



City of Terrace

2023 BUDGET CONSULTATION

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THE CITY OF TERRACE IS DEVELOPING THE 2023 BUDGET AND WOULD LIKE TO HEAR FROM THE COMMUNITY!

Council is currently considering the 2023 to 2027 Financial Plan, with a focus on the 2023 Budget.

Your feedback is important.

Read through the information provided in this document for information on the City's budget and provide comment:

- ONLINE: Visit engage.terrace.ca/budget2023 to answer the online survey
- ON PAPER: Printed copies are available at:
 - » Terrace City Hall: 3215 Eby St
 - » Terrace Public Library: 4610 Park Ave
 - » Happy Gang Centre: 3226 Kalum St

All surveys must be received by Friday, February 10, 2023. Please return printed surveys to City Hall, 3215 Eby St.

The responses will be compiled and presented to Council on Monday, February 27, 2023.



Learn more about the 2023 Budget by visiting our website:

engage.terrace.ca/budget2023

BUDGET BASICS

The City of Terrace owns, maintains, and operates a wide range of infrastructure to support the provisions of needed and desired services for our community.

Examples of these assets include:

- Police and fire protection
- Roads and sidewalks
- Street lighting
- Pipes and facilities for disposal of sewer and storm water
- Arenas, pools, sports fields, and playgrounds

Whether your garbage is being collected, your street is being plowed, or you are visiting the splash park, you are witnessing your tax dollars at work. It is municipal budget decisions, at the direction of Mayor and Council, that set the funding levels for the programs and services that maintain our quality of life. Developing this budget involves making difficult decisions between essential programs, infrastructure demands, and the wants and needs of residents.

Legislation requires that the City prepares a five-year financial plan setting out the municipal expenditures, funding sources and transfers to, from, or between reserves on an annual basis. Within this five-year plan is the annual budget which incorporates all operating and capital plans.

At a high level, the budget combines the following elements:



General Operating Fund: The day-to-day operational expenses, such as recreation, inspections, and protective services. Any proposed changes to this budget allow the municipality to continue to provide the same services, at the same level.



Capital Plan - General, Sewer and Water: For capital projects such as playground equipment, road reconstruction, facility improvements, and life-cycle equipment replacement.



Sewer & Water Operating Fund: These expenses are funded through user fees and levies and are included on your municipal tax notice.



Reserves and Debt: Reserves and debt are mechanisms in place to ensure funds are available for future capital expenditures. Establishing ongoing transfers to our capital reserves is vital to maintaining our current service levels and maintaining and replacing our infrastructure.

Further details on each element and the processes will be provided in this report.

The City of Terrace needs to ensure it is budgeting adequately to maintain long-term financial stability for the future of the community, while also focusing on the wants and needs of today. Growth in the community requires expansion of existing infrastructure to provide municipal services for new residents and businesses. Councils are continually challenged to maintain current infrastructure and services while also addressing the demand for enhanced and new services—and keeping it all within affordable levels for our community.

Where we're at for 2023

Council is currently considering the 2023 to 2027 Financial Plan, with a focus on the 2023 Budget.

The preliminary budget discussion started in mid-June, then in September Council and senior management continued compiling and deliberating the draft Financial Plan with a focus on the 2023 Budget.

A period of public community budget consultation will be held from January 24-February 10 to collect feedback and comment from the community.



Learn more about the 2023 Budget by visiting our website:
engage.terrace.ca/budget2023.

GENERAL OPERATING FUND

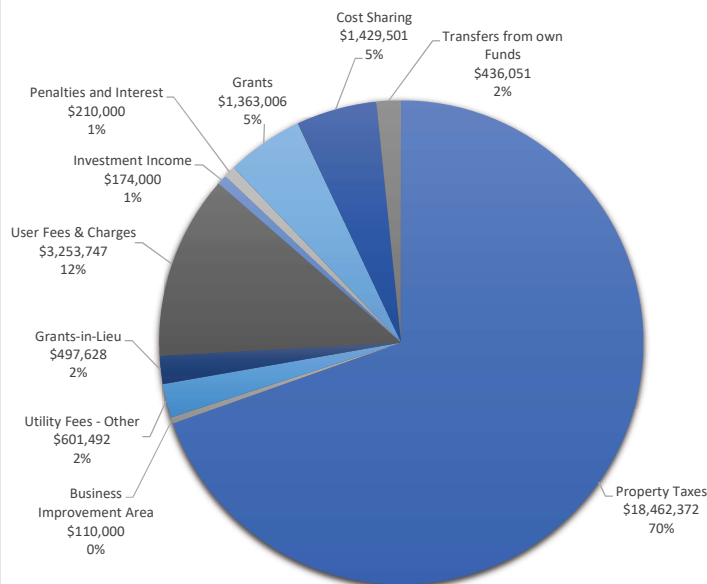


REVENUE

Sources

Property taxes are the main revenue source for the General Operating Fund. Other sources of revenue include user fees and charges, cost sharing, and investment income.

General Operating Fund Revenue \$26.5 Million



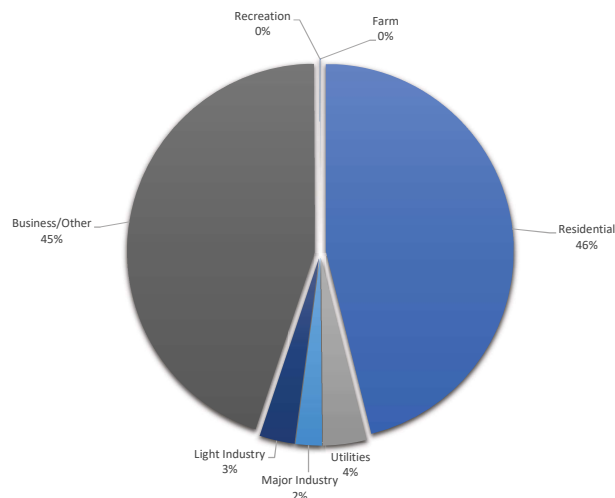
FACT!

Investment Income is income generated on any surplus or timing of cash flows. Interest earned on reserves is contributed back to the reserve it was generated from.

