



March 13, 2025

Maria McFaddin, Mayor & Chris Barlow, CAO

Building Trust Around the Table - Asset Management

CASTLEGAR

❁² Complex problems to positive outcomes



Castlegar



Staff's Perspective

CASTLEGAR

The best time to
plant a tree was
20 years ago.
The second best
time is now.

~Chinese Proverb





Trust, honesty, humility, transparency and accountability are the building blocks of a positive reputation. Trust is the foundation of any relationship.

Mike Paul

 quotefancy

**PERFECTION
IS THE ENEMY OF
PROGRESS**

--Winston Churchill





Our Journey ~2016

CASTLEGAR

Our Vision for Asset Management Planning & Funding

CASTLEGAR

Understanding our Core Assets

Water, Sewer, Storm, Roads

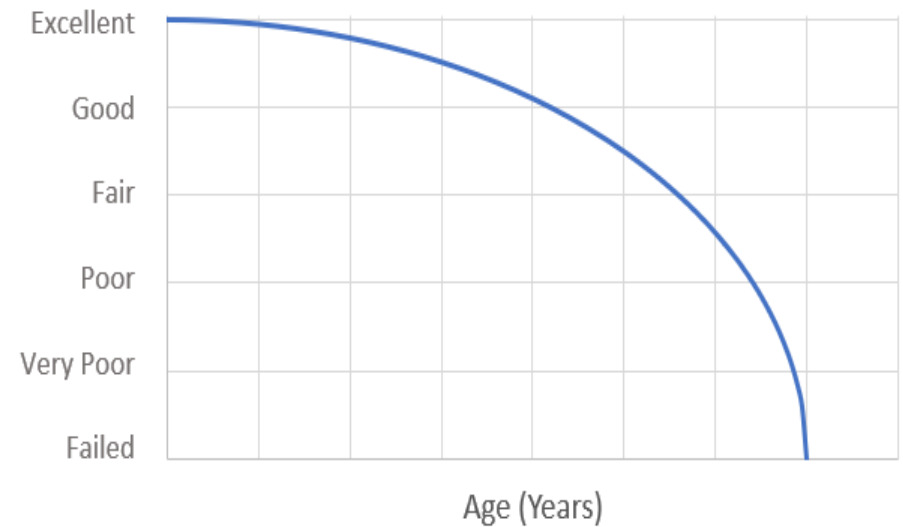
CASTLEGAR

Understanding Potential Impacts of Climate Change

CASTLEGAR

Failure Mechanisms:

- Relentless slide toward failure
- What causes failure?
- Is climate involved?
- How much does climate change impact failure timelines?



Failure Mechanisms: Roads – High Impact

- Ultimately expressed by asphalt damage
- Loss of road base strength
 - Soil water content
- Surface frost damage
 - Soil water content
 - Temperature
- Loss of asphalt strength
 - Extreme high temperature



Failure Mechanisms: **Watermains – Med. Impact**

- External pipe stresses
 - Differential soil movement - soil water content
- External corrosion
 - Soil chemistry - water content/flow; temperature
- Internal corrosion
 - Source water chemistry – surface runoff; temperature



Failure Mechanisms: Sanitary Sewers – Low Impact

- Increased flows
 - Inflow and infiltration
- External pipe stresses (force mains)
 - Soil movement - soil moisture content
- External corrosion
 - Soil chemistry - water content/flow; temperature

