



The Corporation of the City of Courtenay

# Staff Report

**To:** Council  
**From:** Director of Finance  
**Subject:** 2025-2029 Financial Plan

**File No.:** 1705-20/1715-20  
**Date:** January 29, 2025

## PURPOSE:

The purpose of this report is for Council to consider the 2025-2029 Financial Plan and accompanying bylaws. The plan includes the General fund, Water, Sewer and Solid Waste utilities along with capital and special projects in each area.

## EXECUTIVE SUMMARY:

The 2025-2029 Financial Plan as presented provides funding to maintain existing City services at levels similar to the prior year. The plan provides adequate resources to achieve Council's Strategic Priorities and special projects (appendix 3). The plan sees revenue increase to \$81.4M, up \$5.5M from the prior year. Operating expenses have risen to \$77M up by \$6.2M from the prior year. The capital plan (appendix 2) for 2025 includes \$28.9M of projects including the 6th Street Active Transportation Multi Use path project and the demolition of the Anderton Arms, Cona Hostel, and Bridge Nightclub buildings. Other notable capital projects include detail design for the East Side Fire Hall with construction slated for 2026, continued work on McPhee Meadows Park and the Lake Trail Multi-Use roadside path. The City is drawing \$22.8M from various reserves and contributing \$6.4M to reserves for future projects.

In order to deliver core services, property taxation must rise; however, the increase is being reduced by the use of surplus with a tax change similar in value to that of 2024. The result for an average single residential dwelling would see an increase of \$187.74 in property taxes to \$1,984.47 for 2025. Utility fees (Water, Sewer, Solid Waste) are set to increase by \$150.45 bringing the total tax and utility change on an average home to \$331.19 (\$332.95 – 2024). An average home is estimated to pay \$3,773.45 for City taxes and utilities. All City services cost the average home about \$10.33 per day.

## BACKGROUND:

Consideration and approval of a five-year financial plan is an annual requirement under the Community Charter. The proposed 2025-2029 Financial Plan including utilities and capital defines spending and seeks Council approval for the service priorities, operating and capital budget for each City department for the current, and the next four years.

This report and bylaws capture all operating and capital expenditures in one report. In the prior year the Water, Sewer and Solid Waste functions were approved by Council individually and then consolidated. This year's approach is to combine these items in order to present a consolidated plan to provide Council with a full picture. The 2024-2028 Consolidated Financial Plan Bylaw No. 3130, 2024 adopted on May 8, 2024 provides authority to spend as authorized by the bylaw through 2025 until a new five-year financial plan bylaw is adopted.

Per section 165 of the Community Charter, a municipality must have a financial plan that is adopted annually by, bylaw, before the annual property tax bylaw is adopted. The annual property tax bylaw deadline is May 15th.

## **DISCUSSION AND FINANCIAL IMPLICATIONS:**

The Financial Plan and Tax Rate Bylaw (to be presented in April 2025) is one of the most important public documents a local government produces, as it establishes the government's spending and taxation authority. It is Council's primary policy document that establishes explicit service priorities through the authorization of spending. As an operation guide, it identifies departments that are responsible for achieving the service priorities and are accountable for spending. It is also a communication tool that strives to make all of the foregoing financial actions of the municipality transparent to elected officials and residents alike.

Appendix 1 – 2025-2029 Financial Plan detail provides a consolidated detail on the financial plan, this includes General, Water, and Sewer.

Appendix 2 – 2025-2029 Capital Plan provides detail on all capital projects by year.

Appendix 3 – 2025-2029 Special Projects provides detail on all special projects that are found in various operational departments. Special projects are projects that are significant in nature, and although align with the department they are housed in they do not represent normal on-going operating expenses. Special projects may be specific to Council Strategic Priorities but could be by alignment with best practices or other factors. The majority of special projects are funded from prior year surplus while few projects are funded through specific grants or reserves, this process aligns with prior years.

### **General – Summary**

Similar to the Water and Sewer fund financial plans, the 2025 General Operating Budget was prepared from departmental submissions as well as consideration of multiple external sources, cost drivers and spending patterns. The General Operating Revenues and Expenditures were evaluated on the basis of public acceptance, sustainable delivery, corporate risk, financial risk and staff capacity.

### **Cost Drivers**

Various internal and external cost drivers have an impact on the different departmental budgets which make up the overall financial plan. The main cost drivers are: Consumer Price Index (CPI), Comox Valley Regional District Requisition changes, municipal policing contract and contractual salary and wages.

### **Consumer Price Index (CPI)**

The 12-month average CPI increase for the Province of British Columbia as at November 2024 was 2.7% (3.9%-2023, 6.9%-2022). Increased CPI has driven costs up throughout all operations as CPI impacts all goods and services purchased by the City. Budget 2025 is seeing the impacts of high inflation for the past two years. We are no longer anticipating rising costs, we are seeing increased costs in all of our purchases through 2024 thus impacting budgets for 2025.

### **Comox Valley Regional District**

The Comox Valley Regional District (CVRD) cost changes directly related to water and sewer utilities are beyond the control of city staff and heavily influence the water and sewer user fee rates. Direct CVRD charges for Water represent \$6.6m, 54% of the total utilities operating expenses and Sewer represent \$6.6m, 53% of the utilities total operating expenses which are transferred through the City to the Regional District.

**RCMP**

RCMP contract cost continues to rise as the single member cost for the 2025 RCMP year is \$258,000 (\$237,000-2024, \$220,900-2023). Member costs have increased by 9% (7.3%-2024) over the prior year, and costs have increased by 21.8% since 2022. These cost increases do not represent a change in the number of members which has been consistent at 31.4 for the past several years. These cost changes are limited to RCMP members and does not include the civilian component.

As in prior years, the City has a force strength authorization of 31.4 but funds fewer positions as historical actual staffing levels have not reached 31.4. In 2024 the City is reducing current year tax funded positions by one, bringing the funded positions to 28.4. This was to ensure the City does not over tax for RCMP services as staffing levels had not reached 28.4 in several years. For 2025 the City will return to funding 29.4 positions as staffing levels in 2024 returned to pre-pandemic levels and reached 28.4.

The City not only pays for RCMP members as part of the overall municipal policing contract, it is responsible for a share of the operating costs of the RCMP detachment. These costs include the civilian support members employed through the RCMP, along with Municipal staff that work alongside the civilian members.

**Contractual Salary, Wage and Benefit Increases**

This cost driver reflects the impact relating to annual contractual salary and wage increases for unionized staff, exempt staff and Volunteer Firefighters. An increase in salary or wage proportionally impacts benefit costs and employer's payroll contributions, both of which also have increased contribution rates and limits over 2024 levels. The CUPE collective agreement wage increase for 2024 was 2% however 2024 was the final year of the CUPE contract. The City will be bargaining in 2025.

**General – Revenue**

General fund revenue includes property taxation, fees and charges (other than Water Sewer Solid Waste), government transfers, and other revenue. Property taxation is providing the majority of revenue to fund City operations. Fee and Charges revenue that flows to the general fund is limited when compared to the Water and Sewer funds. General fees and charges are mainly attributed to Recreation and Development Services.

	2024	2025	\$ Change	% of Total
Revenue				
Property Taxation				
Taxation - Municipal Purposes	(34,007,000)	(38,102,000)	(4,095,000.00)	47%
<b>Total Property Taxation</b>	(34,007,000)	(38,102,000)	(4,095,000.00)	47%
Frontage and Parcel Taxes				
Sewer - Frontage-Parcel Taxes	(2,222,700)	(2,629,000)	(406,300)	3%
Water - Frontage-Parcel Taxes	(1,293,700)	(1,526,700)	(233,000)	2%
<b>Total Frontage and Parcel Taxes</b>	(3,516,400)	(4,155,700)	(639,300.00)	5%
Fees and Charges				
CORPORATE SERVICES REVENUE	(193,100)	(200,100)	(7,000)	0%
POLICE REVENUE	(115,500)	(146,500)	(31,000)	0%
SOLID WASTE REVENUE	(3,505,100)	(3,555,600)	(50,500)	4%
DEVELOPMENT SERVICES REVENUE	(1,779,200)	(1,376,500)	402,700	2%
RCCS REVENUE	(2,056,800)	(2,244,100)	(187,300)	3%
SEWER REVENUE	(7,520,700)	(8,445,700)	(925,000)	10%
WATER REVENUE	(8,814,700)	(10,250,200)	(1,435,500)	13%
FISCAL & OTHER REVENUE	(465,900)	(471,900)	(6,000)	1%
Cemetery Revenue		(15,000)	(15,000)	0%
<b>Total Fees and Charges</b>	(24,451,000)	(26,705,600)	(2,254,600.00)	33%
Government Transfers				
General Operating Revenue	(3,686,000)	(3,139,200)	546,800	4%
General Capital - GRANTS	(4,016,100)	(3,824,393)	191,707	5%
Gaming Revenue - Provincial Transfer	(1,250,000)	(1,250,000)	0	2%
<b>Total Government Transfers</b>	(8,952,100)	(8,213,593)	738,507.00	10%
Other Revenue				
DCC Revenue				
Capital Revenue	(455,300)	(100,000)	355,300	0%
Fiscal & Other Revenue	(4,194,700)	(3,794,900)	399,800	5%
Water - Other Revenues	(305,000)	(305,000)	0	0%
Sewer - Other Revenues	(40,000)	(40,000)	0	0%
<b>Total Other Revenue</b>	(4,995,000)	(4,239,900)	755,100.00	5%
<b>Total Revenue</b>	(75,921,500)	(81,416,793)	(5,495,293.00)	100%

### Property Taxation

Property taxation is the City's main method of revenue generation. Property taxation relies on property value assessment and the property tax rate to determine the tax levied on a given property. Property tax can be considered a wealth tax as it is not tied to annual earnings such as income. The property assessment can be considered as a proxy to determine one's ability to pay, with the theory that if you own a high value property you should have the means to pay a larger share of the overall property tax burden.

When comparing property taxation from community to community you cannot simply look at the property tax rate. The tax rate is only one component of the property tax calculation, the other component being

property assessment. Property taxes are calculated by taking the tax rate multiplied by the property value. Since property assessment is different from community to community you again can't simply take a \$700,000 property in one community and compare to a \$700,000 property in Courtenay as the basis of average assessment could be different. For example, a \$700,000 home in Courtenay is not far below the average value while a \$700,000 home in Victoria well below average, therefore if we were to compare Courtenay's tax rate to Victoria it would appear as if Courtenay is charging substantially higher property taxes. The only method to reasonably compare property taxes between communities is seeking out the taxes charged on the average home.

### Property Taxes – Market and Non-Market Change

Property tax rates and property assessment must move in relation with each other to ensure smooth changes in taxation. It would not be reasonable for the City to have a static tax rate while assessed values are fluctuating, the result of this would be property tax changes that are directly linked with assessment value change. Looking at historical assessment change if a static tax rate were used we could see a 3.49% tax change for 2021 followed by a 29.63% in 2022. Market change is the change property assessment from year to year of an existing property. To alleviate this issue, municipalities adjust the tax to levy the desired property tax and smooth out the volatility that assessment changes can bring.

#### Market Change %

Class	Class Name	2021	2022	2023	2024	2025	Total
1	Residential	3.49%	29.63%	12.90%	-1.67%	0.86%	45.2%
2	Utilities	0.14%	11.68%	10.74%	3.46%	1.23%	27.3%
3	Supportive housing	0.00%	0.00%	0.00%	0.00%	0.00%	0.0%
5	Light Industry	0.74%	15.86%	9.65%	8.16%	13.88%	48.3%
6	Commercial	-3.51%	10.26%	5.88%	3.65%	3.51%	19.8%
8	Recreational	1.94%	0.00%	3.50%	22.21%	2.74%	30.4%
9	Farm	0.00%	6.96%	0.00%	10.35%	-5.10%	12.2%

From 2021 to 2025 residential properties increase in value by 45.2% whereas commercial properties increased 19.8% over the same period.

Non-market change (NMC) is the assessment growth as a result of new construction or property class change. For example, if a large commercial property is developed into housing, we would see a reduction in the commercial property class and an increase to the residential property class. NMC varies from year to year and is dependent on construction and development activity.

#### Non Market Change %

Class	Class Name	2021	2022	2023	2024	2025	Total
1	Residential	2.94%	3.91%	1.74%	1.67%	2.41%	12.7%
2	Utilities	-11.10%	0.00%	0.00%	-0.18%	0.00%	-11.3%
3	Supportive housing	0.00%	0.00%	0.00%	0.00%	0.00%	0.0%
5	Light Industry	0.00%	0.00%	0.35%	11.45%	1.52%	13.3%
6	Commercial	0.36%	-0.07%	1.08%	0.47%	1.26%	3.1%
8	Recreational	0.00%	-35.97%	23.38%	1.32%	14.39%	3.1%
9	Farm	0.55%	0.00%	-0.06%	-8.49%	-18.91%	-26.9%

Historically the City has seen reasonably consistent NMC in the residential class from a high of 3.91% (2022) to a low of 1.67% (2024). Some municipalities treat the taxation revenue attributed to NMC differently and place these "new" funds into reserves as they are receiving taxation money on a property for the first time. Historically the City of Courtenay does not treat NMC revenue differently as it simply

becomes part of the annual property tax requisition and in turn reduces the impact of the annual change taxation on existing property owners.

#### Non Market Change New Taxation Value

Class	Class Name	2021	2022	2023	2024	2025
1	Residential	\$ 497,484	\$ 536,917	\$ 309,856	\$ 372,767	\$ 586,104
6	Commercial	\$ 35,621	-\$ 6,058	\$ 107,054	\$ 52,551	\$ 153,215
	Total	\$ 533,105	\$ 530,859	\$ 416,910	\$ 425,318	\$ 739,319
	Portion of Tax Levy	2.0%	1.9%	1.3%	1.3%	1.9%

Notice that 2025 has the largest NMC new tax value (\$739,319) representing an increase in taxation equivalent to 1.9%. Looking to the Non-Market Change % table (above), 2022 has the largest percentage increase in residential value at 3.91% but since the change was all in the residential class and there was a decrease in the commercial class the change in tax revenue was lower than 2025. Only residential and commercial classes shown as all other classes contribute small amounts to NMC tax revenue.

#### Property Taxes – Tax Burden

The property tax burden is a method of looking at which property class carries what portion of the overall property tax burden for the given year. Courtenay sees in 2025, 65.8% of the tax burden being carried by the residential class and 33.4% carried by the commercial class. By analyzing tax burden alongside the NMC and the annual changes in taxation we can determine if the tax burden is reasonable. All other classes represent a combined <1% of the tax burden.

#### Tax Burden

Class	Class Name	2021	2022	2023	2024	2025
1	Residential	65.0%	65.3%	65.4%	65.5%	65.8%
2	Utilities	0.2%	0.2%	0.2%	0.4%	0.4%
3	Supportive housing	0.0%	0.0%	0.0%	0.0%	0.0%
5	Light Industry	0.4%	0.3%	0.3%	0.3%	0.3%
6	Commercial	34.4%	34.2%	34.0%	33.7%	33.4%
8	Recreational	0.1%	0.0%	0.0%	0.1%	0.1%
9	Farm	0.0%	0.0%	0.0%	0.0%	0.0%

Property tax burden has been slowly shifting towards residential class however this shift has not been through conscious Council direction, it has been caused by larger growth in the volume and value of the residential class overall. The larger growth in residential class is made evident by the NMC of 12.7% from 2021 through 2025 compared to the 3.1% growth in commercial for the same period. Further, looking at the change in assessment distribution(below), the residential class has grown from 86.6% to 89.0% of the total value of the property tax roll.

**Assessment Distribution**

Class	Class Name	2021	2022	2023	2024	2025
1	Residential	86.6%	88.7%	89.4%	89.1%	89.0%
2	Utilities	0.0%	0.0%	0.0%	0.0%	0.0%
3	Supportive housing	0.0%	0.0%	0.0%	0.0%	0.0%
5	Light Industry	0.1%	0.1%	0.1%	0.1%	0.1%
6	Commercial	13.1%	11.0%	10.4%	10.7%	10.8%
8	Recreational	0.1%	0.0%	0.1%	0.1%	0.1%
9	Farm	0.0%	0.0%	0.0%	0.0%	0.0%

Looking at the distribution of assessment, which compares total assessed value of a given class to the total combine assessment of all classes, is a useful piece of information when comparing communities to one another as the commercial and industrial classes typically bring in significantly more tax revenue per dollar of assessed value which impacts the residential taxation amounts. Courtenay has seen growth in the residential class of 3.6% over 5 years and when compared to the change in tax burden it would appear the burden is also following this trend although at a slower rate. One must still consider that assessment distribution is impacted by the large market changes that have occurred in the residential class over the past several years, so it is not reasonable to expect a 1:1 change in assessment distribution and tax burden.

**Property Taxes – Assessment Distribution - Residential**

As noted above for the past several years the City has seen at times significant market value increase in its residential property class however this has come to a stop for 2024 (-1.67%) and continued to be stable through 2025 (0.86%). The average residential property is now valued at \$730,000 for 2025. For comparison, this is up by 3.1% from 2024 value of \$708,400 and is was down by 1.2% over 2023 value of \$716,100. The average home can have a market value percentage that differs from the overall market value change. Note in 2025 overall market value change was 0.86% while average value changed by 3.1%, this is caused by the various types (SRD, condo, townhome) of properties that are constructed year to year along with the sale prices/demand for different types of housing.

Property Assessment Interval	# of Properties	%	Cumulative %
\$1-\$250K	613	5.0%	5.0%
\$250K-\$500K	2,858	23.2%	28.2%
\$500K-\$750K	4,396	35.7%	64.0%
\$750K-\$1M	2,750	22.4%	86.3%
\$1-\$1.25M	1,055	8.6%	94.9%
\$1.25-\$1.5M	387	3.1%	98.1%
\$1.5-\$1.75M	114	0.9%	99.0%
\$1.75-\$2M	37	0.3%	99.3%
>\$2M	88	0.7%	100.0%
	12,298	100.0%	

The property assessment interval table from above is based on 2025 assessment data. 5% of the residential properties have a value between \$1 and \$250,000, some examples of these properties on the

lower end of the value scale are modular homes that sit upon rented pads, or some smaller and older condos. When we look to the \$500,000 to \$750,000 interval we see that this group represents 35.7% of all properties which is the single largest group, furthermore we can see that 64% of all properties are valued at \$750,000 or below. The sum of properties value above \$1.25M represents about the same number of properties valued below \$250,000.

### Property Taxes – Assessment Distribution - Commercial

Comparatively to the City's residential properties, commercial properties have not seen the same volatility in market value change over the past several years. The average commercial property is now valued at \$1,094,296 (\$1,050,034-2024) this is up by 4.1% from 2024. The average value commercial property can have a market value percentage that differs from the overall market value change. Note in 2025 overall market value change was 3.5% while average value changed by 4.1%, this is caused by the various types of properties that are constructed year to year along with the sale prices/demand for different types of properties.

The table below takes the City's 878 regular commercial properties and breaks them into groups based on their value. A standard interval was not used due to the concentration of properties in lower than \$1M and the properties above \$10M.