Distribution of Property Taxes

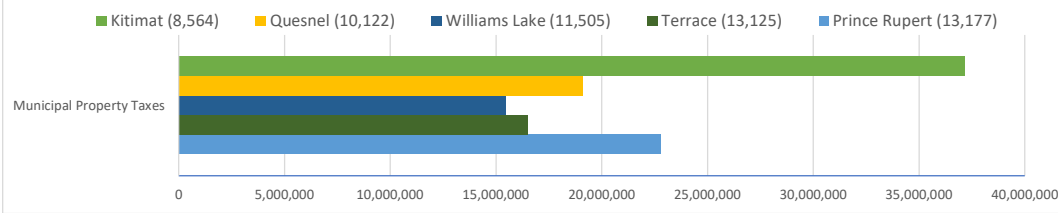
The residential and business property classes provide the largest proportion of property tax revenue. This is primarily due to a very small industrial tax base within the City.

City of Terrace 2022 Municipal Taxation By Property Class



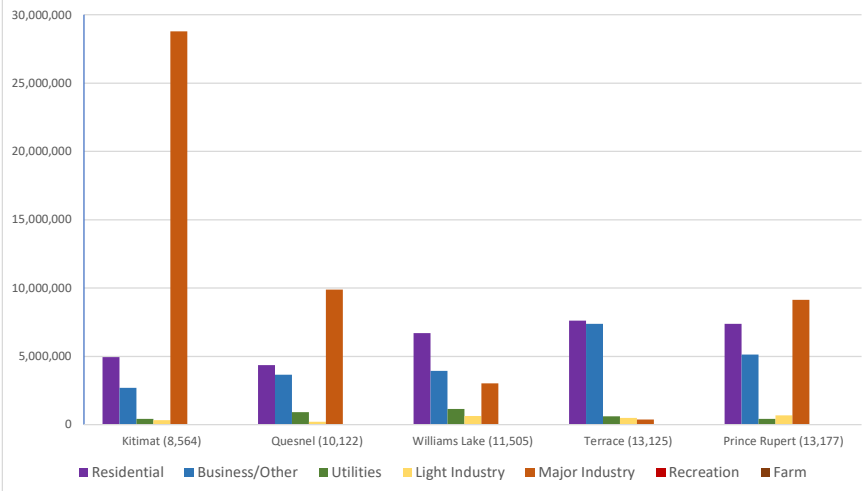
REVENUE

2022 Municipal Property Tax Comparison (Population)



Other communities in the Northwest with similar population bases have much higher revenue from major industry; therefore, they are able to spread the tax burden to major industry and relieve pressure on residents and businesses.

2022 Municipal Taxation Comparison By Property Class (Population)



FACT!

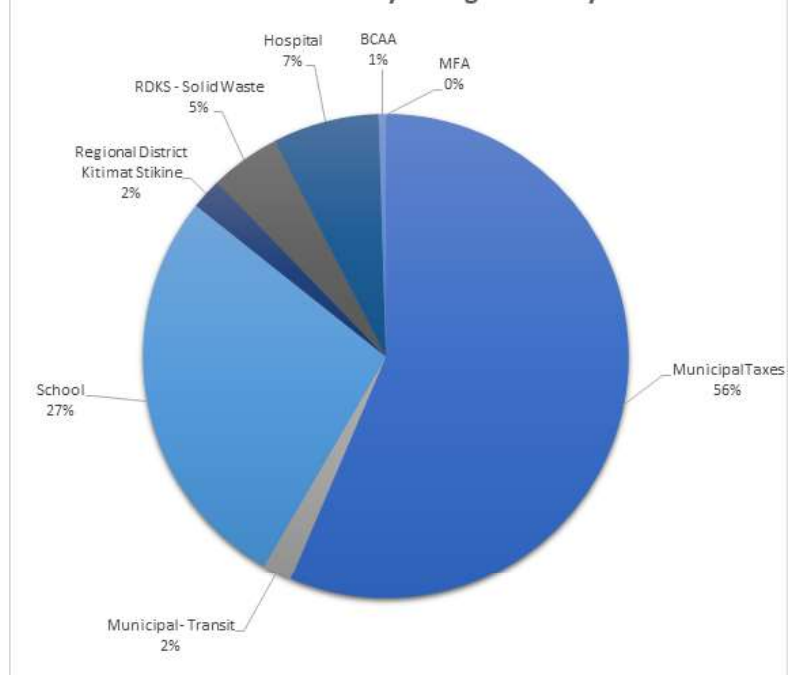
In 2022, 58% of your tax bill was made up of taxes collected by the municipality, with 42% going to other taxation authorities.

Municipal Services Funded by Taxation

Property taxation is the main source of revenue for the City's General Operating Fund. The property tax notices, mailed out each May, include taxes collected for municipal services, charges for municipal utilities, and taxes collected on behalf of various other taxing authorities.

In 2022, the average assessed home in Terrace paid \$3,773 in taxes. Of this total; \$1,811 was for municipal general services, \$63 for transit services, and \$567 for municipal utilities. The remaining \$1,332 was for taxes levied on behalf of other taxing authorities. The other taxation authorities the City collects taxes for are School Tax, Hospital Tax, Regional District Kitimat Stikine, BC Assessment, and the Municipal Finance Authority.

2022 Taxation By Taxing Authority



REVENUE

Here is an example of a 2022 property tax notice issued by the City of Terrace:

2022 PROPERTY TAX NOTICE
CITY OF TERRACE
 3215 EBY STREET
 TERRACE, B.C. V8G 2X8
 Phone: (250) 635-6311
 Fax: (250) 638-4777
 www.terrace.ca

Jurisdiction: Roll:
 Civic Address: Plan: Lot: Block:
 Legal Desc: Plan: Lot: Block:
 Mortgage Code: Access Code:
 Mortgage Name:

DUE DATE
JULY 4, 2022

Penalties & Interest
 10% Penalty on taxes unpaid after July 4, 2022.
 Interest on arrears and delinquent calculated to July 4, 2022.

If the property has been sold please forward this notice to the purchaser:

Home Owner Grant Information
 If you are a Canadian citizen or hold permanent residency status in Canada and your home is your principal residence, you may qualify for the Northern & Rural Home Owner Grant. For eligibility criteria, submission options, or for more information, please see the back of this form or visit the Provincial Government website at www.sbc.gov.bc.ca/hog. To obtain a grant an application must be completed each year, regardless of payment method. Please remember to claim the grant even if your taxes are paid with your mortgage. To avoid penalty, the Home Owner Grant application must be received by the province by the tax due date. See remittance advice below for additional information.

Payment Information & Options
 Property taxes can be paid through online or telephone banking. To make an online payment, register the City of Terrace as an online bill payee with your financial institution.

