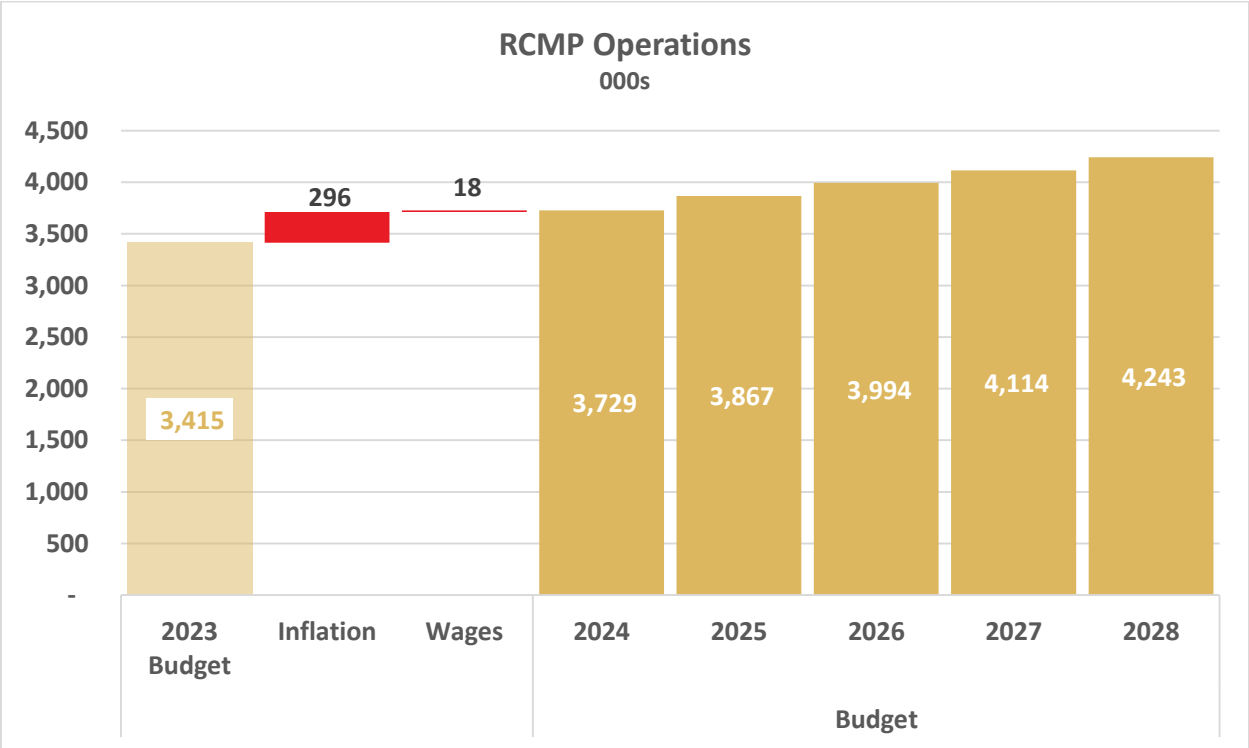
Proposals for consideration include the funding of an existing reserve for IT infrastructure for operational IT capital during the year and the creation of a new reserve for election expenses to smooth out the costs of elections over the cycle.

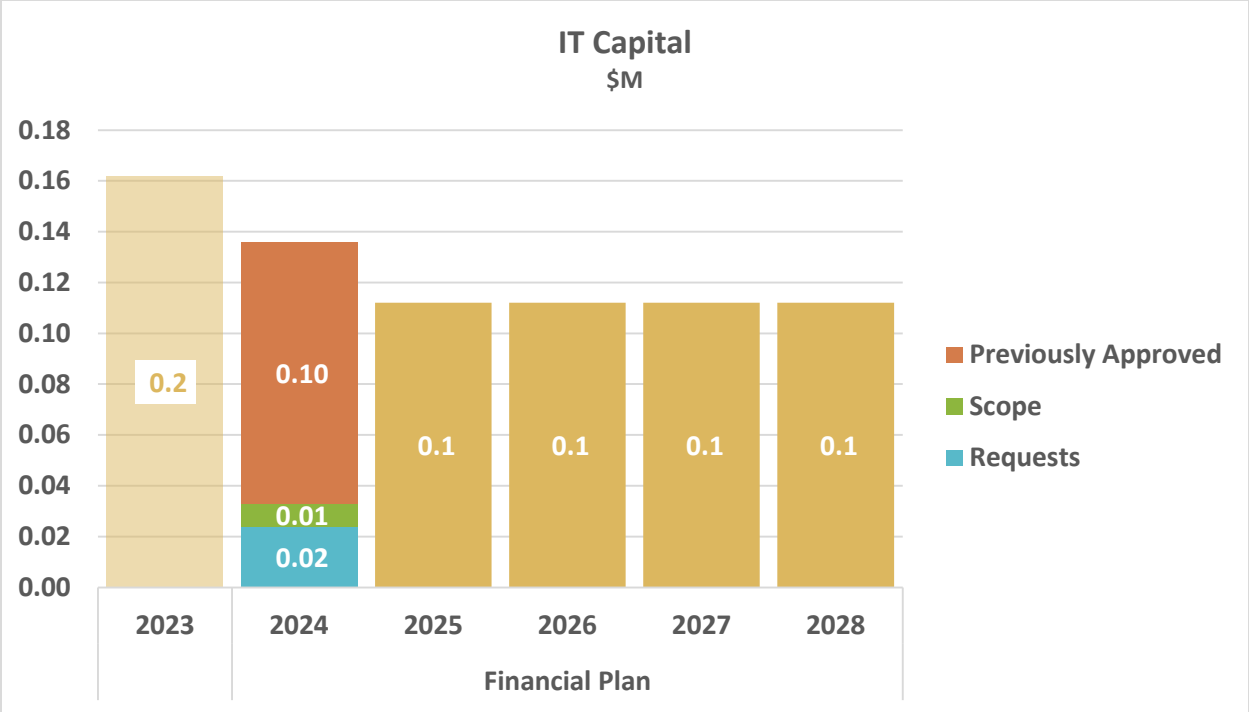
Year	Request	Estimate
2024	Recurring funding for IT Infrastructure Reserve	\$136,000
2024	Recurring funding for new Election Reserve	\$15,000
<b>2024 Financial Plan Requests</b>		<b>\$151,000</b>

Operational scope changes largely reflect the absence of consulting charges including for the fees and charges bylaw, which was worked inhouse in 2023, as well as the transfer of all recognition budgets to the CAO office.