Commercial Assessment									
Interval	# of Folios	%	Cumulative	Assessment	%	Cumulative	Average Value	Average Tax	
			%			%			
\$1-\$500k	470	53.5%	53.5%	\$ 122,822,993	12.1%	12.1%	\$ 261,000	\$ 3,041	
\$500k-\$1M	197	22.4%	76.0%	\$ 137,857,300	13.5%	25.6%	\$ 700,000	\$ 8,157	
\$1M-\$1.5M	81	9.2%	85.2%	\$ 95,954,000	9.4%	35.0%	\$ 1,185,000	\$ 13,809	
\$1.5M-\$2M	36	4.1%	89.3%	\$ 61,471,800	6.0%	41.1%	\$ 1,708,000	\$ 19,903	
\$2M-\$3M	41	4.7%	94.0%	\$ 100,631,900	9.9%	51.0%	\$ 2,454,000	\$ 28,597	
\$3M-\$4M	16	1.8%	95.8%	\$ 55,542,200	5.5%	56.4%	\$ 3,471,000	\$ 40,448	
\$4M-\$5M	13	1.5%	97.3%	\$ 58,941,200	5.8%	62.2%	\$ 4,534,000	\$ 52,835	
\$5M-\$10M	13	1.5%	98.7%	\$ 85,937,000	8.4%	70.6%	\$ 6,611,000	\$ 77,039	
>\$10M	11	1.3%	100.0%	\$ 298,771,000	29.4%	100.0%	\$ 27,161,000	\$ 316,510	

Note information is based on 2024 assessment. 53.5% of properties have a value between \$1 and \$500,000, however these properties only represent 12.1% of the total commercial assessment. When we look to the \$500,000 to \$2M interval we see that this group represents 89.3% of all properties and accounts for 41.1% of total assessment. Looking to the \$10M+ valued properties we see that 11 properties makeup 1.3% of the total number of commercial properties, however these properties represent 29.4% of the total assessed value. These high value commercial properties include the likes of the Driftwood Mall, the Walmart/Best Buy Complex, Costco and Superstore, these properties are not representative of the same commercial properties found downtown. The majority downtown commercial properties fall into the \$2M and lower value. The average tax on a commercial property represents the municipal taxation only, to give an idea of what commercial taxation is. Note that the average tax excludes utilities and taxes for other taxing authorities (RD, HD, School).

### Property Taxes – Ownership Composition

By analyzing the annual Home Owner Grants (HOG) claimed each year the City can approximate some ownership trends and details. Although this analysis is not perfect it can be useful to look at year over year to identify community trends. The HOG is a grant that can be claimed on your principal residence, this means that you cannot claim a HOG for a rental house or a secondary dwelling, such as a vacation home. A home owner in BC is only permitted to claim 1 HOG even if they own multiple properties. Within the HOG



program there is the regular stream \$770 or the enhanced \$1,045 which is available to owners over 65, veterans or those with specific disabilities. Given these criteria we are able to determine if a home is a principal residence and if the owner's age is over/under 65. Note the number of HOG's that fall under the veteran or disability category are very few and would not have a significant impact on the overall data.

Home Owner Grants	2019	2020	2021	2022	2023	2024
Regular	51.1%	50.4%	49.7%	49.1%	48.0%	47.3%
Enhanced	48.9%	49.6%	50.3%	50.9%	52.0%	52.7%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Notice that between 2019 and 2024 the number of regular HOG's claimed fell from 51.1% down to 47.3%, this change could signal that the age of home owners is increasing as fewer under regular HOG's (under 65) are being processed. This could also indicate that Courtenay is an attractive place to retire, or that we are seeing more intergenerational living arrangements with the parents claiming the HOG.

The provincial statistical information for HOG's is only available to 2018 however in this year Courtenay was slightly above the provincial average of 41% of HOG's being claimed for 65 years plus. Qualicum Beach and Parksville had 73% and 65% of 2018 HOG's being claimed for 65 years plus which put them into the 3<sup>rd</sup> and 4<sup>th</sup> position in BC. Alternatively, Pemberton and Fort St. John had 10% and 16% of HOG's claimed for 65 years plus putting them in the lowest position in BC.

### Property Taxes – Comparable Communities

How does taxation in Courtenay compare to other municipalities? The table below was taken from information available through BC Local Government Statistics Schedule 704 – Taxes & Charges on a Representative House. The data takes an average home per community and all the property taxes, utilities and other fees for all taxing authorities. By doing this we can have a better compare property taxes from municipality to municipality.

Comparable Communities 2023			Comparable Communities 2024		
Municipality	Population 2021	Property Tax	Municipality	Population 2021	Property Tax
White Rock	21,939	\$ 8,453	White Rock	21,939	\$ 8,953
Port Moody	33,535	\$ 8,032	Port Moody	33,535	\$ 8,681
Squamish	23,819	\$ 6,357	Squamish	23,819	\$ 6,721
West Kelowna	36,078	\$ 6,305	West Kelowna	36,078	\$ 6,504
Langley	28,963	\$ 5,955	Langley	28,963	\$ 6,395
Campbell River	35,519	\$ 5,251	Campbell River	35,519	\$ 5,556
Penticton	36,885	\$ 4,951	Penticton	36,885	\$ 5,402
Courtenay	28,420	\$ 4,920	Courtenay	28,420	\$ 5,357
North Cowichan	31,990	\$ 4,649	North Cowichan	31,990	\$ 5,080
Cranbrook	20,499	\$ 4,497	Cranbrook	20,499	\$ 4,971
Salmon Arm	19,432	\$ 4,458	Salmon Arm	19,432	\$ 4,728
Fort St. John	21,465	\$ 3,210	Fort St. John	21,465	\$ 3,292

The table above compares the 12 communities that are closest in population size to Courtenay and their municipal taxation on a representative house for 2023 and 2024. Courtenay is on the mid low end of taxation, the two communities that tax lower both have industrial tax bases. Fort St. John received

substantial funding (\$25.9M) through BC's Peace River Agreement which distributed \$50M annually between municipalities and regional districts in the South Peace. Fort St. John also is service center for the area resulting in substantial commercial assessment. 2024 data is used as information is not yet available for 2025.

When looking at other comparable communities listed Port Moody, Salmon Arm, Fort St. John, and North Cowichan all have an industrial tax base which provides substantially more property tax revenue than residential or even commercial properties. Industrial tax rates for these municipalities range from a low of 28.000 per \$1,000 to 67.630 per \$1,000, to put this in perspective the 2024 residential tax rate for Courtenay was 2.5473 per \$1,000 and the commercial rate was 10.9332 per \$1,000.

Courtenay is an affordable place to own a home from a property taxation perspective. The downside of this is Courtenay will always comparatively seem like its property taxation increase percentage is larger as our base property taxation is substantially lower than many of the comparable communities. A 5% property tax change in White Rock (\$448) is substantially different than a 5% property tax change in Courtenay (\$268).

### Property Taxes – 2025 Tax Change

To balance the 2025 budget the City requires \$40,175,950 of funding, this funding gap, if 100% funded from taxation, it would represent an increase of 18.1% or \$6,220,000 over 2024 property tax levy. The large gap is still caused by the use of alternative funding sources to taxation for the past several years to balance the budget (COVID-19 Safe Restart Funds, prior year surplus). To offset this large tax increase it is recommended that the City relies on prior year surplus of \$2,073,950 and current year non-market change to close the required tax funded gap to \$4,145,592 or 10.0%. An approximate \$331 tax (10%) increase is recommended as it was identified 2024-2028 Financial Plan.

A tax increase of \$4,145,592 would bring total tax revenue to \$38,102,000 for 2025. Given the historically low taxation increase over the past several years it is recommended that Council maintain similar tax increase for 2025 as approved in 2024 to maintain current service levels. The discretionary tax increase recommendation for 2025 is 10.0%. The table below breaks down the proposed method if bring the tax increase down from 18.1%.

	2024	2025	2026	2027	2028	2029
<b>Revenue Required</b>	<b>\$ 35,519,908</b>	<b>\$ 40,175,950</b>	<b>\$ 44,604,200</b>	<b>\$ 46,953,400</b>	<b>\$ 50,370,500</b>	<b>\$ 53,665,000</b>
Change from PY		\$ 4,656,042	\$ 4,428,250	\$ 2,349,200	\$ 3,417,100	\$ 3,294,500
% Change		13.1%	11.0%	5.3%	7.3%	6.5%
<b>Alternative funding</b>						
Surplus	\$ 1,563,500	\$ 2,073,950	\$ 1,500,000	\$ 500,000	\$ 500,000	\$ 500,000
<b>Property Taxation</b>	<b>\$ 33,956,408</b>	<b>\$ 38,102,000</b>	<b>\$ 43,104,200</b>	<b>\$ 46,453,400</b>	<b>\$ 49,870,500</b>	<b>\$ 53,165,000</b>
Discretionary Change	\$ 2,328,436	\$ 3,402,592	\$ 4,544,976	\$ 2,831,950	\$ 2,859,659	\$ 2,696,054
NMC	\$ 435,992	\$ 743,000	\$ 457,224	\$ 517,250	\$ 557,441	\$ 598,446
Total change	\$ 2,764,428	\$ 4,145,592	\$ 5,002,200	\$ 3,349,200	\$ 3,417,100	\$ 3,294,500
<b>Discretionary % Change</b>		<b>10.0%</b>	<b>11.9%</b>	<b>6.6%</b>	<b>6.2%</b>	<b>5.4%</b>
<b>Total % Change</b>		<b>12.2%</b>	<b>13.1%</b>	<b>7.8%</b>	<b>7.4%</b>	<b>6.6%</b>
<b>Total Funding</b>	<b>\$ 35,519,908</b>	<b>\$ 40,175,950</b>	<b>\$ 44,604,200</b>	<b>\$ 46,953,400</b>	<b>\$ 50,370,500</b>	<b>\$ 53,665,000</b>

The financial plan is based on this scenario, notice the revenue required annually on the first row is relatively stable. 2025 sees the utilization of \$2,073,950 of prior year surplus (\$1,563,500 – 2024). The plan is set to use a total of \$5.1M of prior year surplus over 5 years and should leave \$7.8M available in 2029, this reduced reliance on prior year surplus will provide more flexibility to adapt and absorb unforeseen changes. It is financially prudent to maintain some surplus funds however consideration must be given to ensure appropriate balances maintained.

The total property tax change required from 2024 is \$4,145,592 however as noted above the expected non-market change taxation contribution is \$743,000 which reduced the discretionary tax increase down to \$3,402,592 which is the equivalent of a 10.0% tax change.

The taxation only impact on an average home is an increase of \$180.47 for total Courtenay property taxation only of \$1,984. Once we consider all City changes such as utilities, frontage and property tax the all City increase is \$331.19 which is equivalent to 9.6%.

### Average Residential Dwelling

Details on the average single residential dwelling all-inclusive change is detailed below.

	2024	2025	2026	2027	2028	2029
Property Tax	\$ 1,803.73	\$ 1,984.47	\$ 2,221.19	\$ 2,367.12	\$ 2,512.84	\$ 2,648.69
\$ Change	\$ 133.19	\$ 180.74	\$ 236.72	\$ 145.93	\$ 145.72	\$ 135.85
% Change	7.47%	10.0%	11.9%	6.6%	6.2%	5.4%
Sewer User	\$ 438.64	\$ 478.00	\$ 518.63	\$ 562.71	\$ 610.54	\$ 662.44
Sewer Frontage	179.23	209.38	209.38	209.38	209.38	209.38
Water User	560.98	624.00	677.04	734.59	797.03	864.78
Water Frontage	102.18	120.10	141.36	166.38	195.83	230.49
Solid Waste	357.50	357.50	357.50	357.50	357.50	357.50
Utilities	\$ 1,638.53	\$ 1,788.98	\$ 1,903.91	\$ 2,030.56	\$ 2,170.28	\$ 2,324.58
\$ Change	\$ 199.76	\$ 150.45	\$ 114.93	\$ 126.65	\$ 139.72	\$ 154.31
% Change	13.1%	9.2%	6.4%	6.7%	6.9%	7.1%
Total	\$ 3,442.26	\$ 3,773.45	\$ 4,125.10	\$ 4,397.68	\$ 4,683.12	\$ 4,973.27
\$ Change	\$ 332.95	\$ 331.19	\$ 351.64	\$ 272.58	\$ 285.44	\$ 290.15
% Change	10.4%	9.6%	9.3%	6.6%	6.5%	6.2%

The table provides the detail on the tax and utility impacts on an average residential dwelling. In 2024 the solid waste fee saw a substantial change, for 2025 there is no change to this fee and it is driving down the overall increase in utility charges even though the City is bringing in recommendation from Water Sewer Rate review. The total property charges for an average home in 2025 is \$3,773.45.

### Average Commercial Property

The taxation only impact on an average commercial property is an increase of \$1,146 for a total of \$12,606. It is not feasible to provide an all-in tax and utility change for commercial properties as their utility billings can differ significantly depending on the type and use of property.

### Property Taxation by Class

The property tax increase is applied equally to most property classes however past practices have led to reduced taxation burden on two classes of property that should be carrying more of the burden. In 2024 Council gave the direction to increase Class 2 – Utilities to the legislated maximum which aligns with common practice across the province. Class 8 – Recreation Council gave direction to a phased approach to

align this tax class with that of Class 6 – Commercial. The table below outlines property tax change by class.

Class	Discretionary Tax Change %	NMC Levy	Current year total levy
1 Residential	10.0%	\$ 586,108	\$ 25,081,651
2 Utilities	1.4%	-	136,180
3 Supportive Housing	0.0%	-	-
5 Light Industry	10.0%	1,855	127,556
6 Commercial	10.0%	153,216	12,726,525
8 Recreational	25.0%	3,319	26,699
9 Farm	10.0%	- 764	3,389
Total		\$ 743,735	\$ 38,102,000

Note the 10.0% increase for residential, light industry, commercial and farm class properties is consistent which provides a fair distribution of the change in tax for 2025. Refer to Tax burden and Assessment distribution tables to see historical trends on taxation by class.

### Property Taxation – Scenario Options

The Financial Plan as presented includes a discretionary tax increase of 10%. Recognizing Council direction from prior year a number of scenarios have been prepared to offer alternative discretionary tax changes. All scenarios adjust tax revenue and supplement it with additional draw on prior year surplus, any reduction in taxation in the current is reflected in the following year as an increase to the existing required tax change. In 2024 Council authorized the use of \$1,563,500 from prior years surplus to reduce the 2024 tax change.

The table below outlines alternative scenarios

Discretionary Tax change	Total Tax Revenue	\$ Change	Average Single Residential		Surplus Used	\$ Change	Tax change 2026
			Dwelling	\$ Change			
10.0%	\$ 38,102,000	\$ -	\$ 1,984	\$ -	\$ 2,074,000	\$ -	11.9%
9.0%	37,755,000	(347,000)	1,966	(18.00)	2,420,000	346,000	13.0%
8.5%	37,586,000	(516,000)	1,957	(27.00)	2,590,000	516,000	13.5%
8.0%	37,425,000	(677,000)	1,948	(36.00)	2,750,000	676,000	14.0%

The table below outlines the impact on the estimated surplus balance at the end of 2025

Impact on Total Surplus Estimated			
Discretionary Tax change	Ending Surplus Balance	Target 10.4 Weeks (20%)	Over / (under)
10.0%	\$ 11,282,000	\$ 11,155,000	\$ 127,000
9.0%	10,936,000	11,155,000	(219,000)
8.5%	10,420,000	11,155,000	(735,000)
8.0%	9,744,000	11,155,000	(1,411,000)

The target surplus balance is based on 20% of annual operating costs at \$55.8M, 20% represents about 10.4 weeks or 2.4 months of cash on hand. The City's average monthly spend is \$4.6M with an average weekly spend of \$1.1M.

### General - Fees and Charges

Fees and charges represent the next largest revenue stream after property taxation representing 33% of total revenue. Fees and charges can be attributed to an individual service and therefore classified into a department. Total fee revenue is budgeted at \$26.7M and seeing a combined increase of \$2.3M (9.2%) however utility fees (water, sewer, solid waste) represent \$22.3M (83%) of total fee revenue.

	2024	2025	\$ Change
Fees and Charges			
CORPORATE SERVICES REVENUE	(193,100)	(200,100)	(7,000)
POLICE REVENUE	(115,500)	(146,500)	(31,000)
SOLID WASTE REVENUE	(3,505,100)	(3,555,600)	(50,500)
DEVELOPMENT SERVICES REVENUE	(1,779,200)	(1,376,500)	402,700
RCCS REVENUE	(2,056,800)	(2,244,100)	(187,300)
SEWER REVENUE	(7,520,700)	(8,445,700)	(925,000)
WATER REVENUE	(8,814,700)	(10,250,200)	(1,435,500)
FISCAL & OTHER REVENUE	(465,900)	(471,900)	(6,000)
Cemetery Revenue		(15,000)	(15,000)
<b>Total Fees and Charges</b>	<b>(24,451,000)</b>	<b>(26,705,600)</b>	<b>(2,254,600.00)</b>

Corporate Services – The majority of fee revenue in Corporate services is attributed to the Cemetery function.

Police – Fees from Police service are split fairly evenly between fees charged for prisoner expense recovery for cost incurred while keeping prisoners from other jurisdictions. Criminal record documents, other similar reports and finger printing fees make up the balance.

Development Services – Fee revenue is comprised of three areas.

- Building inspection \$935,000 – Budgeted revenue has been reduced from the prior year due to increased interest rates and limits on servicing capacity.
- Business Licencing \$308,000 – No change from prior year as fees are steady
- Planning & Zoning \$110,600 – Budgeted revenue has been reduced from the prior year due to the decrease in the requirement for rezoning's for secondary suites and the introduction of the Small-Scale Multi-Housing zone.

Recreation Culture and Community Services – Fee revenue is comprised of two main streams

- Recreation Programming \$1.66M – Comprised of program fees and charges as well as grants, revenue is budgeted to increase from the prior year (\$103K) due to growth in program registration as well as provincial grant funding for Cozy Corner Preschool and Adapted Programs. Courtenay Recreation's financial assistance programs (Recreation Access Pass and Leisure for Everyone Accessibility Program) continue to see increased demand and use which reduces revenue collected (approximately \$70,000 annually).

- Operations Revenue \$830K – Revenue is driven by the Wellness Centre, Outdoor Pool, and indoor and outdoor facility rentals. The increase projected for 2025 (\$136K) is due to an increase in Wellness Centre attendance, implementation of updated fees and charges for indoor facility rentals in 2024, and return of admission fees for the Courtenay and District Outdoor Memorial Pool in 2025 (valued at approximately \$30,000 in admission revenue).

### Government Transfers - \$8.2M

Government transfer revenue includes all transfers from other governments, this includes, regional, provincial and national. Transfers include annual grants, and capital contributions. Some of the major contributors to transfer revenue are as follows:

Canada Community Building funds (Gas tax) - \$1.34M

Gaming funds - \$1.25M

RecycleBC - \$412,000

Courtenay Fire Protection District - \$683,000

Lake Trail Multi Use Path (provincial) - \$500,000

6<sup>th</sup> Street Bridge - \$2.5M

### Other Revenue - \$4.2M

Other revenue as the name describes captures all other revenue that does not fit into other categories. Typically, other revenue sources are stable as they are comprised of a multitude of smaller revenue streams. Normally the City has little control over influencing the amount of other revenue. One of the larger categories is investment and tax penalty revenue that represents 52% of the total which has seen a reduction with the lower of interest rates. Grants in lieu of taxes (tax equivalents on provincial and federally owned properties) and 1% utility tax (tax on revenue of utility providers such as BC Hydro, TELUS, Fortis, Rogers) has remained stable representing 21% of the total.

### General – Expense

The proposed General Operating Expenses Budget totals \$55.9M, an increase of \$4.2M over the prior year. The table below outlines total expenses per service area, revenue is not included in the table below.

	2024	2025	BUDGET
	APPROVED	2. Finance Review	INCREASE
ACCT	BUDGET	BUDGET	(DECREASE)
<b>Expenses</b>			
General Government Expenses	\$ 7,588,000	\$ 7,883,200	\$ 295,200
Fire Services	3,305,000	3,412,400	107,400
Police Services	8,625,800	9,518,100	892,300
Engineering Services	2,107,100	2,341,700	234,600
Operational Services	11,096,600	11,762,750	666,150
Solid Waste Services	4,179,900	4,011,100	(168,800)
Development Services	3,430,500	3,895,900	465,400
Recreational and Cultural Services	6,909,700	7,916,700	1,007,000
Financial Services	3,282,700	3,666,900	384,200
Gaming Expenses	387,500	414,500	27,000
Debt Interest	799,000	1,084,500	285,500
<b>Total Expenses</b>	<b>\$ 51,711,800</b>	<b>\$ 55,907,750</b>	<b>\$ 4,195,950</b>

Each departments revenue and expenses are presented showing a series of columns that provide additional detail to the change in given revenue or expense.

**Base budget** - This is the starting point, it has any one-time items from the prior year removed and should represent normalized base for the given budget line.

**Inflation** – This column captures the inflation related changes to the budget, also if reallocation occurred between budget lines it would be captured in the inflation column. For example, with Fire, the cost of uniforms has increased, this cost increase will be reflected in inflation.

**Service Level Impact** – This column represents the change to the budget as a result of a service level change or an item that has some form of control or direction to respond. For example, the Fire department is adding a training officer assistant position, this expense is a result of a service level change.