Taxable Assessed Value	Class	Land	Improvements
Hospital	01	113,000	327,000
General	01	113,000	327,000
School	01	113,000	327,000
Tax Levies	Class	Taxable Value	Rate
SCHOOL - RESIDENTIAL	01	440,000	1.988900
GEN.MUN.-RESIDENTIAL	01	440,000	4.112000
GEN.MUN.TRANSIT-RESIDENTIAL	01	440,000	0.143000
REG.DIST.-RESIDENTIAL	01	440,000	0.150400
HOSPITAL-RESIDENTIAL	01	440,000	0.516300
RDKS-RES-SOLID WASTE	01	327,000	0.457600
BCAA-RESIDENTIAL	01	440,000	0.034900
MFA-RESIDENTIAL	01	440,000	0.000200
Local Services Taxes - Bylaw	Class	Taxable Value	Rate
GARBAGE - UTILITIES	00	1.00	150.000000
SEWER - UTILITIES	00	1.00	85.440000
SEWER FRONTAGE REGULAR	00	100.00	0.850000
WATER - UTILITIES	00	1.00	176.040000
WATER FRONTAGE REGULAR	00	100.00	0.710000
Total Current Taxes			3,773.24

Note: The breakdown of "Municipal Services" and "Utilities" below are based on 2023 taxes on an average assessed home. "Other Taxing Authorities" is based on actuals for 2022. They are for illustrative purposes only as we will not know the actual values for 2023 until all taxing authorities

The highlighted tax levies are what the municipality receives.

Here is a breakdown of where that money goes on an annual and monthly basis:

MUNICIPAL SERVICES	ANNUAL	MONTHLY
Police	\$407	\$34
Public Works	\$380	\$32
Leisure Services	\$298	\$25
Fire	\$216	\$18
Development Services	\$149	\$12
Finance	\$123	\$10
General Administration	\$104	\$9
Transit	\$70	\$6
Library	\$62	\$5
Debt	\$37	\$3
Cultural/Community Partners	\$28	\$2
Economic Development	\$37	\$3
Social Development Program	\$12	\$1
Cemetery	\$17	\$1
TOTAL MUNICIPAL TAXES	\$2,068	\$172

UTILITIES (LOCAL SERVICES)	ANNUAL	MONTHLY
Garbage	\$150	\$13
Sewer - Frontage/User Fees	\$176	\$15
Water - Frontage/User Fees	\$254	\$21
TOTAL UTILITIES	\$580	\$48

OTHER TAXING AUTHORITIES (2022)	ANNUAL	MONTHLY
School	\$875	\$73
Regional District of Kitimat-Stikine	\$66	\$6
RDKS - Solid Waste	\$150	\$12
Hospital	\$227	\$19
BCAA	\$15	\$1
Municipal Finance Authority	\$0	\$0
TOTAL OTHER TAXES	\$1,334	\$111

GRAND TOTAL **\$3,981 ANNUALLY** **\$332 MONTHLY**

REVENUE

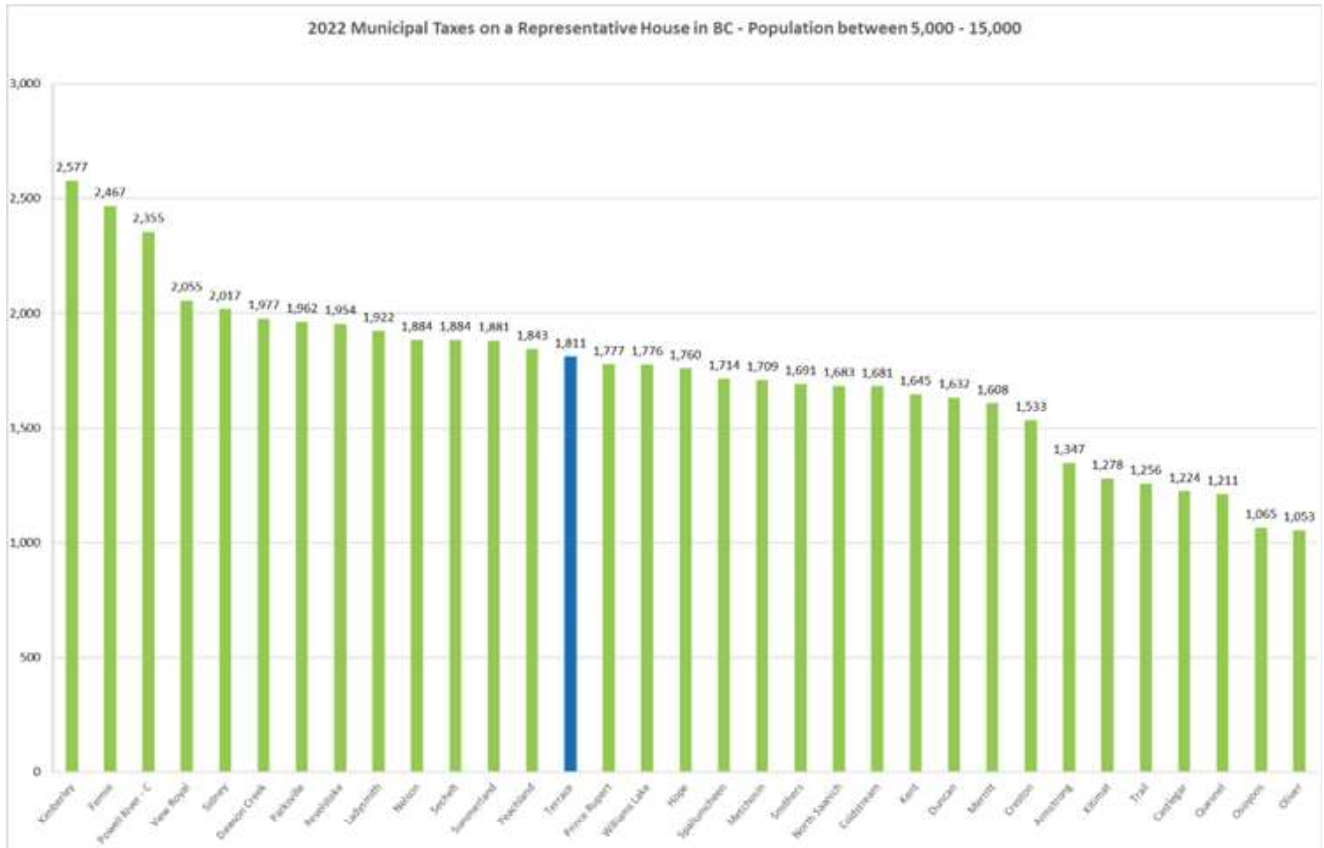
Let's Compare

When understanding taxes rates, is it helpful to see how we compare to other communities of our size.

