

Draft 2025 Budget Snapshot

Base Budget 2.18%

The City's base operating budget covers the day-to-day operating costs to provide services to the community. It is comprised of things like wages & benefits for City employees, utility costs for buildings and vehicles, legal expenses, repairs and maintenance for City assets, and the supplies needed for the various departments to undertake their annual workplans. The City's Financial Stability & Resiliency Policy calls for no increases to annual base budgets, with the exception of contractual expenses that the City is already committed to. The 2025-2034 Financial Plan base budget has benefited from a significant amount of time and focus throughout 2024 on efforts to increase revenues, reduce costs, realign budgets, find efficiencies, and change policies and practices as appropriate to reduce the overall impact on the budget and tax increase. Changes to the base operating budget include:

Increase to Wages and Benefits	3.63%
RCMP Contracted Services Increase	2.61%
Increase to Transit Contract	1.09%
Increase in IT Licensing Costs	0.46%
Other Misc. Increases	0.11%
Increase in Development Services Revenues	(0.27%)
Increase in Parks and Recreation Revenues	(0.22%)
Net Increase in Airport Surplus	(0.12%)
Increase in E-911 Contract Revenues	(0.50%)
Increase in Payments In Lieu of Taxes	(0.39%)
Non-Market Change	(1.24%)
Cost Saving Measures	(2.98%)
Proposed Base Increase	2.18%

Non-Market Change \$525,000

The City budgets annually for Non-Market Change (NMC), which is comprised primarily of tax revenues from new construction. As the City grows, new properties and buildings are constructed on which the City can collect tax revenues. Under the City's Financial Stability & Resiliency Policy, NMC is first applied to the base operating budget to keep it within the 1.5 – 2.0 per cent parameter. Any leftover NMC can be used to fund new service levels to our growing community. For 2025, NMC is estimate at \$525,000 - all of which will be applied to the base budget to minimize growing pressures on city expenses.

Investment in Capital Infrastructure 1.00%

The City's Financial Stability & Resiliency Policy provides for an annual tax increase of 0.5 - 1.0 per cent to support the City's investment in infrastructure and renewal of critical assets. Since 2016, the City has taxed 0.66% - 1.0% per annum to invest in the capital program and critical infrastructure. Rising costs and increased demand due to growth is applying pressures on City reserves, which fund the City's capital plan.

Consistent with the prior year, staff are proposing a 1.0% increase in taxation in order to help the City fund the future replacement and renewal of City infrastructure. Without ongoing renewal of these critical infrastructure assets, the City would be unable to continue uninterrupted delivery of services to the community. Funds from this tax parameter are flowed through the reserve 'waterfall,' to then fund the City's capital program to ensure that they are being used in the areas needed most.

Capital Plan 0.21%

The City's capital plan outlines all the capital works planned for the next ten years. Capital works are projects that produce an asset that will provide benefit to the community for many years into the future. When new capital projects are completed, they often come with an annual cost to operate. These operational costs could be labour to operate the asset, or an annual repair/maintenance budget. These identified operating costs of capital included in the proposed base operating budget. Also included in capital projects are Carry-Forwards (CFWD) from the prior year's capital budget. In some circumstances, a project that began in the prior year may not be complete or require final invoicing, or the City may have commitments relating to a capital budget that extend into the next year.

Major projects for 2025 include the following:

- **John Hart Reservoir \$6.5 Million.**
- **Operations Management Software \$955,000 and UNIT4 Software Upgrade \$1.2 Million.**
- **Runway and Taxiway Rehabilitation at the Campbell River Airport \$15 Million.**
- **Campbellton Sewer Upgrade \$3.4 Million.**
- **Erickson Road Renewal \$9.8 Million.**
- **Police and Public Safety Building Lot Security \$1.4 Million.**
- **Sewer and Watermain Replacement \$4.0 Million.**
- **Discovery Pier Structural Upgrades \$650,000.**
- **Solid Waste Bins \$2.0 Million.**

Some projects come with associated ongoing operating costs (repairs and maintenance, electricity costs, insurance, etc.) which are referred to as ongoing costs of capital. These are presented separately from the base budget but once approved get included in the base budget in future years. In 2025 the total operating costs of capital are \$89,250 or 0.21%.

Operating Projects

Operating projects are one-time or periodic expenses that are not capital in nature. An example of an operating project is the City Council election, which occur every four years. Rather than have the annual base operating budget fluctuate up and down (with corresponding changes to tax revenues), operating projects are funded by reserve funds to stabilize the operating budget to ensure that these operating projects do not have an effect on the annual tax increase.

Major projects for 2025 include the following:

- **City Grants \$392,000.**
- **Temporary Overnight Shelter \$207,000.**
- **CR Live Streets \$150,000.**
- **Downtown Cleanliness Program \$239,000.**
- **Community Safety Enhancements \$1.07 Million.**

New/Enhanced Ongoing Service Levels 0.0%

As our community grows, there are increased demands on City operations and budgets sometimes have to be increased to provide these services. For example, as new subdivisions are added, new City parks come online, and the City has an obligation to ensure these amenities are maintained and cared for in a manner that allows them to be used.

The City's Financial Stability and Resiliency Policy (FSRP) calls for new service levels to be funded by NMC (see above), where any exists, and an up to 0.5% tax increase to the base operating budget. Due to financial pressures in the current year, and to remain within the 3.5% overall tax parameter increase outlined in the FSRP, staff are not recommending any new services in the current year and are applying all NMC revenue to the base operating budget to assist with keeping the tax increase low and base budget within parameter.