



COUNCIL REPORT

Date: November 18, 2024
From: Ken Bjorgaard, Financial Consultant
Subject: Draft Long-Term (2025 – 2039) Financial Plan & Projected 2024 Year-End Budget Variances

Recommendations:

That the following 2025 - 2029 financial plan/budget scenario be brought forward for public consultation and feedback:

Property Taxes:

- 6% increase in property taxes in 2025;
- 4% increase in property taxes in each year from 2026 to 2029 (all property tax increases in 5-year Financial Plan after 2025 are subject to review and change in the next budget cycle for 2026);

Water User Fees:

- 7% increase in water user rates in 2025;
- 5% increase in water user rate in 2026 to 2029 (all water rate increases in 5-year Financial Plan after 2025 are subject to review and change in the next budget cycle for 2026);

Waste & Recycle Depot (WARD) User Fees:

- 20% increase in WARD user rates in 2025;
- 15% increase in WARD user rates in 2026;
- 4% increase in WARD user rate in 2027 to 2029 (all WARD rate increases in 5-year Financial Plan after 2025 are subject to review and change in the next budget cycle for 2026).

Purpose:

The purpose of this report is to present the Village's Draft Long-Term (2025 – 2039) Financial Plan (includes 2025 Budget) and the projected 2024 budget/actual variances. Based on this information, staff are seeking direction from Council in regards to the final budget scenario to be presented to the public for consultation and feedback purposes.

Report:

2024 Operating Budget/Actual Variances

The Village’s attached financial plan includes the 2024 operating budgets as well as projections to year-end with related variances. This information has been used to inform the 2025 budget process and is summarized as follows for each of the operating funds:

General Operating Fund					
	A	B	C = B-A	D = C/A	
Description	Final 2024 Budget	Estimated 2024 Year-End Balance	Projected Year-End/Budget \$ Variances	Projected Year-End/Budget % Variances	Explanations/Comments
Regular Operating Revenues ¹	\$1,694,146	\$1,758,183	\$64,037	3.8%	Higher interest earnings partially offset by lower permit revenue
Regular Operating Expenses ¹	\$1,452,537	\$1,511,009	\$58,472	4.0%	Higher planning & legal costs
Allocation of Centralized Support Costs to MRN, Water & WARD	\$(339,152)	\$(330,662)	\$8,490	-2.5%	Lower support costs allocated
Transfers to General Reserves & Surplus	\$643,735	\$643,469	\$(266)	-0.04%	On budget; includes transfer to Community Works Fund

¹ Not including one time project revenues & expenses

Water Operating Fund					
	A	B	C = B-A	D = C/A	
Description	Final 2024 Budget	Estimated 2024 Year-End Balance	Projected Year-End/Budget \$ Variances	Projected Year-End/Budget % Variances	Explanations/Comments
Regular Operating Revenues	\$469,409	\$471,390	\$1,981	0.4%	Increased revenue partially offset by lower connection fees
Regular Operating Expenses	\$393,361	\$387,925	\$(5,436)	-1.4%	Lower repair & maintenance costs
Transfers to Reserves & Surplus	\$76,048	\$82,354	\$6,306	8.3%	More funds available for transfer

Waste & Recycle Depot (WARD) Operating Fund					
	A	B	C = B-A	D = C/A	
Description	Final 2024 Budget	Estimated 2024 Year-End Balance	Projected Year-End/Budget \$ Variances	Projected Year-End/Budget % Variances	Explanations/Comments
Regular Operating Revenues	\$207,654	\$209,760	\$2,106	1.0%	Increased revenue from more interest earnings
Regular Operating Expenses	\$217,272	\$231,794	\$14,522	6.7%	Higher processing & hauling costs
Net Transfer from Surplus/Reserve	\$(9,618)	\$(22,034)	\$(12,416)	-129.10%	More funding from surplus required to offset higher operating costs

2024 Capital Budget/Actual Variances

The projected 2024 capital budget/actual variances are as follows:

Capital Funds					
	A	B	C = B-A	D = C/A	
Description	Final 2024 Budget	Estimated 2024 Year-End Balance	Projected Year-End/Budget \$ Variances	Projected Year-End/Budget % Variances	Explanations/Comments
General Capital Expenditures	\$1,031,217	\$486,353	\$(544,864)	-52.8%	Bedwell Bay Road Upgrade project (BBUP) did not proceed as planned & Marine Avenue Road rehabilitation under budget
Water Capital Expenditures	\$160,000	\$91,000	\$(69,000)	-43.1%	Pipeline inspection, reservoir repairs & new water meters did not proceed as planned
WARD Capital Expenditures	\$38,000	\$8,000	\$(30,000)	-79.0%	Mobile office expenditure was deferred to 2025

Property Tax and Utility Rate Scenarios

Three (3) 2025 budget scenarios are shown in the table below and are summarized as follows.

Scenario “A” - 4% increase in property taxes; 5% increase in water user rates (connected & unconnected); 20% increase in WARD user rates

Results in overall 4.9% or \$338.00 increase for those connected to the water system and 4.9% or \$310.00 for those not connected to the water system

Scenario “B” - 6% increase in property taxes; 7% increase in water user rates (connected & unconnected); 25% increase in WARD user rates

Results in overall 6.9% or \$469.00 increase for those connected to the water system and 6.8% or \$430.00 for those not connected to the water system

Scenario “C” - 8% increase in property taxes; 10% increase in water user rates (connected & unconnected); 30% increase in WARD user rates

Results in overall 9.0% or \$618.00 increase for those connected to the water system and 9.0% or \$563.00 for those not connected to the water system

2025 Increases in Municipal Property Taxes, User Rates and Parcel Tax Based on Different % Increases

Based on Estimated Average Value Home in 2023 adjusted to Market value to 2024 = \$2,553,462

		Scenario A (4% increase in property taxes, 5% increase in water user rates, 20% increase in WARD user rates)			Scenario B (6% increase in property taxes, 7% increase in water user rates, 25% increase in WARD user rates)			Scenario C (8% increase in property taxes, 10% increase in water user rates, 30% increase in WARD user rates)		
FOR AVERAGE ASSESSED VALUE RESIDENTIAL CLASS PROPERTY	2024 Actual	\$ Levies	% Increase	\$ Increase	\$ Levies	% Increase	\$ Increase	\$ Levies	% Increase	\$ Increase
<u>For Homes Connected to Water System</u>										
Property Taxes	3,314	3,447	4.0%	133	3,513	6.0%	199	3,579	8.0%	265
Water User Fee (connected to water system)	1,852	1,945	5.0%	93	1,982	7.0%	130	2,037	10.0%	185
Water Parcel Tax	1,110	1,110	0.0%	0	1,110	0.0%	0	1,110	0.0%	0
Waste & Recycle Depot (WARD) User Fee	560	672	20.0%	112	700	25.0%	140	728	30.0%	168
Total Property Taxes, User Rates & Parcel Tax	6,836	7,174	4.9%	338	7,305	6.9%	469	7,454	9.0%	618
<u>For Homes Not Connected to Water System</u>										
Property Taxes	3,314	3,447	4.0%	133	3,513	6.0%	199	3,579	8.0%	265
Water User Fee (not connected to water system)	1,298	1,363	5.0%	65	1,389	7.0%	91	1,428	10.0%	130
Water Parcel Tax	1,110	1,110	0.0%	0	1,110	0.0%	0	1,110	0.0%	0
Waste & Recycle Depot (WARD) User Fee	560	672	20.0%	112	700	25.0%	140	728	30.0%	168
Total Property Taxes, User Rates & Parcel Tax	6,282	6,592	4.9%	310	6,712	6.8%	430	6,845	9.0%	563

A public budget consultation meeting is being scheduled for December 2, 2024 and staff need direction from Council as to which budget scenario that they would like presented at that meeting, in terms of the proposed property tax, water rate and WARD rate increases. A recommended scenario is provided to facilitate the decision making process.



Prepared by: Ken Bjorgaard
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Concurrence: Paula Richardson,
Chief Administrative Officer

The following appendix is attached hereto:
Appendix A Draft 2025 – 2039 Financial Plan