Note: this is based on population only and does not reflect the services or service levels being offered.

FACT!

City of Terrace municipal taxes are comparable to taxes in other municipalities with similar populations.



FACT!

How much are your utilities? The average household spends about \$3,996 on electricity, gas, internet, cable, and home phones per year in BC. That's comparable to an average total tax bill in our municipality.

F
Y
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Residential Users

Billed annually for...



for a flat fee charged to everyone.

Commercial Users

Billed annually for...



based on meter readings.

User Fees & Charges

User fees are established to generate revenue to offset the costs of services provided. User fees, as opposed to property taxes, are generally preferred when specific users of a service can be easily identified, and the amount of the service provided can be measured. Most services are not full cost recovery and are supplemented by property taxation.

User Fees & Charges	2023 Budget
Planning Permits and Licenses	\$58,900
Business Licenses	\$190,000
Building Permits	\$267,000
Animal Shelter Licenses/Fees/Crematorium	\$168,000
RCMP Criminal Record Checks/Fingerprints	\$24,000
False Alarms/Permits/Municipal Tickets	\$8,650
Garbage Collection and Disposal	\$582,000
BC Transit Fees and Passes	\$214,942
Cemetery Fees	\$77,060
Ferry Island and Park Fees	\$64,150
Leisure Services Programs (Youth/Adult/Fitness)	\$92,625
Arena:	
Advertising and Concession	\$23,243
Rentals (Ice/Banquet/Other)	\$315,764
Public Skating	\$21,420
Aquatic Center:	
Lockers and Vending Machines	\$25,500
Public Swim and Swim Lessons	\$373,300
Pool Rental and Merchandise	\$69,750
TOTAL	\$2,576,304
Sale of Service - Other Revenue	2023 Budget
Fire Department - EMBC Reimbursement	\$15,000
RCMP Prisoner Costs Reimbursement - Provincial	\$135,000
RCMP Victims Assistance - Provincial	\$67,672
Recycle BC	\$145,044
Finance Administration Fees	\$25,500
Building Lease	\$289,227
TOTAL	\$677,443

Cost Sharing – Regional District of Kitimat-Stikine

The Regional District of Kitimat Stikine cost shares approximately 30% of the costs of several services provided by the City of Terrace. These shared services include recreation, cemetery, transit, victims' assistance, Terrace Public Library, Heritage Park, as well as cost sharing in contributions made to Riverboat Days Society and Terrace Search & Rescue.



RECREATION

CEMETERY



TRANSIT

VICTIMS' ASSISTANCE



TERRACE PUBLIC LIBRARY

HERITAGE PARK



RIVERBOAT DAYS SOCIETY

TERRACE SEARCH & RESCUE



EXPENDITURES

Proposed Budget Changes

Starting in the summer of 2022 and over the course of the fall, Council and staff compiled and deliberated the draft 2023 General Fund Operating budget, resulting in a preliminary budget increase of 10.33%. The following table outlines the changes from the 2022 budget to the 2023 budget.

	BUDGET DOLLARS	POTENTIAL TAX IMPACT	
REVENUE INCREASES (-) OR DECREASES (+)			
Non-market change (new construction) estimate	(100,000)	-0.60%	Estimated for 2023 tax roll
Increased grants-in-lieu	(100,751)	-0.61%	
Sale of service revenues/fee review	(217,211)	-1.31%	Increase to pre-covid levels and fee review underway
Removal of covid funding used in 2022	191,078	1.15%	
Loss of Investment Revenue	19,000	0.11%	
Total Revenue Increases over Prior Year	(207,884)	-0.65%	
EXPENDITURES			
Transfer to Asset Management Reserve	166,435	1.00%	
CUPE wages and benefits	303,995	1.83%	Settlement of Collective Agreement: 2022-2026
Council remuneration	18,000	0.11%	Per Council Remuneration Task Force recommendation
Exempt wages	21,930	0.13%	Required for 2022 inflationary increase
IAFF (Firefighters) wages	45,000	0.27%	Inflationary estimate only
Parks, Recreation & Culture staffing restructure	90,800	0.55%	per resolution no. 127
Deputy City Manager/EDO and p/t admin support	102,842	0.62%	per resolution no. 293
Exempt salaries	275,889	1.66%	Salary review 2022 market adjustment
Exempt salaries	93,965	0.56%	2023 inflationary increase
RCMP contract	249,793	1.50%	Increased rates due to RCMP unionization
Insurance premiums	31,403	0.19%	Increased premiums in 2022 and 2023
Legal	29,000	0.17%	
Transit	51,458	0.31%	
New annual software costs: Bang the Table, Agenda iCompass, Cloud Permit, Civic Review	37,200	0.22%	
Misc budget adjustments: IT, licensing, dues	72,290	0.43%	
IVC fuel costs for fleet	97,828	0.59%	
IVC inc due to inc cost of replacements of new vehicles	53,152	0.32%	
Winter roads	95,224	0.57%	Increased cost to maintain service
Pavement patching	60,000	0.36%	Increased cost of materials and increased patching

EXPENDITURES

	BUDGET DOLLARS	POTENTIAL TAX IMPACT	
Library 4%	31,994	0.19%	
Heritage Park 7.5%	9,099	0.05%	
Parks, Recreation & Culture budget review	(63,550)	-0.38%	
Staffing request: Animal Shelter	15,112	0.09%	Inc P/T hours to F/T to keep up with crematorium
Staffing request: Finance	38,763	0.23%	Reinstate P/T hours to F/T
Total Expenditures	1,927,622	11.58%	
TOTAL	1,719,738	10.33%	

