



Overview of Financial Plan 2021



St. Clements

The place to be

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TO OUR RATEPAYERS

Your Representatives



RM of St. Clements Council 2018-2022

(l-r) Sandra Strang Ward 1, Dave Sutherland Ward 2, Robert Belanger Ward 2, Mayor Debbie Fiebelkorn, Dave Horbas Ward 2, Glen Basarowich Ward 1, Scott Spicer Ward 1

Message from Council

After the election Council established a vision and strategy that represents the priorities and values of our community. We accomplished this by creating a Strategic Plan, which sets the goals and direction we heard from our ratepayers.

While we all are adjusting to the new normal in dealing with the global pandemic, Council has continued to work towards providing services to our ratepayers to build a safe and health community. The RM of St. Clements has also shown that it is **“the place to be”**, with various Manitobans looking to spend more time outdoors utilizing the various trails and amenities the RM has to offer.

Council and administration have continued to focus on delivering the priorities for our municipality. This includes day to day services and various capital projects to enhance our community.

A commitment Council made was to be more transparent and accessible to our citizens and we have continued to try and achieve this within the restrictions of our current times. This includes the utilization of social media and providing Council Meetings online. In order to continue to provide information to our citizens, this Financial Plan Overview has been developed to provide additional information in a format that will help to highlight the information in the Financial Plan.

STRATEGIC PLAN

After much discussion and brainstorming at the strategic planning workshop in 2019, Council determined their vision and values that guide decision making.

The Vision and Values helped to establish the Goals, which guide the financial planning and service delivery to our citizens. The Financial Plan attempts to address all of the goals identified.

In these unprecedented times, it has also become clear that the Municipality has to be prepared for unknown and sometimes difficult external influences on finances, resources and service levels.

Our responsibility is also to develop strategies and actions to minimize the impact of these influences to provide a level of predictability for our ratepayers.

Vision

The RM of St. Clements is committed to sustainable growth, enhanced amenities and services, and offering people of all ages desirable places to live and recreate.

The Municipality supports diverse land uses and settlement types while maintaining an environment where diverse residents across the municipality co-exist in harmony.

Values

COMMUNICATION AND OPENNESS

We communicate our plans and intentions openly, and work with residents and stakeholders to understand ideas, concerns and work towards solutions.

COLLABORATION AND RESPECT

We work together as a council, administration and residents to arrive at a clear plan of action, with a willingness to compromise, build consensus and respect one another.

DIVERSITY

We seek to uphold and increase the functional diversity in land uses, communities and lifestyles available for all ages across our municipality.

FINANCIALLY ACCOUNTABLE

We will responsibly grow our tax base and reduce inefficient expenses and inactive assets to achieve accountability and desirable levels of service for residents.

Goals

1. **Comprehensive Plan for roads, drainage and waste**
Establish and communicate priorities and a basic services plan for every area of the municipality to address roads, drainage, solid waste and sewer.
2. **Affordability**
Keep costs affordable and predictable for ratepayers.
3. **Targeted, sustainable growth**
Increase sustainable growth and endorse opportunities for East Selkirk, Grand Marais and East Lockport/Henderson.
4. **Anticipate future needs in amenities and services**
Advance amenities and services to prepare for the future needs of our changing communities.
5. **Recreation Destination**
Increase interest in St. Clements four-season, outdoor recreational opportunities.

STRATEGIC HIGHLIGHTS

In 2020, the RM identified several Major Road projects that are needed in order to continue to provide quality infrastructure through proper asset management. The projects have been completed using infrastructure reserves created through the previous financial planning processes. Our Financial Plan continues to support a \$4 million commitment in funding for hard surface road maintenance over the 4 year term of Council.

<u>2020</u>	<u>Description</u>	<u>Cost (Actual)</u>
Dunning	Henderson to Tracks	\$ 453,927.08
Old Henderson	Colville to Chruch Rd (North)	\$ 533,211.39
Church Rd (North)	Old Henderson to Quarry	\$ 293,967.29
Total:		\$ 1,281,105.76

In 2021, the RM is again investing in Major Road projects including reconstructing a major road following a severe weather event in October of 2019. The projects will be completed utilizing funding from infrastructure reserves and funding available through provincial Disaster Financial Assistance.