**Growth** – This column represents the change to the budget as a result of more occurrences or growth of the budgets service area. For example, the Fire department has responded to 1,432 calls in 2023 versus 1,202 calls in 2022, as a result, the cost attributed to additional responses will be shown in the growth column.

**One-Time Items** – This column represents the identified one-time projects or items that require funding but will not be reoccurring every year, thus the budget will return to its base figure in the following year. The majority of one-time items have been captured in special projects.

**Carry Forward** – This column represents items identified and budgeted in the prior year but not yet completed. The budget will be carried forward to the current year and funding will be taken from the prior year surplus as to not tax twice for the item.

### City Manager (CAO) Office

	2024	2025	2025	2025	2025	2025	2025	2024	2025	2025	BUDGET	2026	2027	2028	2029
ACCT	AMENDED BUDGET	BASE BUDGET	INFLATION	SERVICE LEVEL IMPACTS	GROWTH	ONE-TIME ITEMS	CAPITAL IMPACTS	CARRY FORWARD	REALLOCATION	BUDGET	INCREASE (DECREASE)	BUDGET	BUDGET	BUDGET	BUDGET
CAO OFFICE EXPENSES															
CAO Office	756,400	586,400	26,000	8,000				130,000		750,400	(6,000)	666,300	693,500	722,200	752,300
Total CAO OFFICE EXPENSES	756,400	586,400	26,000	8,000				130,000		750,400	(6,000)	666,300	693,500	722,200	752,300

CAO Office expenses mainly comprised of consulting fees, legal fees, and wages. Carry forward items include legal and consulting fees. Special project funds support development of reconciliation action plan.

## Corporate Services

	2024	2025	2025	2025	2025	2025	2025	2024	2025	2025	BUDGET	2026	2027	2028	2029
	AMENDED	BASE	INFLATION	SERVICE LEVEL	GROWTH	ONE-TIME	CAPITAL	CARRY	REALLOCATION	BUDGET	INCREASE	BUDGET	BUDGET	BUDGET	BUDGET
ACCT	BUDGET	BUDGET		IMPACTS		ITEMS	IMPACTS	FORWARD			(DECREASE)				
<b>CORPORATE SERVICES REVENUE</b>															
Animal Control / Bylaw Enforcement	(9,100)	(9,100)			(9,500)					(18,600)	(9,500)	(18,600)	(18,600)	(18,600)	(18,600)
Parking	(5,000)	(5,000)			2,500					(2,500)	2,500	(2,500)	(2,500)	(2,500)	(2,500)
Cemetery	(179,000)	(179,000)								(179,000)		(179,000)	(179,000)	(179,000)	(179,000)
<b>Total CORPORATE SERVICES REVENUE</b>	<b>(193,100)</b>	<b>(193,100)</b>			<b>(7,000)</b>					<b>(200,100)</b>	<b>(7,000)</b>	<b>(200,100)</b>	<b>(200,100)</b>	<b>(200,100)</b>	<b>(200,100)</b>
<b>CORPORATE SERVICES EXPENSES</b>															
<b>GENERAL GOVERNMENT - Corporate Services</b>															
Information Technology	1,569,400	1,467,400	103,300	21,500	16,300	36,000				1,644,500	75,100	1,752,200	1,882,700	1,882,500	1,982,500
Corporate Services	764,300	809,300	15,500	(107,000)				30,000	(8,500)	539,300	(225,000)	527,600	543,400	562,000	579,700
Human Resources	1,114,200	1,096,700	3,400	7,800	72,000			24,200	8,500	1,212,600	98,400	1,201,700	1,244,400	1,274,800	1,318,900
Corporate Communications	699,000	677,000	49,900	88,500		15,000				840,400	141,400	721,100	742,500	776,600	811,800
GIS	299,500	299,500	5,400							304,900	5,400	350,300	352,900	366,500	353,600
Occupational Health & Safety	159,700	139,700	4,500		2,000					166,200	6,500	173,400	186,800	184,500	192,000
<b>Total GENERAL GOVERNMENT - Corporate Services</b>	<b>4,606,100</b>	<b>4,309,600</b>	<b>182,000</b>	<b>10,800</b>	<b>90,300</b>	<b>51,000</b>		<b>54,200</b>		<b>4,707,900</b>	<b>101,800</b>	<b>4,726,300</b>	<b>4,952,700</b>	<b>5,046,900</b>	<b>5,238,500</b>
<b>GENERAL GOVERNMENT - Legislative Services</b>															
Legislative Admin	334,000	327,000	8,500	61,700	30,200	11,700			5,000	444,100	110,100	502,700	523,800	545,800	568,500
City Council	590,100	583,100	7,900							590,000	(100)	625,600	652,600	661,400	661,400
Elections	26,900	26,900								26,900		113,500	31,500	32,000	32,000
Cemetery Admin	91,000	91,000	4,600						(5,000)	90,600	(400)	99,400	103,900	108,900	113,900
Cemetery Products for Resale	13,000	13,000				5,000				18,000	5,000	13,000	13,000	13,300	13,300
<b>Total GENERAL GOVERNMENT - Legislative Services</b>	<b>1,055,000</b>	<b>1,040,000</b>	<b>21,000</b>	<b>61,700</b>	<b>30,200</b>	<b>16,700</b>				<b>1,169,600</b>	<b>114,600</b>	<b>1,354,200</b>	<b>1,324,800</b>	<b>1,361,400</b>	<b>1,389,100</b>
<b>OTHER PROTECTIVE SERVICES</b>															
Bylaw Enforcement	592,100	592,100	16,300	1,000	19,800	8,000			78,000	715,200	123,100	760,300	793,100	828,000	855,000
Animal Control	80,900	80,900	(200)						(78,000)	2,700	(78,200)	2,800	2,800	2,800	2,800
<b>Total OTHER PROTECTIVE SERVICES</b>	<b>673,000</b>	<b>673,000</b>	<b>16,100</b>	<b>1,000</b>	<b>19,800</b>	<b>8,000</b>				<b>717,900</b>	<b>44,900</b>	<b>763,100</b>	<b>795,900</b>	<b>830,800</b>	<b>857,800</b>
<b>Total CORPORATE SERVICES EXPENSES</b>	<b>6,334,100</b>	<b>6,022,600</b>	<b>219,100</b>	<b>73,500</b>	<b>140,300</b>	<b>75,700</b>		<b>54,200</b>		<b>6,595,400</b>	<b>261,300</b>	<b>6,843,600</b>	<b>7,073,400</b>	<b>7,239,100</b>	<b>7,485,400</b>
<b>Total Corporate Services</b>	<b>6,141,000</b>	<b>5,829,500</b>	<b>219,100</b>	<b>73,500</b>	<b>133,300</b>	<b>75,700</b>		<b>54,200</b>		<b>6,395,300</b>	<b>254,300</b>	<b>6,643,500</b>	<b>6,873,300</b>	<b>7,039,000</b>	<b>7,285,300</b>

Corporate Services is responsible for the following areas:

**Information Technology** – The increase in IT expenditures is driven by growth and inflation, particularly in software licensing and subscription fees for various software applications. Additionally, one-time costs for bi-annual penetration testing are incurred, a cyber security insurance requirement. The IT Division manages the software expenses for the vast majority of the City's operations, with budget fluctuations reflecting technology adjustments across all departments. As service expectations evolve, there is a natural progression toward improving operational efficiencies and supporting online services. Integrating software applications not only enhances service delivery but also plays a vital role in achieving service efficiencies and robust data-based reporting models.

**Corporate Services** – Corporate Services expenses have decreased due to the reallocation of the land position to the Financial Services Department and the reversal of one-time expenditures from the previous year. Additionally, the department has faced fluctuations due to organizational restructuring, which has distinguished the Legislative Administration from the City Manager's Departments. Past practices of including special projects within operating budgets have further contributed to this volatility. However, we anticipate that Corporate Services expenses will stabilize as we move forward.

**Human Resources** – The increase in expenses for the Human Resources division is primarily due to legal fees, costs associated with the new building lease, and the implementation of citywide training offerings. These training programs focus on workplace accommodations, performance management, mental health, and leadership skill development.

**Communications** – The increase in expenses is primarily due to the addition of an engagement specialist position, which is essential for implementing the recommendations outlined in the Engagement Strategy. This position aims to decrease barriers to engagement and capture diverse perspectives, responding directly to the findings of the 2024 Resident Survey, where 48% of respondents expressed dissatisfaction with the City's current engagement practices. By enhancing engagement efforts, this role will support informed and evidence-based decision-making without diminishing the existing communication services.



Furthermore, additional expense increases are related to funding for the replacement and redesign of the website, as well as one-time costs associated with the same project.

**Legislative Admin** - This area has been separated from Corporate Services to better reflect expenses for the second year. The City is legislatively required to process Freedom of Information (FOI) requests, create and maintain a Privacy Information Bank, develop and implement a Privacy Framework, and conduct Privacy Impact Assessments (PIAs). Reflective of the increasing volume and complexity of FOI requests, along with the necessity to develop a robust records management program in anticipation of implementing an electronic records management system, the new FOI Records position is essential. This role will be responsible for developing and supporting enterprise-wide training on privacy and records management, conducting records audits, and assisting departments with complex processes, while ensuring compliance with regulatory requirements and enhancing the City's overall information management practices.

**City Council** – Expenses are projected to remain stable through 2025. In 2024, there was an adjustment in the budgeting process for Council travel and attendance at annual conferences. Additionally, Council remuneration is set to increase by 2% in accordance with Council Remuneration Policy, which was adopted in July 2023 and will be effective until the end of 2025.

**Bylaw Enforcement** – Cost increases are primarily driven by the implementation of seven-day service, along with related equipment and uniform expenses for casual bylaw officers. The City continues to prioritize and invest in ongoing training for bylaw officers, which includes topics such as animal control, trauma-informed and culturally informed practices, mental health and addictions, and situational awareness.

### Special Projects

	2024	2025	2024	2025	2025	BUDGET	2026	2027	2028	2029
	AMENDED	BASE	ONE-TIME	CARRY	REALLOCATION	BUDGET	INCREASE	BUDGET	BUDGET	BUDGET
	BUDGET	BUDGET	ITEMS	FORWARD		(DECREASE)				
ACCT										
Corporate Services - FIPPA	50,000			50,000		50,000				
Legislative Services - Public Safety Office	50,000			35,000		35,000	(15,000)			
Human Resources - Anti-Racism	50,500			50,400		50,400	(100)			
Communications - Website	172,000		50,000	72,000		122,000	(50,000)			
Communication - Engagement Strategy	75,000						(75,000)			
Communication - Implementation Strategy			50,000			50,000	50,000			
Information Technology - Feasibility Study ERP Software			50,000			50,000	50,000			
Bylaw Enforcement - Traffic Regulation Bylaw			60,000			60,000	60,000			
Animal Control - Animal Control Bylaw			30,000			30,000	30,000			
<b>Total Corporate Services - Special Projects</b>	<b>397,500</b>		<b>240,000</b>	<b>207,400</b>		<b>447,400</b>	<b>49,900</b>			

### Key Departmental initiatives and projects include:

#### *Freedom of Information and Protection of Privacy*

The City is legislatively mandated to develop a Privacy Framework, and one-time funding has been carried forward from the previous year to support this work. This framework will define roles, responsibilities, and policy requirements, aiming to safeguard the personal information entrusted to the City by residents, businesses and staff.

#### *Public Safety Office*

The Public Safety Office project, directed by City Council, will engage with key contributors, including local non-profits, the RCMP, the Downtown Business Improvement Association (DCBIA), bylaw enforcement, and health services. Funding for this initiative has been carried forward from the previous year, at this time Council is considering the need for this initiative and will be examined during the Strategic Plan Mid Term

Review. Departmental activity will focus on developing effective community-based strategies to address a variety of safety needs within the downtown area.

#### *Anti-Racism*

The Anti-Racism Project is an initiative aimed at developing a comprehensive Anti-Racism Strategy focused on decolonizing practices within City operations, with the intent of ultimately expanding these learnings to the broader community. Funding for this project has been carried forward from the previous year and will support work led by expert consultants, likely in partnership with local organizations, to inform the decolonization of City policies, practices, and perspectives. Through this collaborative approach, the project aims to create meaningful and sustainable changes that promote inclusivity and equity for all community members.

#### *Website Redesign and Replacement*

The Website Redesign and Replacement Project aims to address the end-of-life status of the current website, which no longer meets the evolving needs of users and the organization. This initiative offers a significant opportunity to enhance accessibility, feature a variety of online services, and ensure that information is easy to find through intuitive navigation paths. To support this comprehensive redesign, additional funding has been allocated for content creation, editing, and design needs that cannot be accommodated within existing communications workplan or by other departments. The goal is to create a modern, user-friendly website that effectively serves the community and enhances overall user satisfaction.

#### *Engagement Strategy*

The Engagement Strategy project aims to incorporate input from equity-deserving groups, City Council, staff, and the public to establish engagement expectations and reduce barriers for hard-to-reach populations. This collaborative approach has led to substantial progress, with the final report anticipated to be presented to Council in February 2025. The strategy reflects a commitment to inclusive engagement practices that advance accessibility and ensure diverse community voices are heard.

#### *Engagement Strategy Implementation*

The Communications and Engagement Strategy Implementation Plan aims to create a structured approach for the simultaneous implementation of both the Communication Strategy and the Engagement Strategy. Given that both strategies outline a significant number of desired service enhancements and expectations, this project will manage the implementation process to ensure that growth aligns with community expectations while being mindful of cost impacts.

#### *ERP Software Feasibility Study*

The Enterprise Resource Planning (ERP) Software Feasibility Study aims to assess the necessity and viability of implementing an ERP system to automate essential processes within the Human Resource division, including recruitment, attendance management, training tracking, benefits monitoring, and payroll connections. This study will identify both functional and non-functional software requirements integral to informing the Request for Proposal (RFP) process.

#### *Traffic Regulation Bylaw Update*

The Traffic Regulation Bylaw Update project seeks to modernize the existing bylaw by incorporating current best practices and clarifying language for better understanding. This initiative will include a comprehensive review of parking regulations and engage the community to gather input on necessary changes, including the addition or removal of specific regulations.

### Animal Control Bylaw Update

The Animal Control Bylaw Update project aims to revise the existing bylaw to enhance the City's ability to manage issues related to dangerous dogs effectively. This project will also explore policy perspectives regarding the costs associated with providing animal control services. By incorporating best practices and community input, the updated bylaw will seek to improve public safety, promote responsible pet ownership, and ensure that the City can adequately address animal-related concerns.

### Fire Services

	2024	2025	2025	2025	2025	2025	2025	2024	2025	2025	BUDGET	2026	2027	2028	2029
	AMENDED	BASE	INFLATION	SERVICE LEVEL	GROWTH	ONE-TIME	CAPITAL	CARRY	REALLOCATION	BUDGET	INCREASE	BUDGET	BUDGET	BUDGET	BUDGET
ACCT	BUDGET	BUDGET		IMPACTS		ITEMS	IMPACTS	FORWARD			(DECREASE)				
<b>FIRE REVENUE</b>															
FIRE REVENUE	(760,500)	(760,500)	3,100							(757,400)	3,100	(798,400)	(891,100)	(922,400)	(976,200)
<b>Total FIRE REVENUE</b>	<b>(760,500)</b>	<b>(760,500)</b>	<b>3,100</b>							<b>(757,400)</b>	<b>3,100</b>	<b>(798,400)</b>	<b>(891,100)</b>	<b>(922,400)</b>	<b>(976,200)</b>
<b>FIRE EXPENSES</b>															
<b>Fire Protection</b>															
Fire Administrative Services	87,200	87,200	300		3,600				1,500	92,600	5,400	95,800	95,800	97,500	97,500
Fire Full Time Exempt	1,189,200	1,189,200	15,500						11,100	1,215,800	26,600	1,265,000	1,590,000	1,945,000	2,330,000
Fire Volunteer Costs	1,050,300	1,050,300	4,000	181,000					(3,100)	1,232,200	181,900	1,158,800	1,292,200	1,128,300	1,128,300
Fire Fighting Equipment	294,100	293,900	12,100		31,300	40,000			3,600	350,900	56,800	334,500	354,800	375,200	395,200
Fire Training	131,000	131,000			8,200	16,000			(2,900)	152,300	21,300	178,900	184,600	190,300	190,300
Fire Hydrant Rental	200,000	200,000			20,000					220,000	20,000	220,000	220,000	220,000	220,000
Fire Prevention Program	12,700	12,700			3,900				(6,600)	10,000	(2,700)	16,400	15,500	15,600	15,600
<b>Total Fire Protection</b>	<b>2,964,500</b>	<b>2,934,300</b>	<b>31,900</b>	<b>181,000</b>	<b>67,000</b>	<b>56,000</b>			<b>3,600</b>	<b>3,273,800</b>	<b>309,300</b>	<b>3,269,400</b>	<b>3,752,900</b>	<b>3,971,900</b>	<b>4,376,900</b>
<b>Fire Fleet</b>	<b>120,000</b>	<b>120,000</b>	<b>(6,700)</b>						<b>(3,600)</b>	<b>123,100</b>	<b>3,100</b>	<b>103,400</b>	<b>103,100</b>	<b>106,100</b>	<b>106,300</b>
<b>Emergency Programs</b>															
CV Emergency Program	202,000	202,000									(202,000)				
Emergency Services	18,500	18,500						5,000		15,500	(3,000)	10,000	10,000	10,000	10,000
<b>Total Emergency Programs</b>	<b>220,500</b>	<b>220,500</b>						<b>5,000</b>		<b>15,500</b>	<b>(205,000)</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>
<b>Total FIRE EXPENSES</b>	<b>3,305,000</b>	<b>3,266,800</b>	<b>25,200</b>	<b>181,000</b>	<b>67,000</b>	<b>69,400</b>		<b>5,000</b>		<b>3,412,400</b>	<b>107,400</b>	<b>3,382,800</b>	<b>3,866,000</b>	<b>4,088,000</b>	<b>4,493,200</b>
<b>Total Fire Protection Services</b>	<b>2,544,500</b>	<b>2,506,300</b>	<b>28,300</b>	<b>181,000</b>	<b>67,000</b>	<b>69,400</b>		<b>5,000</b>		<b>2,655,000</b>	<b>110,500</b>	<b>2,584,400</b>	<b>2,974,900</b>	<b>3,165,600</b>	<b>3,517,000</b>

The proposed 2025 Fire Department budget includes necessary increases to address several critical operational needs. These include expanding our volunteer membership from 55 to 60 to ensure adequate coverage and response capacity for the growing demands on our department. Additionally, the budget supports an increase in the weekday casual work program, which is staffed by volunteer firefighters, from one position to two. This enhancement will improve weekday response capabilities and operational readiness.

In addition, the budget accounts for increased training requirements due to recent changes in our scope of practice to provide enhanced first responder medical services. These investments are essential to maintaining a high standard of public safety and ensuring the department remains equipped to meet the evolving needs of our community.