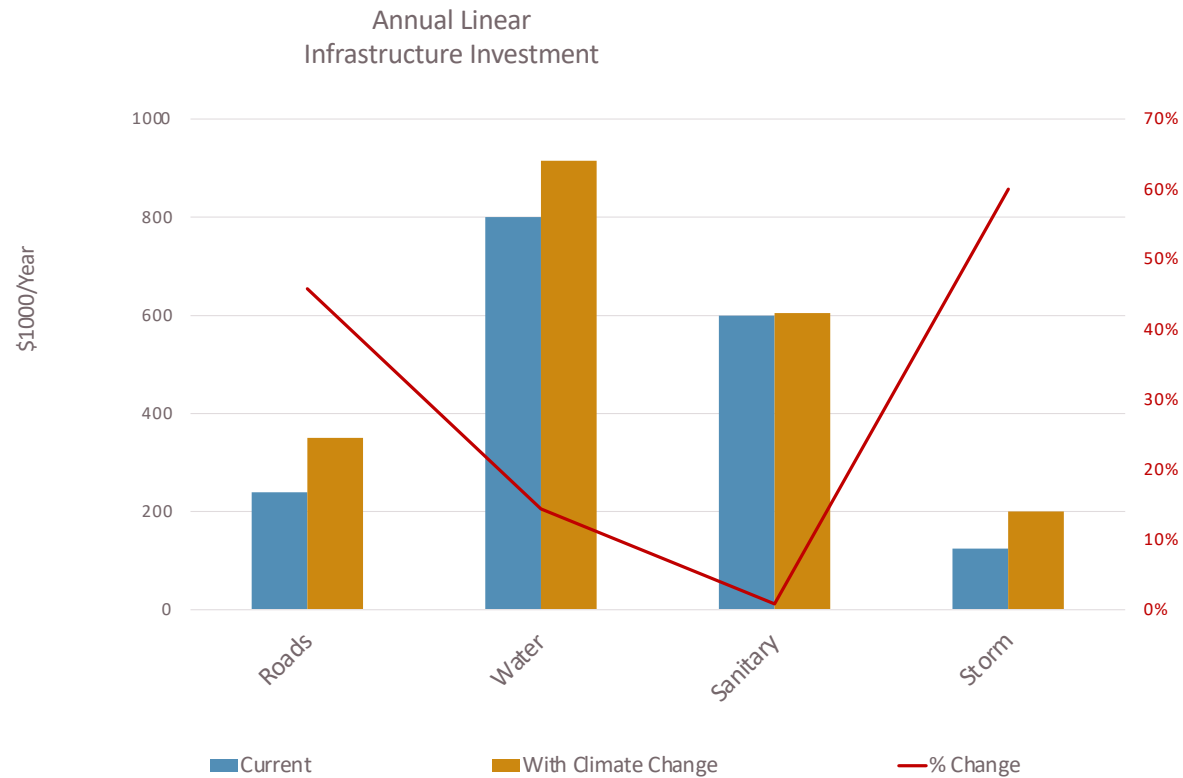


Failure Mechanisms: Storm Sewers/Culverts – Major Impact

- Increased flows
 - Streams
 - Urban runoff
- Internal abrasion
 - Suspended sediment
- External corrosion
 - Soil chemistry - water content/flow
temperature