<u>2021</u>	<u>Description</u>	<u>Estimated Cost</u>
Church Road South		\$ 800,000.00
Ludwick Road & Floodway (Dunning) Crossing	Projects related to October 2019 snow storm (Disaster Financial Assistance Grant)	\$ 1,600,000.00
Total:		\$ 2,400,000.00

Significant grants received in 2020, especially the \$2.7M grant from the Province's Climate Resiliency Grant towards the Gunns Creek Diversion, has allowed the RM to review and refocus our Capital projects. This allowed the RM to repurpose approximately \$4.3M in previous borrowing authority to be directed to strategic infrastructure priorities. Accordingly, the new borrowing has been approved for the Henderson Wastewater project for \$3.5M and the Water Softener Project for \$2.0M along with an additional \$2.0M grant from the Manitoba Water Services Board.

Reserve Funds

The municipal finance strategy utilizes reserve funds to allocate dollars specifically to major costs such as equipment, infrastructure and projects.

Year-end surpluses in 2020 (resulting from various grants and cost savings throughout the year) allowed for nearly \$870K to be used to replenish the multiple capital only reserves, providing funding capacity to accommodate future capital costs.

In 2021 Council has created a *General Purpose Reserve* in order to address any future unknown external influences on finances, resources and/or service levels and to promote financial resiliency.

Multi-Year Budgeting

In 2021 Council implemented a three-year budgeting strategy, the 2021 budget is being put forward for adoption and the following two years are to be adopted in principle, in order to provide a level of predictability and stability in the operations of the RM. This new strategy will expedite the budgeting process annually and provide for increased focus on overall operational savings wherever possible.

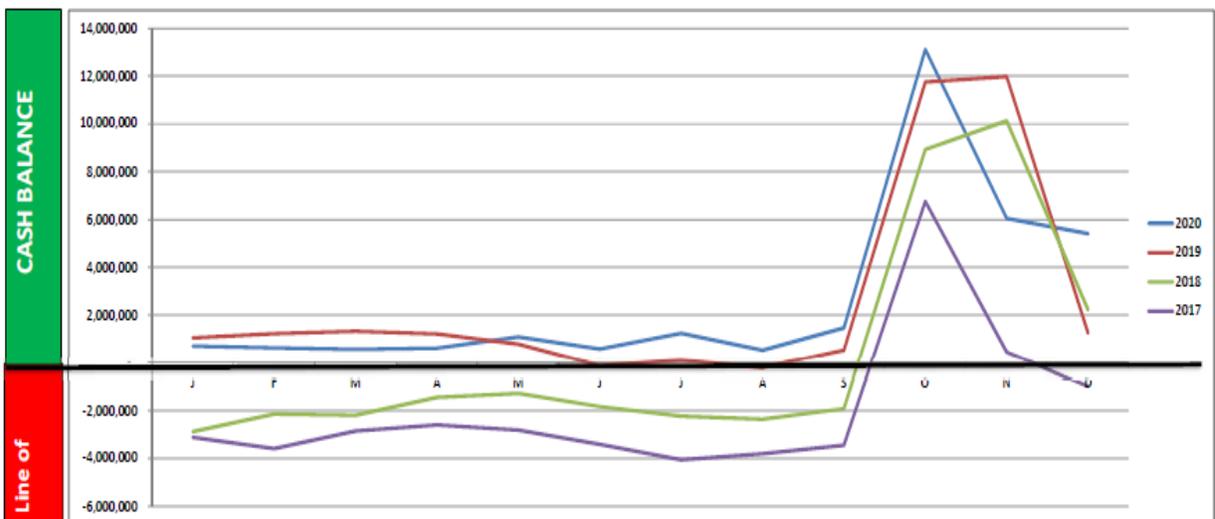
FINANCIAL HIGHLIGHTS

In 2021 Council has continued to reduce future risks related to infrastructure costs by:

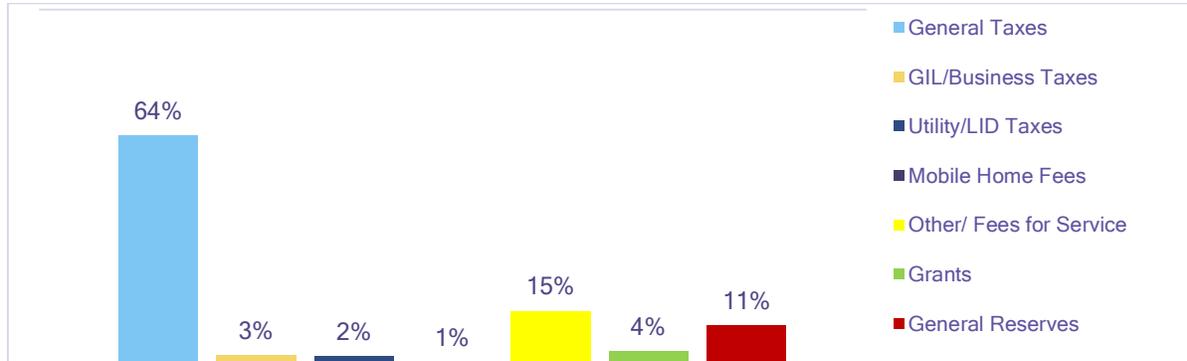
1. Continuing with 1 Mill rate dedicated towards roads, equaling \$784,675.00
2. Stabilize the reserves in order to provide sufficient funds for Capital projects in 2021:
 - a. Road Construction \$2.4M
 - b. Public Works Equipment Purchases \$454K
 - c. Fire Departments Equipment Purchases \$238K
 - d. Environmental Waste and Site Improvements \$155K
 - e. Bridge Repairs \$200K

