

Date: 01/11/2024

To Chair and Directors, Finance/Budget Committee:

And To: Murray Daly, Chief Administrative Officer

From: Kevin Erickson, Chief Financial Officer

Date of Meeting: Finance-Budget Committee_Nov06_2024

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Short Summary:

2025 – 2029 Preliminary Financial Plan for Review

Background:

The 2025 – 2029 Preliminary Five-year Financial Plan is presented here for the committee's consideration. The total budget is \$77,552,177, an increase of \$ 3,126,630 over the 2024 Budget of \$74,425,547. The tax requisition is budgeted at \$35,534,181 an increase of \$2,620,996 over the 2024 amount of \$32,913,184, an increase of 8.5%.

With the easing of inflation, it is expected price increases in the coming years will normalize and fall into the range of 2.5 to 4.0%. Where practicable these expectations have been built into the 5-year plan. Increases to utility fees have also been built into the 5-year plan as inflationary pressures and resistance to increasing the user fees have created the situation where, in some services, the utility rates being charged are barely covering operating costs. Although interest rates are expected to fall further in the future thus reducing the carrying costs of new borrowings, for budgeting purposes, the current MFA posted rates have been used.

Cost pressures impacting service delivery, and their impact on the annual tax requisitions can vary significantly between the CRD's operating departments. The following is a review of the CRD's operating departments showing the change to the tax requisition from 2024, along with a brief discussion regarding some of the reasons behind the year-over-year changes.

Administrative Services: 9.1%, increase of \$433,615

Tax requisitions for Administrative Services, Electoral Area Administration, and Governance are increasing by 8.0%, 12.5% and 7.5% respectively. The increases are due primarily to the settlement of a new collective agreement. The wage settlement in 2024 was higher than budgeted and the difference has to be made up. Similarly, anticipated wage increases in 2025 were less than the settled amount thus necessitating further increases to the requisitions. Inflationary increases were made for Office Supplies, utilities, building maintenance and janitorial costs. These costs have been experiencing substantial upward cost pressures and is expected to continue albeit to a lesser extent. Legal expenses have seen significant increases in the last few years. The events giving rise to the increases have subsided and it is anticipated that they will return to a more normal level going forward. Labour makes up a big portion of

the budget in these services. The creation of a new Administration position directly impacts Electoral Area Administration and Administration Services as the cost of this position is split between the two services on a 75/25 basis.

Significant cost increases have been occurring in the IT department. Licence and service agreements have been experiencing 5% plus increases year over year. There is little that can be done about these increases if we wish to maintain support and updates for the software we are currently using as switching to different applications, if they even exist, is an expensive and onerous endeavour.

Communication, whose budget is contained in Electoral Area Administration and Administration Services, not including salaries, is budgeting \$121,415 for the year, a reduction of \$10,495 from 2024 split 50/50 between the two services.

Airport Services: 0.6%, Increase of \$6,616.

There are small inflationary increases in the Anahim Airport (\$1,049), Likely & Area Community Services function (\$566), and North Cariboo Airport Service (\$5,000). There is no increase for the South Cariboo Regional Airport as that service saw a 135% increase in 2024 to fund the runway rehabilitation project and service the debt taken on because of it.

Contribution Services: 2.5%, increase of \$12,598.

Contribution Services is comprised of several small functions that contribute funds to third parties that provide services relating to economic development, transit, cemeteries, and the like. The increases are found in a 17% increase to South Cariboo Transit (\$10,000) a 3% increase to North Cariboo Transit (\$213) and a 3% increase to North Cariboo HandyDart (\$ 2,384).

Grants for Assistance, Director's EA Administration: currently unknown

Tax requisition amounts for Grants for Assistance and Directors EA Administration have not yet been set. It is expected that 2025 amounts will be similar to 2024 amounts. Currently \$91,724 is budgeted as a place holder in Grants for Assistance, a 0% increase over 2024. Directors EA Administration has been budgeted assuming all Directors use up their \$5,000 allowance in 2024. Currently \$53,546 is budgeted which is an increase of \$41,249 over 2024.

Development Services: 22.1%, increase of \$239,566.

Development Services comprise the Planning Department, Building Inspection, and Bylaw Department. All services are looking at inflationary increases due to wage settlements and input costs. Bylaw Enforcement is budgeting for a 100% increase over 2024 for the addition of a second officer to operate in the South Cariboo and bolster succession planning.

Emergency Planning: 4.6%, increase of \$46,539.

Increases in Emergency planning is coming from a 10% increase (\$26,902) to the requisition for Central Cariboo Search and Rescue to cover the costs of increases in operating costs and to cover the loan servicing costs of replacing their auto extract unit. The current Auto Extract vehicle is a 2001 and is at end of life. Electoral Area Emergency Planning is increasing by 3% (\$19,637) to offset increases to the costs of operations. All other requisitions in the Emergency Planning department remain unchanged from 2024.

Environmental Services: 7.6%, increase of \$421,316.

For 2025 significant cost increases have been budgeted for the Solid Waste Management Service. In anticipation of the implementation of the new Solid Waste Management plan a 7.5% (\$391,514) increase has been budgeted. A 10% (\$1,435) increase has been made to Solid Waste Management Planning in an effort to build up reserves so that this function is not so reliant on Community Works Funds. There is a 10% (\$26,367) increase to the requisition for Invasive Species to catchup with inflationary pressures and increases in labour and contract costs.