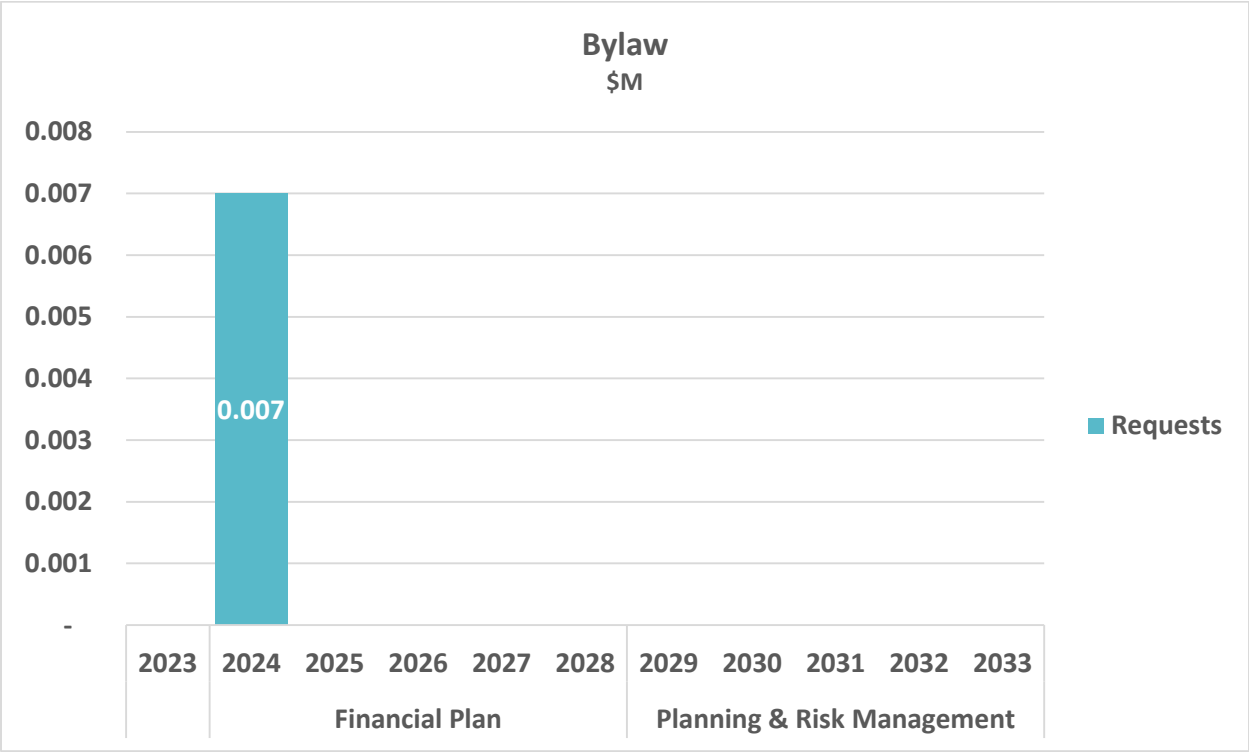


Scope changes largely reflect the absence of the strengthening communities grant-funded costs. There is one request for Council consideration for the seasonal worker supporting unhoused camps. This includes both wages and associated specialized training (sharps, etc.).



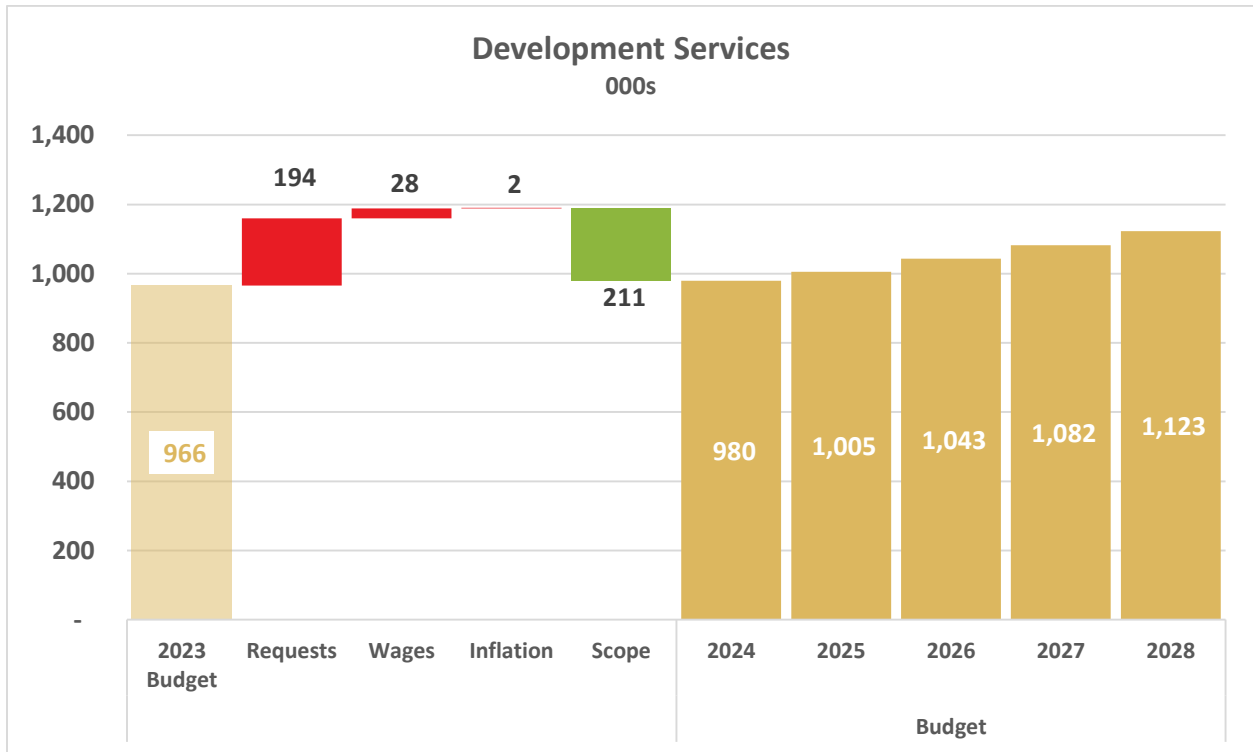


In addition to annual operational IT capital, there is one new request for \$24,000 for firewall and switches at non-city hall facilities to improve security and visibility into the network.



The request for a trailer [\$7K] for bylaw to pickup shopping carts is included for council discussion.

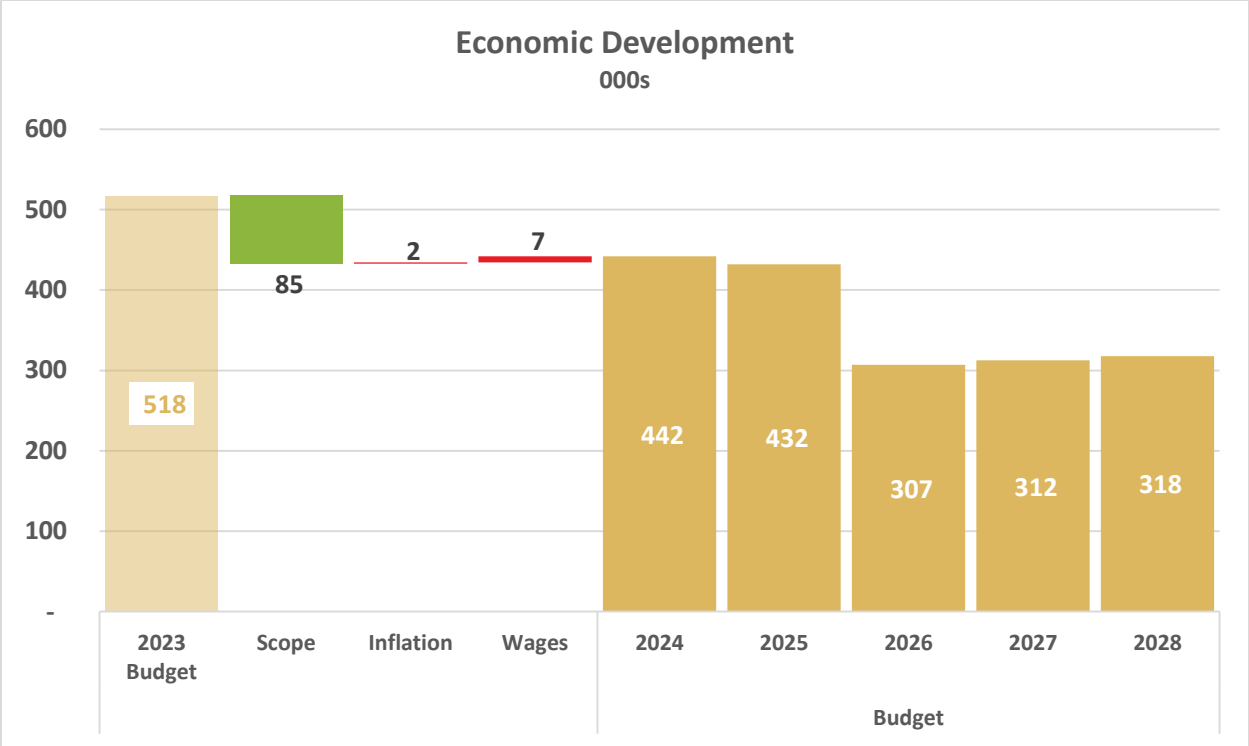
## Development Services



Requests for the Development Services Team include FTE requests, legal costs and updating the building bylaw. Three positions were previously approved on one-year terms: Planner [x2] and a clerk. One planner role was filled for a half year in 2023. The first FTE request for 2024 is to hire the clerk on a permanent basis to support the team in e-permitting, to support records management as a strategic initiative, and to become familiar with Quickscribe (online live legislative tool). This also supports succession planning and coverage. The second request is for a permanent, more senior planner role with scope including subdivisions. Requests are summarized below.