Fiscal and cash flow management has allowed the RM to reduce its reliance on utilizing the Operating Line of Credit. In 2020 the RM worked to eliminate interest expenses related to utilizing the line of credit. The chart below shows the continued progress in reducing operating costs related to short-term line of credit borrowing with continued progress in cash balance stabilization.

	J	F	M	A	M	J	J	A	S	O	N	D
2020	701,791	624,520	567,886	605,912	1,079,537	569,799	1,235,037	526,563	1,462,089	13,107,548	6,038,332	5,400,385
2019	1,046,377	1,215,121	1,319,505	1,207,166	775,751	137,126	89,303	217,994	522,995	11,742,431	11,975,495	1,253,362
2018	- 2,880,056	- 2,141,371	- 2,192,134	- 1,438,409	- 1,280,652	- 1,833,091	- 2,225,239	- 2,354,443	- 1,920,049	- 8,928,022	- 10,124,110	- 2,223,778
2017	- 3,109,993	- 3,585,962	- 2,853,016	- 2,604,138	- 2,808,760	- 3,411,836	- 4,053,718	- 3,800,250	- 3,449,043	- 6,750,150	- 445,593	- 973,286
2016	- 3,412,162	- 2,723,173	- 2,915,117	- 3,007,422	- 1,515,094	- 4,676,932	- 4,144,464	- 4,147,614	- 4,493,877	- 12,448,971	- 6,213,512	- 3,230,071
2015	- 3,539,872	- 4,277,656	- 3,415,658	- 3,456,014	- 3,916,492	- 2,269,045	- 3,120,922	- 2,974,065	- 2,216,587	- 5,653,127	- 6,904,827	- 3,706,809
2014	- 428,962	- 1,454,926	- 1,619,474	- 1,984,218	- 2,741,811	- 2,492,777	- 427,715	- 595,434	- 3,351,359	- 4,094,213	- 2,436,584	- 1,334,077

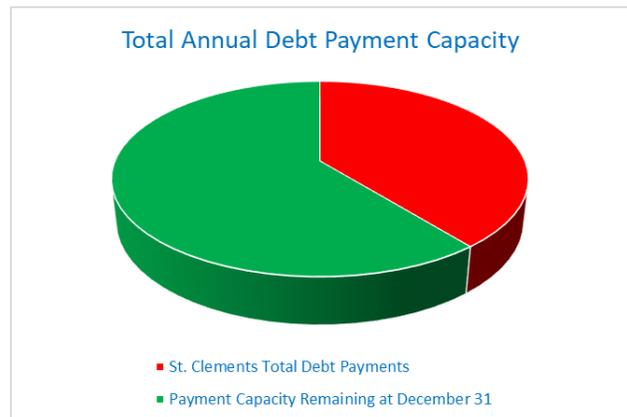
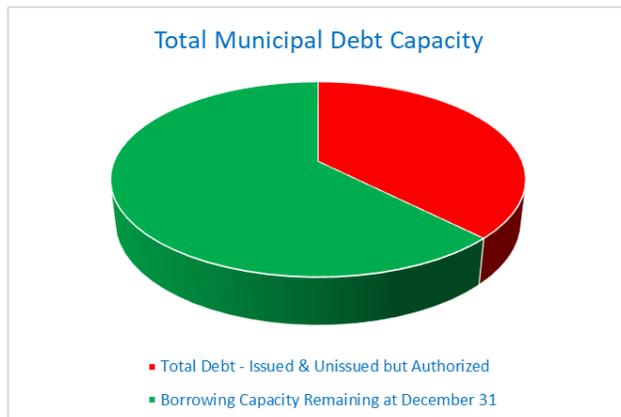


Municipalities have limited options available for generating revenue with a significant percentage of the revenue coming from taxes and fees for service. Council is committed to managing these costs and continues to seek other opportunities from Grants and fees for service.