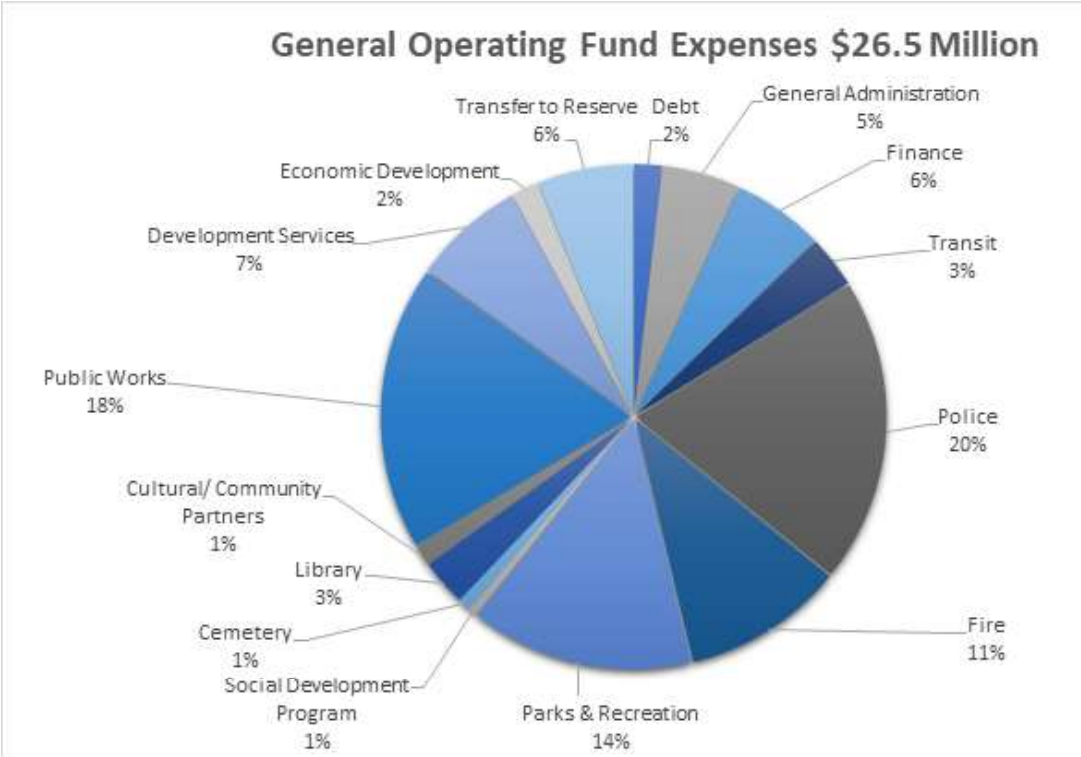
The net impact of the proposed 2023 General Operating Budget is \$1,719,738. The resulting increase to property taxes of 10.33% will have an impact of \$193.56 on the average home in Terrace with an assessed value of \$440,376 (2022 value).



The following pages break down the proposed operating expenditures by department.

EXPENDITURES

Operating expenditures are used to pay for the day-to-day activities of the various community programs and services.



FACT!

Grant money is a great way to fund capital projects; however, it is also important for us to consider how we will pay for the ongoing operating expenditures required for a capital project. For example, getting a grant for a public washroom would help us build the facility, but any ongoing maintenance and cleaning would need to be included in our ongoing operating expenditures in subsequent years.

Operating expenditures by department

FIRE DEPARTMENT

The Terrace Fire Department is committed to providing fire protection service in the municipality, including inspections and education. The Fire Department also co-ordinates the Emergency Rescue Team, the Hazardous Material Response Team, and Terrace & District Emergency Services for the area.

Fire Department	2023 Budget
Administration	\$510,311
Operations	\$2,217,361
Emergency Services	\$43,000
11% of Budget	\$2,770,672

RCMP

Terrace Detachment of the Royal Canadian Mounted Police serves the area approximately 50 km north on the Nass Road (leading to New Aiyansh), 24 km south towards Kitimat, 70 km east towards Cedarvale, and 70 km west towards Prince Rupert. Municipal policing mandates include crime prevention and investigation, keeping the peace, keeping communities safe, and enforcing federal, provincial/territorial, and municipal law.

RCMP	2023 Budget
Police	\$3,920,844
Administration	\$690,350
Victims Assistance	\$142,168
Prisoner Maintenance	\$470,296
20% of Budget	\$5,223,658

FINANCE DEPARTMENT

The Finance Department is responsible for safeguarding the City's financial assets and planning to ensure the financial stability and viability of the City. Key functions include executing the City budget and preparing the five-year financial plan, calculating and collecting property taxes, preparing the annual financial statements, investing funds, and securing and managing debt.

Finance Department	2023 Budget
Finance	\$1,093,765
Common Services (IT Systems)	\$193,924
Insurance (Liability and Property)	\$170,725
6% of Budget	\$1,458,414
Other Expenditures	2023 Budget
Debt (2%)	\$476,660
Transfer to Reserve (6%)	\$1,647,715
Transit (3%)	\$894,346
11% of Budget	\$3,018,721

ADMINISTRATION DEPARTMENT

The City's Administration Department oversees the City's operations and provides legislative support to Mayor and Council. Council meetings and functions are coordinated through Administration, and this department is also responsible for maintaining and retaining bylaws and Council Minutes. This department is also responsible for inquiries under the City's Access to Information Bylaw, and Freedom of Information and Protection of Privacy Legislation. Communications, corporate land management, and economic development also fall under the Administration Department's functions, with staff dedicated to these areas.

Administration Department	2023 Budget
Legislative (Mayor and Council)	\$328,689
General Administration	\$1,010,961
Economic Development (2%)	\$583,854
5% of Budget	\$1,923,504

PUBLIC WORKS DEPARTMENT

The City's Public Works Department is responsible for a wide range of services including engineering (preparing designs, specifications, and cost estimates for City infrastructure construction projects), roads (maintenance of roads, boulevards, sidewalks, and fire hydrants and snow removal on roads, boulevards, sidewalks, and right-of-ways), residential solid waste collection (garbage, recycling, organics, and yard waste), mechanical shop (maintenance of City's fleet of vehicles and equipment), building/electrical (maintenance and upgrades of all building systems for most City owned structures excluding the Sportsplex and Aquatic Centre, street lights, traffic control, street signs, and ornamental lighting), purchasing (procure and manage inventory for all City departments).

