

# Report

City of Merritt  
REGULAR Council Meeting  
February 6, 2025

File Number: XXXX

**To:** Mayor and Council  
**From:** Cynthia White, Chief Administrative Officer  
**Date:** February 6, 2025  
**Subject:** Municipal Budget Process – What we Heard

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**RECOMMENDATION:**

**THAT Council receive the February 6, 2025 “Municipal Budget Process – What we Heard” report of the Chief Administrative Officer for information.**

**Background:**

Our annual budget process is well underway and, in an attempt, to be more transparent and inclusive of community input, we have been able to engage in the legislated community engagement process a little earlier this year. The City held two open houses on January 30, 2025, one from 12pm-2pm and one from 6pm-8pm. These times were chosen to try to provide opportunities to as many residents as possible to attend. The two sessions resulted in just over 70 community members attending and being able to offer input and feedback to Council and staff. This is a significant increase from last year, which saw 16 people attend the open house and 7 respond to an online survey.

This year the open house focuses on 5 information areas for the residents. These were:

- Levels of Government – highlighting the differences in how the three levels of government manage budget and income sources,
- Taxing Bodies and the 2025 Tax Rate – educating residents on where the money they see as taxation really goes and that only a portion of that bill comes as revenue to the City to pay for the services provided to residents,
- Operating Budget and Levels of Service – breaking down the cost of the City’s services and the relation to the tax increase; provided examples of cuts that would be required to be made to reduce the tax increase, which results in a reduction in level of service,

- Capital – what is the cost of maintaining our current infrastructure and what is the proportion for different services, and
- Reserves – providing residents more information about our current reserves and plans to increase and maintain reserves for upcoming projects; why is this important.

### **What We Heard**

The following is a summary of the questions and feed back heard from residents that apply to the budget.

- Budget for 17 RCMP members and allocate the surplus to a restricted reserve
- Slow down the tax increases over more years
- Package 2 – eliminate CPO and reduce RCMP by 1 FTE for a 2% decrease
- Try to get down to a 10% tax increase
- 1 day pool closure
- Ok with 12%
- Put the Economic Development position back in the budget
- Another year using some reserves to fund operations to slow down the tax increase
- Reduce garbage pick up to every 2 weeks
- Increase in Transit is too much (tax)
- Cut 10% of workforce at City Hall, duplicate positions and lots of inefficiencies
- Should the City impose more service cuts to tackle the precarious financial position we are in?

Staff also heard some feedback on the presentation, indicating that the increase level of communication, including open houses is appreciated and welcomed. Some ideas for additional engagement strategies for future were also provided.

### **Frequently Asked Questions**

The below budget related FAQs were generated during the open house sessions and will be shared with residents through various communication channels

Question 1: How do we come up with the residential metered water price?

Water and sewer budgets are separate from the general operating budget. These budgets are meant to be self-funded through parcel tax (capital costs) and user fees (operational costs). Based on the current information on the cost of these services and without knowing the actual water consumption of the residents we are estimating the fees going forward. Once we have more data, through the universal water metering program, we will be able to refine those fees. Currently, based on our water production, it appears that Merritt residents are using 3-4 times the national per capita average. We do not have a valid reason for this extremely high-water usage. The implementation of water metres and the data we generate will help us to determine if all the water we are producing is being used by the residents or if there are losses in the system. Once we

have this data, and address usage statistics through conservation and potential system loss repairs and upgrades, we may be able to find savings in both our water and sewer operations.

Question 2: How did we come up with the \$445,000 residential average single family dwelling home.

This is based on the BC Assessment Roll and is the average of that roll for the City of Merritt.

Question 3: Is there a breakdown of the budget for general government? What does that consist of?

General Government budget includes wages for the Director of Corporate Services/Corporate Officer, Committee Clerk, Communications and Engagement, and IT staff. Other expenses include advertising and marketing costs, software costs for all departments, and municipal election costs.

Question 4: Why are there no cuts to the Fire Department?

We are mandated to provide a level of service that ensures there is no negative impact on residents' insurance rates. Insurers require that homeowners have a hydrant within a certain distance of the property and a fire department with specific apparatus accessible within a certain response time, or a property may be uninsurable or have a significant increase in cost of insurance. The Fire Department has been successful in finding efficiencies, namely in their staffing model - the Work Experience Program and its firefighters offset the cost of added career staffing, allowing the current level of service in light of the volunteer firefighter staffing crisis experienced. Call volume continues to rise year after year, with a 22% increase in 2024 over the previous year. Additionally, the Fire Department offsets much of its operational costs by entering into fire protection agreements for areas outside municipal boundaries.