Impacts to Funding – Climate Change



Project Priorities

Figure 2: Hex-bins of utility corridors, weighted by project priority and timing



We now understood our
core assets and the
impacts of Climate
Change = \$

CASTLEGAR



20

Now we have to find a way to fund it



**SHOW ME
THE MONEY!**

Our Journey ~2017

CASTLEGAR

**PERFECTION
IS THE ENEMY OF
PROGRESS**

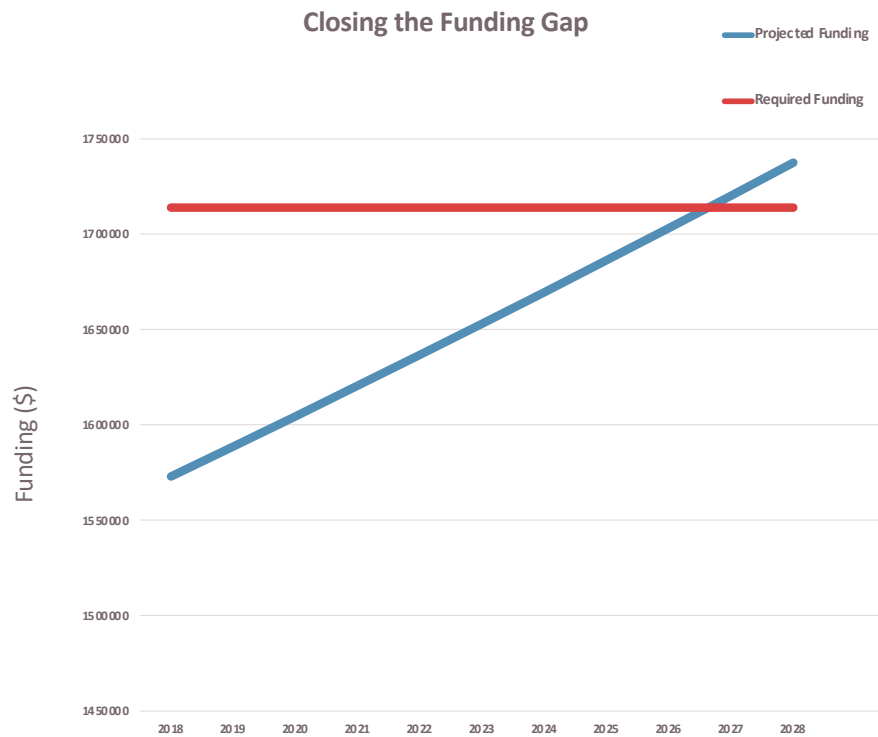
--Winston Churchill



Setting Policy vs. Setting Rates

CASTLEGAR

Water Financing Options

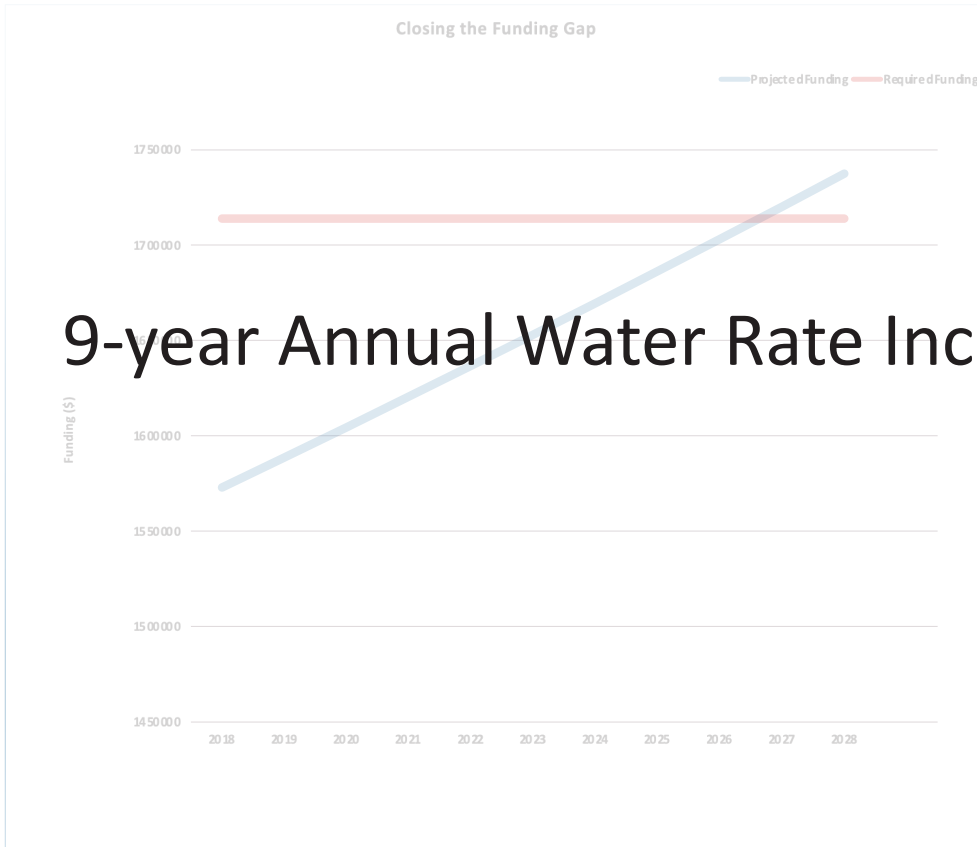


A 1% increase in water rates over a 9-year period would close the funding gap.

Allocating a funding increase of 1% per year to the reserves over a 10-year period would put \$173,000 annually into reserves.

$$\text{Annual Water Rate Increase} = 1\% + \text{CCI} + 1\%$$

Water Financing Options



9-year Annual Water Rate Increase = 1% + CCI + 1%

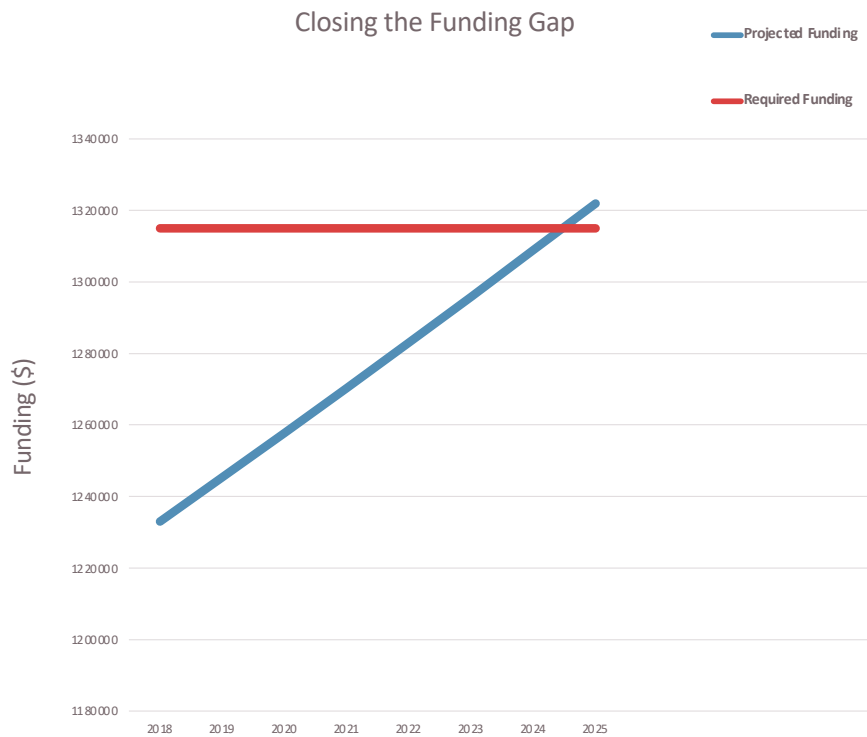
A 1% increase in water rates over a 9-year period would close the funding gap.