### Police Services

	2024	2025	2025	2025	2025	2025	2025	2024	2025	2025	BUDGET	2026	2027	2028	2029
	AMENDED	BASE	INFLATION	SERVICE LEVEL	GROWTH	ONE-TIME	CAPITAL	CARRY	REALLOCATION	BUDGET	INCREASE	BUDGET	BUDGET	BUDGET	BUDGET
ACCT	BUDGET	BUDGET		IMPACTS		ITEMS	IMPACTS	FORWARD			(DECREASE)				
<b>POLICE REVENUE</b>															
Police Protection Revenues	(115,500)	(115,500)	(10,000)		(21,000)					(146,500)	(31,000)	(146,500)	(146,500)	(146,500)	(157,500)
<b>Total POLICE REVENUE</b>	<b>(115,500)</b>	<b>(115,500)</b>	<b>(10,000)</b>		<b>(21,000)</b>					<b>(146,500)</b>	<b>(31,000)</b>	<b>(146,500)</b>	<b>(146,500)</b>	<b>(146,500)</b>	<b>(157,500)</b>
<b>POLICE EXPENSES</b>															
<b>Police Admin &amp; Other</b>															
Office Rent	206,800	206,800	13,200							220,000	13,200	222,200	224,400	226,600	228,900
C.O.P.S.	22,000	22,000								22,000		22,000	22,000	22,000	22,000
<b>Total Police Admin &amp; Other</b>	<b>228,800</b>	<b>228,800</b>	<b>13,200</b>							<b>242,000</b>	<b>13,200</b>	<b>244,200</b>	<b>246,400</b>	<b>248,600</b>	<b>250,900</b>
<b>Police Protection Services</b>															
RCMP Municipal Employees	764,600	764,600	18,200			(1,500)			42,000	823,300	58,700	810,700	845,600	882,400	826,500
Contracted Services	7,632,400	7,632,400	862,400						(42,000)	8,452,800	820,400	8,703,000	8,860,000	9,228,000	9,507,000
<b>Total Police Protection Services</b>	<b>8,397,000</b>	<b>8,397,000</b>	<b>880,600</b>			<b>(1,500)</b>				<b>9,276,100</b>	<b>879,100</b>	<b>9,513,700</b>	<b>9,705,600</b>	<b>10,110,400</b>	<b>10,333,500</b>
<b>Total POLICE EXPENSES</b>	<b>8,625,800</b>	<b>8,625,800</b>	<b>893,800</b>			<b>(1,500)</b>				<b>9,518,100</b>	<b>892,300</b>	<b>9,757,900</b>	<b>9,952,000</b>	<b>10,359,000</b>	<b>10,584,400</b>
<b>Total Police</b>	<b>8,510,300</b>	<b>8,510,300</b>	<b>883,800</b>		<b>(21,000)</b>	<b>(1,500)</b>				<b>9,371,600</b>	<b>861,300</b>	<b>9,611,400</b>	<b>9,805,500</b>	<b>10,212,500</b>	<b>10,426,900</b>

The policing budget is based on June 26, 2024 Council's approval in principle, for the City's 2025/2026 RCMP contract which includes 31.4 members. The contracted service expense has increased more than in prior years due to the choice to fund 29.4 members up from 28.4 in prior year as RCMP staffing has improved.

Policing Services are partly funded by Gaming funds of for 2 members \$516,000 (\$475,000-2024), Traffic Fine revenues of \$272,000 (\$270,000-2024), and Police Contingency Reserve \$250,000 (\$250,000-2024). The balance is funded from general tax revenue \$7.2M (\$6.3M-2024) which represents about 19% (22%-2024) of total property taxation.

### Infrastructure and Environmental Engineering Services

	2024	2025	2025	2025	2025	2025	2024	2025	2025	BUDGET	2026	2027	2028	2029
	AMENDED	BASE	INFLATION	SERVICE LEVEL	GROWTH	ONE-TIME	CAPITAL	CARRY	REALLOCATION	BUDGET	INCREASE	BUDGET	BUDGET	BUDGET
ACCT	BUDGET	BUDGET		IMPACTS		ITEMS	IMPACTS	FORWARD		(DECREASE)				
<b>ENGINEERING EXPENSES</b>														
Engineering Administration														
Engineering Admin	677,500	686,900	36,000	46,300	79,000					848,200	170,700	881,800	918,200	956,100
Engineering Consulting	125,000	125,000								125,000		125,000	125,000	125,000
Sustainability Planning	33,100	33,100		500						33,600	500	38,600	41,600	44,700
<b>Total Engineering Administration</b>	<b>835,600</b>	<b>845,000</b>	<b>36,000</b>	<b>46,800</b>	<b>79,000</b>					<b>1,006,800</b>	<b>171,200</b>	<b>1,045,400</b>	<b>1,084,800</b>	<b>1,125,800</b>
Asset Management														
Asset Mgmt - Admin	235,400	235,400	69,600	(56,300)						248,700	13,300	259,900	271,600	284,100
Condition Assessments	91,700	91,700	3,300			31,000		91,700		217,700	126,000	86,500	56,800	59,000
Asset Mgmt - General	24,000	24,000	1,500					20,000		45,500	21,500	25,100	26,600	28,100
<b>Total Asset Management</b>	<b>351,100</b>	<b>351,100</b>	<b>74,400</b>	<b>(56,300)</b>		<b>31,000</b>		<b>111,700</b>		<b>511,900</b>	<b>160,800</b>	<b>371,500</b>	<b>355,000</b>	<b>371,200</b>
<b>Total ENGINEERING EXPENSES</b>	<b>1,186,700</b>	<b>1,196,100</b>	<b>110,400</b>	<b>(9,500)</b>	<b>79,000</b>	<b>31,000</b>		<b>111,700</b>		<b>1,518,700</b>	<b>332,000</b>	<b>1,416,900</b>	<b>1,439,800</b>	<b>1,497,000</b>

Infrastructure and Environmental Engineering Services (IaEE) Service Level Impacts saw an increase for Engineering Operating of \$46.3K, and decrease in Asset Management of \$56.3K, due to reconciling staff wages. Growth includes \$79K for office rental, as City Hall has no additional space to accommodate the service. Asset Management is carrying forward \$111.7K for works that were not completed in 2024, due to the transition of the group from Operational Services to IaEE.

### Special Projects

	2024	2025	2024	2025	2025	BUDGET	2026	2027	2028	2029
	AMENDED	BASE	ONE-TIME	CARRY	REALLOCATION	BUDGET	INCREASE	BUDGET	BUDGET	BUDGET
ACCT	BUDGET	BUDGET	ITEMS	FORWARD		(DECREASE)				
Flood Mgmt & Dyke Replacement	130,000			110,000		110,000	(20,000)			
Integrated Rainwater Mgmt Plan	162,000			152,000		152,000	(10,000)			
Corporate Climate Action Plan	200,000		50,000	150,000		200,000				
CVRD Home Energy Navigator Program	50,000			35,000		35,000	(15,000)	20,000	20,000	20,000
Bridge Building Review	100,000						(100,000)			
Corp Facility Emergency Mgmt	269,000		31,000	230,000		261,000	(8,000)			
Master Transportation Plan			250,000			250,000	250,000			150,000
Youth Climate Corp			65,000			65,000	65,000			
<b>Total ENGINEERING DEPARTMENT - Special Project</b>	<b>911,000</b>		<b>396,000</b>	<b>677,000</b>		<b>1,073,000</b>	<b>162,000</b>	<b>20,000</b>	<b>20,000</b>	<b>170,000</b>

### **Key Departmental initiatives and projects include:**

#### *Flood Management & Dyke Replacement Study*

Implementation of Flood Management Plan including: resolving Canterbury Dike Ownership dispute; public education about local flood risk and public safety; update flood operations manual.

#### *Integrated Rainwater Management Plan*

Implementation of IRMP: SDS update for stormwater management, setting watershed targets & developing a monitoring program, rainwater source control guidelines, stormwater pond review, and public education.

*Special Projects- Corp Climate Action Plan*

Complete the corporate climate action plan in 2025, which is a strategic priority.

*Special Projects - CVRD Home Energy Navigator Program*

CVRD HEN program, City contribution. Program that is open to the public to facilitate residential energy reduction.

*Special Projects- Corp Facility Energy Management*

Corp Facility Energy Management which is a sub-project of the Corp Climate Action Plan, focusing on evaluating City facilities, and recommending options for energy reduction.

*Transportation Master Plan*

Develop a new/Transportation Master Plan, building on the one completed in 2019. This is needed to facilitate growth for Development Services, and Capital Renewal planning for the Asset Management group.

*Special Projects- Youth Climate Corp*

Proposed funding to support a pilot program for the Youth Climate Corp, empowering youth to work on climate change related projects including:

- Climate Friendly Homes program, and Home Energy Navigator Program.
- Public outreach related to flood risk, air quality and rainwater management
- Invasive species removal and ecological restoration in Parks
- FireSmart wildfire mitigation

**Operational Services**

	2024	2025	2025	2025	2025	2025	2025	2024	2025	2025	BUDGET	2026	2027	2028	2029
	AMENDED	BASE	INFLATION	SERVICE LEVEL	GROWTH	ONE-TIME	CAPITAL	CARRY	REALLOCATION	BUDGET	INCREASE	BUDGET	BUDGET	BUDGET	BUDGET
ACCT	BUDGET	BUDGET		IMPACTS		ITEMS	IMPACTS	FORWARD			(DECREASE)				
Operations Services															
ADMINISTRATION	750,200	750,200	45,200	39,000	29,200				(13,800)	849,800	99,600	874,000	902,500	936,200	963,800
TRANSPORTATION SERVICES	1,562,300	1,542,300	(1,000)	21,000	(6,900)		22,000		333,100	1,910,500	348,200	1,939,100	1,986,700	2,057,900	2,107,700
PUBLIC WORKS SERVICES	2,151,800	2,426,800	31,400	5,400	46,800	6,800			(281,800)	2,235,400	83,600	2,327,000	2,427,000	2,517,400	2,624,300
PROPERTY MAINTENANCE	1,920,400	1,815,400	56,600	17,000	56,900	14,800		29,000	(41,400)	1,948,250	27,850	1,792,700	1,812,300	1,848,800	1,872,000
PARKS AND GROUNDS MAINTENANCE	3,711,400	3,646,400	162,800	28,100	178,700	12,000			34,600	4,071,400	360,000	4,266,500	4,482,100	4,773,000	4,993,700
STORM WATER COLLECTION	554,400	573,700			52,100				4,300	630,100	75,700	641,800	662,000	684,000	705,000
<b>Total Operations Services</b>	<b>10,650,500</b>	<b>10,754,800</b>	<b>295,000</b>	<b>110,500</b>	<b>356,800</b>	<b>33,600</b>	<b>22,000</b>	<b>29,000</b>	<b>35,000</b>	<b>11,645,450</b>	<b>994,950</b>	<b>11,841,100</b>	<b>12,272,600</b>	<b>12,817,300</b>	<b>13,266,500</b>

The Operational Services Department is responsible for the following divisional areas:

**Administration (Operational Logistics)**

Expense increases are related to a year over year increase in service level demands for the provision of Urban Issues services (~\$78K). Additionally, some minor funding decreases (~\$10K) are due to an increase in administrative allocations to the Water & Sewer Utilities.

**Transportation Services**

New for this year is the separation of functional priorities between the Transportation Services Division and the Public Works Services Division. Starting in 2025, this functional area will be separated out from the roads and fleet sections as to provide greater oversight and transparency to the Transportation Services functions; these functions include Traffic Operations, Traffic Calming & Road Safety, Active Transportation and special project delivery. As this is an administrative change, it will not require any budgetary increases to effectively deploy as the required funding is already contained within the Departmental envelope. Traffic Studies has increased (\$20K) in response to the deployment of the new traffic calming policy or anticipated

studies. Capital impacts are related to the 5<sup>th</sup> Street bridges new cathodic protection system, this system now requires annual review and maintenance to ensure functionality and protection of the bridge structures.

### **Public Works Services**

Overall a relative minor year over year change for this functional division with a few increases in growth, mainly focused around accurate fleet allocations and a small increase in snow and ice control. This area is also recognizing several reallocations in support of the development of the separation between the Public Works and Transportation Services Divisions.

### **Civic Property Maintenance**

Overall a relative minor year over year change for this functional division with a few increases in growth, mainly focused around growth related to additional properties being maintained. Conversely, increased vary in terms of impact lease agreements, minor HVAC repairs, and contracted services. A reallocation of \$30K is related to the pools water consumption as the budget was historically captured in the Lewis Center operating budget.

### **Parks Services**

The total year over year change for Parks Services is proposed at \$360K with nearly one half of that increase directly related to inflation. Additional expenses are emerging in several ways with the vast majority of the costs surround the need to increase our part-time or summer staffing complement to support the growth in parks and open spaces as well as to support our current and future tree planting programs. Of the total growth amount, \$56K is directly related to the outcome of the water and sewer rate review. This growth in cost related to water usage and this impact will be realized throughout the forward budget until 2029 - or once the value relative to actual usage is corrected. \$56K added to trails to support the growth and ongoing maintain and repairs (asphalt) required to support safety active use and limit liability. Staffing conversion (\$36K); seasonal conversion to FTE remain in place to 2025. Finally, a minor reallocation (\$30K); from park administration to cemetery operations as a correction in salary allocation relative to services being rendered.

### **Storm Water Collection Services**

Given it relatively small budgetary impact and staff's commitment to increasing operational efficiencies, there was little need for increase in this area. All inflationary increases are recommended to be adsorbed within the existing operational budget. The remaining increase are directly related toward growth with the majority of the funding related to salary allocations corrections as related to existing services levels.

## Development Services

	2024	2025	2025	2025	2025	2025	2025	2024	2025	2025	BUDGET	2026	2027	2028	2029
	AMENDED	BASE	INFLATION	SERVICE LEVEL	GROWTH	ONE-TIME	CAPITAL	CARRY	REALLOCATION	BUDGET	INCREASE	BUDGET	BUDGET	BUDGET	BUDGET
ACCT	BUDGET	BUDGET		IMPACTS		ITEMS	IMPACTS	FORWARD			(DECREASE)				
<b>DEVELOPMENT SERVICES REVENUE</b>															
Building Inspection	(1,298,000)	(1,298,000)			362,600					(935,400)	362,600	(1,148,000)	(1,248,000)	(1,248,000)	(1,248,000)
Business Licencing	(297,700)	(297,700)								(297,700)		(297,700)	(297,700)	(297,700)	(297,700)
Planning & Zoning	(150,700)	(150,700)			40,100					(110,600)	40,100	(150,700)	(150,700)	(150,700)	(150,700)
Subdivision and Development Servicing	(19,500)	(19,500)								(19,500)		(19,500)	(19,500)	(19,500)	(19,500)
Community & Sustainability	(75,000)										75,000				
<b>Total DEVELOPMENT SERVICES REVENUE</b>	<b>(1,840,900)</b>	<b>(1,765,900)</b>			<b>402,700</b>					<b>(1,363,200)</b>	<b>477,700</b>	<b>(1,615,900)</b>	<b>(1,715,900)</b>	<b>(1,715,900)</b>	<b>(1,715,900)</b>
<b>DEVELOPMENT SERVICES EXPENSES</b>															
Building Inspections	672,100	672,100	41,500		7,600					721,200	49,100	753,200	785,900	819,800	854,900
Business Licencing	85,600	85,600	4,100							89,700	4,100	94,000	98,500	103,300	108,300
Planning & Zoning	885,900	880,900	27,300		11,700	20,000		26,900		1,052,300	166,400	1,057,200	1,103,300	1,152,800	1,203,600
Subdivision & Development Servicing	423,500	423,500	21,600					6,300		451,400	27,900	488,400	509,000	531,400	554,000
Community & Sustainability	438,300	337,900	13,300							351,200	(87,100)	348,700	362,500	377,300	392,500
Heritage Committee	5,100	5,100								5,100		5,100	5,100	5,200	5,200
<b>Total DEVELOPMENT SERVICES EXPENSES</b>	<b>2,510,500</b>	<b>2,405,100</b>	<b>107,800</b>		<b>19,300</b>	<b>20,000</b>		<b>33,200</b>		<b>2,670,900</b>	<b>160,400</b>	<b>2,746,600</b>	<b>2,864,300</b>	<b>2,989,800</b>	<b>3,118,500</b>
<b>Total Development Services</b>	<b>669,600</b>	<b>639,200</b>	<b>107,800</b>		<b>422,000</b>	<b>20,000</b>		<b>33,200</b>		<b>1,307,700</b>	<b>638,100</b>	<b>1,130,700</b>	<b>1,148,400</b>	<b>1,273,900</b>	<b>1,402,600</b>

### Building Inspections

Building inspection expense have remained stable with changes being related to inflationary growth in wages. The expenses for the Building Bylaw update have been established as a special project.

### Business Licencing

Business licencing expense have remained stable with changes being related to inflationary growth in wages. The expenses for the Business Licensing Bylaw update have been established as a special project.

### Planning & Zoning

Planning and zoning expenses have increased over the prior year beyond the normal inflationary pressures. The extra work generated by Bill 44 resulted in increased costs for legal and purchased services to meet provincial deadlines. Additional funds \$20,000 have been added to professional services to provide capacity to analyse the impact of on street parking options to meet SSMUH.

### Subdivision & Development Servicing

Subdivision and development servicing expenses have remained stable with changes being related to inflationary growth in wages. The expenses for the Development Cost Charge Bylaw and Subdivision and Development Services Bylaw updates have been moved to a special project budget line.

### Community & Sustainability

Community and sustainability expenses have been reduced from the prior year. The reduction is related to moving specific bylaw and policy work out of purchased services and creating special project line items to better represent the substantial regulatory project work planned for 2025 and to identify the need for regulatory updates every five years.



## Special Projects

	2024		2025	2024	2025	2025	BUDGET	2026	2027	2028	2029
	AMENDED	BASE	ONE-TIME	CARRY	REALLOCATION	BUDGET	INCREASE	BUDGET	BUDGET	BUDGET	BUDGET
ACCT	BUDGET	BUDGET	ITEMS	FORWARD			(DECREASE)				
BLDG INSPECTIONS - Bylaw Update	25,000			25,000		25,000					25,000
BUSINESS LICENCE - Bylaw Update	25,000			25,000		25,000					
PLANNING - Zoning Bylaw Update	250,000		44,000	156,000		200,000	(50,000)			150,000	
PLANNING - DAPAR			150,000			150,000	150,000				
PLANNING - Floodplain Bylaw Update			10,000			10,000	10,000				10,000
SUBDIVISION DEV - DCC Bylaw Update	250,000			190,000		190,000	(60,000)				250,000
SUBDIVISION DEV- Bylaw Update	100,000		34,400	65,600		100,000					100,000
COMMUNITY & SUSTAIN - OCP Bylaw Update	120,000		145,000	105,000		250,000	130,000				200,000
COMMUNITY & SUSTAIN - Harmston LAP	150,000		50,000			50,000	(100,000)				
COMMUNITY & SUSTAIN - Airpark LAP								150,000	150,000	150,000	150,000
COMMUNITY & SUSTAIN - Urban Forest Strategy			75,000			75,000	75,000				
COMMUNITY & SUSTAIN - Connect Washroom/Storage			150,000			150,000	150,000				
<b>Total DEVELOPMENT SERVICES EXPENSES - SPECIAL PROJECTS</b>	<b>920,000</b>		<b>658,400</b>	<b>566,600</b>		<b>1,225,000</b>	<b>305,000</b>	<b>150,000</b>	<b>150,000</b>	<b>300,000</b>	<b>735,000</b>

### Key Departmental initiatives and projects include:

#### *Building Inspection Bylaw Update*

This Bylaw update will address Zero Carbon Emissions Step Code, new BC Building Code regulations, review of regulation on homes moved to the City. This bylaw is impacted by frequent updates to the BC Building code and requires an update at least every five years.

#### *Business Licensing Bylaw Update*

This bylaw requires modernization to align with best practices.

#### *Zoning Bylaw Update*

The current bylaw has over two hundred amendments, which requires formatting and consolidation into a new bylaw. Once completed, amendments will be made to align with the Official Community Plan and Bill 44 requires the City to have pre-zoned lands to support the City's housing needs assessment for a twenty-year period. The 2024 provincial regulations have increased the scope of work from the original intent of this project in 2023. A portion of funding for this project will come from the Provincial Local Government Capacity Building grant received in December 2023.

#### *Development Approval Process Review (DAPER)*

This is a \$150,000 grant received by the City from UBCM for development approvals process review. Staff has initiated some work in 2024 with digital forms, report templates and checklists. Staff will continue to identify areas for review and improvement for our development applications process in 2025.

#### *Floodplain Bylaw Update*

Staff will be developing a new bylaw that will align with Provincial regulations and guidance.

#### *Development Cost Charge (DCC) Bylaw Update*

The background work on this project started in 2022 and was restarted in 2024 to incorporate the Complete Communities Assessment report which identified an increase in population growth that exceeded the Official Community Plan projections. The budget has been increased to include the community engagement and review of projects in relation to the Complete Community Assessment project to identify growth areas and impact on DCC projects.



### *Subdivision Development Services Bylaw Update*

A minor update was done in 2024 to address some road standards and to incorporate bioswales and landscaping. The scope of this project has been increased by \$100,000 given the complexity and need for engagement with the development industry on supplemental drawings.