Question 5: What does unrestricted reserve mean?

Unrestricted reserve means those monies in savings that are not allocated to a specific capital project or service category but can be used to finance any capital project.

Question 6: What happens to forecasted tax increases should housing assessment values plummet?

Given that we can not control assessment values this is a challenging question to answer. If the assessment values drop in the current year, then we generate less revenue. If there is a large or sustained decrease in assessment values, then residents will have to decide between increases in taxes to maintain current levels of services or reducing levels of service to minimize tax increases. Reducing levels of service often means reducing staff and that some things may not happen as often, such as garbage

pick up or mowing parks and sports fields, or closing facilities such as the pool or the arena.

Question 7: How will water metres work?

The City received a grant to purchase the water meters. We will install them at every residence and will monitor the water usage between the pumped system input and the end user consumption. This will enable the City to identify excess use versus system losses and initiate further conservation efforts or repairs and capital upgrades before we decide how to properly invoice for usage.

Question 8: Can you explain how our wells work?

We have multiple wells, some working at maximum capacity and some working at only 2% capacity. With upper and lower aquifers, reservoirs, river dependency, we need the lower wells, in the deep aquifers to be running at a higher capacity, which is impacted by manganese levels in the aquifer. By designing and implementing a treatment system to reduce the manganese levels, we will have a greater water supply available to the community. It is important to acknowledge the ongoing draught conditions in the area and that water conservation is a global concern. We have a water licensing requirements set by the Province that we must adhere to. Many of our restrictions are related to the river dependency in the summer rather than our ability to draw water from our wells.

Question 9: Why do we require a new or updated wastewater treatment plant if we just fixed it all after the flood?

Post-flood work was conducted to ensure the plant was operational, but it is well past its life expectancy. Several issues that were very prevalent as a result of the flood need to be corrected in the plant to ensure the impacts of such an event in the future can be mitigated. The current processes need to be modernized to ensure that there is no failure in the near to distant future. We have also reached the capacity of the system so any more significant growth in the community will need a larger system.

Question 10: Why do we need another fire engine replacement?

Fire departments protecting mid-sized communities replace their apparatus every 20 years based on guidelines set by the Fire Underwriters Survey (FUS) in Canada. This organization assesses a community's fire protection capabilities, including the reliability and effectiveness of firefighting equipment, such as fire engines and ladder trucks. As apparatus age, their performance declines, which can lower fire protection ratings and lead to higher insurance premiums for residents and businesses. The 20-year replacement guideline ensures fire departments maintain a dependable, efficient fleet, ultimately helping to keep insurance rates stable for the community.

Fire departments must also maintain a fleet with a minimum pumping capacity, such as 3,300 GPM for Merritt, to ensure an adequate water supply for firefighting operations.

This requirement directly influences the type of fire apparatus purchased, ensuring the fleet meets both current and future demands. Pumping capacity requirements—and potential future increases—are shaped by community growth, building density, and hydrant coverage, allowing fire protection services to evolve alongside development.

Question 11: Will the City of Merritt lose 24-hour policing? How will the loss of RCMP members affect response times?

Currently reducing the contracted number of RCMP members is no longer being recommended as an option, rather, budgeting different is the recommended option. Our contract is for 17 members, 10 of whom would be considered “general duty” constables. These are the constables that provide that frontline 24 hour policing service.

At this time due to vacancies, our detachment has 16/17 positions staffed but we also have two members on extended leave. This puts us at about a 20% vacancy rate, which aligns with the RCMP’s provincial vacancy rate.

If we budget for fewer members but keep our contract number of 17, then you should not see any change in level of service.

Question 12: Why are there currently unfilled RCMP positions?

Provincially, the RCMP is running a vacancy rate of 20-25% of positions. This means there are no detachments that are fully staffed. Some of these vacancies are a result of insufficient recruitment. Some of the “vacant” positions actually have staff attached to them but they are on extended leaves, such as sick or parental.

Question 13: How does the funding split between the City and Federal government compare to other municipalities?

In BC, municipal RCMP detachments in municipalities between 5,000 and 15,000 residents have a 70% municipality and 30% federal funding cost share.

Question 14: Does Merritt have the highest property tax in the province?

No, there are 31 communities with higher tax rates as of 2024. It is important to note that when a Council elects not to raise taxes but maintain the level of service provided to residents, the funds must come from somewhere, and that typically means it comes from reserves. When we take money from reserves to fund operations, or do not put money into reserves, that means that we do not have funds available to properly repair, renew, or replace equipment and infrastructure, and it certainly leaves no funds available for new infrastructure. Typically, staff search for grants to offset the cost of infrastructure projects, but these grants usually require a 50% municipal co-pay. This

means that if we have a \$20 million-dollar project we have to have \$10 million dollars of municipal funds available or we will not receive the funding.