That 1% increase would only cover the funding gap. It is important to consider

Allocating a funding increase of 1% per year to the reserves over a 10-year period would put \$173,000 annually into reserves.

Annual Water Rate Increase = 1% + CCI + 1%

Sewer Financing Options

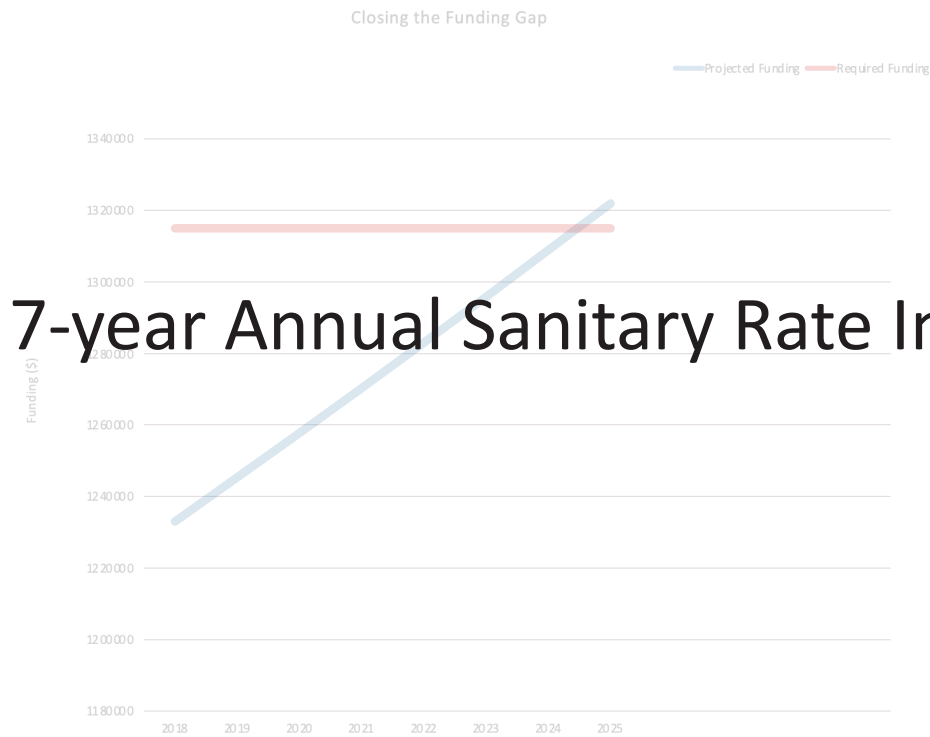


A 1% increase in sewer rates over a 7-year period would close the funding gap.

Allocating a funding increase of 1% per year to the reserves over a 10-year period would put \$135,000 annually into reserves.

Annual Sanitary Rate Increase = 1% + CCI + 1%

Sewer Financing Options



7-year Annual Sanitary Rate Increase = 1% + CCI + 1%

A 1% increase in sewer rates over a 7-year period would close the funding gap.

That 1% increase would only cover the funding gap. It is important to consider the sewer reserves.

Allocating a funding increase of 1% per year to the reserves over a 10-year period would put \$135,000 annually into reserves.