The RM continues to monitor its borrowing practices and associated risks in debt capacity and debt payments. The Province of Manitoba expects municipalities to follow the Municipal Board of Manitoba Debt Policy, which states:

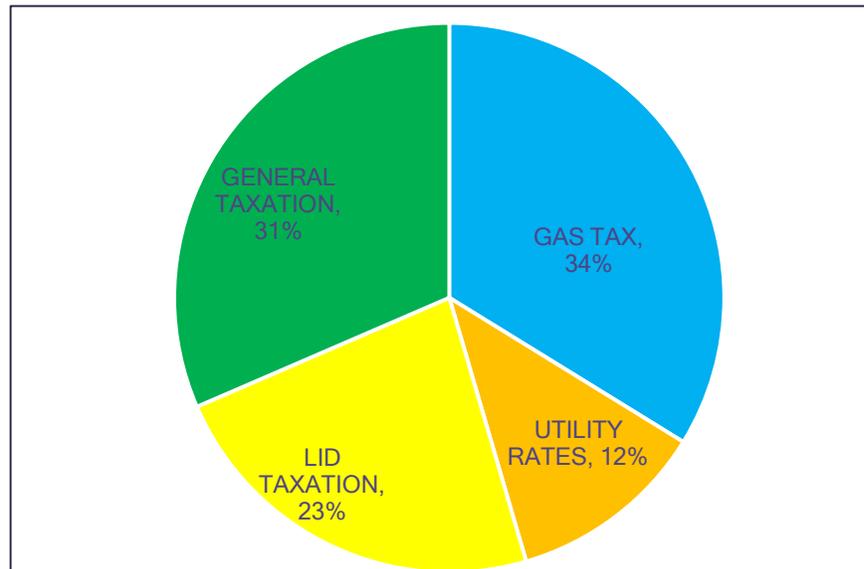
1. **Municipal Debt cannot exceed 7% of the total municipal assessment:**
2. **Annual debt payments cannot exceed 20% of annual revenue:**



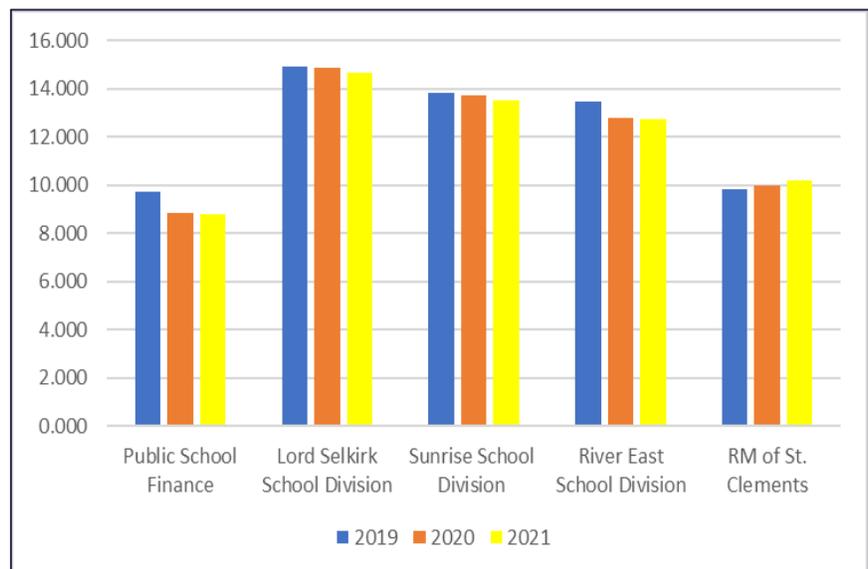
In the 2021 budget, of the 7% available there is still 4.37% of debt capacity remaining, totaling over \$32M and of the payment capacity of 20% there is still 12.16% available, totaling over \$2.3M in payments. Commitment to fiscal management has allowed the RM to continue to be in a sound financial position in relation to the debt ceilings for the RM.

Furthermore, not all debt payments are directly related to general taxation. In St. Clements, the General Taxation accounts for only 31% of the debt payments, The balance of the debt is offset by cash inflows from specific Local Improvement Districts (LID) which are related to specific infrastructure projects benefiting only those properties (23% of the total debt

payments). The balance come from the Gas Tax Grants and Utility Rates related with the specific water or wastewater utilities.