### *OCP Bylaw Update*

Bill 44 requires that the City update the OCP be updated by December 31, 2025 to support the required land uses to meet the City's growth needs for 20 years including the updated Housing Needs Assessment report targets. Funds identified for 2027 have been moved forward to 2025. This has resulted in a carry forward of \$120,000 and a one-time of \$130,000 for a budget of \$250,000 in 2025 to complete this legislature requirement. Funds are required for every five years to update the OCP as per legislation.

### *Harmston Local Area Plan (LAP)*

The plan areas have been expanded to include Harmston and the downtown which has expanded the scope of work. This project has increased by \$50,000 to be a total of \$225,000.

### *Airpark Local Area Plan*

There was no previous budget for this project, \$150,000 has been identified for 2026.

### *Urban Forest Strategy*

The expenses have been removed from Community and Sustainability purchased services resulting in a one-time expense of \$75,000 for this project.

### *Connect Washroom and Storage*

This project has \$150,000 for the installation of washrooms, service connections, fencing and storage to support the services of Connect. Funds are allocated in 2026 and 2027 to remove the washrooms, storage, and fencing when the permanent shelter is open in the Braidwood area.

## **Recreation, Culture, and Community Services**

	2024	2025	2025	2025	2025	2025	2025	2024	2025	2025	BUDGET	2026	2027	2028	2029
	AMENDED	BASE	INFLATION	SERVICE LEVEL	GROWTH	ONE-TIME	CAPITAL	CARRY	REALLOCATION	BUDGET	INCREASE	BUDGET	BUDGET	BUDGET	BUDGET
ACCT	BUDGET	BUDGET		IMPACTS		ITEMS	IMPACTS	FORWARD			(DECREASE)				
<b>RCCS REVENUE</b>															
Recreation Administration Revenue	(26,000)	(26,000)	8,000	10,000					(5,000)	(13,000)	13,000	(18,000)	(13,500)	(14,000)	(14,500)
Recreation Programs Revenue	(1,555,500)	(1,555,500)	30,600		(134,000)					(1,658,900)	(103,400)	(1,695,300)	(1,729,200)	(1,764,000)	(1,798,000)
Recreation Operations Revenue	(694,000)	(694,000)	(48,600)	(53,600)	(34,300)					(830,500)	(136,500)	(830,800)	(851,700)	(873,000)	(893,100)
<b>Total RCCS REVENUE</b>	<b>(2,275,500)</b>	<b>(2,275,500)</b>	<b>(10,000)</b>	<b>(43,600)</b>	<b>(168,300)</b>				<b>(5,000)</b>	<b>(2,502,400)</b>	<b>(226,900)</b>	<b>(2,544,100)</b>	<b>(2,594,400)</b>	<b>(2,651,000)</b>	<b>(2,705,600)</b>
<b>RCCS EXPENSES</b>															
Recreation Administration Expenses	2,013,800	2,013,300	147,700	68,800	(5,500)			35,000		2,265,300	251,500	2,386,100	2,463,100	2,543,400	2,621,500
Recreation Programs Expenses	2,165,600	2,165,600	79,200	41,900	35,700					2,322,400	156,800	2,347,700	2,396,200	2,442,700	2,490,100
Recreation Operations Expenses	2,450,300	2,450,300	208,400	7,500	73,800					2,740,000	289,700	2,827,900	2,901,800	2,972,800	3,048,700
<b>Total RCCS EXPENSES</b>	<b>6,629,700</b>	<b>6,629,200</b>	<b>435,300</b>	<b>118,200</b>	<b>104,000</b>			<b>35,000</b>		<b>7,327,700</b>	<b>698,000</b>	<b>7,561,700</b>	<b>7,761,100</b>	<b>7,958,900</b>	<b>8,160,300</b>
<b>Total Recreation, Culture &amp; Community Services</b>	<b>4,354,200</b>	<b>4,353,700</b>	<b>425,300</b>	<b>74,600</b>	<b>(64,300)</b>			<b>35,000</b>	<b>(5,000)</b>	<b>4,825,300</b>	<b>471,100</b>	<b>5,017,600</b>	<b>5,166,700</b>	<b>5,307,900</b>	<b>5,454,700</b>

## **Recreation, Culture, and Community Services Administration**

includes salaries and benefits for all RCCS exempt staff; advertising, insurance, bank fees, and other administration costs; consultant funding to support RCCS and parks planning projects such as the parkland acquisition strategy; and tax funded portion of contributions to the City's four cultural partners. Expense decreases are due to a reallocation of cultural facility feasibility budgets from the operating budget to RCCS special projects budget (\$75,000). Changes in the RCCS Admin budget are due to:

- Inflationary increases related to wages and benefits.

- b) Culture and Events Coordinator (\$43,800): new position to address growth in cultural services, deliver on the arts and culture policies of the OCP, and provide critical resources to support community events.
  - a. Current resourcing of Cultural Services is 0.4 FTE which is a reduction from previous years of 0.75 FTE due to increasing scope and responsibilities of RCCS department. Concurrently, the Cultural services portfolio is also growing with projects in public art, reconciliation, and place making.
  - b. Comparative analysis of similar sized communities demonstrates a range of 1 FTE to 4.5 FTE dedicated to Cultural Services with an average at 2.4 FTE.
  - c. Workplan of Culture and Events Coordinator to include Special Events, Cultural Partnerships & oversight, Funding strategies, Public Art, Relationship Development, & Cultural Facilities
- c) Addition of operational budget (\$25,000) in Community Services to fund operational costs associated with the new department.

### **Recreation Programs**

shows a fluctuation in expenses due to the changing demands in recreation programs with 2024 seeing a return to pre-pandemic participation levels. Recreation programming expenses are tied directly to program participation, and as expenses increase or decrease so can program revenues. However, significant inflationary increases due to wages and benefits associated with implementation of the Living Wage are impacting the department's ability to keep the ratio of revenues to expenses consistent, resulting in increasing net expenses for Recreation Programs. Increases in Recreation Program expenses are due to:

- Living Wage increases for program instructors (representing approximately 10% increase year over year)
- Conversion of a part-time position to a full-time Supervisor of Health and Wellness position (\$35,000): Required to meet increasing program demands, risk management requirements, and align with best practices.
- Summer Camp: increasing participation as well as wages, program costs, and program offerings are resulting in increased net expenses to offer adequate volume of summer camp programs to meet community demand (over 200 children were on waitlists in 2024).
- Adapted Programs: Increase of \$41,900 to support implementation of year-round inclusive programming for children and youth and expansion of Leisure Buddy program (note that funding has been requested from the CVRD Recreation Commission but has not been confirmed as of the writing of this report).

### **Recreation Operations**

expenses are projected to increase due to inflation costs associated with wages and benefits, including the impact of the Living Wage. Increases in Recreation Operations are driven by:

- Inflationary and internal equity adjustments to wages for reception and custodial staff, and living wage impacts for Outdoor Pool and Wellness Centre staff.
- Increase in janitorial staffing to address increased facility usage.
- Funding for implementation of free menstrual products, as well as associated equipment maintenance costs (\$7,500).

### **Special Projects**

	2024		2025	2024	2025	BUDGET	2026	2027	2028	2029
	AMENDED	BASE	ONE-TIME	CARRY	BUDGET	INCREASE	BUDGET	BUDGET	BUDGET	BUDGET
ACCT	BUDGET	BUDGET	ITEMS	FORWARD		(DECREASE)				
Community Services Development Framework	110,000			110,000	110,000					
Cultural Facility Feasibility Study	75,000			75,000	75,000					
Filberg Feasibility Study	75,000			75,000	75,000					
Lewis Feasibility Study							100,000			
Recreation Strategic Cultural Plan			175,000		175,000	175,000				
Cozy Corner Carpet Replacement	20,000			20,000	20,000					
Community Garden Policy							75,000			
Public Art Policy							50,000			
Community Youth Development Strategy								75,000		
Skateboard Strategy									50,000	
Gender Equity & Menstrual Products			50,000		50,000	50,000				
Winter Shelter Strategy				84,000	84,000	84,000				
<b>Total RCCS Admin - Special Projects</b>	<b>280,000</b>		<b>225,000</b>	<b>364,000</b>	<b>589,000</b>	<b>309,000</b>	<b>225,000</b>	<b>75,000</b>	<b>50,000</b>	

### Key Departmental initiatives and projects include:

#### *Community Services Development Framework*

Development and implementation of the Community and Social Development Framework to guide the City's work through establishment of priorities and roles, via Neighbourhood Network and Better Together strategies.

#### *Cultural Facility Feasibility Study*

Complete cultural facility needs assessments for the Sid Williams Theatre, Museum, and Centre for the Arts to guide and establish a cultural facility capital plan and establish priorities which will assist with leveraging third party funding.

#### *Filberg Feasibility Study*

Complete a needs assessment for the Florence Filberg Centre to determine facility improvement priorities, requirements, and opportunities.

#### *Recreation Strategic Plan*

Initiate the development of a Recreation Strategic Plan composed of a needs assessment, trends and benchmarking, and goals and vision, which will inform future program, service, and facility plans.

#### *Cozy Corner Carpet Replacement*

Replace carpet in Cozy Corner preschool with more appropriate flooring.

#### *Gender Equity & Menstrual Products*

Implementation of free menstrual products and equipment to improve gender equity across City facilities for the public and employees.

The City is leading the development of a regional Winter Shelter Strategy to address the shortage of winter shelter beds currently available.

*Winter Shelter Strategy (Funded by the Comox Valley Regional District)*

## Financial Services

	2024	2025	2025	2025	2025	2025	2025	2024	2025	2025	BUDGET	2026	2027	2028	2029
	AMENDED	BASE	INFLATION	SERVICE LEVEL	GROWTH	ONE-TIME	CAPITAL	CARRY	REALLOCATION	BUDGET	INCREASE	BUDGET	BUDGET	BUDGET	BUDGET
ACCT	BUDGET	BUDGET		IMPACTS		ITEMS	IMPACTS	FORWARD			(DECREASE)				
<b>FINANCIAL SERVICES EXPENSES</b>															
Finance	2,021,700	2,001,700	64,100	(78,900)	15,400			50,000	1,000	2,053,300	31,600	2,070,000	2,142,800	2,233,400	2,321,600
Purchasing	355,900	355,900	7,800	20,000	114,500	35,000		4,000	(1,000)	536,200	180,300	572,700	561,200	586,400	612,900
Business Performance	247,600	247,600	600	(2,700)	200			8,600		254,300	6,700	266,500	279,200	292,600	306,700
Stores	101,400	101,400	7,800		(400)	3,500				112,300	10,900	114,300	119,700	125,500	131,400
Real Estate			8,600					94,300		102,900	102,900	107,600	117,500	122,900	128,600
<b>Total FINANCIAL SERVICES EXPENSES</b>	<b>2,726,600</b>	<b>2,706,600</b>	<b>88,900</b>	<b>(61,600)</b>	<b>129,700</b>	<b>38,500</b>		<b>156,900</b>		<b>3,059,000</b>	<b>332,400</b>	<b>3,131,100</b>	<b>3,220,400</b>	<b>3,360,800</b>	<b>3,501,200</b>

## Finance

The finance area of Financial services represents the majority of the department's expenses. Change in expense from the prior year is relatively small however this is due to a reduction in professional fees (- \$78,900) related to the implementation of the budget software.

## Purchasing

Purchasing is seeing new growth for 2025 with the addition of a purchasing employee. Over the last three years, the Purchasing Division has taken on responsibilities for three business functions in the City. The history of the department follows:

Period	Responsibilities
<b>August 2021</b>	Procurement, Asset Disposal
<b>January 2022 (Stores added)</b>	Procurement, Asset Disposal, <b>Stores</b>
<b>January 2023 (Risk Management added)</b>	Procurement, Asset Disposal, Stores, <b>Risk Management</b>
<b>January 2025 (Real Estate added)</b>	Procurement Asset Disposal, Stores, Risk Management, <b>Real Estate</b>

In August 2021, 100% of the Manager's role was allocated to the procurement function. Over time, this has gradually reduced as stores, risk management, and real estate functions have been introduced into the department. As of today, the manager's time allocation is estimated as follows:

Function	Manager Time Allocation
<b>Procurement</b>	.3 FTE
<b>Stores</b>	.2 FTE
<b>Risk Management</b>	.3 FTE
<b>Real Estate</b>	.2 FTE

Compared to other local governments of similar size, the City's procurement function is at the upper end of spend per procurement FTE. The following table provides a comparative analysis of other local governments:

LOCAL GOVERNMENT	POPULATION	TOTAL BUDGET (2024 FP)	TOTAL PROCUREMENT FTE	\$ per FTE
<b>Courtenay</b>	<b>31042</b>	<b>\$76,002,278</b>	<b>1.5</b>	<b>\$50,668,185.33</b>
<b>Sunshine Coast (Regional District)</b>	34104	\$113,800,000	6.0	\$18,966,666.67
<b>Port Moody</b>	37676	\$82,120,700	1.5	\$54,747,133.33
<b>Campbell River</b>	38259	\$137,769,000	3.0	\$45,923,000.00
<b>West Kelowna</b>	39583	\$128,310,000	5.0	\$25,662,000.00
<b>Mission</b>	45556	\$115,173,829	6.0	\$19,195,638.17
<b>Average</b>				<b>\$35,860,437</b>

*Source: BC Municipal Purchasing Managers Group*

If the City were to add an additional procurement FTE, the \$ per FTE would drop to \$30,400,911 or 15% below the average detailed above. The additional FTE will ensure adequate capacity for the provision of procurement services so that procurement will not become a bottle neck and source of delay for the City acting on all procurement related actives.

### **Business Performance**

Business performance expense have remained stable.

### **Stores**

Stores expense have remained stable.

### **Real Estate**

Real estate expenses are being segregated for the first time in 2025 and will be seeing true expenses in 2025 although responsibility and funding had been allocated for 2024. Job description creation and recruitment proved to be more challenging than anticipated in 2024 however staff will be in place early in 2025.

### **Capital Plan**

The 2025 – 2029 Capital Plan has been optimized to a scope and scale that recognizes the City's capacity to realistically complete the planned capital projects within existing staff, financial capacity.

As summarized in the table below, the financial plan includes a total of \$29,378,456 (\$23,771,700 -2024) in projected capital expenditures for 2025. Projects are funded from a variety of taxation, reserves, grants, developer contributions, prior year unexpended funds and prior years surplus.

	2025	2026	2027	2028	2029	Total 2025 - 2029
	Proposed	Proposed	Proposed	Proposed	Proposed	Budget
	Budget	Budget	Budget	Budget	Budget	
IT	265,954	97,500	97,500	250,000	170,000	880,954
FIRE SERVICES	60,000					60,000
FIRE FLEET	100,000	945,000	1,200,000			2,245,000
PARKS	412,700	775,000	1,275,000	1,650,000	1,150,000	5,262,700
RECREATION & CULTURE	526,814	75,000	80,000	85,000	90,000	856,814
INFRASTRUCTURE	11,495,043	30,687,500	12,382,800	10,559,720	2,535,080	67,660,143
PARKS	3,488,000	298,500	2,806,000			6,592,500
RECREATION & CULTURE	300,000	1,000,000				1,300,000
TRANSPORTATION	2,451,738	1,658,300	1,732,000	1,828,000	1,885,000	9,555,038
FLEET	1,504,000	775,000	775,000	900,000	900,000	4,854,000
CIVIC PROPERTIES	924,493	1,915,000	1,375,000	100,000	100,000	4,414,493
PARKS	931,500	690,000	540,000	545,000	545,000	3,251,500
CEMETERY	160,000	150,000	240,000	180,000	240,000	970,000
Sewer Projects	1,433,614	17,436,500	10,922,100			29,792,214
Water Projects	321,600	799,900	1,539,100	75,000	500,000	3,235,600
Proposed Projects	5,003,000	312,500	285,000	162,500	140,000	
<b>TOTAL</b>	<b>29,378,456</b>	<b>57,615,700</b>	<b>35,249,500</b>	<b>16,335,220</b>	<b>8,255,080</b>	<b>146,833,956</b>

Appendix 2. 2025-2029 Capital Plan provides individual project detail.

## Major Capital Projects

### 6<sup>th</sup> Street Pedestrian Bridge - \$6.8M

The 6<sup>th</sup> St Bridge project will provide a connection across the Courtenay river for people who walk, run or roll. The bridge will connect from the bottom of 6<sup>th</sup> Street to Simms Millennium Park. Design work is now complete but construction requires a confirmation of funding to proceed. The project is funded as follows:

- Grants - \$2.5M;
- Reserve - \$2.8M which includes \$1M from the Growing Communities Fund; and
- Debt – \$1.5M.

### East Courtenay Fire Hall - \$2M (2025), \$23.3M (2026)

Planning for a new fire hall in East Courtenay is underway. Courtenay Firehall #2 will be located on the site of the existing training grounds at 220 Waters Place. The City of Courtenay is expected to grow by more than 4,500 residents, and 2,900 homes, by 2031. This location is at the heart of the expected growth and provides ample space for on-going training and multiple trucks. Detailed Design is planned for 2024 with construction to follow. The project is funded as follows:

- Reserve - \$2M – Growing Communities Fund; and
- Debt - \$23M
- Taxation - \$300k

### Anderton Dike Remediation - \$2M (2025), \$6.7M (2027)

The Anderton Dike Remediation project has been split into two main portions, pre-work (2024-2027) and then the major work of dike remediation set for 2027. The pre-work is expected to be completed over the next few years and is set to be funded by debt. The rationale for this is it is expected that the work will

take time to see appropriate approvals and the ability to seek funding (debt) early in the process will aid in the ability to deliver the pre-work portion of the project. The remediation work will be seeking grant funding, but at this time it is not confirmed, nor is the final value of the project. The project is funded as follows:

- Debt \$2M – 2025; and
- Grant \$4.9M – 2027, to be confirmed.
- Debt \$1.8M – 2027

#### **Pedestrian, Cycling and Pavement Renewal Program - \$1.6M**

The pedestrian cycling and pavement renewal program encompasses most pavement renewal projects for the given year. Specific major pavement renewal projects will be identified separately in the capital plan. The renewal program is separate from the regular operational patching and pothole maintenance. The project is funded as follows:

- Grants - \$1.6M – Canadian Community Building Fund (Gas Tax / Community Works Fund);

#### **McPhee Meadows Phase 1 - \$1.84M**

McPhee Meadows is located on the south bank of the Puntledge River near downtown Courtenay. The land was donated to the City of Courtenay and Nature Trust BC by the late Robert George McPhee following his passing in 2010. The donation was part of the Federal Ecological Gift program and as a requirement of this program must maintain biodiversity and environmental heritage features such as rivers, riparian areas, trees, and eagle nests. Mr. McPhee's vision was to maintain the property as a public wetland park in a natural state and preserve an existing apple orchard and several other trees with heritage values. The project is funded as follows:

- Reserve - \$1.57M – Including \$1M from Growing Communities Fund (2024); and
- General Revenue - \$261K

#### **Lake Trail Multi Use Path - \$1.65M**

The Lake Trail Multi-Use Pathway Project will connect Lake Trail School and Arden Elementary with bike lanes on each side of the road as well as a separated, accessible multi-use walkway. The project will increase safety along the corridor and encourage more families to choose walking or cycling as a viable option for commuting to and from school. The Project has seen cost escalations from prior years estimation of \$950,000, the City is directly funding 51% of the project. The project is funded as follows:

- Grants - \$500,000;
- CVRD Contribution - \$186,000;
- Reserves - \$500,000; and
- General Revenue (RFE) - \$464,000.

#### **Braidwood Road (2026) – Storm and Road \$3.25m**

Braidwood Road Complete St project intends to renew the water, sewer, storm, and pavement infrastructure along Braidwood Rd. This project has been advanced by one year in the financial plan, to meet the timing of the 925 Braidwood Ave development, with detailed design planned for 2025, and construction planned for 2026.

- Debt \$3M
- Reserve \$250k

#### **Cousins Road Upgrades (2027) - \$5.26M**

Cousins Road Upgrades intends to renew the water, sewer, storm, and pavement infrastructure along Cousins Ave. An options analysis was recently completed. Detailed design is currently planned for 2026, and construction is planned for 2027.