Annual Sanitary Rate Increase = 1% + CCI + 1%

Utility Funded

General Revenue Funded

▪ Water	✓	▪ Roads	✗
▪ Sewer	✓	▪ Fleet	✗
▪ Storm	✓	▪ Facilities	✗
		▪ Parks	✗

Our Vision for Asset Management Planning & Funding

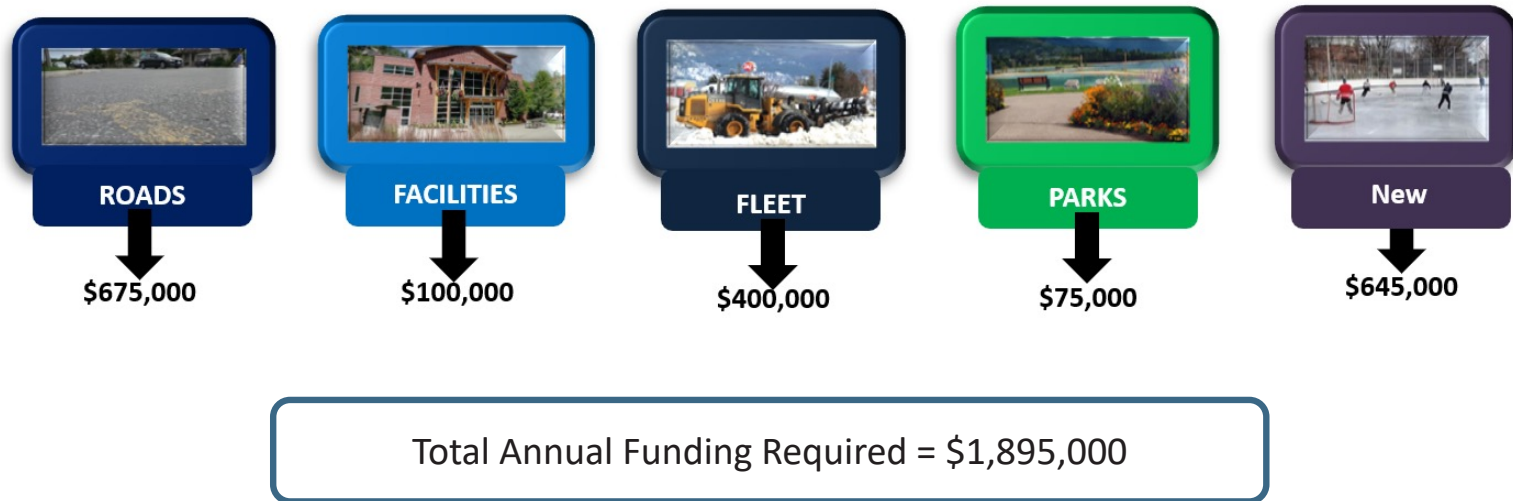
CASTLEGAR

**PERFECTION
IS THE ENEMY OF
PROGRESS**

--Winston Churchill



Capital Funding Needs



City of Castlegar						
General Fund						
	2018	2019	2020	2021	2022	2023
General Operating Fund						
General Fund Taxation	7,135,000	7,135,000	7,135,000	7,135,000	7,135,000	7,135,000
Other Revenue	11,230,801	11,230,801	11,230,801	11,230,801	11,230,801	11,230,801
Total Operating Expenses	(18,215,150)	(18,215,150)	(18,215,150)	(18,215,150)	(18,215,150)	(18,215,150)
Contribution to Operating Reserves	(79,300)	(64,000)	(64,000)	(64,000)	(64,000)	-
Operating Surplus	71,351	86,651	86,651	86,651	86,651	150,651
General Capital Fund						
Capital Fund Taxation	335,000	335,000	335,000	335,000	335,000	335,000
Capital Taxation Increase		-	-	-	-	-
Excess Transferred to Capital	335,000	335,000	335,000	335,000	335,000	335,000
Debt Repayments						
Internal Debt Repayments	(650,000)	(650,000)	(443,900)	(244,986)	-	-
Debt Repayments - 5 Year Plan	(123,284)	(249,124)	(619,000)	(619,000)	(619,000)	(619,000)
Excess Left for Capital Expenditure	-438,284	-564,124	-727,900	-528,986	-284,000	-284,000
External Capital Revenue						
Gas Tax Revenue	380,000	380,000	380,000	380,000	380,000	380,000
Host Financial Agreement	470,000	470,000	470,000	470,000	470,000	470,000
Capital Expenditure - Government	-645,000	-645,000	-645,000	-645,000	-645,000	-645,000
Capital Expenditure - Asset Renewal	0	-1,250,000	-1,250,000	-1,250,000	-1,250,000	-1,250,000
(Deficit)/Surplus	-233,284	-1,609,124	-1,772,900	-1,573,986	-1,329,000	-1,329,000