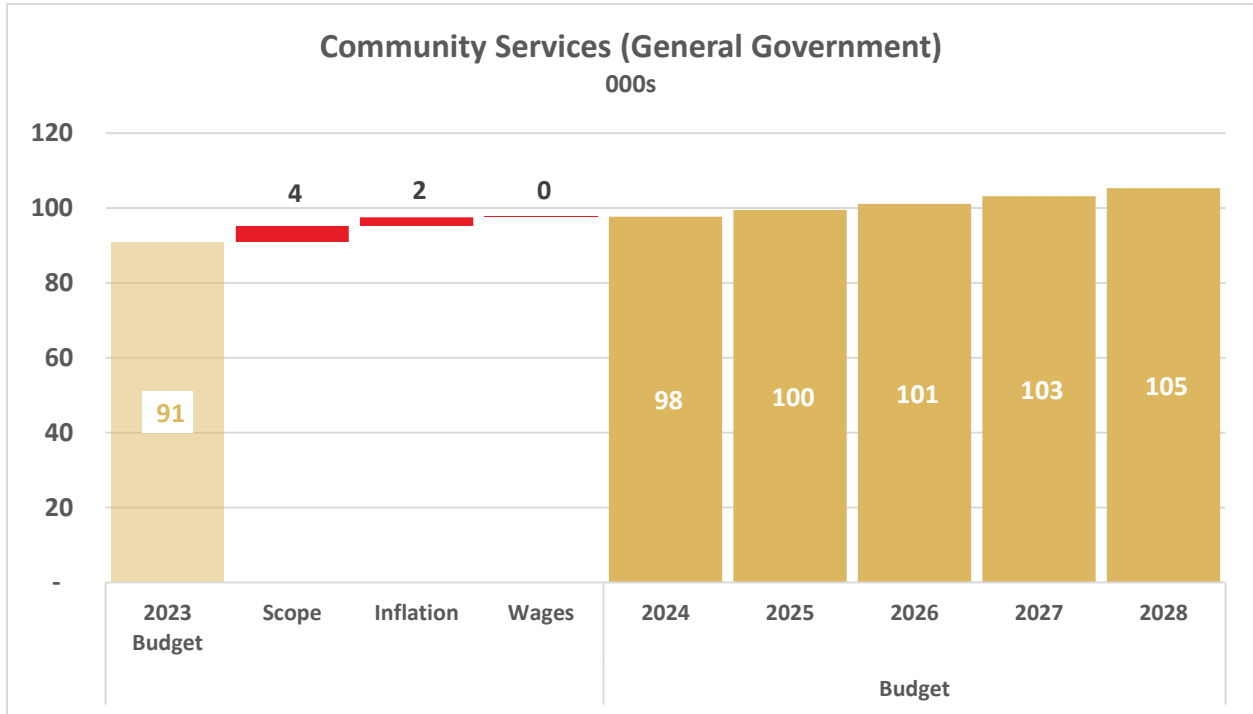
Year	Requests	Estimate
2024	FTE Requests	\$138,897
2024	Legal Fees	\$25,000
2024	Building Bylaw Update	\$30,000
<b>2024 Financial Plan</b>		<b>\$193,897</b>

Scope changes largely reflect the transfer of grants that need to be repurposed to the CAO Office budget.

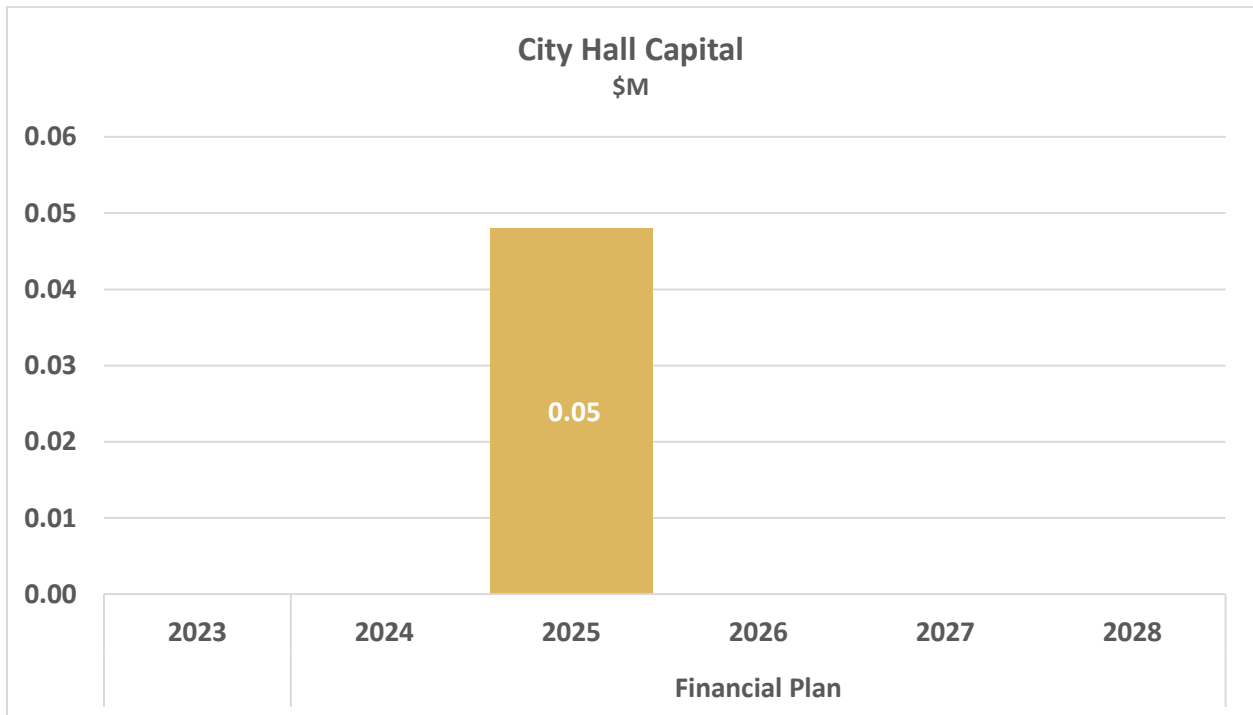


Scope changes within Economic Development primarily relate to grant-funded projects as well as centralization of advertising spend within the Communications and Engagement team. Costs drop in 2026 as grant projects are completed over 2024-2025.