- Debt \$4.5M
- Reserves \$500k
- General Revenue \$260k

### Proposed Capital Projects

The table below outlines capital projects that are being included in the capital plan for the first time, all other capital projects have been included in a prior year's capital plan. By providing detail on new projects it provides detail on changes to the capital plan that can be more difficult to disseminate.

	2025	2026	2027	2028	2029	
	Proposed	Proposed	Proposed	Proposed	Proposed	
	Budget	Budget	Budget	Budget	Budget	Funding
<b>General</b>						
Operation Services Uninterrupted Power Supply (UPS)	16,000					New Works Reserve - IT/ Office Equip.
Fibre Relocation of Lewis Centre and IT	42,000					New Works Reserve - IT/ Office Equip.
Old HR Meeting Room Renovation	30,000					General Operating Fund
Strategic Land Acquisition 2025	1,800,000					Debt Proceeds
Bridge Building Demo	695,000					General Operating Fund
5th St Bridge Contaminated Soils Remediation	50,000		150,000			Asset Management Reserve
Misting Stations	50,000					General Operating Fund
CEMETERY - Road Section S	60,000					CVRD Cemetery Grant
EOL Street Light Renewal	30,000	32,500	35,000	37,500	40,000	Asset Management Reserve
Thermoplastic Premelter	30,000					Machinery & Equip Reserve - Operations
Traffic Calming Improvements – Back Road	320,000					Gaming Fund
Recreation Facility Improvements	100,000	100,000	100,000	100,000	100,000	Asset Management Reserve
Riverside Park Plan & Development		75,000				General Operating Fund
Renew Physical Network Cabling				25,000		New Works Reserve - IT/ Office Equip.
StarLink Back Network	10,000					New Works Reserve - IT/ Office Equip.
Policy Organization Software	20,000					New Works Reserve - IT/ Office Equip.
LIDAR Planning Request	30,000					General Operating Fund
VOIP System Renewal	26,000					New Works Reserve - IT/ Office Equip.
Firehall Kitchen Renovation		30,000				Asset Management Reserve
971 Cumberland Rd - Reno	150,000					General Operating Fund
OS Maintenance & Workorder Software		75,000				New Works Reserve
PSD Citywide - Service Request Module	44,000					\$18.2K Reserve for Future Expenditure \$25.8K New Works Reserve - IT/ Office Equip.
<b>Total General</b>	<b>3,503,000</b>	<b>312,500</b>	<b>285,000</b>	<b>162,500</b>	<b>140,000</b>	
<b>Sewer</b>						
McPhee Sanitary Upgrades	750,000					Sewer Operating Fund
<b>Water</b>						
McPhee Water Upgrades	750,000					Asset Management Reserve
<b>Total Proposed Projects</b>	<b>8,506,000</b>	<b>625,000</b>	<b>570,000</b>	<b>325,000</b>	<b>280,000</b>	

Strategic Land Acquisition 2025 – These funds will be used to purchase strategic lands destined for future use.

Bridge Building Demolition – This project will see the demolition of the Bridge property located at 90 5<sup>th</sup> street. Cost estimates for this project are higher than a typical demolition, due to sharing a wall with the adjacent building, lack of access on Anderton Ave., and footings that extend into the river, likely necessitating additional environmental considerations.



971 Cumberland Rd – Renovations – This project will see changes and improvements made to the recently purchased property at 971 Cumberland rd. Funding for this project is through the CVRD to the City as the lead on the regional Winter Shelter Strategy.

### **Borrowing**

The General Fund financial plan contains three capital projects that are funded in part by borrowing for 2025. The total reliance on debt funding for the 2025 general capital plan is \$8,476,000. The table below outlines planned debt funded projects over the next 5 years.

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>Total</u>
<b><u>New Debt - General</u></b>							
Strategic Land Acquisition 2024		2,176,000					<b>2,176,000</b>
Strategic Land Acquisition 2025		1,800,000					<b>1,800,000</b>
6th St Bridge Multi-Use Active Transportation Bridge		2,500,000					<b>2,500,000</b>
Anderton Dike Remediation		2,000,000		1,821,690			<b>3,821,690</b>
Ryan Road sidewalk Sandwich to Braidwood			2,000,000				<b>2,000,000</b>
Cousins Ave upgrades				4,500,000			<b>4,500,000</b>
Braidwood Road Design - Storm & Road			3,000,000				<b>3,000,000</b>
Park Design and Development McPhee Meadows - Phase 2				2,806,000			<b>2,806,000</b>
FIRE - New Satellite Firehall			23,000,000				<b>23,000,000</b>
Consolidated Municipal Building					10,000,000		<b>10,000,000</b>
Total New Debt	-	<b>8,476,000</b>	<b>28,000,000</b>	<b>9,127,690</b>	<b>10,000,000</b>	-	<b>55,603,690</b>

Note the 6<sup>th</sup> Street Bridge Multi-Use Active Transportation Bridge and Anderton Dike Remediation borrow bylaws have been completed in 2024 however no debt has been taken on. Strategic Land Acquisition 2024 did see debt taken on however it was taken late in 2024 and not yet transferred to long term therefore the full repayment schedule will not commence until 2026 with only partial repayment commencing in 2025.

The City's 2023 debt capacity utilization was 10.8% (10.8%-2022); this represents annual debt servicing costs of \$1,774,447 (\$1,589,356-2022) of the \$16,363,317 (\$14,718,465-2022) annual limit. Debt servicing costs include the annual principal and interest payments of a given loan. Total debt servicing costs are set to rise to \$1,778,278 for 2025 which is well within the City's borrowing limit as utilization will remain around 10.8%. Debt capacity calculations are based on prior years due to timing of provincial reporting.

Borrowing is the principal source of funding for several large projects included in the General Fund Capital Plan, for a total of \$55.6 million over the next 5 years. The City will be using an estimated 35% of its allowable debt servicing capacity by the end of 2028 which also includes the new debt for Sewer projects over the next 5 years at \$15M, the Water fund has no planned debt. The increase in debt capacity utilization will put the City comparatively higher however there 35% utilization is within reason and would not put the City at any extreme ends of capacity utilization when compared to other municipalities.

As at December 31, 2024 the City had \$8,948,196 (\$10,419,070-2023, \$11,880,552 -2022) of outstanding long-term debt. All long-term debt has fixed interest rates for the initial 10-years and then 5-year terms that renew up to the maximum 30-year amortization period. As at December 31, 2024 the City had \$7,167,000 of short-term debt which will be transitioned to long term debt once final completion of the 1<sup>st</sup> street lift station, Comox Rd Sanitary main replacement and strategic land acquisitions for 2024 are finalized.

### **New Debt Servicing Costs**

The table below outlines the anticipated debt servicing costs over the next 5 years assuming all debt is taken in the year approved.

		<b>New Debt Servicing Costs</b>				
		<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>
<b>General</b>						
Principal	\$	-	\$ 317,850	\$ 1,367,850	\$ 1,596,042	\$ 1,971,042
Interest		211,900	1,123,800	2,051,992	2,530,185	2,780,185
Total		211,900	1,441,650	3,419,842	4,126,227	4,751,227
<b>Sewer</b>						
Principal	\$	-	\$ 225,000	\$ 600,000	\$ 787,500	\$ 787,500
Interest		300,000	550,000	925,000	1,050,000	1,050,000
Total		300,000	775,000	1,525,000	1,837,500	1,837,500
Total	\$	511,900	\$ 2,216,650	\$ 4,944,842	\$ 5,963,727	\$ 6,588,727

The large increase in debt servicing costs in 2027 is due to the East Side Firehall project (\$24M) funded by \$23M in debt. The interest as a percentage of total debt servicing cost is growing over the years, this is due to new debt being taken on at assumed higher interest rates than in the past. For the past several years, interest rates have been at historically low levels, however the interest rate environment has changed. The 2023 fall MFA rate of 4.97% has not been as high since the fall of 2008 (5.15%) and spring of 2009 (4.90%) these two rates are outlier as rates have not consistently been over 4.97% since spring 2003. The MFA spring 2024 rate fell to 4.44%

On a 20-year loan the interest rate must be 3.45% to archive a 50/50 split between annual principal and interest payments. If interest rates go below 3.45% then the interest portion of the loan payment will be lower. On a 30-year loan the rate must be 1.86%. Note that all borrowing is through the Municipal Finance Authority which does not make profit from municipal lending and if profit is realized it is return to the municipalities through actuarial adjustments. Currently the estimated actuarial adjustment on a 20-year loan results in a 31% reduction in the total principal to be repaid.

#### **General – Reserves and Gaming Reserves – Transfer to Reserves**

Contributions are made every year to various reserves, such as the Machinery and Equipment, the New Works and the Infrastructure Reserve (Sustainable Infrastructure Investment Plan SIIP). These reserves provide funding for future capital projects and in some cases operating projects. The use of reserves for capital projects can help offset borrowing that might be needed for larger projects and it also contributes to smoothing of annual tax levy.

Reserve transfers can be broken into two groups, externally funded and internally funded. Externally funded reserves come from specific external funding sources like Community Building fund, traffic fine revenue and LGCAP funds. Internally funded reserve contributions come the City's own source of funds. The table below outlines planned reserve contributions.

<b>2025 - 2029 Reserve Contributions</b>					
	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>
Machinery and Equipment	\$ 1,000,000	\$ 1,275,000	\$ 1,400,000	\$ 1,525,000	\$ 1,525,000
New Works and Equipment	480,000	530,000	555,000	580,000	580,000
Infrastructure Reserve	1,194,200	1,847,000	2,445,000	3,093,000	3,793,000
Total Internal	\$ 2,674,200	\$ 3,652,000	\$ 4,400,000	\$ 5,198,000	\$ 5,898,000
Community-Building Fund (Gas Tax)	1,340,000	1,340,000	1,340,000	1,340,000	1,340,000
Total Reserve Contributions	4,014,200	4,992,000	5,740,000	6,538,000	7,238,000

The City's reserve transfers are growing over the next five years by an average of \$805,000 annually. The majority of this growth is due to the SIIP (Sustainable Infrastructure Investment Plan) which is equivalent to a cumulative 1.5% of prior years tax revenue being contributed to reserve, increase annually for a 10-year period. This increased contribution will help substantially fund the currently infrastructure funding gap. The next growth area is in the machinery and equipment reserve, these contributions are increasing to adequately fund the rising cost of machinery and equipment. Historical contributions have been fixed at \$850,000 however an analysis of equipment life and remaining life was completed along with a replacement schedule which determined that given current contributions rates the reserve would not be able to sustain existing equipment at realistic replacement cycles.

The table below outlines the expected reserve balances at each given year-end. These balances include annual contributions and draws.

<b>GENERAL</b>	<b>Unaudited</b>	<b>Budget</b>	<b>Estimated balance</b>			
<b>Surplus</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>
Estimated Closing Balances						
<b>General Operating Reserves</b>						
Risk Reserve	\$ 116,342	\$ 116,342	\$ 116,342	\$ 116,342	\$ 116,342	\$ 116,342
Assessment Appeals	552,070	552,070	552,070	552,070	552,070	552,070
Police Contingency	2,327,174	2,327,174	2,327,174	2,327,174	2,327,174	2,327,174
Trees	155,219	140,219	125,219	110,219	95,219	80,219
	\$ 3,150,806	\$ 3,135,806	\$ 3,120,806	\$ 3,105,806	\$ 3,090,806	\$ 3,075,806
<b>General Capital Reserves</b>						
Machinery and Equipment	\$ 1,562,427	\$ 1,197,427	\$ 1,697,427	\$ 1,122,427	\$ 1,747,427	\$ 2,372,427
Land Sale	110,708	110,708	110,708	110,708	110,708	110,708
New Works and Equipment	3,911,927	3,664,673	3,777,173	4,103,173	4,348,173	4,693,173
Community-Building Fund (Gas Tax)	2,732,753	2,623,753	2,463,753	2,303,753	2,343,753	2,383,753
BC Growing Communities Grant	2,236,498	1,336,498	836,498	836,498	836,498	836,498
Infrastructure Reserve	1,744,358	2,158,937	1,739,137	2,046,337	3,609,117	4,242,037
Housing Amenity	1,538,260	1,538,260	1,538,260	1,538,260	1,538,260	1,538,260
Parks Amenity	798,452	721,936	471,936	471,936	471,936	471,936
Public Parking	433,295	435,795	438,295	440,795	443,295	445,895
Parkland Acquisition	511,305	511,305	511,305	511,305	511,305	511,305
	\$ 15,579,982	\$ 14,299,291	\$ 13,584,491	\$ 13,485,191	\$ 15,960,471	\$ 17,605,991
<b>Total General Reserves</b>	<b>\$ 18,730,788</b>	<b>\$ 17,435,097</b>	<b>\$ 16,705,297</b>	<b>\$ 16,590,997</b>	<b>\$ 19,051,277</b>	<b>\$ 20,681,797</b>

Note that there are several more reserves with existing balances when compared to reserves with annual planned contributions, this is due to the nature of contributions. Reserves like the Police Contingency, Land Sale and Housing Amenity reserves, do not have planned annual contributions as these reserves received contributions on a more reactionary basis. For example, if RCMP costs for the year come in

underbudget then staff will transfer the available savings to the RCMP reserve up to the optimum balance (10 x RCMP Member cost). Since the reserve is near the optimum balance staff are not recommending making any additional contributions to the reserve. The Housing amenity reserve receives funds when the City receives funds through development.

### Gaming Funds

As a host local government of a gaming facility, the City receives a 10% share of the net gaming revenue every year, which may be used for “any purpose within their legal authority”.

Revenue is budgeted at \$1,250,000 based on historical performance (prior to COVID-19). As at December 31, 2024, the gaming fund has an unaudited balance of \$2,142,538 (\$1,950,043-2023). Past practice has been to maintain a minimum of one year of revenue in the fund. Given the uncertainty of the past few years some projects have been delayed and some spending has not been fully utilized resulting in a fund balance greater than held in the past.

Distribution: Major Categories		2025	2026	2027	2028	2029
Estimated Annual Revenue		1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
Estimated Annual Interest		60,000	60,000	60,000	60,000	60,000
<b>Support Downtown Arts and Culture</b>	<b>Annual Grants:</b>					
	CV Art Gallery	65,000	65,000	65,000	65,000	65,000
	Ctny & Dist Historical Society	50,000	50,000	50,000	50,000	50,000
	Sid Williams Theatre Society	130,000	130,000	130,000	130,000	130,000
	Downtown cultural events	5,000	5,000	5,000	5,000	5,000
		<b>250,000</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>
<b>Council Initiatives &amp; Projects</b>	LUSH Community Garden Annual Grant	12,000	13,000	13,000	13,000	13,000
	Annual Grants-in-Aid	50,000	50,000	50,000	50,000	50,000
	Management Fee to Comox Valley					
	Community Foundation for Annual Grants-in-Aid program	2,500	2,500	2,500	2,500	2,500
	Other Council Initiatives/Projects	75,000	75,000	75,000	75,000	75,000
	KFN Guardian Program	25,000	25,000	25,000	25,000	25,000
		<b>164,500</b>	<b>165,500</b>	<b>165,500</b>	<b>165,500</b>	<b>165,500</b>
<b>Public Safety / Security</b>	RCMP Contract Funding for 2 members	<b>516,000</b>	<b>542,000</b>	<b>569,000</b>	<b>597,000</b>	<b>627,000</b>
<b>Infrastructure Works</b>	Capital Contributions	<b>320,000</b>	<b>320,000</b>	<b>320,000</b>	<b>320,000</b>	<b>320,000</b>
<b>Total Annual Distribution</b>		<b>1,250,500</b>	<b>1,277,500</b>	<b>1,304,500</b>	<b>1,332,500</b>	<b>1,362,500</b>
<b>Projected Gaming Fund Balance</b>		<b>2,320,538</b>	<b>2,353,038</b>	<b>2,358,538</b>	<b>2,336,038</b>	<b>2,283,538</b>

Note that the Recreation, Culture, and Community Services Administration budget holds the tax funded portion of contributions to Arts and Culture service partners (CV Art Gallery, Courtney & District Historical Society and the Sid Williams Theatre Society). Gaming funds identified above are in addition to the taxation funded supports to these groups.

In prior years gaming funds were transferred to capital reserves, however this practice made the annual reporting on gaming spending challenging as there was no direct link between gaming funds and the

eventual capital project spending as the funds were diluted through the capital reserve. For 2025-2029 specific capital projects will be identified in each year to be the recipient of gaming funds.

2025 – Traffic Calming Improvements back road

2026 – Fire hall HVAC replacement

2027 – Lewis Centre roof replacement

2028 – Cycling network plan improvements implementation (ongoing)

2029 – Misc. Playground (semi-annual)

### **Water - Summary**

The five-year water fund financial plan is prepared annually and user fees are established to cover the projected cost of service delivery for the upcoming year. Funded entirely from water user fees and frontage fees, the water service does not receive funds from general property taxation.

The water utility has a regional and a municipal component and each plays a vital role in providing water services to the residents of Courtenay. The Comox Valley Regional District (CVRD) has planned capital upgrades and expansion of their water infrastructure. The new water treatment facility was recently commissioned and now provides a continuous supply of high-quality potable water to the growing Comox Valley population. To fund these major capital improvements, the CVRD, through the Water Committee, has kept the bulk water rate at \$1.00 per m<sup>3</sup> from 2024 to 2025. The last rate increase was from \$0.96 m<sup>3</sup> (2023) and \$0.80 (2022). One cubic meter (m<sup>3</sup>) contains 1,000 litres or 220 Canadian gallons (4.54L).

Bulk water purchase is the single largest expense (\$6.6M) in the water fund, currently representing 54% of total expenditures. Any further changes to the CVRD bulk water rate through their financial planning process will be reflected in future City of Courtenay financial plans.

Similar to the CVRD, the City is required to generate revenues sufficient to fulfil its commitment to operate a Class 3 water distribution system that provides safe drinking water to the residents. Water service expenses in this proposed financial plan also incorporate higher CVRD bulk water rates and sufficient staffing to complete the various maintenance programs required to comply with statutory water permit requirements set by the Province of BC through the Island Health Authority.

At the October 9, 2024 Council meeting, Council adopted the Water and Sewer Rate Review – 2024 Update and directed staff to implement the five-year utility rate rebalancing recommendations.

The Water User and Frontage Fee table shows the recommended rates for the next 5 years per the rate rebalancing recommendation.

<b>Water User and Frontage Fees</b>						
	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>
Water User Fee	\$ 560.98	\$ 624.00	\$ 682.00	\$ 746.00	\$ 797.00	\$ 851.00
\$ Change	\$ 24.16	\$ 63.02	\$ 58.00	\$ 64.00	\$ 51.00	\$ 54.00
% Change	4.5%	11.2%	9.3%	9.4%	6.8%	6.8%
Water Frontage Rate per M	\$ 6.10	\$ 7.17	\$ 8.44	\$ 9.93	\$ 11.69	\$ 13.75
Average Frontage 16.75M	\$ 102.18	\$ 120.10	\$ 141.37	\$ 166.33	\$ 195.81	\$ 230.31
\$ Change per M	\$ 0.26	\$ 1.07	\$ 1.27	\$ 1.49	\$ 1.76	\$ 2.06
\$ Change average	\$ 4.36	\$ 17.92	\$ 21.27	\$ 24.96	\$ 29.48	\$ 34.51
% Change	4.5%	17.5%	17.7%	17.7%	17.7%	17.6%
Water User Fee + Average Frontage	\$ 663.16	\$ 744.10	\$ 823.37	\$ 912.33	\$ 992.81	\$ 1,081.31
\$ Change	\$ 28.51	\$ 80.94	\$ 79.27	\$ 88.96	\$ 80.48	\$ 88.51
% Change	4.5%	12.2%	10.7%	10.8%	8.8%	8.9%

The water user fee and average frontage (16.75m) fee for a single residential dwelling in 2025 is set to be \$744.10.

Bulk water users (metered) are seeing no change in the per m3 rate for water as the CVRD has not changed the per m3 water rate, the rate will remain at \$1.93 per m3.

### **Water - Discussion**

The largest cost component of this financial plan is the cost of the regional water service shared proportionately between the service participants, the City of Courtenay, the Town of Comox and Electoral Areas A, B & C of the Comox Valley Regional District.

At the October 9, 2024 Council meeting, Council adopted the Water and Sewer Rate Review – 2024 Update and directed staff to implement the five-year utility rate rebalancing recommendations.

