

## RM of Springfield 2022 Financial Plan

Public Hearing Wednesday May 4<sup>th</sup> at 6:30 p.m.

The **2022 RM of Springfield Budget** has been unveiled and it reveals what the current council's agenda and priorities are for this year and the next 5 years. Copies are available at the office or can be found on line at: <https://rmofspringfield.ca/Home/DownloadDocument?docId=2dff9d10-6482-4dec-8b98-fc5e5a106ba2>

### Some things you may want to know and question Council about:

It seems that Council's drive for accelerated growth of both residential and commercial development will not provide any tax relief to current residents but will instead involve depleting our reserves and incurring long term financial debt. All which will increase our taxes this year and for years to come.

If one takes the time to read through it, the "2022 Financial Plan" identifies a number of significant projects that have not been fully disclosed to the public and appear to be contrary to past promises made by the Mayor and Council.

For example the Springfield Recreation Centre that has already cost a million dollars for design and drawings was only going to be built if the municipality received significant grant funding. It now appears that the Mayor and Council are renegeing on this promise.

Some of the proposed Capital Projects	Year	Method	Amount
• Springfield Recreation Centre and Landscaping:	2022	Bank Loan	\$9 million
	2023	Borrowing	\$9.5 million
		Operating	\$2.8 million
		Other	\$5 million
		Reserves	\$ 900,000
• Dugald Oakbank Water Systems	2022	Reserves	\$ 1 million
	2023	Reserves	\$12.75 million
	2024	Reserves	\$18 million
• Lagoon expansion	2022	Reserves	\$10,000
	2023	Reserves	\$12.7 million
	2024	Reserves	\$11million
• Anola Water System Expansion	2022	Reserves	\$ 750,000
		Grant	\$ 750,000
	2023	Reserves	\$1.3 million
		Grant	\$ 500,000

The current amount of all reserve accounts is just under **\$19 million**.

The annual contribution from general taxation is approximately **\$3 million**.

Contributions from development levies and fees last year was just under **\$2 million**.

**NOTE: With this spending, the balance of all our reserve funds at December 2022 will be less than \$5 million and at the end of 2023 it will be completely depleted and expenditures would then have to be covered by borrowing for over \$30 million. The cost of borrowing is born by the taxpayers.**

### **Long term debt/ borrowing**

Springfield's current debt is approximately \$9.8 million. Next year it will be \$10.7 million and unless there is other funding found to supplement Reserves in 2024 it will grow to **\$40 million**.

Current annual debt repayment cost which is covered by our taxes is \$1.2 million.

Projected annual debt repayment could **grow to 4 times that amount or \$4.8 million** and even more if interest rates continue to increase.

### **Over The Last Four Years (since this council has been in office)**

- Operating expenditures have increased by \$6 million or 25%
- In 2023 costs for running the municipality are predicted to increase by a further \$3.3 million
- Increased assessment of \$153 million has not reduced taxes for residents. The mill rate has remained about the same but with the increased costs to operate the municipality along with increased property values our tax bills have continued to creep up.
- Staffing costs have increased at an average rate of \$1/2 million per year. Last year's payroll report to Revenue Canada showed payroll over \$5.1 million and this doesn't include benefits. The number of full time and part time employees (excluding the fire department) has increased by 69 over the past 4 years. Staffing also means a work space and/or truck for each employee.
- Dugald Water expansion Plan: In 2018 the plan to develop a separate water supply for Dugald (thus alleviating the sole supply by the Oakbank system began with a budget of \$750,000. The following year this project was increased to \$3.2 million. In 2020 it was confirmed that the RM spent \$.5 million (\$1.4 paid by grants and \$2.1 paid by reserves). This year's capital plan provides for another \$900,000 for the piped water supply for Dugald and Oakbank and also a further \$1.5 million for expansion of the Anola water system. The project doesn't stop there. In 2023 for municipal water the projected expenditure is a further \$14.5 million and in 2024 a further \$18 million. To date: Council has not consulted the public or even revealed the need or rationale for this exorbitant proposal that at this time has only **1195 customers** consisting of 54 in Anola, 262 in Dugald and 979 in Oakbank.

- The Regional Lagoon that was constructed around 2005 was intended to serve the municipality for 15 years. It has already had at least two expansions and now budgeted over the next two years to cost a \$22 million.

## **New Development and Consequences**

This Council's focus is on **increased rate of growth** in Springfield. This was not a priority of the public or the promise of their election platform. Questions should be asked if this focus is in the public's best interest and is the projected capital spending sustainable or even worth it?

- Council has offered a Tax incentive policy for new commercial development.

It provides 5 years of exemption to municipal taxation based on new assessment.

One Example of consequence is the \$15 million dollar development of the P&H Elevators: The Tax Incentive benefit to the developer works out to be approximately \$107,000 per year x 5 years amounts to **\$535,000**. Other than the land tax for the property, ratepayers will have to fund the additional costs of this business including added wear and tear to local roads etc.

- In many municipalities, developers are expected to be responsible for development costs not only inside their property boundaries but also for any required connections to municipal services and/or upgrades to services like roads, drainage, sewer lines, and water mains. The current council exercises their exclusive right to determine the terms of Development Agreements. Such terms appear to be more lenient than others and do not provide the assurance that development will pay its fair share for extension of services.

One example: In Dugald, a proposed extension of Holland Street including a water supply line to connect with the east end of Wheatland Estates. The estimated \$450,000 for this extension was not included in the Development Agreement and is being paid by reserve funds that were intended for another purpose.

**Please make the time to attend the Budget Meeting if at all possible and express your concerns/objections to the excessive spending that this council is proposing. If the council passes this budget there will be no stopping them except at the polls this fall.**