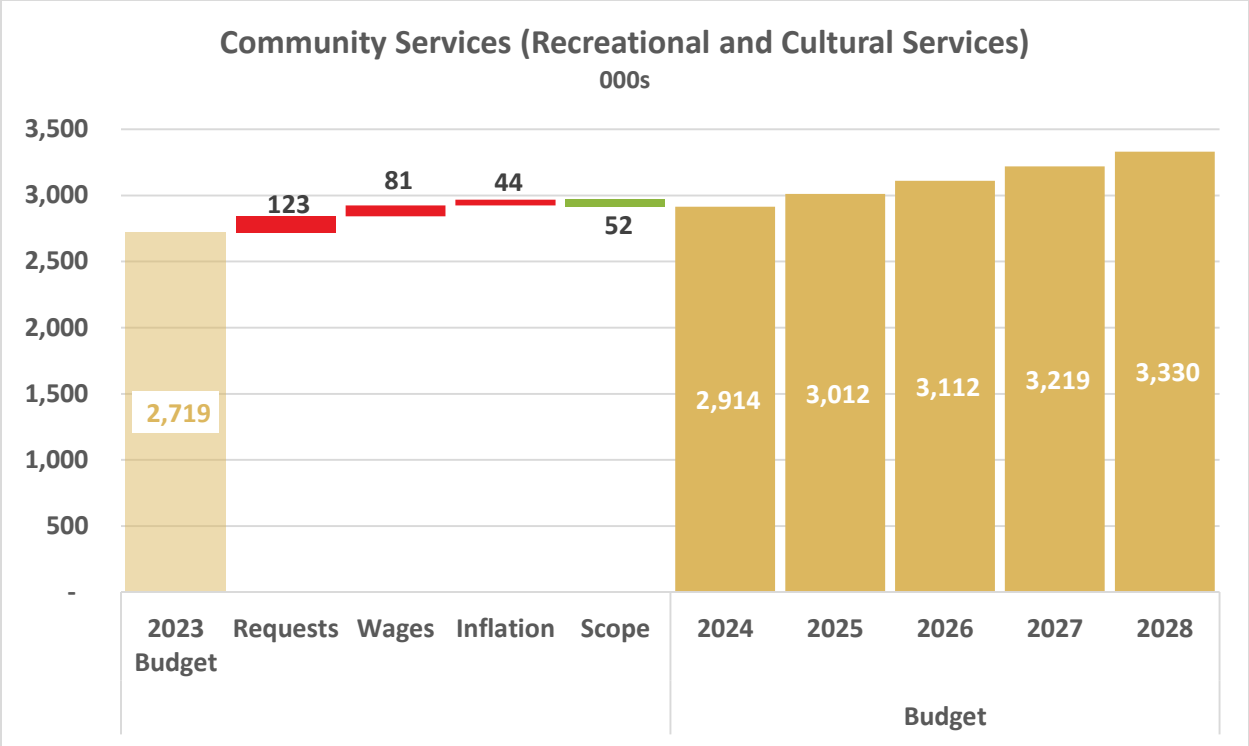
**Director of Community Services**



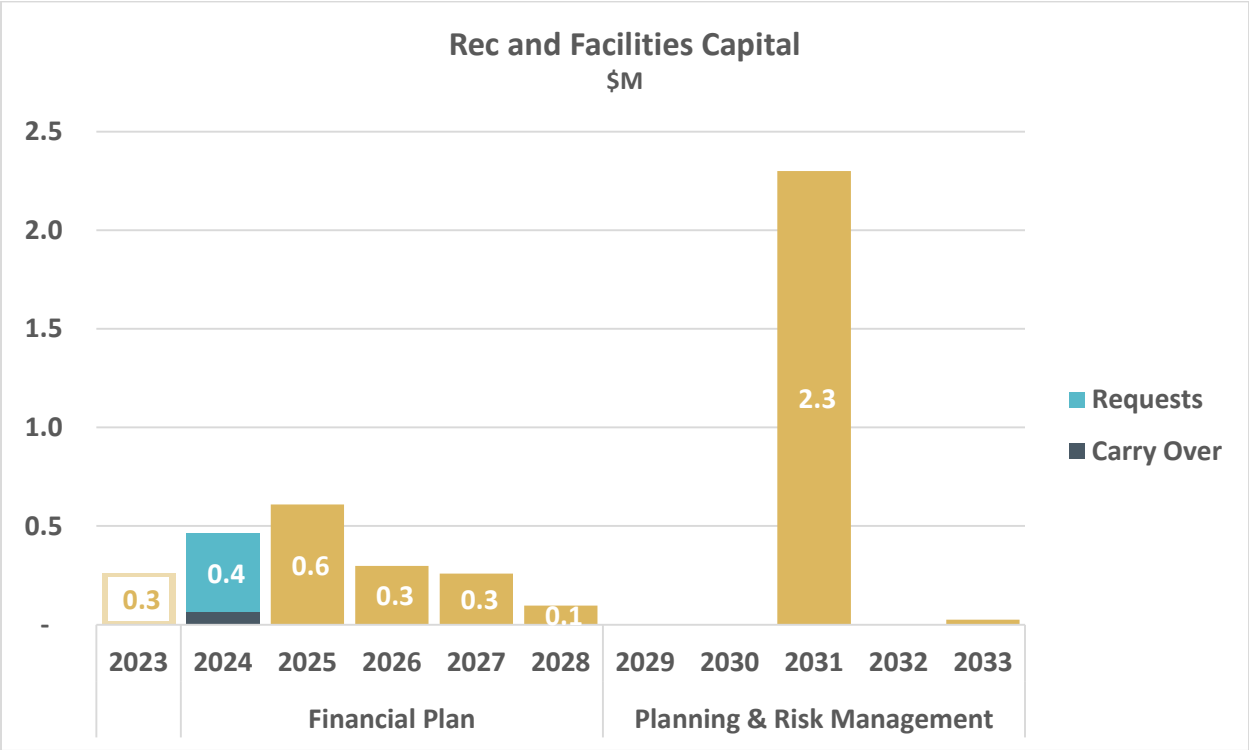
These costs relate to the operation of the city hall building. Scope changes primarily relate to code requirements for elevator inspections and security costs.



City hall capital includes \$48,000 for fluorescent lights replacement in 2025 premised to be funded with climate grant funding.



Requests relate to the Emergency Response Coordinator position. Scope primarily reflects the absence of the curling rink roof grant and the absence of the majority of Claybanks RV park costs partially offset by maintenance wages.





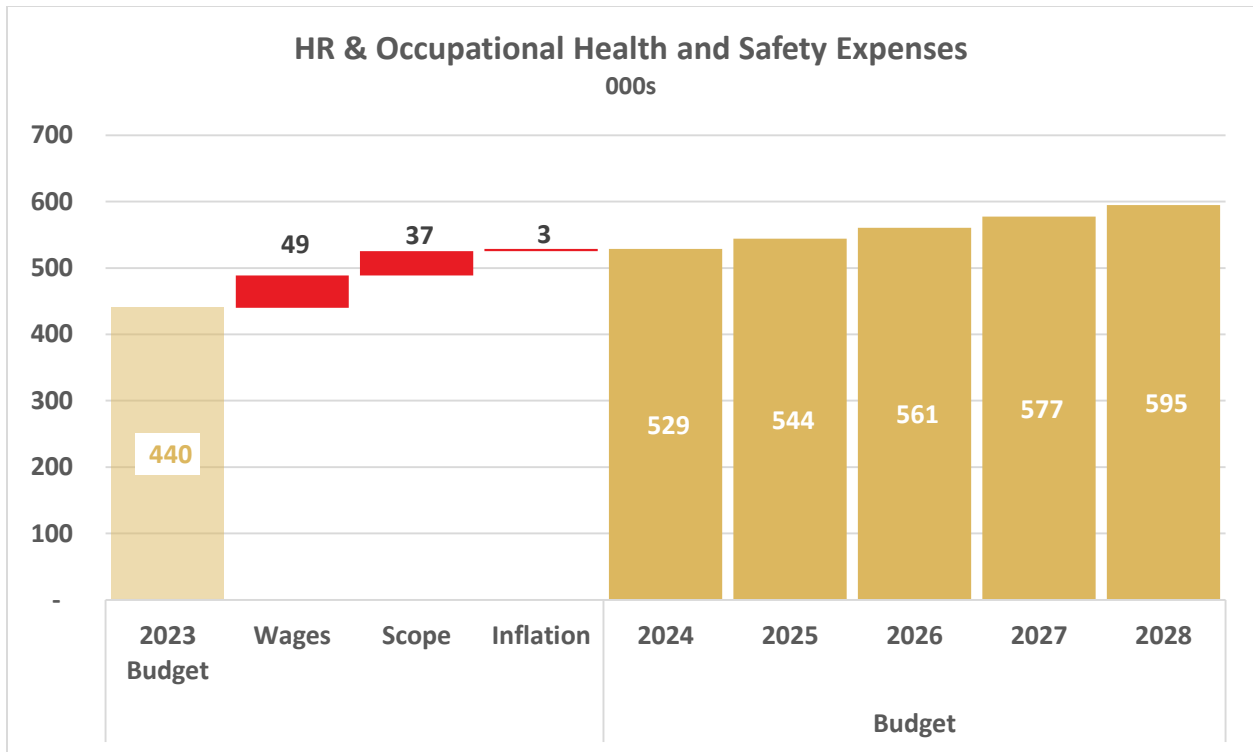
There are five projects premised to carry over into 2024:

1. Claybanks Rebuild capital for items not covered by insurance.
2. NVMA Electrical Assessment due to contractor availability.
3. Parks lighting and security cameras.
4. Civic Center chairs upgrade
5. City Hall furniture replacement

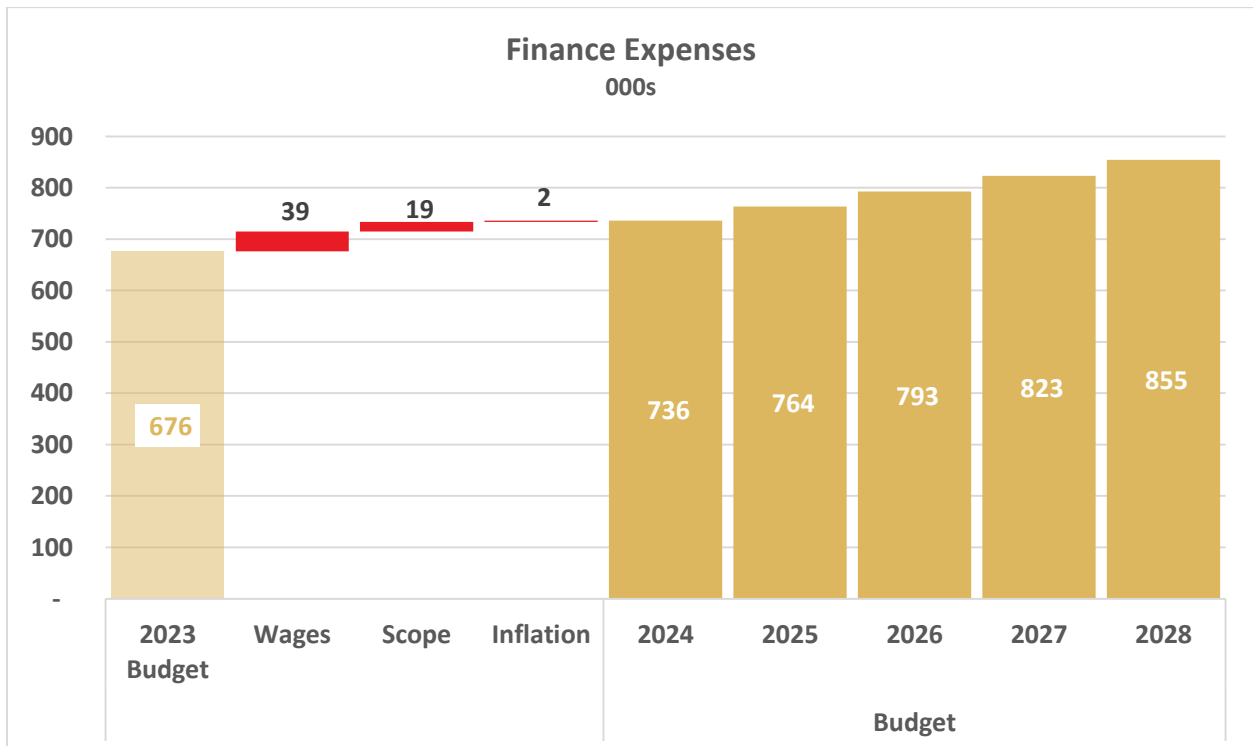
There are 12 capital requests in the 2024 budget for \$0.4M and 31 requests across the 2024 – 2028 Financial Plan for \$1.7M. The 2031 \$2.3M notes the risk for a brine line and concrete floor at the NVMA.

Year	Project	Estimate
2024	Cadet Hall Fire Suppression Monitoring System	\$5,500
2024	Civic Center Flooring in Auditorium	\$110,000
2024	Civic Center Ice Machine Replacement	\$5,000
2024	CPO Fire Suppression Monitoring System	\$7,000
2024	Lawn Bowling Building Suppression Monitoring System	\$7,000
2024	NVAC Floor in Mechanical Room Design	\$65,000
2024	NVAC Replacement of Sound System	\$24,000
2024	NVMA/NVAC Gas Reduction Grant Study	\$50,000
2024	NVMA Dehumidifier Replacement	\$33,500
2024	NVMA HVAC #1 Replacement	\$38,000
2024	NVMA Players Bench Widening	\$18,500
2024	Park Bathroom Exterior LED Lighting Project	\$16,500
2024 - 2028	Park Interior Renovations (Central, Rotary, Lions, Voght)	\$38,000
2024 – 2028	Gym Equipment Replacement	\$43,500
2025	Civic Center Re-Key Entire Building	\$8,500
2025	NVAC Shower Tiles and Valve Replacement	\$99,000
2025	NVAC Replacement of Viewing Deck Tile Floor	\$16,000
2025	NVAC Slide Replacement	\$58,000
2025	NVAC Tots Pool Compressor	\$14,000
2025	NVMA HVAC #2 Replacement	\$38,000
2025	NVMA Brine Line Pump Replacement	\$35,000
2025	NVAC Floor in Mechanical Room Construction	\$300,000
2025 – 2026	Civic Center Round Table Replacement	\$30,000
2026	Civic Center New Siding	\$140,000
2026	NVAC Spray Pumps and Motors	\$41,000
2026	Rotary Park Bandshell Gate Enclosure	\$16,000
2026	NVMA Mezzanine Flooring Replacement	\$60,000
2027	Civic Center New Roof Including Flat Section	\$95,000
2027	NVAC Installation of Acoustic Noise Baffles	\$125,000
2027	NVAC Repaint Roof Beams	\$11,500
2028	NVMA Walkway Flooring Replacement and Paint	\$80,000
<b>2024 – 2028 Financial Plan</b>		<b>\$1,728,500</b>