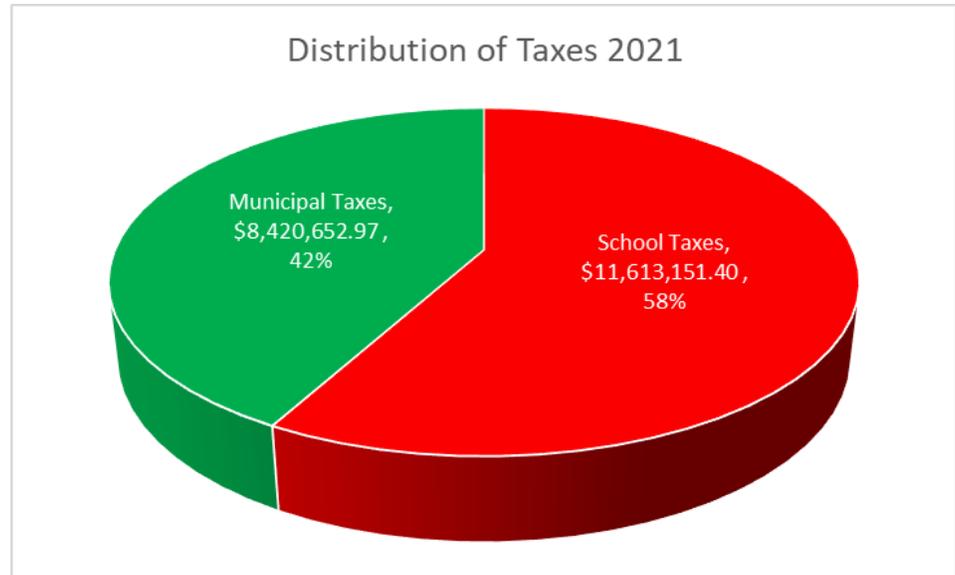
In 2019 Council adopted a principle to minimize the impact of taxes on our ratepayers and committed to a modest 2% per year increase. This municipal commitment along with the Provincial goal of reducing the impact of school taxes on the property tax bill has continued to show an overall reduction to the total property tax bill to our ratepayers.



This year the Province of Manitoba has made a commitment to reducing the school taxes by 25% with an additional 25% in 2022. The 25% refund for 2021 from the Province will be sent out to tax payers by cheque directly from the Province. The 2% increase on the municipal portion of the tax bill will show an increase of approximately \$27 for an average property assessed at \$300,000.00.

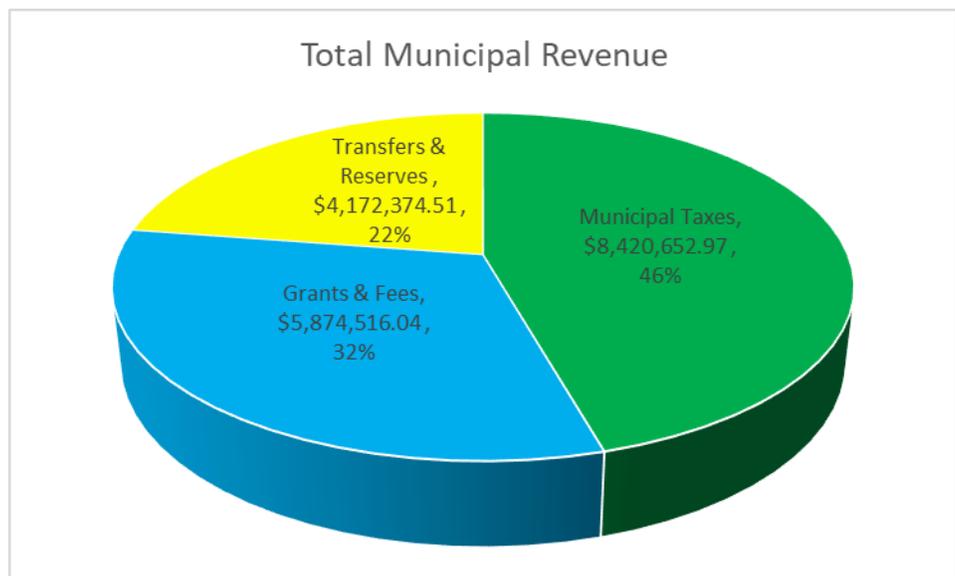
The chart shows the overall proportion of Tax collected, with 58% of the taxes collected from all tax bills attributable to School Taxes.

Ultimately, residents of the RM of St. Clements will see a reduction in the property taxes they pay in 2021.