Election 2018



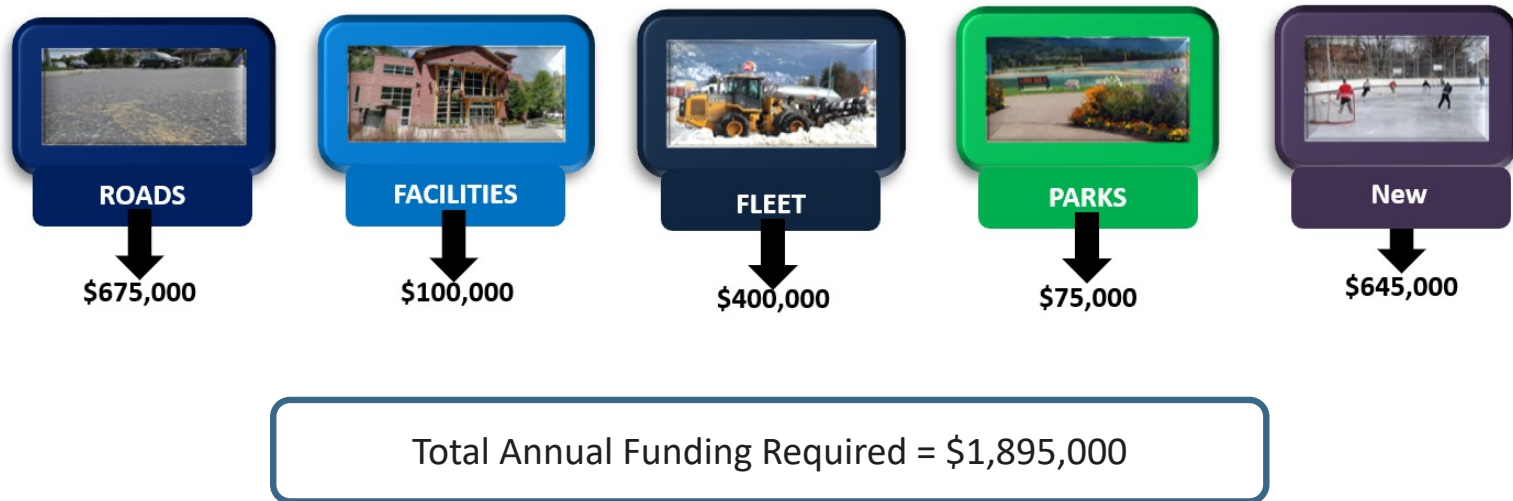
Language Matters

CASTLEGAR

2019 BUDGET FOUNDATION FOR THE FUTURE.



Capital Funding Needs



Taxation Policy – Clear & Transparent

Municipal Inflation(CPI)	+	Asset Renewal (IIL)	+	New Funding Requests	+	Operational Requests	=	Annual Taxation Rate
_____ %		_____ %		_____ %		_____ %		_____ %

Taxation Policy – Clear & Transparent

$$\begin{array}{ccccccc} \text{Municipal} & & \text{Asset} & & \text{New Funding} & & \text{Operational} & & \text{Annual} \\ \text{Inflation(CPI)} & & \text{Renewal (IIL)} & & \text{Requests} & & \text{Requests} & & \text{Taxation Rate} \\ \text{_____ \%} & + & \text{_____ \%} & + & \text{_____ \%} & + & \text{_____ \%} & = & \text{_____ \%} \end{array}$$

Taxation Policy – Clear & Transparent

$$\begin{array}{ccccccc} \text{Municipal} & & \text{Asset} & & \text{New Funding} & & \text{Operational} & & \text{Annual} \\ \text{Inflation(CPI)} & & \text{Renewal (IIL)} & & \text{Requests} & & \text{Requests} & & \text{Taxation Rate} \\ \text{--- \%} & + & \text{--- \%} & + & \text{--- \%} & + & \text{--- \%} & = & \text{--- \%} \end{array}$$

Taxation Policy – Clear & Transparent

$$\begin{array}{ccccccc} \text{Municipal} & & \text{Asset} & & \text{New Funding} & & \text{Operational} & & \text{Annual} \\ \text{Inflation(CPI)} & & \text{Renewal (IIL)} & & \text{Requests} & & \text{Requests} & & \text{Taxation Rate} \\ \text{--- \%} & + & \text{--- \%} & + & \text{--- \%} & + & \text{--- \%} & = & \text{--- \%} \end{array}$$

Taxation Policy – Clear & Transparent

Municipal Inflation(CPI)				Asset Renewal (IIL)				New Funding Requests				Operational Requests		=	Annual Taxation Rate
_____ %		+		_____ %		+		_____ %		+		_____ %			_____ %

Taxation Policy – Clear & Transparent

$$\begin{array}{|c|c|c|c|c|c|}
 \hline
 \text{Municipal} & & \text{Asset} & & \text{New Funding} & & \text{Operational} & & \text{Annual} \\
 \text{Inflation(CPI)} & & \text{Renewal (IIL)} & & \text{Requests} & & \text{Requests} & & \text{Taxation Rate} \\
 \hline
 \text{___ \%} & + & \text{___ \%} & + & \text{___ \%} & + & \text{___ \%} & = & \text{___ \%} \\
 \hline
 \end{array}$$

2019 - 2023 Taxation Policy

YEAR	Inflation	Infrastructure Investment Levy	New Funding Requests	New Operational Adjustments	Total Annual Taxation Investment
2018					
2019	2%	4.42%	0.36%	0.27%	7.06%
2020	2%	3.57%	0.25%	1.15%	6.97%
2021	2%	3.34%	0.23%	0.99%	6.56%
2022	2%	2.53%	0.22%	0.77%	5.51%
2023	2%	2.39%	0.21%	0.94%	5.54%
2024	2%	0.00%	0.20%	0.49%	2.69%
2025	2%	0.00%	0.19%	0.48%	2.67%

Taxation Policy to Fund Infrastructure Renewal

Over 5 Years

2019	CPI ___ %	+	Asset Renewal 4.42%	+	New Funding Requests ___ %	+	Operational Requests ___ %	=	Annual Taxation Rate ___ %
2020	CPI ___ %	+	Asset Renewal 3.51%	+	New Funding Requests ___ %	+	Operational Requests ___ %	=	Annual Taxation Rate ___ %
2021	CPI ___ %	+	Asset Renewal 3.27 %	+	New Funding Requests ___ %	+	Operational Requests ___ %	=	Annual Taxation Rate ___ %
2022	CPI ___ %	+	Asset Renewal 2.49%	+	New Funding Requests ___ %	+	Operational Requests ___ %	=	Annual Taxation Rate ___ %
2023	CPI ___ %	+	Asset Renewal 2.37 %	+	New Funding Requests ___ %	+	Operational Requests ___ %	=	Annual Taxation Rate ___ %