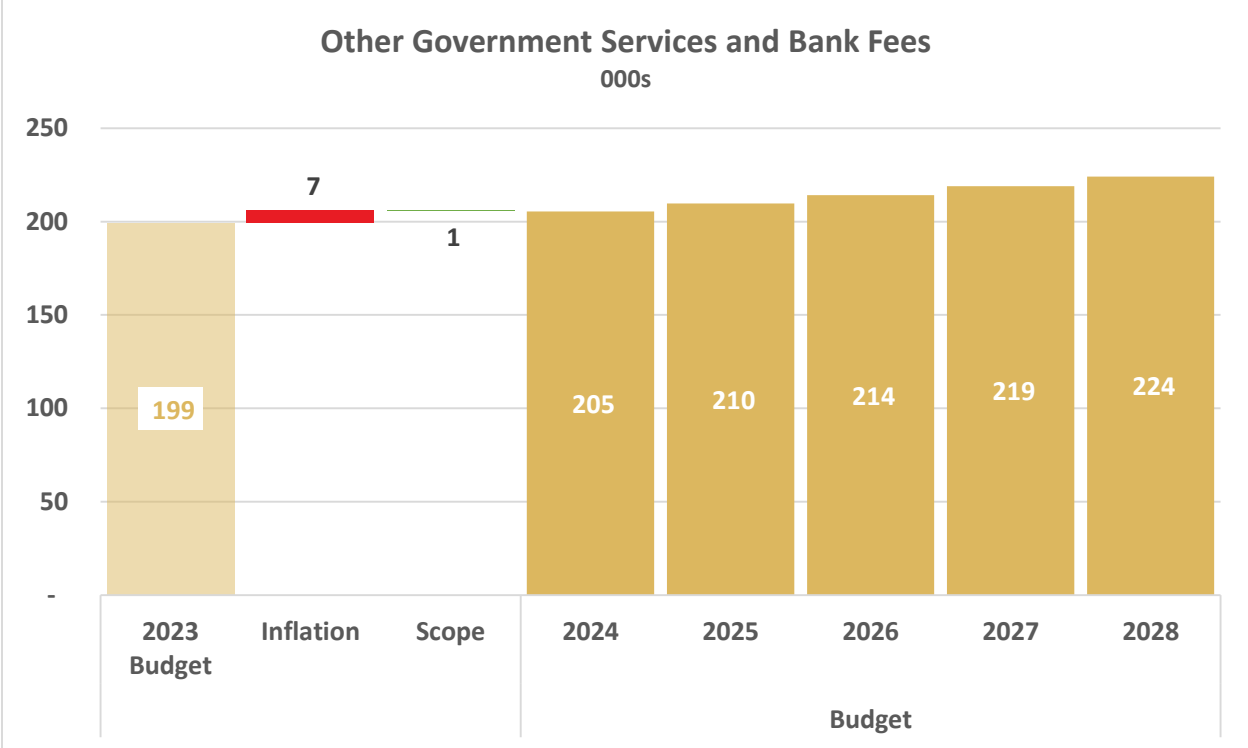
**CFO Office Including HR, Safety, Other Government Services and Transit**

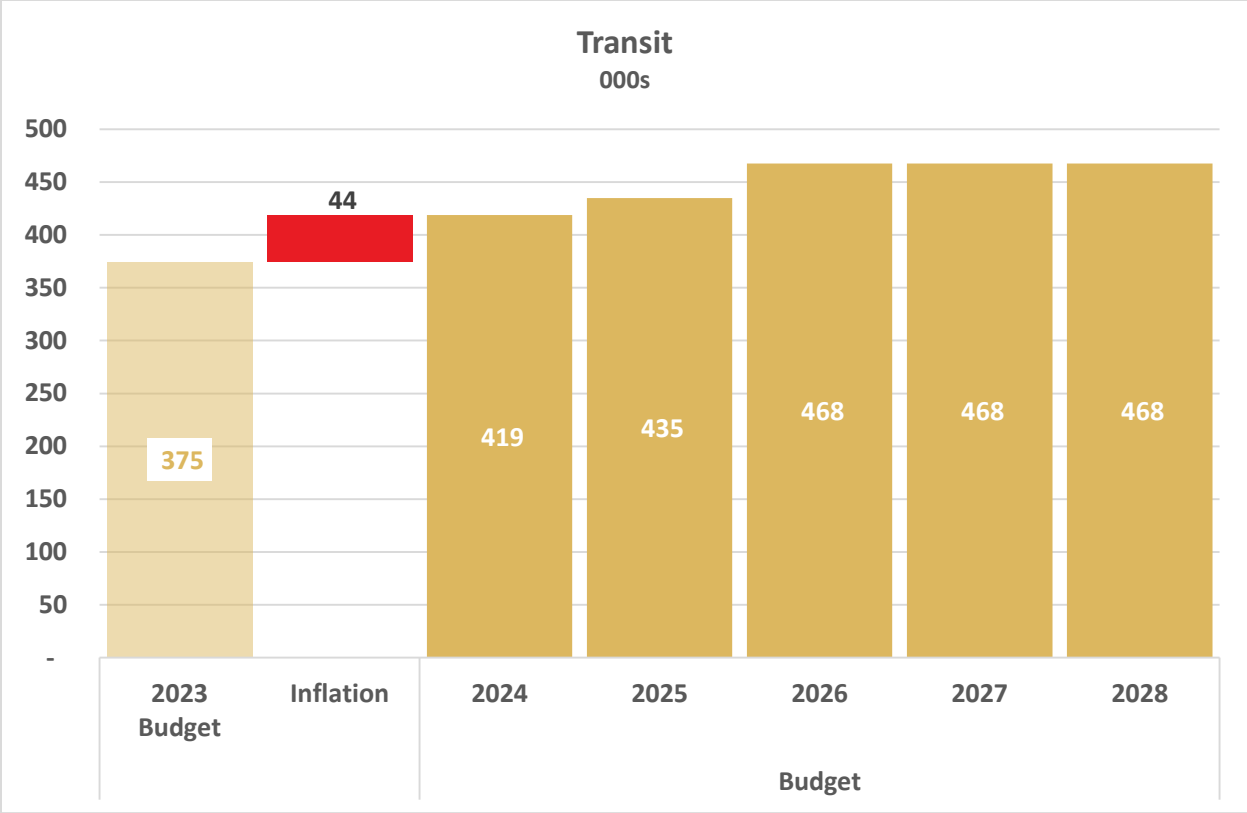


Scope captures the remaining term of the safety role that was previously approved for a one-year term.

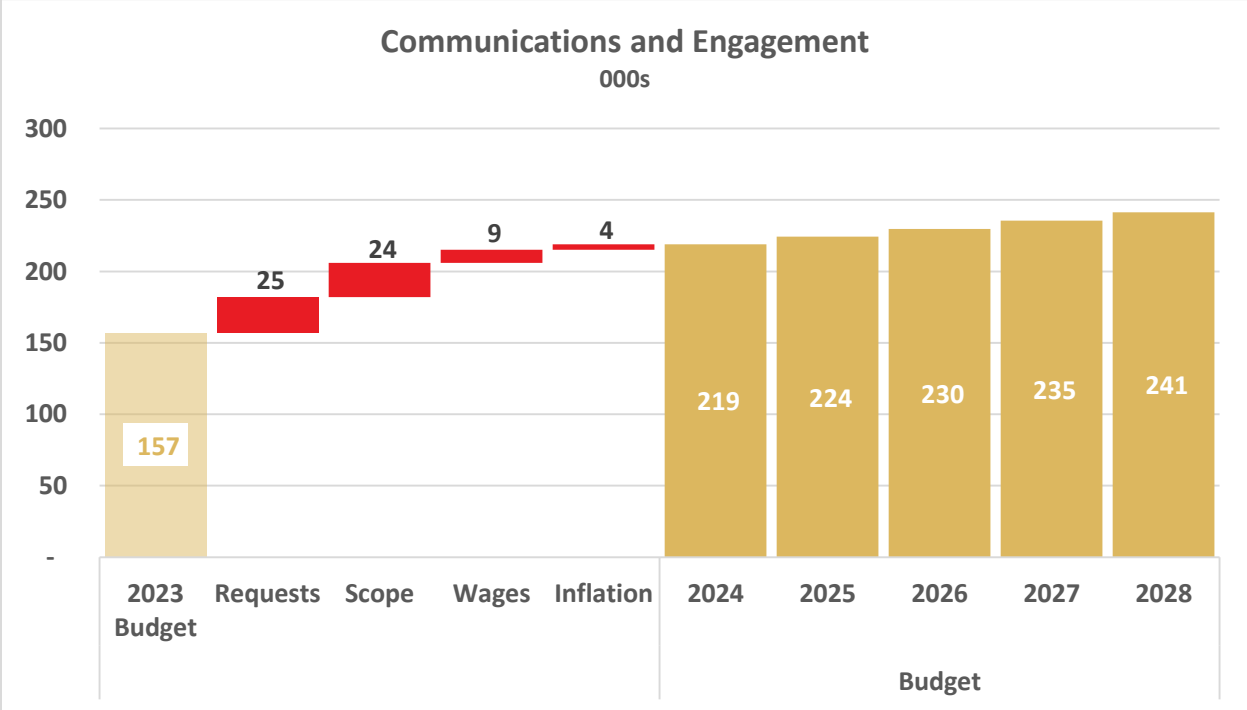


Scope changes include a provision for risk regarding tax sale changes that come into effect in 2024. The City of Merritt worked to get ahead of these requirements in 2023 incurring registry, registered mail, bailiff charges, etc. However, costs and requirements for substituted service are a risk that will be further quantified with learned experience in 2024.