The table below outlines the water fund financial plan for 2025. Total revenue is projected at \$12.5M with accompanying expenditures of \$12.5M. The capital plan for the water fund is limited comparison to the sewer and general funds at \$321,600 additional capital details further on.

## 2025-2029 Financial Plan

	2024	2025	2025	2025	2025	2025	2024	2025	BUDGET
	AMENDED	BASE	INFLATION	SERVICE	GROWTH	ONE-TIME	CARRY	2. Finance	INCREASE
ACCT	BUDGET	BUDGET		IMPACTS		ITEMS	FORWARD	BUDGET	(DECREASE)
Water									
WATER REVENUE									
Water Revenues									
Frontage-Parcel Taxes	(1,293,700)	(1,293,700)	(220,000)		(13,000)			(1,526,700)	(233,000)
User Fees	(8,645,700)	(8,645,700)	(1,330,800)		(46,800)			(10,023,300)	(1,377,600)
Other Revenues	(474,000)	(474,000)			(57,900)			(531,900)	(57,900)
Transfers from Surplus/Reserves	(324,300)	(15,900)				(360,000)	(50,000)	(425,900)	(101,600)
<b>Total Water Revenues</b>	(10,737,700)	(10,429,300)	(1,550,800)		(117,700)	(360,000)	(50,000)	(12,507,800)	(1,770,100)
<b>Total WATER REVENUE</b>	(10,737,700)	(10,429,300)	(1,550,800)		(117,700)	(360,000)	(50,000)	(12,507,800)	(1,770,100)
WATER EXPENSES									
Contributions to Other Governments	6,303,100	6,303,100			302,800			6,605,900	302,800
Water Administration	603,900	603,900	5,700	74,800	(3,600)	14,500	10,000	705,300	101,400
Water Fleet	6,900	6,900						6,900	
Water Operations	1,819,600	1,779,600	1,500		6,000		40,000	1,827,100	7,500
Internal Transfers	1,974,900	1,754,300			1,219,000	110,000		3,083,300	1,108,400
Water Debt Servicing	29,300	29,300						29,300	
<b>Total WATER EXPENSES</b>	10,737,700	10,477,100	7,200	74,800	1,524,200	124,500	50,000	12,257,800	1,520,100
WATER EXPENSES - SPECIAL PROJECTS									
Water - Special Projects						250,000		250,000	250,000
<b>Total WATER EXPENSES - SPECIAL PROJEC</b>						250,000		250,000	250,000
<b>Total Water</b>		47,800	(1,543,600)	74,800	1,406,500	14,500			
<b>Total Water</b>	-	47,800	(1,543,600)	74,800	1,406,500	14,500	-	-	-

**Water – Revenue****Frontage-Parcel Taxes - \$1.5M**

Frontage and parcel taxes represent 12% of the total water fund revenue. Frontage fees are set to increase over the next 5 years as per the Water and Sewer Rate Review to provide sustainable adequate funding for capital replacement. Frontage fees are intended to spent on capital replacement this includes contributions to capital reserves, frontage fees are not intended to supplement operating costs of the system. Total frontage revenue goal is \$2.9M by 2029

The table below outlines frontage fee rates per meter and the impact on an average property.

	2024	2025	2026	2027	2028	2029
Water Frontage Rate per M	\$ 6.10	\$ 7.17	\$ 8.44	\$ 9.93	\$ 11.69	\$ 13.75
Average Frontage 16.75M	\$ 102.18	\$ 120.10	\$ 141.37	\$ 166.33	\$ 195.81	\$ 230.31
\$ Change per M	\$ 0.26	\$ 1.07	\$ 1.27	\$ 1.49	\$ 1.76	\$ 2.06
\$ Change average frontage 16.75m	\$ 4.36	\$ 17.92	\$ 21.27	\$ 24.96	\$ 29.48	\$ 34.51
% Change	4.5%	17.5%	17.7%	17.7%	17.7%	17.6%

**User Fees - \$10M**

User fees represent 80% of the total water fund revenue. User fees are set to increase over the next five years as per the Water and Sewer Rate Review to provide sustainable adequate funding for the operating expenses of the water fund. User fees are rising in conjunction with frontage fees as operating costs have outpaced the increase in user fees, resulting in frontage fees supplementing operating costs. The dual increases in rates (frontage, user) is required to rebalance operating vs capital funding.

The table below outlines user fees on a single residential dwelling.

	2024	2025	2026	2027	2028	2029
Water User Fee	\$ 560.98	\$ 624.00	\$ 682.00	\$ 746.00	\$ 797.00	\$ 851.00
\$ Change	\$ 24.16	\$ 63.02	\$ 58.00	\$ 64.00	\$ 51.00	\$ 54.00
% Change	4.5%	11.2%	9.3%	9.4%	6.8%	6.8%

#### Other Revenue - \$532K

The water fund financial plan also includes miscellaneous revenues such as hydrant rentals (Fire Services), lawn sprinkling permits and park water usage. The reason for the increase is due to work performed through utility rate review that identified the City was undercharging itself for water consumed (expense) and sold (revenue). There is a matching expense increase in the general operating fund to better show the true cost of services provided. Using Parks water usage as an example, for many years an estimation of water consumption (expense) and matching revenue was used however over the years this estimation was not updated and overtime, no longer truly represented the cost of parks water usage. By under estimating actual consumption through the water function, it was identified that user fees were, in part, subsidizing the parks function.

#### Water – Expense

Contributions to Other Governments \$6.6M

The purchase of potable water from the CVRD is the largest cost driver in the water operating fund, which represents 54% (59%-2024, 51%-2023) of the total water operating budget. The City reviews and adjusts the estimated consumption every year, although it remains difficult to predict, as water consumption depends on many external factors, such as the weather and population growth. The water consumption for 2025-2029 is estimated based on prior years actual consumption and includes a general increase for consumption.

The CVRD bulk water rate is set to remain at \$1.00 / m3 therefore the expected increase in water purchases is a result of increased consumption over 2024. The table below shows the combined financial impact of a greater consumption and higher rates on actual and estimated water consumption since 2019

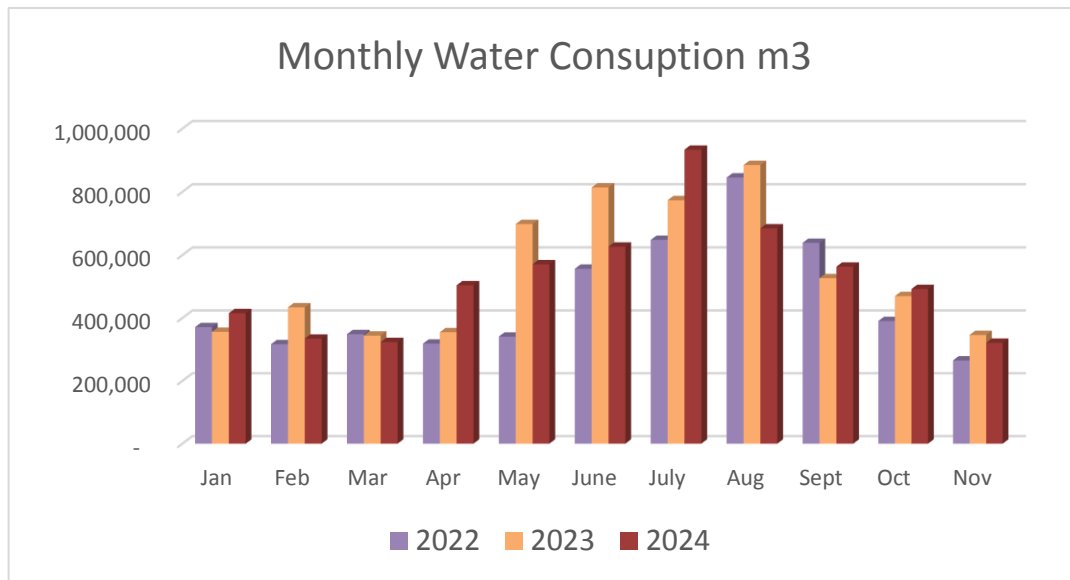
Year	Consumption	% Change	CVRD Rate		% Change	Annual Cost	% Change
			\$ / m3				
2019 Actual	4,989,913	0.9%	\$ 0.80		6.70%	3,991,930.40	7.60%
2020 Actual	4,671,511	-6.4%	\$ 0.80		0.0%	3,737,208.80	-6.4%
2021 Actual	5,277,350	13.0%	\$ 0.80		0.0%	4,221,880.00	13.0%
2022 Actual	5,335,646	1.1%	\$ 0.80		0.0%	4,268,516.80	1.1%
2023 Actual	6,334,436	18.7%	\$ 0.96		20.0%	6,081,058.56	42.5%
2024 Actual*	6,351,032	0.3%	\$ 1.00		4.2%	6,351,032.00	4.4%
2025 Budget	6,605,900	4.0%	\$ 1.00		0.0%	6,605,900.00	4.0%

\*2 month estimation

2023 saw a substantial increase in bulk water purchases from the CVRD both in volume and value, this can be attributed to the 20% increase per m3 along with the long dry summer that began in May. 2024 is anticipated to be very similar to 2023 in overall consumption. Note at time of report writing November and December water consumption data was not yet available and therefore based on averages for these months. 2025 consumption and cost has been estimated at 4% increase over the prior year. Water consumption continues to outpace population growth and will contribute to increased water utility charges.

The graph below shows monthly water consumption for 2022, 2023 and 2024.





#### Water Administration – \$705K

Those sections include a portion of the salaries, wages and benefits of the Public Works Services management staff and Engineering team and training expenses. The variance is due to reallocation of some wages to the water main function.

#### Water Operations – \$1.8M

Water operations includes the crew wages and benefits as well as the material and services needed to perform regular operations, preventative and reactive work on the water infrastructure. Regular contractual increases are also included for crew wages and benefits.

#### Water Internal Transfers – \$3.1M

- Common Costs
- Transfer to Capital
- Transfer to Reserves

Common costs are an internal allocation of the General Fund and Public Works expenses transferred to the Water Fund. The intent is to transfer a reasonable amount for General Government Services (i.e. finance, human resources, administration) and Public Works administrative expenditures (personnel, utilities, materials, insurance, contracted services and fleet costs) as recognition of the costs necessary to provide the service.

The water allocation has increased by \$253,100 to \$1,613,800 and is set at 14.5% of the General Government Services and to 19% of the Public Works Administrative expenses based on prior year estimate. The allocation percentage is reviewed periodically. The variance represents the general increase in the General Government Services and Public Works expenses.

Transfer to Capital represents capital projects funded from general revenue (current year water fees).

These transfers have decreased to \$110,000 from \$220,600, this figure will vary from year to year depending on the capital plan and how projects are funded (reserve, grant, debt, general revenue). If the

project is not completed in 2025 these funds will be transfer into the reserve for future expenditures (RFE) and carried forward to the following year.

Transfer to reserve have increase by \$965,900 to \$1,359,500, this due to the increase in frontage fees and user fees which have provided more funding available to be transferred to capital reserves. Further influences on this figure is the limited water capital plan set for 2025 which is consuming less current year revenue, thus more funding is available for reserve transfer. The capital reserve transfer will vary from year to year however, given the approach adopted in the water sewer rate review additional funds will be available to transfer to capital reserves for future renewal projects.

#### Water Debt Servicing – \$29K

Water debt costs remain constant as no debt has been added or expired. Current loan is a 20-year loan and is set to expire in 2026.

### Water – Capital

	Carried Forward	2025 Budget	2025 New Request	2025 Proposed Budget	2026 Proposed Budget	2027 Proposed Budget	2028 Proposed Budget	2029 Proposed Budget	
	From 2024	2024 FP							Funding
<b>Water Projects</b>									
New PRV Connection to 87 Zone (Cumberland-Arden)					32,400	324,000			Water Operating Fund
Water Smart Initiatives - District Meter Zone	310,000	75,000	(75,000)	310,000	75,000	40,000	75,000	500,000	2025 - \$200K Water Utility Res. & \$110K Reserve for Future Exp. 2026, 2027 & 2028 - Water Utility Reserve 2029 - Asset Management Reserve
Braidwood Road - Road & Utility - Water Component			11,600	11,600	540,000				Asset Management Reserve
Cousins Avenue Upgrades					152,500	1,175,100			Asset Management Reserve
<b>Total WATER Capital Expenditures</b>	<b>310,000</b>	<b>75,000</b>	<b>(63,400)</b>	<b>321,600</b>	<b>799,900</b>	<b>1,539,100</b>	<b>75,000</b>	<b>500,000</b>	

Water Smart Initiates – District Meter Zone – this project remains inflow with 2025's capital program focused on the completion of the 138/120 HGL Zone metering on Malahat Drive.

#### Braidwood Road – Road & Utility – Water Component

This is the water component of the Braidwood Road Complete St project, which intends to renew the water, sewer, storm, and pavement infrastructure along Braidwood Rd. This project has been advanced by one year in the financial plan, to meet the timing of the 925 Braidwood Ave development, with detailed design planned for 2025, and construction planned for 2026.

#### Cousins Ave Upgrades

This is the water component of the Cousins Road Upgrades project, which intends to renew the water, sewer, storm, and pavement infrastructure along Cousins Ave. An options analysis was recently completed. Detailed design is currently planned for 2026, and construction is planned for 2027.

### Proposed Projects

	2025	2026	2027	2028	2029	
	Proposed	Proposed	Proposed	Proposed	Proposed	
	Budget	Budget	Budget	Budget	Budget	Funding
<b>Water</b>						
Mcphee Water Upgrades	750,000					Asset Management Reserve
<b>Total Proposed Projects - Water</b>	<b>750,000</b>					

### McPhee Water Upgrades

This is the water component of McPhee Ave utility repairs, which consists of a relatively short but technically challenging section of water and sewer main repairs. This infrastructure has reached end of life now needs to be renewed.

### Sewer – Summary

The five-year sewer fund financial plan is prepared annually and user fees are established to cover the projected cost of service delivery for the upcoming year. Funded entirely from sewer user fees and frontage fees, the sewer service receives no funding from general property taxation.

The City of Courtenay owns and operates a class 3 sewer collection system that collects effluent within the City and conveys this effluent to Regional trunk systems. These Regional trunk systems, including the Courtenay Lift Station then convey the effluent to the sewage treatment plant for processing, treatment and ultimately release. The Courtenay Lift Station and the Sewage Treatment Plant are part of the Comox Valley Regional Sewer Service, which is administered by the Comox Valley Regional District (CVRD).

Each component plays a vital role in providing sewer services to the residents of Courtenay and its regional partners. The CVRD, through the Sewage Commission, has planned capital conveyance upgrades and treatment plant expansion in order to ensure the sustainability, capacity and integrity of their portion of the system infrastructure. The CVRD's 2025 requisition is \$6,563,600 (\$6,264,000-2024) to the City for the cost of the City's share of the regional sewer service, the increase is 4.8% (11.1%-2024). The sewer requisition is expected to increase over the next few years as construction of the sewer conveyance project is completed and debt is taken on to pay for the project.

The City must also provide funding for its own sewer collection service capital and operational needs. The cost of sewer service delivery is funded through a combination of user fees and frontage and parcel taxes. Sewer expenses have risen by \$1,534,500 to \$12,545,700 which is a 14% increase. 63% of the cost increases are related to capital projects, 20% to the CVRD requisition, and 10% to debt servicing.

At the October 9, 2024 Council meeting, Council adopted the Water and Sewer Rate Review – 2024 Update and directed staff to implement the five-year utility rate rebalancing recommendations.

<b>Sewer User and Frontage Fees</b>						
	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>
Sewer User Fee	\$ 438.64	\$ 478.00	\$ 520.00	\$ 566.00	\$ 616.00	\$ 670.00
\$ Change	\$ 39.88	\$ 39.36	\$ 42.00	\$ 46.00	\$ 50.00	\$ 54.00
% Change	10.0%	9.0%	8.8%	8.8%	8.8%	8.8%
Sewer Frontage Rate per M	\$ 10.70	\$ 12.50	\$ 12.50	\$ 12.50	\$ 12.50	\$ 12.50
Average Frontage 16.75M	179.23	209.38	209.38	209.38	209.38	209.38
\$ Change per M	0.46	\$ 1.80	\$ -	\$ -	\$ -	\$ -
\$ Change	\$ 7.70	\$ 30.15	\$ -	\$ -	\$ -	\$ -
% Change	4.5%	16.8%	0.0%	0.0%	0.0%	0.0%
Sewer User Fee + Average Frontage	\$ 617.87	\$ 687.38	\$ 729.38	\$ 775.38	\$ 825.38	\$ 879.38
\$ Change	\$ 47.59	\$ 69.51	\$ 42.00	\$ 46.00	\$ 50.00	\$ 54.00
% Change	8.3%	11.3%	6.1%	6.3%	6.4%	6.5%

The sewer user fee and average frontage (16.75m) fee for a single residential dwelling in 2025 is set to be \$687.38.

### Sewer – Discussion

The largest cost component of this financial plan is the cost of the regional sewer service shared proportionately between the service participants, the City of Courtenay, the Town of Comox and HMCS Quadra, based on their respective annual sewer flows.

The table below outlines the sewer fund financial plan for 2025. Total revenue is projected at \$12.7M with accompanying expenditures of \$12.7M. The capital plan for the sewer fund is \$1.4M capital details further on.

	2024	2025	2025	2025	2025	2025	2024	2025	BUDGET
	AMENDED	BASE	INFLATION	SERVICE LEVEL	GROWTH	ONE-TIME	CARRY	2. Finance	INCREASE
ACCT	BUDGET	BUDGET		IMPACTS		ITEMS	FORWARD	BUDGET	(DECREASE)
Sewer									
SEWER REVENUE									
Sewer Revenues									
Frontage-Parcel Taxes	(2,222,700)	(2,222,700)	(384,200)		(22,100)			(2,629,000)	(406,300)
User Fees	(7,500,700)	(7,500,700)	(889,700)		(35,300)			(8,425,700)	(925,000)
Other Revenues	(60,000)	(60,000)						(60,000)	
Transfers from Surplus/Reserves	(1,136,800)	(500)				(1,589,500)		(1,590,000)	(453,200)
<b>Total Sewer Revenues</b>	(10,920,200)	(9,783,900)	(1,273,900)		(57,400)	(1,589,500)		(12,704,700)	(1,784,500)
<b>Total SEWER REVENUE</b>	(10,920,200)	(9,783,900)	(1,273,900)		(57,400)	(1,589,500)		(12,704,700)	(1,784,500)
SEWER EXPENSES									
Contributions to Other Governments	6,264,000	6,264,000	267,600		32,000			6,563,600	299,600
Sewer Administration	591,800	591,800	(3,500)	74,800	600	20,000	30,000	713,700	121,900
Sewer Fleet	25,500	25,500						25,500	
Sewer Operations	928,400	928,400	500		(5,600)			923,300	(5,100)
Internal Transfers	2,702,800	1,478,900			50,200	2,141,800		3,670,900	968,100
Sewer Debt Servicing	407,700	407,700			150,000			557,700	150,000
<b>Total SEWER EXPENSES</b>	10,920,200	9,696,300	264,600	74,800	227,200	2,161,800	30,000	12,454,700	1,534,500
SEWER EXPENSES - SPECIAL PROJECTS									
Sewer - Special Projects						250,000		250,000	250,000
<b>Total SEWER EXPENSES - SPECIAL PROJECTS</b>						250,000		250,000	250,000
<b>Total Sewer</b>		(87,600)	(1,009,300)	74,800	169,800	822,300	30,000		
<b>Total Sewer</b>	\$ -	(87,600)	(1,009,300)	74,800	169,800	822,300	30,000	\$ -	

### Sewer – Revenue

#### Frontage-Parcel Taxes - \$2.6M

Frontage and parcel taxes represent 21% of the total sewer fund revenue. Frontage fees are set to increase for 2025 and then stay constant over the next several years as per the Water and Sewer Rate Review. Sewer frontage fees do not require the same increase that water frontage fees needed to adequately fund capital renewal.