AVERAGE
3.21%

Taxation Policy to Fund Infrastructure Renewal

Over 7 Years

2019	CPI ___ %	+	Asset Renewal 2.68%	+	New Funding Requests ___ %	+	Operational Requests ___ %	=	Annual Taxation Rate ___ %
2020	CPI ___ %	+	Asset Renewal 2.51%	+	New Funding Requests ___ %	+	Operational Requests ___ %	=	Annual Taxation Rate ___ %
2021	CPI ___ %	+	Asset Renewal 2.36%	+	New Funding Requests ___ %	+	Operational Requests ___ %	=	Annual Taxation Rate ___ %
2022	CPI ___ %	+	Asset Renewal 2.24%	+	New Funding Requests ___ %	+	Operational Requests ___ %	=	Annual Taxation Rate ___ %
2023	CPI ___ %	+	Asset Renewal 2.14%	+	New Funding Requests ___ %	+	Operational Requests ___ %	=	Annual Taxation Rate ___ %
2024	CPI ___ %	+	Asset Renewal 2.03%	+	New Funding Requests ___ %	+	Operational Requests ___ %	=	Annual Taxation Rate ___ %
2025	CPI ___ %	+	Asset Renewal 1.94%	+	New Funding Requests ___ %	+	Operational Requests ___ %	=	Annual Taxation Rate ___ %

AVERAGE
2.27%

Taxation Policy to Fund Infrastructure Renewal

Over 10 Years

Year	CPI	+	Asset Renewal	+	New Funding Requests	+	Operational Requests	=	Annual Taxation Rate
2019	___ %	+	2.01%	+	___ %	+	___ %	=	___ %
2020	___ %	+	1.89%	+	___ %	+	___ %	=	___ %
2021	___ %	+	1.79%	+	___ %	+	___ %	=	___ %
2022	___ %	+	1.71%	+	___ %	+	___ %	=	___ %
2023	___ %	+	1.64%	+	___ %	+	___ %	=	___ %
2024	___ %	+	1.56%	+	___ %	+	___ %	=	___ %
2025	___ %	+	1.50%	+	___ %	+	___ %	=	___ %
2026	___ %	+	1.50%	+	___ %	+	___ %	=	___ %
2027	___ %	+	1.50%	+	___ %	+	___ %	=	___ %
2028	___ %	+	1.50%	+	___ %	+	___ %	=	___ %

AVERAGE
1.66%



(Left to right) Coun. Sue Heaton-Sherstibitoff, Coun. Maria McFadden, Coun. Florio Vassilakakis, CAO Chris Barlow, mayor Bruno Tassone, corporate services Tracy Butler, Coun. Cheryl Macleod, Coun. Dan Rye, Coun. Bergen Price.

Castlegar property taxes may rise 7 per cent

New infrastructure investment levy means a higher-than-usual tax increase

BETSY KLINE / Feb. 6, 2019 11:00 a.m. / LOCAL BUSINESS / NEWS



Unless major changes are made to the City of Castlegar's proposed 2019 budget, residents and businesses can expect to see a property tax increase of approximately seven per cent.

OPINION: Florio Vassilakakis calls city tax increase 'overly ambitious'

One city councillor's take on the City of Castlegar's proposed budget

Feb. 15, 2019 1:30 p.m. / LOCAL NEWS / OPINION



There has been much discussion in the community over the recently proposed 2019-23 municipal budget and what I believe to be its **overly ambitious 37 per cent increase on residential taxation**. My opposition to it has been well documented in these pages and on social media over the last few weeks.

Every year, during budget deliberations, council endeavours to strike a balance between taking care of the necessities like core

infrastructure while also funding capital projects that invest in and resonate with people. Building a community is more than just pipes, roads and sidewalks. We must have a vision for our city that includes striving to make life more enjoyable for our citizens. Economic growth and our ability to attract and retain residents and business depends on the latter.

Water & Sewer Rates - 2021

CASTLEGAR

**PERFECTION
IS THE ENEMY OF
PROGRESS**

--Winston Churchill

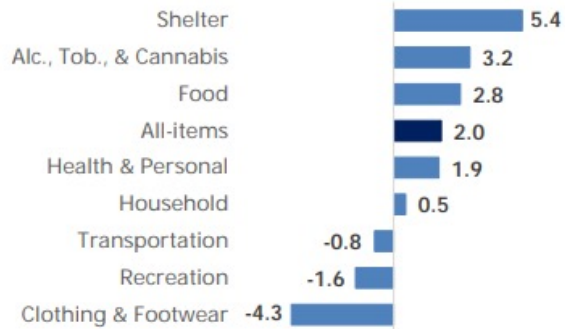


e



Released: October 15, 2024

Inflation by Category % change, same month previous year



recreational cannabis, which is measured separately from tobacco products and smokers' supplies, remained unchanged compared to 12-months ago.