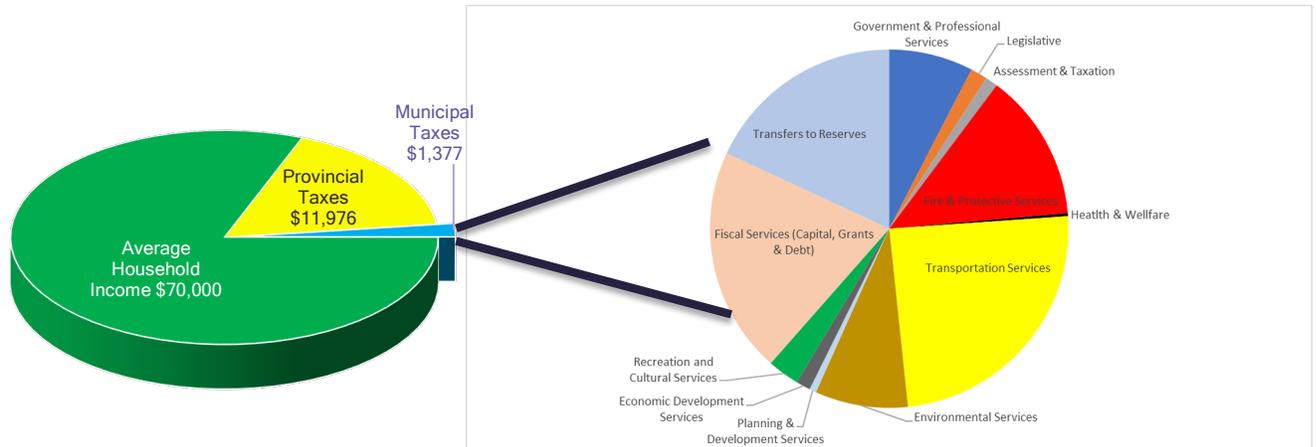


Total revenues for the municipality comes from municipal taxes, provincial and federal grants, service fees, transfers from accumulated surpluses and specific purpose reserves established by the municipality.

It is estimated that an average house in St. Clements assessed at \$300,000 would have a municipal tax bill for approximately \$1,377.



As part of the Provincial Budget the Province showed a chart identifying Provincial Taxes (including school taxes) of \$11,976 on an average household income of \$70,000. In comparison the municipal portion of the property tax would be \$1,377 estimated for an average household in St. Clements assessed at \$300,000.00.



The above chart shows the distribution of funds to services from municipal taxes, provincial and federal grants, service fees, transfers from accumulated surpluses and transfers from specific purpose reserves. As municipal taxes pay for approximately 46% of the entire budget for the municipality. The following chart allocates the proportionate share of municipal taxes to the budgeted services.

Service Area	Budget Amount	46% of Budget	% of Total	Tax Dollar
Government & Professional Services	\$ 1,401,564.15	\$ 644,719.51	8%	\$ 105.08
Legislative	\$ 280,000.00	\$ 128,800.00	2%	\$ 20.99
Assessment & Taxation	\$ 207,000.00	\$ 95,220.00	1%	\$ 15.52
Fire & Protective Services	\$ 2,471,666.67	\$ 1,136,966.67	13%	\$ 185.31
Health & Welfare	\$ 50,000.00	\$ 23,000.00	0%	\$ 3.75
Transportation Services	\$ 4,515,620.00	\$ 2,077,185.20	25%	\$ 338.55
Environmental Services	\$ 1,546,150.00	\$ 711,229.00	8%	\$ 115.92
Planning & Development Services	\$ 115,500.00	\$ 53,130.00	1%	\$ 8.66
Economic Development Services	\$ 239,700.00	\$ 110,262.00	1%	\$ 17.97
Recreation and Cultural Services	\$ 528,436.00	\$ 243,080.56	3%	\$ 39.62
Fiscal Services (Capital, Grants & Debt)	\$ 3,671,718.14	\$ 1,688,990.34	20%	\$ 275.28
Transfers to Reserves	\$ 3,339,003.18	\$ 1,535,941.46	18%	\$ 250.34
Total	\$ 18,366,358.14	\$ 8,448,524.74	100%	\$ 1,377.00

As discussed earlier, general taxation in the RM of St. Clements accounts for only 31% of overall Debt Payments with Utility Rates, Gas Tax Reserve and LID Charges accounting for the rest.