Public Works Department	2023 Budget
Administration	\$472,173
Engineering	\$415,168
Shop	\$105,083
Building Maintenance	\$780,973
Roads & Street	\$1,759,545
Electrical	\$394,748
Traffic Lights	\$166,253
Purchasing/Inventory Control	\$209,852
Solid Waste	\$568,167
18% of Budget	\$4,871,962

PARKS, RECREATION, AND CULTURE DEPARTMENT

The Parks, Recreation, and Culture Department supports healthy and active lifestyles and a culturally vibrant community through developing, maintaining and promoting recreational and cultural assets. The Department delivers a diverse array of services, programs and events that serve to enrich the quality of life in our community for all ages and abilities. This Department is responsible for the management, maintenance, and operation of the Sportsplex, Aquatic Centre, cemeteries and over 100 hectares of parks, trails, and open spaces throughout the community. User fees generated at the Aquatic Centre and the Arena fund between 30-40% of the projected costs of operating these facilities, with the remaining 60-70% supplemented through property taxation.

EXPENDITURES

OPERATING EXPENDITURES BY DEPARTMENT (CONT'D)

Council recently approved the development of a Social Development Program supported by a full-time Social Development Coordinator position. This program is grant funded for a period of three years. This staff position and related program will work to address the complex socioeconomic trends and challenges in the City of Terrace, including homelessness, community safety, and mental health and addictions.

Leisure Services Department	2023 Budget
Administration	\$517,001
Arena	\$921,719
Parks	\$790,339
Recreation Programs	\$189,699
Pool	\$1,410,487
16% of Budget	\$3,829,245
Other Expenditures	2023 Budget
Social Development Program (1%)	\$154,057
Cemetery (1%)	\$213,173
Library (3%)	\$795,005
Cultural/Community Partners (1%)	\$359,638
6% of Budget	\$1,521,873

DEVELOPMENT SERVICES DEPARTMENT

The Development Services Department oversees the many municipal processes that enable and support development in our growing community. This department is responsible for all community and land use planning activities, from long-range planning to the processing of subdivision, development permits, and development variance permit applications. Other primary services within the department include building inspection and business licensing, geographic information systems and mapping, as well as bylaw compliance and animal control.

Development Services Department	2023 Budget
Building Inspection	\$367,066
Licensing Operations	\$18,700
Bylaw Enforcement	\$264,918
Animal Control	\$344,917
Planning	\$494,110
Drafting	\$207,124
Development Services	\$222,913
7% of Budget	\$1,919,748

FACT!

User fees generated at the Aquatic Centre and Sportsplex fund between 30 to 40% of the projected costs of operating these facilities, with the remaining 60 to 70% supplemented through property taxation.



SEWER AND WATER OPERATING FUND

Sewer Operating Fund

The City owns and operates over 89 km of sanitary sewer mains in the local sewer system that serves Terrace.

Under direction of the Public Works Department, the Environmental Services department is responsible for:

- Wastewater treatment plant operation, monitoring, and maintenance, including screening, pumping, aeration, and discharge systems;
- Operation of the City's five sewer lift stations as well as the Kitsumkalum sanitary lift station;
- Daily and monthly sampling and testing of wastewater to ensure compliance with permit requirements;
- All permit reporting to Federal and Provincial governments and Northern Health.

Highlights of the 2023 sewer operating budget include:

- Frontage/User Fees are estimated at \$945,553, 79% of all revenue collected
- Transferring \$350,614 to reserves will support future capital upgrades (\$120,614 from frontage/user fees and \$230,000 from the collection of bulk wastewater). This is a new service in place in response to demand from industrial camps in the area.

To build-up our reserves to support capital requirements, Council is considering a 3% increase in Sewer frontage and user fees. This will increase a residential taxpayer's sewer costs by \$5.12 per year, which is .43 cents per month. Total sewer costs will be \$175.56 per year, which is \$14.63 per month.

Sewer Revenue	2023 Budget
Frontage Taxes/User Fees	\$945,553
Lateral Installs and Inspection Fees	\$4,500
Bulk Wastewater Collection	\$250,000
Total Sewer Revenues	\$1,200,053
Sewer Expenditures	2023 Budget
Operating Expenses	\$849,440
Transfer to Reserve	\$350,614
Total Sewer Expenditures	\$1,200,054

Water Operating Fund

The City owns and operates over 115 km of water mains in the local water system that serves Terrace.

Under direction of the Public Works Department, the Environmental Services Department is responsible for:

- The operation, monitoring and maintenance of the community's three production water wells and associated chlorine and fluoride systems;
- Maintenance of the City's two surface water emergency backup sources at Deep Creek and Little Island;
- The operation and maintenance of the water reservoir, pumping station and booster station;
- Daily, monthly, and annual water quality testing and analysis, including testing of water in the RDKS's North Terrace water network.

Highlights of the 2023 water operating budget include:

- Frontage/User Fees are estimated at \$1,492,872, 93% of all revenue collected
- Transferring \$378,595 to reserves will support future capital upgrades (\$362,595 from frontage/user fees and \$16,000 from bulk water sales). This is a new service in place in response to the increased industrial activity in the area.

To build-up our reserves to support capital requirements, Council is considering a 3% increase in Water frontage and user fees, this will increase a residential taxpayer's water costs by \$7.42 per year, .62 cents per month. Total water costs will be \$254.46 per year, and \$21.21 per month.

Water Revenue	2023 Budget
Frontage Taxes/User Fees	\$1,492,872
Lateral Installs and Inspection Fees	\$107,500
Total Water Revenues	\$1,600,372
Water Expenditures	2023 Budget
Operating Expenses	\$1,221,777
Transfer to Reserve	\$378,595
Total Water Expenditures	\$1,600,372

CAPITAL PLAN: GENERAL, SEWER, AND WATER 2023–2027



The City of Terrace has recommended a 1% tax increase in 2023 to help fund future projects and help ensure that our City's assets are being replaced as deemed necessary. These funds will be put aside in a reserve to fund future capital purchases. In this section we have identified all projects that are recommended in the capital budget for the years 2023–2027.

The capital budget is for new or replacement infrastructure, such as upgrades to aging facilities, road reconstruction, or replacement of essential equipment. The starting point for the draft capital plan is the previous year's approved five-year plan. Staff review the capital projects in the capital plan annually to update projected costs and determine if any items should be postponed or

advanced.

Over the next five years the City's Capital Plan has over \$33 million worth of capital projects. These projects are fully funded either through grants or reserve transfers. As grants are not guaranteed income, the City needs to ensure that reserves are available to fund necessary projects.

Like operations, capital is broken out in General, Sewer and Water. Examples of key projects are included on the following pages.

If you would like to see a more comprehensive list of the 2023–2027 Draft Capital Plan, it can be found at [engage.terrace.ca/budget2023](https://terrace.ca/budget2023).