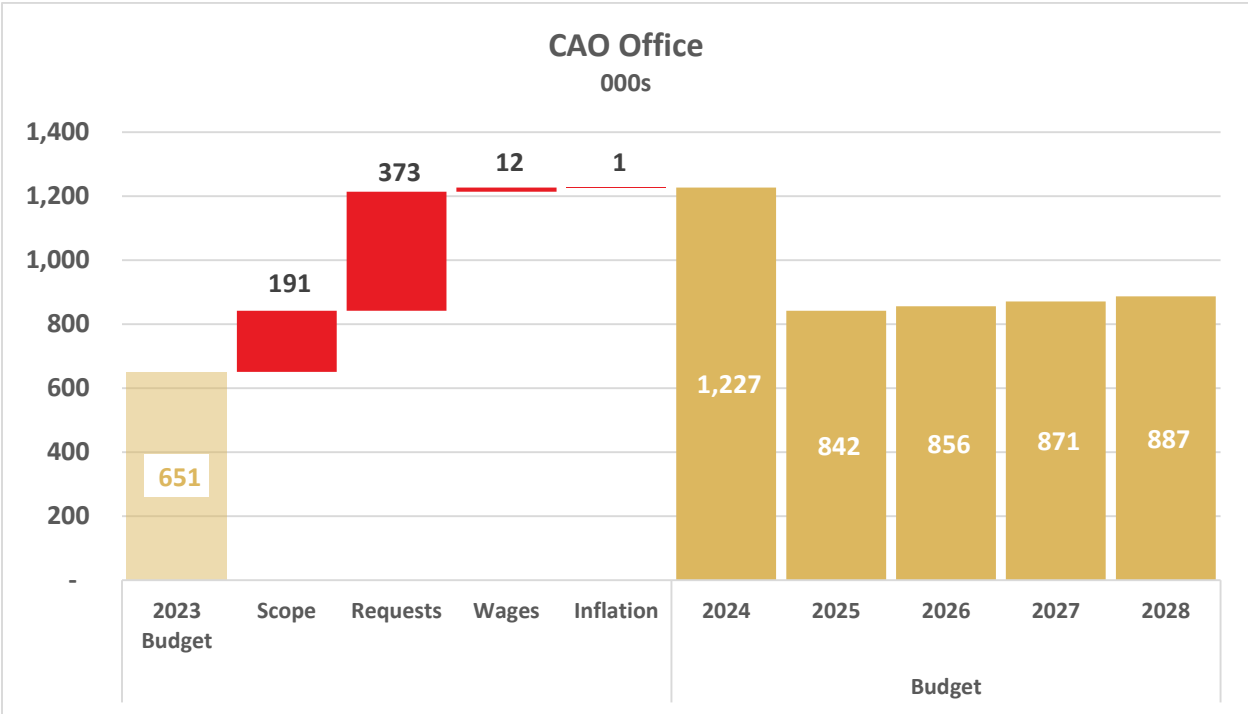
**CAO Office Including Communications & Engagement**



There is a request to add contracted service capacity for the communications and engagement team. The request is summarized in the following table.

Year	Contracted Service Request	Estimate
2024+	Web Development Management Services	\$5,000
2024+	Video Communications Program	\$10,000
2024+	External Contractor / Co-op Student	\$10,000
<b>2024+ Financial Plan Requests</b>		<b>\$25,000</b>

The scope change reflects consolidating all advertising budgets under the Communications Manager for synergies and shared advertising space.



Scope changes primarily relate to two drivers:


1. The transfer of two grants from Development Services that will be repurposed - \$150,000.
2. The transfer of recognition budgets to be centrally managed by the CAO.

There are two requests from Council approved in the 2023 budget amendment, the Asset Management Coordinator position, that for now has been captured in the CAO Office budget and the asset management costs, of which a portion is anticipated to be grant funded, and the residual is eligible from gas tax.

There is one risk for Council to be aware of within the CAO budget. The Community Works Funding (“gas tax”) transfer to reserves is historically recorded here. There is not yet an agreement between the province and the federal government for the funding to continue. Disruption in funding timing and/or a different amount of gas tax revenue is a possible risk within the 2024 budget in relation to the \$0.4M that has been premised.

# Appendix: Request Sheets

Fire Department



## 2024 - 2033 Capital Request

**Budget Request**


Project Name and ID	Command 1 Replacement			
Department	Fire	Reason for Request	Capital Renewal or Required Replacement	
Request Linked To	Specific Master Plan	Comments		
Pre-Approval Date		Economic Life	10 Years	

**Details**

Business case including objectives and anticipated outcomes/benefits, why the project is necessary in a given year, and risks (including impact to operations and residents if project not approved)

Emergency Vehicle. Mission critical. Required for optimum performance.

	GL	Financial Plan					Strategic Planning and Risk Management					Total	
		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033		
Capital Cost	1-6-313-1556			80000									80000
Operating Costs <small>(if applicable)</small>													0
		0	0	0	0	0	0	0	0	0	0	0	0
Funding Sources	Debt			80000									80000
	Other												0
	Other												0
		0	0	80000	0	0	0	0	0	0	0	0	0



## 2024 - 2033 Capital Request

**Budget Request**

Project Name and ID	Self Contained Breathing Apparatus			
Department	Fire	Reason for Request	Capital Renewal or Required Replacement	
Request Linked To	Specific Master Plan	Comments		
Pre-Approval Date		Economic Life	15 Years	

**Details**

Business case including objectives and anticipated outcomes/benefits, why the project is necessary in a given year, and risks (including impact to operations and residents if project not approved)

NFPA Standard Changes. Personal Protective Equipment. Mandatory.

	GL	Financial Plan					Strategic Planning and Risk Management					Total	
		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033		
Capital Cost	1-6-248-1556					500000							500000
Operating Costs <small>(if applicable)</small>													0
		0	0	0	0	0	0	0	0	0	0	0	0
Funding Sources	Reserves	100000	100000	100000	100000	100000							500000
	Other												0
	Other												0
		100000	100000	100000	100000	100000	0	0	0	0	0	0	0











## 2024 - 2028 Operating or FTE Request

### Budget Request

Request: **Fire Station Stucco Repair**

Department: **Fire** Priority: **Other**

Details: Background, justification, and impact if not approved. For FTE requests include position title and type.

Fire station maintenance request (one-time cost). Moisture caused cracking which allowed for further moisture and deterioration.

	GL	GL Description	Financial Plan					Total
			2024	2025	2026	2027	2028	
Previously approved base costs								0
Incremental costs for approval	1-2-246-1459	Contracted Services	8000					8000
								0
			8000	0	0	0	0	0
Funding Sources		Tax Levy	8000					8000
		Reserves						0
		Grants						0
			8000	0	0	0	0	0



## 2024 - 2028 Operating or FTE Request

### Budget Request

Request: **Fire Department Master Plan**

Department: **Fire** Priority: **Required to Maintain Current Service Level**

Details: Background, justification, and impact if not approved. For FTE requests include position title and type.

Maintain level of service, ensure compliance with professional standards, succession planning, asset management. To be integrated with emergency management and climate readiness overall master plan funded by climate grant.