Within the food category, the prices for food purchased from stores (+2.9%) and meals purchased from restaurants (+2.7%) both increased when compared to the previous year. Foods categories with the highest price increases included vegetables

Consumer Price Index (CPI)

Not useful for budgeting

- Shelter
- Alcohol, tobacco & cannabis
- Food
- All items
- Health & Personal
- Household
- Transportation
- Recreation
- Clothing & Footwear



Municipal Price Index(MPI)

Direct correlation to budget – Preserves Purchasing Power

- Wages
- Administration
- Services
- Operations
- Transfers

Water Rate Refinement

Water Utility Rates:

Staff recommend that the water utility is adjusted by 4.3% for 2024 which integrates the following:

- Municipal Price Index of 4.0% which preserves purchasing power
- Capital reserve transfer of 0.0% due to operational savings in 2023 which allowed the capital transfers to reserve for 2023 to be higher than budgeted
- Future asset renewal of 1.0% as the City still needs to proactively plan to avoid a steep increase in the future

2024 MPI	Capital Reserves Transfer	Future Asset Renewal	Preliminary Rate Increase	2023 MPI Adjustment	Recommended Rate Increase
4.0%	0.0%	1.0%	5.0%	-0.7%	4.3%



Sewer Rate Refinement

Sewer Utility Rates:

Staff recommend that the sewer utility is adjusted by 6.3% for 2024 which integrates the following:

- Municipal Price Index of 4.0% which preserves purchasing power
- Capital reserve transfer of 1.0% which recognizes that the sewer has a small reserves balance and faces immediate substantial operating needs
- Future asset renewal of 2.0% as the sewer utility faces immediate asset renewal requirements and urgent capital projects

2024 MPI	Capital Reserves Transfer	Future Asset Renewal	Preliminary Rate Increase	2023 MPI Adjustment	Recommended Rate Increase
4.0%	1.0%	2.0%	7.0%	-0.7%	6.3%



Key Take Aways – for Staff

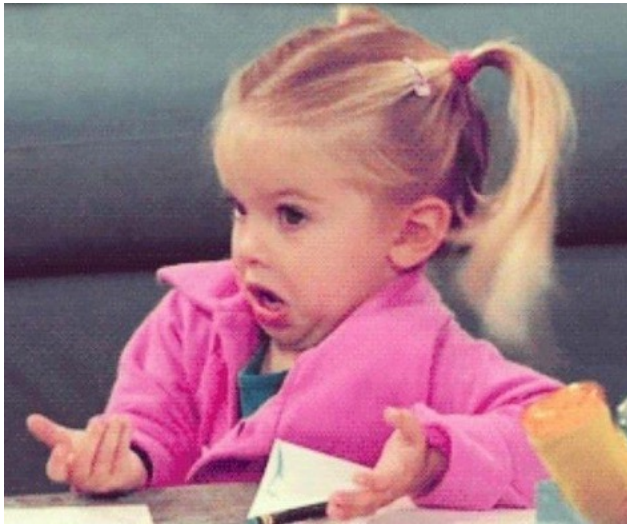
It's not Churchill, but it's not bad.

- Convey the vision
- Tell the story
- Build trust through transparency
- Debate the right things
- Staff - don't struggle alone – use consultant help
- Language matters
- Staff - Do not put Council/Community in a corner
- Perfection is the enemy of progress
- As staff It's our responsibility to move the needle
- Keep refining and keep moving forward

Elected Officials Perspective

CASTLEGAR

Development of a Leader



The distance between “I don’t know” and “I know” is in the process of learning and growth.

Characteristics of Strong Leaders

To get to the place of “I *know* the right decision”, a strong leader must be...

Humble

(not prideful)

Confident

(not insecure)

Brave

(not fearful)

Team Dynamics

What about dealing with a difficult team member?

- Don't let one member change the atmosphere of the room.
 - Individual perspectives and debate are a good thing! Domineering is not.
- Don't let one member take away the voice of another.
 - Encourage and support confidence to bring their voice back to the table.
- We are a collective entity.
 - We all have an equal voice to bring to the table.

Future Thinking Approach

We need leaders who will look 10, 20, 30, 40+ years out



Be Humble,
Be Confident,
Be Brave.



Key Take Aways – Elected Officials

- We need to be leaders who come to the table authentically
- We need leaders who are willing to be uncomfortable so that we can learn
- We need leaders who are willing to not only do the hard work but the character work as well
- Be Humble, Be Confident, Be Brave

The best time to
plant a tree was
20 years ago.
The second best
time is now.

~Chinese Proverb



In Conclusion

CASTLEGAR



Thank you

CASTLEGAR