GENERAL CAPITAL PROJECTS:

\$28.8 million spent in 2023–2027,
including projects from the following departments:

Development Services: \$1.1 million

- 4600 Block Lakelse Avenue Canopy Removal: **\$500,000 (2023)**
- 4600 Block Lakelse Avenue Detail Design: **\$135,000 (2023)**
- Climate Adaptation Planning
- Green Fleet Planning

Public Works: \$20.5 million

- Road Reconstructions: **\$7.9 million (years 2023–2027)**
- Landfill Closure: **\$3.2 million (2023)**
- Cooper/Lanfear/McConnell Roundabout: **\$1.9 (2024)**

Parks & Recreation: \$3.5 million

- Aquatic Centre Main Filter Tank: **\$90,000 (2023)**
- Cemetery Expansion: **\$200,000 (2024)**
- Arena Refrigeration Plant Replacement: **\$1.9 million (years 2023–2025)**

Fire Department: \$630,000

- Self-Contained Breathing Apparatus: **\$411,017 (2024)**

Vehicle and
Equipment
Purchases 2023–27: **\$2.8 million**
Other Projects: **\$240,000**



Major road
projects
proposed for
the next 5
years:

2023	Graham Avenue Reconstruction: Eby to Kenney
2024	4600 Scott Avenue Reconstruction
2024–2025	5300 Mountain Vista Drive Reconstruction
2025	Thomas Street Reconstruction: McConnell to Halliwell
2026	4800 Davis Avenue Reconstruction
2026	4900 Park Avenue Reconstruction
2027	4800 Olson Avenue Reconstruction
2027	4700 Haugland Avenue Reconstruction

CAPITAL PLAN (CONT'D)

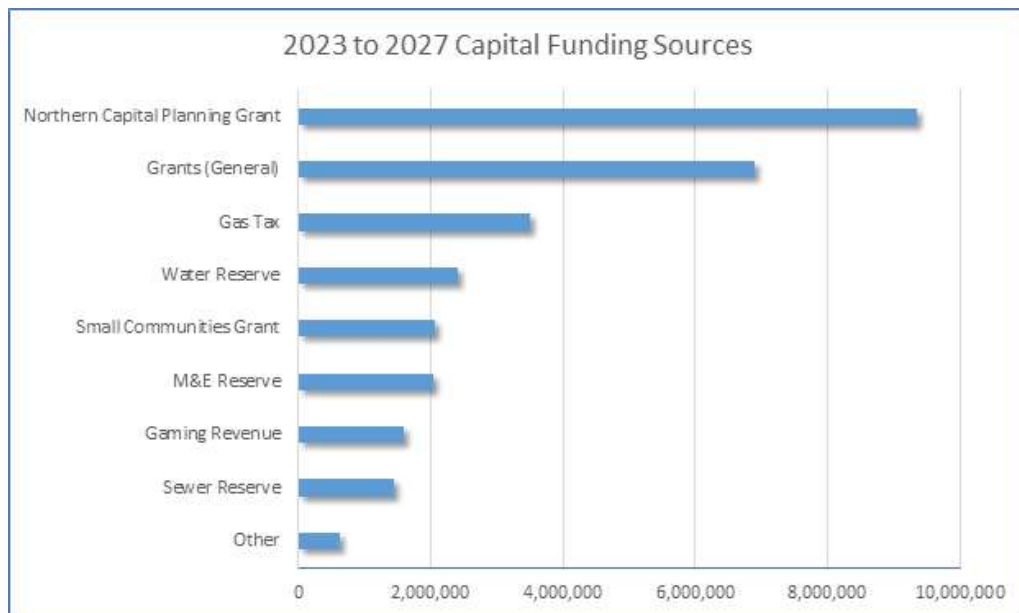
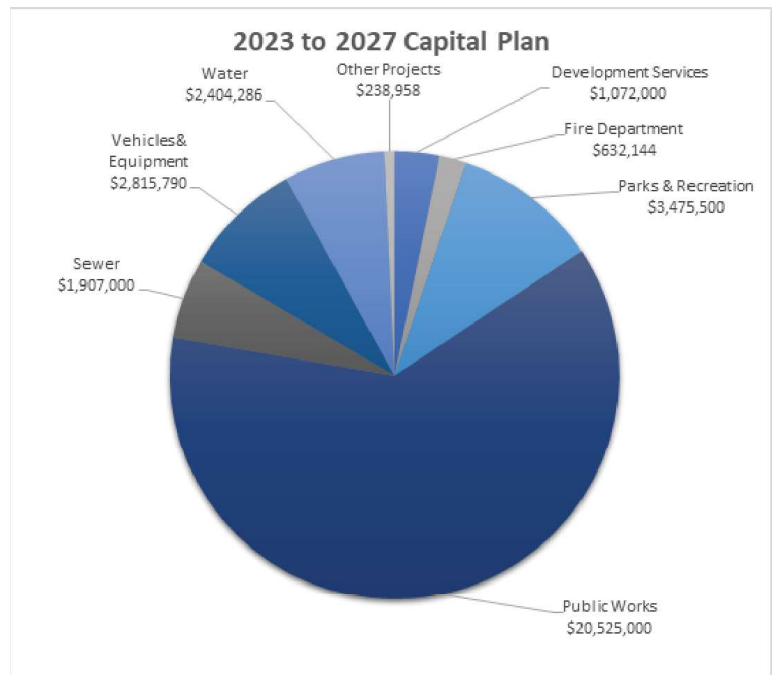
SEWER CAPITAL PROJECTS: \$1.9 million

Sewer Treatment Plant – Road Upsize
Gravity Main: \$450,000 (2023)
Graham Avenue: Eby to Kenney Sewer:
\$550,000 (2023)

WATER CAPITAL PROJECTS:

\$2.4 million

The majority of these projects are water lines supporting the road projects listed on the previous page.



