

Town of Riverview

COUNCIL REPORT FORM



Presented to: Mayor and Town Council

Presented by: Colin Smith, CAO

Date: December 12, 2017

Subject: Long Range Capital Plan and associated Tax Rate Plan/Strategy

Agenda Item:

Meeting Date: RCM 12/11/2018

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BACKGROUND

During the Budget deliberations on November 23rd and 25th, 2017 there was considerable discussion about the need for Council to revisit the Town's ten year capital plan and the need for an associated tax rate strategy to help facilitate the capital project objectives included in that plan. Staff made it very clear in the Council budget binder package and during our Committee of the Whole discussions that the current \$101 million ten year general capital budget plan is not sustainable and affordable with the current projected assessment growth rates for Riverview. The following table highlights the fact that not only does Council need to provide direction on where it feels the Town needs to be with future tax rate increases but also how much does the scope of the capital plan have to be reduced.

GENERAL FUND (PROJECTIONS)						
Scenario	Total Capital Spend	Capital Plan Reduction Required	Tax Rate 2018	Tax Rate 2021	Tax Rate 2024	Tax Rate 2027
Ten Year - Last Year Version (it was stated that amendment is necessary)	113,000,000	(from last year plan)				
Ten Year - Existing Plan (some LI Deferral and minor adjusting)	101,000,000	11,000,000	1.5826	1.6965	1.7319	1.7802
Ten Year - No Tax increase	70,000,000	43,000,000	1.5826	1.5844	1.5836	1.5826
Ten Year - 1 Cent/Yr Tax increase	83,000,000	30,000,000	1.5826	1.6683	1.6736	1.6826
Assumptions:						
Tax Base Growth - Zero in 2018, 1/2% in 2019 and 2020 followed by 1% each year thereafter						
Expenditure Growth - 2% per year plus one-offs such as RCMP building and Wellness Center						
Fed/Prov Funding is available for a Wellness Center in the amount of \$18 million (??)						
Proceeds from Sale of Property is not factored in the above calculations (could be \$2m??)						
Notes for discussion:						
At last year's budget it was stated that with the lack of growth in the tax base that this Ten Year Plan would have to be revised						
Reduction required is in comparison to the Ten Year Plan shown at last years budget. The Five Year Capital Plan was adopted.						
Need to determine what an acceptable tax rate is over the next ten years.						
Council/staff need to determine which capital items need to be eliminated or deferred beyond ten years						

This table was included in the budget binder package presented to Council.

During the Committee of the Whole meetings, the general consensus of Council was that it was prepared to have discussions in 2018 to review and update the Town's long term capital plan as well as discuss a proposed property tax rate plan that would need to be implemented to deliver on those capital budget objectives. As part of those discussions, the CAO recommended that Council provide staff specific direction via a motion at the Council meeting it approves the 2018 budgets.

CONSIDERATIONS

Legal: - N/A

Financial: - N/A

Policy: - N/A

Stakeholders: - N/A

Strategic Plan:

An open and transparent budget process aligns to the overall direction established by the Strategic Plan.

Interdepartmental Consultation: - N/A

Communication Plan:

Not required at this time.

RECOMMENDATION FROM STAFF

That Council direct staff to review and update the Town's ten year capital plan and develop an associated tax rate strategy to ensure that the Town's long term plan is sustainable and affordable for the residents of Riverview. Staff is also directed to develop a communication strategy to educate residents of the impact of the Town's long term plan and tax rate strategy on the community. Staff is to deliver an updated ten year capital plan and tax rate strategy to Council for discussion before the end of March 2018.