Question 15: Are we overstaffed? How do we compare to municipalities of similar size?

As a community grows the number of staff required at all levels of the organization increases. As a municipality we are also seeing increased scrutiny, more legislation, and more reporting requirements on our daily operations and our grant funding. We are being asked to do more with no change in funding from the higher levels of government.

As a part of the 2024 budget two senior leadership positions were removed and amalgamated into other departments. This allowed us to create more manager roles and save money. We are always looking for ways to be more efficient with our staff dollars, including using grant money to implement key positions that we don't have operational funds to create.

As a complex organization we must also consider succession planning, recruitment and retention of employees. This means creating the right levels within the organization to allow people to see growth and stay with the organization for the long term.

It is extremely challenging to compare one municipality's staffing level to another because it is dependent on the levels of service that the community expects. Lower levels of service may require fewer employees and higher levels of service will require more employees.

Question 16: What are the salaries of Mayor and Council? Can we reduce the size of Council?

The number of Council members in a municipality may be established in letters patent or in a municipal bylaw. If neither apply, the number is established by legislation based on the population of a municipality; City's or Districts with a population under 50,000 must have a mayor and six councillors. If we were a Town or Village we would be required to have a mayor and four councillors.

On December 15, 1964, the letters patent were amended to establish the Town of Merritt from the Village of Merritt; on May 14, 1980 the letters patent were amended again to establish the City of Merritt. Following the amendment of the letters patent in 1980 the City Council increased in size from one Mayor and 4 Councillors to one Mayor and six Councillors as per legislation.

If a Council wishes to change the number of Council members, it must pass a bylaw to establish the number of Council members; Council must receive the assent of the electors if it wishes to reduce the number of Council members.

Council member remuneration is established by Bylaw 2266 which was adopted on August 27, 2019.

The annual rate for remuneration of the Mayor was established at \$36,582 with an annual increase based on CPI; the base rate for Councillors is set at \$17,394, with an annual increase based on CPI.

A recent survey of similarly sized municipalities follows:

**COMMUNITIES 5,000 - 10,000  
(2023/2024)**

<b>MAYOR</b>		<b>FT/PT</b>	<b>COUNCIL</b>	
<b>Castlegar (9,084)</b>	36,000.00	PT	<b>Castlegar (9,084)</b>	18,000.00
<b>Creston (6,002)</b>	42,633.46	PT	<b>Creston (6,002)</b>	19,185.00
<b>Fernie (6,780)</b>	45,377.02	PT	<b>Fernie (6,780)</b>	22,688.64
<b>Hope (7,159)</b>	35,856.00	PT	<b>Hope (7,159)</b>	20,318.00
<b>Kitimat (8,864)</b>	50,060.00	PT	<b>Kitimat (8,864)</b>	27,777.00
<b>Ladysmith (9,662)</b>	44,646.00	PT	<b>Ladysmith (9,662)</b>	16,819.00
<b>Merritt (7,415)</b>	37,423.36	PT	<b>Merritt (7,415)</b>	17,794.14
<b>Oliver (5,303)</b>	32,783.16	PT	<b>Oliver (5,303)</b>	17,814.25
<b>Osoyoos (5,763)</b>	38,303.64	PT	<b>Osoyoos (5,763)</b>	21,722.04
<b>Peachland (6,139)</b>	<b>42,930.00</b>	PT	<b>Peachland (6,139)</b>	<b>19,629.00</b>
<b>Revelstoke (9,032)</b>	36,800.00	PT	<b>Revelstoke (9,032)</b>	24,936.00
<b>Spallumcheen (5,798)</b>	33,012.00		<b>Spallumcheen (5,798)</b>	19,464.00
<b>Trail (8,286)</b>	34,525.00	PT	<b>Trail (8,286)</b>	18,525.00
<b>Average</b>	<b>38,951.64</b>		<b>Average</b>	<b>20,420.26</b>

The below link can be used by residents to access the 2025-2029 Financial Plan presentation provided to Council on December 9, 2024.

<https://pub-merritt.escribemeetings.com/filestream.ashx?DocumentId=11230>

The report is meant to summarize the messages heard during the budget open house sessions and for Council consideration during upcoming Budget Bylaw discussions and decisions. Administration has not made any interpretations of the comments and questions from the residents.

**Respectfully submitted,**

**Cynthia White  
Chief Administrative Officer**