Here is a list of 2023/2024 projects that are made possible due to grant opportunities:

2023/2024 CAPITAL PROJECTS	COST	FUNDING
Rotary George Little Park Expansion	\$100,000	40% Grant Funded
Downtown Portapotties	\$22,000	100% Grant Funded (pending approval)
MVI Emergency Response Training	\$24,000	100% Grant Funded
Downtown Safety Officer	\$50,000	100% Grant Funded (pending approval)
Lanfear Pedestrian Walkway	\$4,090,000	100% Grant Funded (pending approval)
Lanfear Shoulder Improvements	\$550,000	100% Grant Funded (pending approval)
Cooper/Lanfear/McConnell Roundabout	\$1,860,000	100% Grant Funded (pending approval)
TOTAL	\$6,696,000	

RESERVES AND DEBT



Reserves

In 2023 the City is budgeting to transfer \$797,770 from operations by way of taxation and fees into capital reserves to ensure funds are available for future capital expenditures. Establishing ongoing transfers to our capital reserves is vital to maintaining our current service levels and maintaining and replacing our infrastructure.

TRANSFERS TO CAPITAL RESERVES

General Fund	\$323,215
Sewer Fund	\$110,088
Water Fund	\$364,467

RESERVE PROJECTIONS	2023	2024	2025	2026	2027
Active Transportation	\$ 17,302	\$ 17,302	\$ 17,302	\$ 17,302	\$ 17,302
Affordable Housing	184,288	184,288	184,288	184,288	184,288
Animal Shelter Crematorium Reserve	10,000	20,000	30,000	40,000	50,000
Community Forest	191,421	191,421	191,421	191,421	191,421
Covid Safe Restart Grant	307,262	205,268	205,268	205,268	205,268
Gaming	1,133,435	1,533,435	1,933,435	2,283,435	2,383,435
Gas Tax - Community Works Fund	1,191,937	1,286,937	981,937	976,937	671,937
General Capital	2,549,398	3,057,237	3,756,949	4,656,453	5,762,827
Land Acquisition	707,656	707,656	707,656	707,656	707,656
Landfill Closure	373	373	373	373	373
Local Gov'n't Climate Adaptation Program	147,664	198,746	198,746	198,746	198,746
Machinery & Equipment	3,632,098	3,309,848	3,153,648	3,243,598	3,402,848
Northern Capital and Planning Grant	5,111,976	2,662,959	1,541,559	591,559	591,559
Parking Space	78,554	78,554	78,554	78,554	78,554
Parkland	130,685	130,685	130,685	130,685	130,685
Sewer Capital	129,764	161,764	280,409	403,892	562,409
Water Capital	512,997	548,393	359,730	399,885	296,038
TOTAL PROJECTIONS	\$16,036,809	\$14,294,865	\$13,751,959	\$14,310,051	\$15,435,345

*Includes the proposed 1% asset management increase in years 2023-2027

Debt

The City uses debt occasionally to finance large capital projects that provide long-term benefits to the residents. All borrowing is done through the Municipal Finance Authority. The City must make annual principal payments and semi-annual interest payments on these loans.

DEBT PRINCIPLE BALANCES	2023	2024	2025	2026	2027
General Fund Outstanding Debt:					
Sportsplex Retrofit - 2008	\$393,087	\$320,512	\$245,035	\$166,538	\$84,901
Sportsplex Retrofit - 2009	\$661,521	\$561,789	\$458,068	\$350,198	\$238,013
Aquatic Centre Renewal - 2019	\$2,742,557	\$2,512,075	\$2,274,678	\$2,030,159	\$1,778,305
TOTAL OUTSTANDING DEBT	\$3,797,165	\$3,394,376	\$2,977,780	\$2,546,894	\$2,101,219

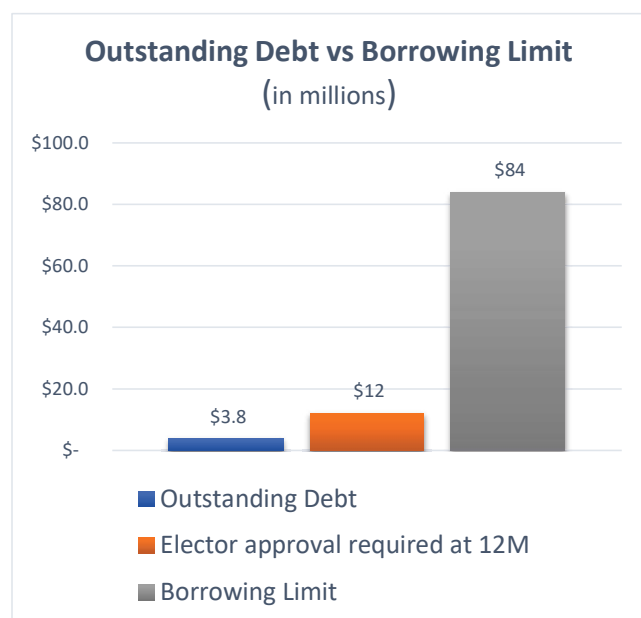
DEBT PAYMENTS	2023	2024	2025	2026	2027
General Fund Debt Payments (including interest)					
Sportsplex Retrofit - 2008	\$72,098	\$72,098	\$72,098	\$72,098	\$72,098
Sportsplex Retrofit - 2009	\$96,180	\$96,180	\$96,180	\$96,180	\$96,180
Aquatic Centre Renewal - 2019	\$308,383	\$308,383	\$308,383	\$308,383	\$308,383
TOTAL DEBT PAYMENTS	\$476,661	\$476,661	\$476,661	\$476,661	\$476,661

Sewer and Water Funds have no outstanding debt.

DEBT BORROWING CAPACITY

The City's borrowing capacity is defined in legislation as 25% of the prior year's prescribed revenue, and 5% of prior year's prescribed revenue can be borrowed without the assent of the electorate.

The City's external borrowing limit is approximately \$84 million, based on legislated limits, current estimated interest rates, and assuming 20 year terms on average. The City's current outstanding long-term debt will be \$3.8 million as of December 31, 2023.



FACT!

According to the Community Charter, which governs municipalities, a municipality cannot run a deficit (unlike provincial and federal governments, which can and often do). If actual expenditures end up exceeding revenues by year-end, the resulting deficit must be included in the next year's financial plan as an expenditure.

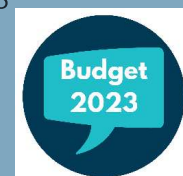
Your feedback is important.

Please provide your comments on this document.

- ONLINE: engage.terrace.ca/budget2023
- ON PAPER: Pick up a printed copy at Terrace City Hall, Terrace Public Library, or the Happy Gang Centre

All surveys must be received by Friday, February 10, 2023. Please return printed surveys to City Hall, 3215 Eby St.

The responses will be compiled and presented to Council on Monday, February 27, 2023.



Learn more: engage.terrace.ca/budget2023