OPERATING HIGHLIGHTS

In order to support the Strategic Plan and Goals established by Council, the administration has been working on the core strategies that support these goals. The core strategies are as follows:

1. Establish an asset management plan
2. Secure grants for sewer
3. Bring solid waste costs in line with established norms
4. Implement cost-recovery/user fee strategy for nonessential services
5. Remove barriers to sustainable growth and related future expansion of tax base
6. Slow, steady tax increase
7. Strengthen the planning process
8. Proactively identify attractive opportunities to increase housing options
9. Use incentives to attract the right kind of development
10. With partners, develop and implement a recreational promotion strategy
11. Enhance and promote water access
12. Increase capacity within RM for year-round programs, for all ages (physical space, staff)
13. Communication strategy to accompany all goal areas

In order to support Financial Accountability, during the 2021 budget process, Council established a three year budget to create predictability in future budget exercises.

The 2021 budget supports many of the strategies and commitment to service delivery as efficiently and effectively as possible. The following are some of the highlights from the general operating fund of the 2021 budget.

General

The 2021 budget has kept expenditures in most areas to 2020 budget levels allowing for increases in service levels for front line services. Budgets for 2022 and 2023 have been balanced and kept to modest increases directly related to anticipated cost of living increases.

In the spring of 2021 the Federal Government announced that they would be doubling the Gas Tax Funding for 2021 and this has provided St. Clements the opportunity to increase the Gas Tax Reserve by over \$611K. The need to keep reserves at positive levels, provides sustainability and predictability in future budget development. To that end, Council increased many of the reserves from year end

surpluses to minimize the need to borrow or increase taxes to support capital programs. In 2021 the capital borrowing for the priority drainage projects will be completed and Council has put forward \$40K in its operating budget on an ongoing basis to address drainage issues.

Recreation

The RM of St. Clements recognizes the importance of active transportation connecting the community through a series of sidewalks and trails. Getting out and becoming social in the community while actively using trails, walkways and paths has become even more important since the current pandemic. The 2021 budget has placed a significant focus on this area and has put forward over \$260K (supplemented by Grant funds) towards active transportation and trails in Lockport, East Selkirk and Grand Marais to link to the “Great Trail”. The Great Trail is a linked trail that expands across Canada and a portion of this trail which enters St. Clements, is known as a “spur”, coming from Selkirk traveling East into St. Clements through Hydro Park and north of the Hydro Steam Generating Station. This trail will eventually link up with the St. Clements active transportation network and by doing so, it allows travelers such as tourists and local residents to connect into the City of Selkirk and beyond. St. Clements has been working with The Red River North Trail Association (RRNTA) who have been developing extension of the Great Trail. This portion of the trail is over 225 kilometres in length, stretching from the northeast outskirts of Winnipeg to Grand Beach/Grand Marais, to Powerview-Pine Falls, and ending at the Great Falls Dam. This collaboration includes the municipalities of East St. Paul, Springfield, St. Andrews, St. Clements, Brokenhead and Alexander, including the City of Selkirk and the Towns of Powerview-Pine Falls. St. Clements Council continues to look for other areas to expand the active transportation network, as well as outdoor activity sites in natural and wild settings.

The RM of St. Clements also recognizes the value and commitment of our volunteers and various community support groups who help to address the needs of our vibrant community. In 2021 the municipality has budgeted \$193K in grants to be paid out in support to these groups as they continue to provide a valuable service in our RM.

Capital Budget

With the exception of the major strategic infrastructure projects, the remaining capital projects are funded through the operating and reserve accounts. The chart below also shows the revised borrowing for the capital projects.

CAPITAL BUDGET

RURAL MUNICIPALITY OF ST. CLEMENTS

For the Year 2021

Part 1 - CAPITAL EXPENDITURES

Particulars of Expenditure	Estimated Total Cost	Borne by General Fund	Borne by Utility Fund	Borne by Reserves	Borne by Borrowing
[CIP] Greenspace/Park Development	50,000	50,000		50,000	
[CIP] PS - Mobile Unit	30,000	30,000		30,000	
[CIP] PS - Gear/Equipment	5,000	5,000		5,000	
[CIP] Ludwick Bridge	100,000	100,000		100,000	
[CIP] Beaconia Well	30,000	30,000		30,000	
[CIP] Beaconia Workshop Repairs	42,000	42,000		42,000	
[GTX] Boat Launch	80,000	80,000		80,000	
[GTX] Land Acquisitions	225,000	225,000		225,000	
[GTX] Colville Sidewalk	300,000	300,000		300,000	
{PKWS} Grader	320,000	320,000		320,000	
[PWKS] Mini-Brusher	25,000	25,000		25,000	
[PWKS] 1/2 Tonne - 2 units	74,000	74,000		74,000	
[PWKS] Mini-Trailer	20,000	20,000		20,000	
[OFF] IT/Server	3,500	3,500		3,500	
[FIRE] EB Pumper	250,000	250,000		125,000	
[FIRE] EB Firehall/Site Improvements - 50% c/shared	60,000	60,000		30,000	
[FIRE] ES Generator	45,000	45,000		45,000	
[FIRE] ES Overhead Doors	13,000	13,000		13,000	
[FIRE] ES Fuel Exhaust System	25,000	25,000		25,000	
[LK/ES/SUN] Portable Generator - Lift Stations	30,000	30,000	30,000	30,000	
SSC Utility Works	3,500,000				3,500,000
ESSW WTP Softener & Truck Fill	2,000,000				2,000,000
South St. Clements Recreation	2,255,000	255,000			2,000,000
Water Control Works	1,520,000				1,525,000