	GL	GL Description	Financial Plan					Total
			2024	2025	2026	2027	2028	
Previously approved base costs								0
Incremental costs for approval	1-242-1459	Contracted Services	60000					60000
								0
			60000	0	0	0	0	0
Funding Sources		Grants	60000					60000
		Reserves						0
		Grants						0
			60000	0	0	0	0	0





## 2024 - 2028 Operating or FTE Request

### Budget Request

Request: Seasonal Staff Member - Support Cleanup in Parks for Unhoused Camps  
 Department: Administration Priority: Service Level Enhancement

Details: Background, justification, and impact if not approved. For FTE requests include position title and type.  
 This seasonal position will support the ability to respond to bylaw infractions and concerns during the summer months while maintaining park standards and access residents expect. Initial and ongoing training required for bylaw enforcement team (conflict resolution, sharps, approaching unhoused residents, mental health).

	GL	GL Description	Financial Plan					Total
			2024	2025	2026	2027	2028	
Previously approved base costs								0
Incremental costs for approval	1-2-263-1200	Personnel	36,494	37,954	39,472	41,051	42,693	197665
	1-2-263-1520	Training	5,000	5,000	5,000	5,000	5,000	25000
			41,494	42,954	44,472	46,051	47,693	0
Funding Sources		Tax Levy	41,494	42,954	44,472	46,051	47,693	222665
		Other						0
		Other						0
			41,494	42,954	44,472	46,051	47,693	0



## 2024 - 2028 Operating or FTE Request

### Budget Request

Request: Create Election Reserve with Annual Contributions toward four year cycle  
 Department: Administration Priority: Other

Details: Background, justification, and impact if not approved. For FTE requests include position title and type.  
 Creation of an election reserve with annual contributions will smooth out tax burden in election years. This includes budget for electronic voting machines. Annual amount to be updated pending confirmation of municipal cost for electronic voting.

	GL	GL Description	Financial Plan					Total
			2024	2025	2026	2027	2028	
Previously approved base costs								0
Incremental costs for approval		Election Reserve	11,000	11,000	11,000	11,000	11,000	55000
								0
			11000	11000	11000	11000	11000	0
Funding Sources		Tax Levy						0
		Other						0
		Other						0
			0	0	0	0	0	0

Development Services



## 2024 - 2028 Operating or FTE Request

**Budget Request**

Request: Building Bylaw Update  
 Department: Development Services Priority: Required to Maintain Current Service Level

Details: Background, justification, and impact if not approved. For FTE requests include position title and type.

The Senior Building Official has noted a number of concerns with our outdated building bylaw (2003). Legislation and step code has changed significantly in the past 20 years and with major changes in Provincial legislation and affordable housing priorities being placed on local governments in the next few years - it is imperative to have an updated building bylaw to accommodate these building pressures.

	GL	GL Description	Financial Plan					Total
			2024	2025	2026	2027	2028	
Previously approved base costs								0
Incremental costs for approval		Consulting	30000					30000
								0
			30000	0	0	0	0	0
Funding Sources		Tax Levy	30000					30000
		Reserves						0
		Grants						0
			30000	0	0	0	0	0



# 2024 - 2028 Operating or FTE Request

## Budget Request

Request	Senior Planner (Subdivisions) + Clerk Role Made Permanent		
Department	Development Services	Priority	Service Level Enhancement

Details Background, justification, and impact if not approved. For FTE requests include position title and type.

Merritt has seen exponential interest in subdivision development both from local developers and from experienced developers from the coast and Alberta. In order to achieve a high quality of service for the development community, the department is seeking funding for an experienced Senior Planner with at least 3-5 years experience processing and reviewing subdivisions. Many developers with applications currently in the department have little to no experience applying for subdivisions and require a lot of communication back and forth. Our current bylaws are challenging to interpret and navigate from a staff and community perspective. Having an experienced subdivision planner on staff will help guide the team to effectively review, process, and communicate regulations to the public. This role will work closely with the Director/Approving Officer to lead the team through the updating of the Subdivision and Development Servicing Bylaw, the Development Procedures Bylaw, the DCC's bylaw, and update application forms and internal procedures to support clear and consistent communication and expectations to the development community.

Planning Clerk will support the team in e-permitting, support records management as a strategic initiative, and to become familiar with Quickscribe (online live legislative tool). This also supports succession planning and coverage at the front counter.

	GL	GL Description	Financial Plan					Total
			2024	2025	2026	2027	2028	
Previously approved base costs								0
Incremental costs for approval		Personnel	138897	199988	207987	216307	224959	988138
								0
								0
			138897	199988	207987	216307	224959	
Funding Sources		Tax Levy	138897	199988	207987	216307	224959	988138
								0
								0
			138897	199988	207987	216307	224959	





























## 2024 - 2033 Capital Request

### Budget Request

Project Name and ID	NVMA concrete floor and brine lines replacement		
Department	Recreation	Reason for Request	Capital Renewal or Required Replacement
Request Linked To	Specific Master Plan	Comments	The current system will be reaching its end of life
Pre-Approval Date		Economic Life	

### Details

Business case including objectives and anticipated outcomes/benefits, why the project is necessary in a given year, and risks (including impact to operations and residents if project not approved)

The current brine line system and concrete floor (under ice) would have to be removed and replaced.

	GL	Financial Plan					Strategic Planning and Risk Management					Total
		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	
Capital Cost	1-6-760-1556								2300000			2300000
Operating Costs <small>(if applicable)</small>												0
		0	0	0	0	0	0	0	0	0	0	0
Funding Sources	DCCs											0
	Debt											0
	Tax Levy											0
		0	0	0	0	0	0	0	0	0	0	0



## 2024 - 2033 Capital Request

### Budget Request

Project Name and ID	NVMA Dehumidifier Replacement		
Department	Recreation	Reason for Request	Capital Renewal or Required Replacement
Request Linked To	Specific Master Plan	Comments	The current system has reached it's end of life
Pre-Approval Date		Economic Life	

### Details

Business case including objectives and anticipated outcomes/benefits, why the project is necessary in a given year, and risks (including impact to operations and residents if project not approved)

The current system was identified to be operating at 30% capacity. This unit has a **3 month** order/delivery wait.

	GL	Financial Plan					Strategic Planning and Risk Management					Total
		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	
Capital Cost	1-6-760-1556	33500										33500
Operating Costs <small>(if applicable)</small>												0
		0	0	0	0	0	0	0	0	0	0	0
Funding Sources	DCCs											0
	Debt											0
	Tax Levy											0
		0	0	0	0	0	0	0	0	0	0	0









## 2024 - 2028 Operating or FTE Request

### Budget Request

Request	Communication Contracted Services		
Department	Administration	Priority	Service Level Enhancement

**Details** Background, justification, and impact if not approved. For FTE requests include position title and type.

As the Corporate Services department has lost some staff capacity, some funding needs to be allocated to contractor services. This includes (1) web development management services to conduct periodic security updates, back-ups, and fixes. Estimated budget: \$5000 includes maintenance and some occasional minor projects to resolve issues and improve analytics. (2) Video and photo library needs to be improved. Much of the content is out-of-date, not usable for legal reasons, poor quality, or simply not reflective of Merritt. We recommend a program to hire/pay for photography and raw video from local photographers or resident submissions. Suggested budget of \$10,000 would enable the initiation of a video communications program. (3) Recommend hiring an external contractor and/or co-up student to assist with core tasks and improved communications. Applications for funding for a co-op student will be made. Grant funds have yet to be identified. Budget up to \$10,000. Total budget request: \$17,000 - \$25,000 for contractor services.

	GL	GL Description	Financial Plan					Total
			2024	2025	2026	2027	2028	
Previously approved base costs								0
Incremental costs for approval		1-2-135-1459	25000	25000	25000	25000	25000	125000
								0
			25000	25000	25000	25000	25000	0
Funding Sources		Tax Levy	25000	25000	25000	25000	25000	125000
		Other						0
		Other						0
			25000	25000	25000	25000	25000	