



Media Release

THE CORPORATION OF THE CITY OF VERNON
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FOR IMMEDIATE RELEASE

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City of Vernon clarifies financial information for proposed Active Living Centre

On October 15, 2022, eligible voters in Vernon will be asked if they are in favour of borrowing up to \$121 million for the purpose of developing the Active Living Centre – a new multi-purpose indoor recreation facility. To help voters make a well-informed decision, the City is distributing a series of detailed media releases discussing various aspects of the project and the referendum process.

Yesterday, the City distributed a [media release](#) about the funding strategy and impact for Vernon taxpayers.

“Since we distributed yesterday’s media release, we’ve received questions from the public seeking clarification on the borrowing terms and tax impact,” said Christy Poirier, Manager, Communications and Grants. “The City’s objective is to provide accurate, fact-based information in a clear and concise manner to achieve shared understanding with citizens. Therefore, we believe it’s prudent to offer additional information and clarification as quickly as possible.”

Loan amount and borrowing terms

If electors vote in favour of the referendum question, the City of Vernon would borrow up to \$121 million over a four-year period (2023 – 2026) from the Municipal Finance Authority (MFA). The funds would be used for the planning, design and construction of the Active Living Centre.

The loan would have a 30-year term, with an estimated interest rate of 4.23%. The estimated annual debt payments would be just over \$7.8 million.

The City of Vernon would have up to five years to begin borrowing funds and would make its first draw on the loan in the Fall of 2023 with the following proposed schedule:

- **2023:** Facility planning and design to take place, drawing \$12 million from the MFA loan
- **2024:** Construction to begin on the facility, drawing \$40 million from the MFA loan
- **2025:** Construction to continue on the facility, drawing \$40 million from the MFA loan
- **2026:** Construction to be completed with an anticipated Fall 2026 opening date, drawing up to \$29 million from the MFA loan

Financial impact for Vernon taxpayers

It is estimated the average assessed residential property in Vernon would see an increase of \$292 in annual property taxes, added incrementally over the course of four years (2024 – 2027), for the purpose of developing the Active Living Centre.

The first property tax increase related to the Active Living Centre project would be expected in 2024, with the following schedule:

- o **2024:** 3.5% increase for debt repayment
- o **2025:** 3.5% increase for debt repayment
- o **2026:** 3.5% increase for debt repayment + 0.4% increase for facility operating costs*
- o **2027:** 3.0% increase for debt repayment + 0.9% increase for facility operating costs

**If built, the Active Living Centre is expected to be open in the Fall of 2026, thus requiring additional funds for operating costs.*

No more property tax increases are expected after 2027 for the purpose of repaying the debt to develop the Active Living Centre facility.

“The funding strategy for this project uses an approach that is similar to Vernon’s infrastructure levy program,” said Debra Law, Director, Financial Services.

“Instead of implementing a single, double-digit property tax increase to pay for the new debt, Council has endorsed a plan to do smaller, incremental tax increases over four years, to help lessen the financial burden on citizens. After 2027, we would have enough new taxes coming in annually to pay for the new debt (with interest) and repay the loan within the 30-year term.”

Below is a table that shows the estimated incremental and cumulative City of Vernon property tax increases for the development of the Active Living Centre. The dollar values are based on the 2022 average assessed property value of \$611,523.

Municipal budget year	Active Living Centre new debt	Active Living Centre operating cost	Annual incremental tax increase	Annual cumulative tax increase	Cumulative cost per month
2023	0%		\$0	\$0	\$0
2024	3.5%		\$63	\$63	\$5.25
2025	3.5%		\$67	\$130	\$10.83
2026	3.5%	0.4%	\$80	\$210	\$17.50
2027	3.0%	0.9%	\$82	\$292	\$24.33
Total estimated cumulative annual tax increase after 5-years for the development of the Active Living Centre.			\$292	\$292	\$24.33

**Dollar figures noted above are based on the 2022 average assessed residential property value of \$611,523.*

City seeking grants

To reduce the amount of money the City would have to borrow for the project, and to reduce the impact for Vernon taxpayers, the City is also actively pursuing major grant funding for the planning, design, and construction of the facility.

Recently, the City applied for a \$6 million grant through the *Canada Community Building Fund in British Columbia – Strategic Priorities Fund Capital Infrastructure Stream*. According to the grant administrator, the status of the City’s application is not expected to be available until the end of 2022 or start of 2023.

For more information about the proposed project and to review conceptual drawings, relevant reports, and a comprehensive list of frequently asked questions, everyone is encouraged to visit www.engagevernon.ca/activelivingcentre.

If you have further questions regarding the above information, please contact Doug Ross, Director, Recreation Services at dross@vernon.ca.