FINANCIAL SUMMARY

For the Year 2021

REVENUE

	2020 Budgeted	2020 Actual	2021 Budgeted	2022 Budgeted
Total Tax Levy - Page 8	18,934,786.78	18,938,131.68	19,258,644.05	19,639,822.59
Total Grants in Lieu of Taxes - Page 8	771,108.95	773,808.94	775,160.32	790,663.53
Sub-total	19,705,895.73	19,711,940.62	20,033,804.37	20,430,486.12
School Requisitions (deduct) - Page 8	11,559,536.00	11,559,727.22	11,613,151.40	11,671,217.16
Municipal Taxes and Grants in Lieu of Taxes	8,146,359.73	8,152,213.40	8,420,652.97	8,759,268.96
Other Revenue - Page 2	3,416,156.22	6,051,729.58	5,874,516.04	3,501,942.04
Transfers from Accumulated Surplus & Reserves - Page 2	4,861,161.22	2,744,142.79	4,172,374.51	3,552,011.76
Total Municipal Revenue	16,423,677.17	16,948,085.77	18,467,543.52	15,813,222.76

EXPENDITURE

General Government Services	1,906,826.52	1,569,034.49	1,888,564.15	1,898,647.07
Protective Services	869,666.67	765,363.91	2,471,666.67	820,000.00
Transportation Services	4,960,870.00	4,567,999.17	4,515,620.00	4,968,966.00
Environmental Health Services	1,401,502.89	1,393,254.06	1,546,150.00	1,517,020.00
Public Health and Welfare Services	50,000.00	43,060.82	50,000.00	50,000.00
Environmental Development Services	228,500.00	67,139.14	115,500.00	115,500.00
Economic Development Services	185,700.00	168,339.34	239,700.00	176,200.00
Recreation and Cultural Services	494,500.00	268,566.79	528,436.00	430,100.00
Fiscal Services	3,450,079.48	1,911,574.76	3,771,718.14	2,899,007.01
Transfers - 2015 Capital Deficit Recoveries - Page 9	260,769.00	260,769.00	0.00	0.00
- To Reserves - Page 5	2,615,323.42	2,628,223.42	3,339,003.18	2,937,782.68
Total Basic Expenditure	16,423,737.97	13,643,324.90	18,466,358.13	15,813,222.76
Allowance For Tax Assets - Page 8	-60.80	60.80	1,185.39	0.00
Total Municipal Expenditure	16,423,677.17	13,643,385.70	18,467,543.52	15,813,222.76
Net Operating Surplus (Deficit)	0.00	3,304,700.07	0.00	0.00

★ The year-end surplus includes unanticipated one-time grants from the Province for Gunns Creek and COVID relief resulting in \$870K surplus which was used to replenish the reserves.

LOOKING AHEAD

This year will continue to bring many challenges as we adjust to a new normal and we continue to work closely with other levels of government in providing a safe and healthy community. As we progress throughout the year, Council will continue to focus on our essential services as the safety of our residents, community and our employees continues to be our top priority.

Our essential services will remain operational, as Council and the administration focus on delivering the priorities for the RM. We will continue to provide our day-to-day services and the various capital projects to enhance our community as we begin to recover our economy. In the future we will also explore new ways to deliver our services with a commitment to communicating and interacting with all our citizens. The RM will continue to provide important information during emergencies or when information is of interest to the entire community in the most efficient way possible under the current health restrictions.

Our administration will continue to work to deliver the projects that Council has asked be moved forward and some of which have been in the works for some time. Council is also looking to the future at new projects while at the same time ensuring that our current Strategic Plan is being followed.

Council will continue to work hard to make the RM of St. Clements the place where people want to live, work and play.