	2024	2025	2026	2027	2028	2029
Sewer Frontage Rate per M	\$ 10.70	\$ 12.50	\$ 12.50	\$ 12.50	\$ 12.50	\$ 12.50
Average Frontage 16.75M	\$ 179.23	\$ 209.38	\$ 209.38	\$ 209.38	\$ 209.38	\$ 209.38
\$ Change per M	\$ 0.46	\$ 1.80	\$ -	\$ -	\$ -	\$ -
\$ Change average frontage 16.75M	\$ 7.70	\$ 30.15	\$ -	\$ -	\$ -	\$ -
% Change	4.5%	16.8%	0.0%	0.0%	0.0%	0.0%

#### User Fees – \$8.4M

User fees represent 66% of total sewer fund revenue. User fees are set to increase over the next five years as per the Water and Sewer Rate Review to provide sustainable adequate funding for the operating expenses of the sewer fund. Although in the sewer fund frontage fees do not need to increase as significantly as the water fund, the frontage fees did supplement user fees and sewer operating costs, as a result user fees will be increased to adequately fund sewer operations.

	2024	2025	2026	2027	2028	2029
Sewer User Fee	\$ 438.64	\$ 478.00	\$ 520.00	\$ 566.00	\$ 616.00	\$ 670.00
\$ Change	\$ 39.88	\$ 39.36	\$ 42.00	\$ 46.00	\$ 50.00	\$ 54.00
% Change	10.0%	9.0%	8.8%	8.8%	8.8%	8.8%

#### Other Revenue / Transfer from Surplus and Reserves - \$1.65M

The sewer fund does not have adequate current year revenue (user fee and frontage) to achieve a balanced budget therefor the fund is utilizing prior years surplus to balance. For 2025 \$961,200 is set to be used from surplus to balance the sewer fund, this practice is expected to be not needed in 2026 as the increase to user fees and frontage rates will provide adequate funding. Sewer revenue was required to be increased in 2024 however with the timing of the rate review coupled with the increase to the solid waste service it was determined to defer rate increases until 2025. Furthermore, the sewer fund had adequate surplus and reserves on hand to rely on.

Other revenue and other surplus transfers include funding for the Development Cost Charge project, reserve for future expenditure (prior year capital funding) and some small sewer connection fee revenue.

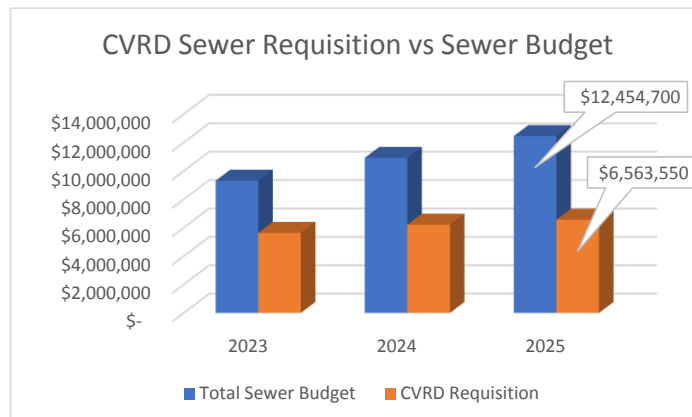
#### Sewer – Expense

##### Contribution to Other Governments - \$6.6M

The Comox Valley Regional District 2024-2028 Financial Plan includes a 5.6% increase (11%-2024) for the projected 2025 Regional Sewerage Service Requisition, which is the largest expense in for the Sewer Fund and accounts for 53% (60.5%-2024, 56.6%-2023) of the 2025 sewer budget.

The table below presents the increase in Courtenay's share of the sewer service requisition since 2020 to the proposed budget for 2027, based on the CVRD 2023-2027 Financial Plan.

CVRD Sewer Service Requisition				
Year		Requisition	\$ Change	% Change
2020	Actual	\$ 4,439,680	\$ 294,189	7.1%
2021	Actual	4,630,120	190,440	4.3%
2022	Actual	4,994,640	364,520	7.9%
2023	Actual	5,637,600	642,960	12.9%
2024	Actual	6,218,100	580,500	10.3%
<b>2025</b>	<b>Budget</b>	<b>6,563,550</b>	<b>345,450</b>	<b>5.6%</b>
2026	Budget	6,909,000	345,450	5.3%
2027	Budget	6,909,000	-	0.0%



It should be noted that the 2025-2029 Comox Valley Regional District Financial Plan is not available at the time of the publishing of this report, therefore future year requisition amounts are subject to change and may impact future user fee estimates.

### Sewer Administration - \$714K

Sewer Administration sections include a portion of the salaries, wages and benefits of the Public Works Services and Engineering Services teams, as well as training expenses. Increases are due to the contractual increase for salaries, wages, benefits and an adjustment to allocation of Asset Management wages.

### Sewer Operations - \$923K

Sewer operations includes the crew wages and benefits as well as the material and services needed to perform regular operations, preventative and reactive work on the sewer infrastructure. Regular contractual increases are also included for crew wages and benefits. You will note that this expense area has seen a slight reduction from the prior year, this is due to improved preventative maintenance, compounded by lower reactive costs.

### Sewer Internal Transfers - \$3.7M

- Common Costs
- Transfer to Capital
- Transfer to Reserve

Common costs are an internal allocation of the General Fund and Public Works expenses transferred to the Sewer Fund. The intent is to transfer a reasonable amount for General Government Services (i.e. finance, human resources, administration) and Public Works administrative expenditures (personnel, utilities, materials, insurance, contracted services and fleet costs) as recognition of the costs necessary to provide the service.

The sewer allocation has increased by \$200,200 to \$1,303,600 and is set to 11.5% of the General Government Services and to 17% of the Public Works administrative expenses based on prior year estimate. The intent is to transfer a reasonable amount for General Government Services, including Public Works Services and Engineering Services administrative expenditures (personnel, utilities, materials, insurance, contracted services and fleet costs) as recognition of the costs necessary to provide the service. The allocation percentage is reviewed periodically. The variance represents the general increase in the General Government Services budget.

Transfer to Capital represents capital projects funded from general revenue (current year sewer fees). These transfers have increased to \$2,141,800, this figure will vary from year to year depending on the capital plan and how projects are funded (reserve, grant, debt, general revenue). If the project is not completed in 2025 these funds will be transfer into the reserve for future expenditures (RFE) and carried forward to the following year.

Transfer to reserve has decreased by \$150,000 from \$375,500 down to \$225,500, this is due to the lack of funds available from current year revenue coupled with the capital expenditures set for 2025. The dip is a single year occurrence and the reserve transfer will vary from year to year however, given the approach adopted in the water sewer rate review additional funds will be available to transfer to capital reserves for future renewal projects. Future years sees this figure recover and the fund is able to contribute \$1,175,500 to reserves in 2026 and beyond.

### Sewer Debt Servicing - \$558K

Sewer debt costs are set to rise with the completion of the 1<sup>st</sup> lift station and Comox road sewer upgrade project in 2025 representing \$2.5m and \$3.5m in debt respectively. 2026 sees \$6m in debt budgeted for phase 1 of the South Courtenay sewer project and \$5m in 2026 for phase 2. Additionally, \$4M in debt for

the Anderton dike lift station relocation project set to commence in 2026. Currently these capital projects are funded through debt however as these projects come closer to construction staff will assess if reserve funds could be used to reduce debt requirements.

## Sewer – Capital

	Carried	2025	2025	2025	2026	2027	2028	2029	
	Forward	Budget	New	Proposed	Proposed	Proposed	Proposed	Proposed	
	From 2024	2024 FP	Request	Budget	Budget	Budget	Budget	Budget	Funding
<b>Sewer Projects</b>									
Sewer Equipment - Lift Station Pumps	29,237			29,237					Machinery & Equip Reserve - Sewer
South Courtenay Sewer System - Phase 1	100,000	10,747,500	(9,899,500)	948,000	10,747,000				2025 - \$100K Reserve for Future Exp. & \$848K Sewer Op. Fund 2026 - \$4.747M DCC Contribution & \$6M Debt Proceeds
South Courtenay Sewer System - Phase 2					860,000	9,747,000			2026 - DCC Contribution 2027 - \$4.747M DCC Contribution & \$5M Debt Proceeds
Braidwood Road - Road & Utility - Sewer Component			11,600	11,600	540,000				Asset Management Reserve
Comox Rd Sewer Crossing (Replace Puntledge Sanitary Catchment)	1,000			1,000					Reserve for Future Expenditure
Anderton Sanitary Lift Station	238,500	309,000	(112,500)	435,000	5,137,000				2025 - \$238.5K Reserve for Future Exp. & \$196.5K Sewer Op. Fund 2026 - \$1.137M Asset Mgmt Reserve & \$4M Debt Proceeds
Cousins Avenue Upgrades					152,500	1,175,100			Asset Management Reserve
Sewer - 1st Street Lift Station Replacement	1,000			1,000					Reserve for Future Expenditure
Sewer - SCADA Server/Firewall Replacement	7,777			7,777					Reserve for Future Expenditure
<b>Total SEWER Capital Expenditures</b>	<b>377,514</b>	<b>11,056,500</b>	<b>(10,000,400)</b>	<b>1,433,614</b>	<b>17,436,500</b>	<b>10,922,100</b>			

## Major Sewer Capital Projects

### South Courtenay Sewer System Phase 1 & 2

This project seeks to provide sanitary servicing to an area on the south end of the City that was annexed in 2013. An options analysis has been completed that provided high level cost estimates. Staff are currently reviewing how best to deliver this project. Phase has been deferred by one year, with detailed design now planned for 2025, and construction planned for 2026.

### Anderton Sanitary Lift Station

The Anderton Lift Station is located on Anderton Dike, which is failing and is planned to be remediated in the near future, necessitating relocation of the lift station. The lift station is also an aging asset, and is nearing end of life. This project intends to identify a new location, confirm flow requirements, and design and construct a new lift station at a new site. Funding for an options analysis has been carried forward from 2024 to be completed in 2025. It is also planned to start detailed design in 2025. Construction is planned for 2026, pending outcomes from previous phases.

### Braidwood Road – Road & Utility – Sewer Component

This is the sewer component of the Braidwood Road Complete St project, which intends to renew the water, sewer, storm, and pavement infrastructure along Braidwood Rd. This project has been advanced by one year in the financial plan, to meet the timing of the 925 Braidwood Ave development, with detailed design planned for 2025, and construction planned for 2026.

### Cousins Road Upgrades

This is the sewer component of the Cousins Road Upgrades project, which intends to renew the water, sewer, storm, and pavement infrastructure along Cousins Ave. An options analysis was recently completed. Detailed design is currently planned for 2026, and construction is planned for 2027.

## Proposed Projects

	2025	2026	2027	2028	2029	
	Proposed	Proposed	Proposed	Proposed	Proposed	
	Budget	Budget	Budget	Budget	Budget	Funding
<b>Sewer</b>						
McPhee Sanitary Upgrades	750,000					Sewer Operating Fund
<b>Total Proposed Projects - Sewer</b>	<b>750,000</b>					

### McPhee Sanitary Upgrades

This is the sanitary component of McPhee Ave utility repairs, which consists of a relatively short but technically challenging section of water and sewer main repairs. This infrastructure has reached end of life now needs to be renewed.

### Solid Waste – Summary

The five-year solid waste service financial plan is prepared annually and user fees are established to cover the projected cost of service delivery for the upcoming year. Funded entirely from solid waste user fees, the solid waste service does not receive funds from general property taxation. The solid waste service is not a separate fund similar to the water and sewer funds but a service that exists within the City's General fund. At the December 18, 2024 Council meeting, Council adopted Solid Waste Reserve Bylaw No. 3160 which created a reserve to capture any surplus created by the solid waste service and provide a source of funds if the service runs a deficit in a given year. This reserve allows the service to act similar to a separate fund like water and sewer, to ensure that fees associated with the provision of service stay within the service.

January 2024 marked the launch of the automated curb side collection service in Courtenay which includes the change from weekly to bi-weekly garbage collection, the cart-size limit on organics (kitchen and yard waste) away from unlimited yard waste prior to 2023, and the transition to automated carts.

### Solid Waste – Discussion

The City is in its second year of the new automated service and prior years cost estimations are proving accurate. Staff will not be recommending a change to the solid waste user fee for 2025 as revenue is adequate to cover operating costs.

	2024	2025	2025	2025	2025	2025	2025	2025	BUDGET
	AMENDED	BASE	INFLATION	SERVICE LEVEL	GROWTH	ONE-TIME	REALLOCATIO	2. Finance	INCREASE
ACCT	BUDGET	BUDGET		IMPACTS		ITEMS		BUDGET	(DECREASE)
Solid Waste Services									
SOLID WASTE REVENUE									
Solid Waste Revenue									
Solid Waste Revenue	(3,919,900)	(3,919,900)		(13,000)	(42,000)	(36,200)		(4,011,100)	(91,200)
<b>Total Solid Waste Revenue</b>	<b>(3,919,900)</b>	<b>(3,919,900)</b>		<b>(13,000)</b>	<b>(42,000)</b>	<b>(36,200)</b>		<b>(4,011,100)</b>	<b>(91,200)</b>
<b>Total SOLID WASTE REVENUE</b>	<b>(3,919,900)</b>	<b>(3,919,900)</b>		<b>(13,000)</b>	<b>(42,000)</b>	<b>(36,200)</b>		<b>(4,011,100)</b>	<b>(91,200)</b>
SOLID WASTE EXPENSES									
Solid Waste									
JOB 15007 Solid Waste Admin	387,300	383,800	7,800		2,500		(50,200)	343,900	(43,400)
JOB 15015 Solid Waste Vehicle Charges				10,500				10,500	10,500
JOB 15016 Solid Waste Old Container Program	30,000								(30,000)
JOB 15017 Solid Waste Seasonal Excess Yard Waste	20,000	20,000			2,500			22,500	2,500
JOB 15018 Solid Waste Contamination Mgmt							49,300	49,300	49,300
Solid Waste Contracted Services	2,649,200	2,649,200	60,000		34,500			2,743,700	94,500
Solid Waste Tipping Fees	893,400	893,400		(59,300)	3,000		900	838,000	(55,400)
Solid Waste Cart Exchange Costs	200,000			8,000	(4,800)			3,200	(196,800)
<b>Total Solid Waste</b>	<b>4,179,900</b>	<b>3,946,400</b>	<b>67,800</b>	<b>(40,800)</b>	<b>37,700</b>			<b>4,011,100</b>	<b>(168,800)</b>
<b>Total SOLID WASTE EXPENSES</b>	<b>4,179,900</b>	<b>3,946,400</b>	<b>67,800</b>	<b>(40,800)</b>	<b>37,700</b>			<b>4,011,100</b>	<b>(168,800)</b>
<b>Total Solid Waste Services</b>	<b>260,000</b>	<b>26,500</b>	<b>67,800</b>	<b>(53,800)</b>	<b>(4,300)</b>	<b>(36,200)</b>			<b>(260,000)</b>
<b>Total Solid Waste Services</b>	<b>260,000</b>	<b>26,500</b>	<b>67,800</b>	<b>(53,800)</b>	<b>(4,300)</b>	<b>(36,200)</b>		<b>-</b>	<b>(260,000)</b>



**Solid Waste – Revenue****Revenue – User fee**

Solid waste user fees - \$4M

User fees will not be changing for 2025 and will remain at \$357.50 per single residential dwelling. Service level, growth and one-time items represent a revenue change of about 2% and are mainly attributed to growth and a small bump in recycle BC funding.

**Solid Waste – Expense**

Solid waste contracted services - \$2.74M

Contracted service expense represents 68% of the total expenses for the service. The City is in the 2<sup>nd</sup> of a 10-year contract. Increases in this expense are attributed to additional growth in the number of houses serviced along with contractually established inflationary factors.

Solid waste tipping fees - \$838K

Tipping fees represent 21% of the total expense for the service. Actual tipping volume and fees are slightly lower than anticipated and therefore the budgeted expense can be reduced to match closer to anticipated actual expenses for 2025.

**Overall Five-Year Plan Summary**

The 2025-2029 Financial Plan as presented provides funding to maintain existing City services at levels similar to the prior year. The plan provides adequate resources to achieve Councils Strategic Priorities. The plan sees revenue increase to \$81.4M, up \$5.5M from the prior year. Operating expenses have risen to \$77M up by \$6.2M from the prior year. The capital plan for 2025 includes \$28.9M of projects including the 6<sup>th</sup> Street Active Transportation Multi Use path project and the demolition of the Anderton Arms, Cona Hostel, and Bridge Nightclub buildings. Other notable capital projects include detail design for the East Side Fire Hall with construction slated for 2026, Continued work on McPhee Meadows Park and the Lake Trail Multi-Use roadside pathway. The City is drawing \$22.8M from various reserves and contributing \$6.4M to reserves for future projects.

Taxation is set to rise; however, the increase is being reduced through use of surplus, an average single residential dwelling will see property taxes rise to \$1,984.47, an increase of \$180.74. Utility fees (Water, Sewer, Solid Waste) are set to increase by \$150.45 bringing the total change on an average home to \$331.19 and total tax and utilities to \$3,773.45. All City services cost the average home about \$10.33 per day.

**ADMINISTRATIVE IMPLICATIONS**

Upon adoption of a Financial Plan spending identified within the plan becomes authorized. During the time between the adoption of a Financial Plan and the adoption of the annual tax rate bylaw, amendments will be made to align Council taxation direction with the revised roll received in April from BC Assessment along with information regarding other taxing authorities. The amended Financial Plan and Tax Rate bylaw will be brought before Council for Consideration in late April, to meet the May 15<sup>th</sup> statutory adoption deadline.

**POLICY ANALYSIS:**

Section 165 of the Community Charter requires a municipality to have a five-year financial plan adopted annually prior to May 15 each year.

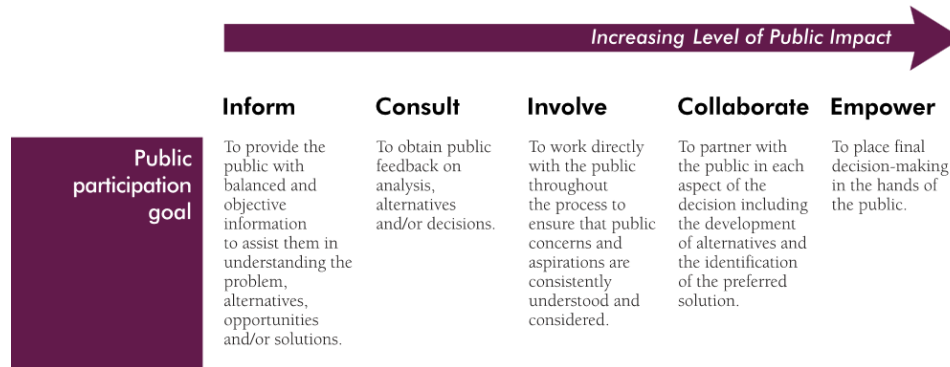
**STRATEGIC PRIORITIES REFERENCE:**

This initiative addresses the following cardinal directions:

COURTENAY WILL BE RESPONSIBLE FOR THE FUTURE by being more thoughtful, strategic, and efficient in all resources that we use whether it be land, energy, or public infrastructure, to ensure that actions deliver on multiple goals of fiscal responsibility, economic resilience, social equity, and ecological health.

#### **PUBLIC ENGAGEMENT:**

Staff would Consult the public based on the IAP2 Spectrum of Public Participation:



© International Association for Public Participation [www.iap2.org](http://www.iap2.org)

From a public consultation perspective, the Financial Plan presented, includes information gathered through the online budget development and spending priorities tool ("Balancing Act" – Online Budget Simulator) as well as information gathered through the 2024 Resident Survey – "Your Courtenay, Your Voice". The public engagement and input gathered through these processes provides the background to assist in the development of the five-year financial plan addressing cost drivers such as inflation, meet legislative changes, 2023-2026 Council Strategic Priorities, and delivery the City's core services.

#### **OPTIONS:**

1. THAT Council adopt the 2025-2029 Financial Plan.
2. THAT Council provide alternative direction to staff.

#### **ATTACHMENTS:**

1. 2025-2029 Financial Plan Detail
2. 2025-2029 Capital Plan
3. 2025-2029 Special Projects

Prepared by: Adam Langenmaier BBA, CPA, CA Director of Finance

Concurrence: Geoff Garbutt, M.Pl., MCIP, RPP, City Manager (CAO)