Library, Culture, and Heritage Services: 3.4%, increase of \$103,617.

The increase is the result of increased service delivery costs in the CRD Libraries. The Library Service tax requisition is up 3.5% (\$96,642) over 2024. Central Cariboo Arts and Culture Service tax requisition is increased by 3% (\$6,975) over 2024 for maintenance of existing service agreement commitments. There is no change to the Heritage Service requisition.

Protective Services: 5.7%, increase of \$398,606.

The Volunteer Fire Departments budgets have been facing significant pressure from Capital Asset replacement costs and increased operating costs relating to compliance with regulations and inflationary pressure in fuel costs, utilities, and rising insurance rates. Most departments are not able to absorb these inflationary pressures and are requiring requisition increases averaging from 10.0% to 15.0%. The common theme among most of the departments is expired turnout gear, SCBA's and hoses and increased training.

Departments that have significant increases:

Red Bluff/Two Mile Fire Protection: 55%, increase of \$205,866.

The increase is to cover the borrowing costs necessary to construct a new fire hall. In October a referendum was held with a majority vote in favour of borrowing \$3,250,000 over thirty years to finance the construction of the new hall.

Barlow Creek: 46.5%, increase of \$85,235.

This increase was approved through a referendum to cover the debt servicing costs of the purchase of a new tender. Ordered in 2024, delivery of the apparatus is expected in the 3rd quarter of 2025.

Interlakes : 20.5%, increase of \$96,026.

Interlakes purchased a new tender in 2024. Delivered earlier than expected, a budget amendment was made, and financing arranged in Fall 2024. The increase to the requisition is to accommodate the debt servicing costs for the new tender and cover increases in operational costs.

Recreation Services: 6.0%, increase of \$588,716.

At the moment the provisional amounts used for North Cariboo Recreation come from the 2024 Five Year Financial Plan. The 2025 plan has not been reviewed by the North Cariboo Joint Committee and the budget will be updated when it has. Currently the requisition has been budgeted to increase 8% (\$391,741). Central Cariboo Recreation Service has been increased by 4% (\$141,004). South Cariboo Recreation is increasing by 2% (\$18,646) and, due to increasing operating costs the 108 Mile Greenbelt requisition has been increased by 50% (\$7,325). No increases have been budgeted for Kersley Recreation, McLeese Lake Recreation, or the Community Hall Support functions. New for 2025 is the Area J Community Hall Service with an inaugural requisition of \$30,000.

Sewer Services: 0% increase.

There are three services where tax is collected by parcel tax: Lac La Hache, Wildwood and Red Bluff. No tax increase has been budgeted for 2025.

Water Services:

All taxes collected for Water Services are by way of parcel tax. Operations are covered by user fees. There are no budgeted increases in the Parcel taxes. Increases to the user fees are anticipated for most services.

Utility Fees: 6.0% increase of \$100,926.

Increases to utility fees charged to users of sewer and water services range from 1.2% to 10%. These services are subject to increases in utility rates and rising costs in replacement parts and labour. The increases for 2025 are to ensure that fees charged are sufficient to cover their operating costs. Included in their budgets are the addition of two new positions. Currently planned is the addition of two Operator in Training positions. One in the North Cariboo and another in the South. The intent is to support staffing continuity and succession, cover for vacation and sick leaves and cut back on the requirement for on-call personnel.

As mentioned, many of the utilities User Fees are just covering operating costs and future increases will be needed if they are to establish sustainable operating and capital reserves. The proposed rates for 2025 can be found in the table attached to this Memo.

Streetlighting: 3.0% increase (\$1,480).

Tax requisitions for Streetlighting Services are tied to the electrical costs of providing the services. Now that the switch to LED is complete small savings are starting to appear in the monthly operating costs of some services. During their installation BC Hydro discovered some lights that they had no record of, and some billing errors brought to our attention. These issues have now been rectified requiring minor adjustments to some requisitions.

In summary the total Requisition increase for 2025 contained in the 2025 – 2029 Five Year Provisional Financial Plan is \$2,620,996 for an overall Tax Requisition increase of 8.0% over 2024.

The Community Works Funds agreement with UBCM has been renewed for another 10-year period. The 2025 – 2029 Five Year Financial Plan includes an allocation of \$1,972,184 for 2025 with another \$2,742,000 budgeted in the following four years. This should substantially use up the unused and unallocated amounts from the prior program, however greater attention will be needed going forward to ensure funds received under the new program are spent within five years of their receipts.

Additional details are provided in the attachments to this agenda item.

Attachments:

- Overview of the 2025-2029 Five Year Financial Plan
- 2024 vs 2025 Comparative Tax Requisition Changes Summary
- 2024 vs 2025 Comparative Ad Valorem Tax Requisition Rate Details
- 2024 vs 2025 Utility Fee Summary
- 2025 – 2029 Financial Plan Community Works Fund Allocations
- Tax Impacts to Representative Area Properties
- 2025 – 2029 Detailed 5-year Plan