



The Corporation of the City of Courtenay

Staff Report

To: Council
From: City Manager (CAO)
Subject: 2024-2028 General Fund Financial Plan

File No.: 1705-20/1715-20
Date: February 28, 2024

PURPOSE:

The purpose of this report is for Council to consider the 2024-2028 General Fund Financial Plan and give direction to staff to prepare the 2024-2028 Consolidated Financial Plan Bylaw.

EXECUTIVE SUMMARY:

The 2024-2028 General Fund Financial Plan includes \$57.5M in total revenue the majority coming from taxation \$34.65M (\$31.1M 2023), \$49.9M in operating expenditures, \$1.35M (\$1.31M-2023) in debt payments, and \$5.1M (\$4.1M-2023) in contribution to various reserves. The Capital Financial Plan includes \$23.7M (\$18.8M-2023) in capital expenditures.

The budget for 2024 includes a recommended increase of \$3,479,500 (\$3,139,557-2023) in municipal property taxation to cover the operating, capital and debt costs.

The average value of a single residential dwelling in Courtenay is \$708,400 (\$716,077-2023), a decrease of 1.2% (+14.3%-2023). The assessed value for an average business increased by 4.0% (8.4%-2023). The impact of the property tax and utility change to the average single residential dwelling is approximately \$370 (\$252-2023).

BACKGROUND:

Consideration and approval of a five-year financial plan is an annual requirement under the Community Charter. The proposed 2024-2028 General Fund Financial Plan including the Capital plan defines and seeks Council approval for the service priorities, operating and capital budget for each City department for the current year, and the next four years.

This report focuses on the General Operating and Capital Budget. The Water, Sewer, Solid waste financial plans have been presented and endorsed by Council on January 24, 2024. This report seeks Councils endorsement and direction for staff to prepare the 2024-2028 Consolidated Financial Plan bylaw. The 2024-2028 Consolidated Financial Plan combines the General, Water, Sewer, Solid waste and Capital plans into one unified financial plan and provides ultimate approval of spending.

DISCUSSION:

The Financial Plan and Tax Rate Bylaw 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 and establishes explicit service priorities. 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 transparent to public officials and residents alike.

The 2024-2028 General Fund Financial Plan has been developed collaboratively following the City's Asset Management Bylaw 2981, adopted in December, 2019.

2024 General Operating Fund

Similar to the Water and Sewer Budgets, the 2024 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. The main cost drivers are: Consumer Price Index (CPI), municipal policing contract and contractual salary and wage increases.

Consumer Price Index (CPI)

The average CPI increase for the Province of British Columbia as at December 2023 was 3.9% (6.9% in 2022). Increased CPI has driven costs up throughout all operations as CPI impacts all goods and services purchased by the City. Budget 2024 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 2023 thus impacting budgets for 2024.

RCMP

RCMP contract cost continues to rise as the single member cost for the 2024 RCMP year is \$237,000 (\$220,900 in 2023). Member costs have increased by 7.3% (4.3% in 2023) over the prior year, and costs have increased by 12% 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 29.4 positions as historical actual staffing levels have not reached above 29.4.

For 2024 the City is reducing current year tax funded positions by one, bringing the funded positions to 28.4. This is to ensure the City does not over tax for RCMP services as staffing levels have not reached 28.4. If RCMP staffing levels increase to over 28.4 the City can rely on prior years savings in the RCMP to fund the additional members.

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 2023 levels. The CUPE collective agreement wage increase for 2024 is 2%. 2024 is the final year of the CUPE contract and the City will have to go through the collective bargaining process. Exempt compensation was reviewed in 2022 and recommendations have carried through to 2023 and 2024.

General Operating Expenses

The proposed General Operating Expenses Budget totals \$43.1M, an increase of \$3.8M, which represents a 9.5% (5.6%-2023) increase. Table 1 illustrates the budget by department from 2023 to 2024. The detailed expenses by department are provided in

Table 1: General Operating Expenses by Department

Department	2023	2024	\$ Change	% Change
CAO OFFICE EXPENSES	661,300	756,400	95,100	14.4%
CORPORATE SERVICES EXPENSES	5,100,500	6,259,100	1,158,600	22.7%
FIRE EXPENSES	2,726,700	3,305,000	578,300	21.2%
POLICE EXPENSES	8,416,200	8,625,800	209,600	2.5%
ENGINEERING EXPENSES	1,157,900	1,196,100	38,200	3.3%
PUBLIC WORKS EXPENSES	9,879,800	11,096,600	1,216,800	12.3%
DEVELOPMENT SERVICES EXPENSES	2,637,000	2,510,500	(126,500)	-4.8%
RCCS EXPENSES	6,315,700	6,629,700	314,000	5.0%
FINANCIAL SERVICES EXPENSES	2,454,000	2,726,600	272,600	11.1%
	39,349,100	43,105,800	3,756,700	9.5%

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

	2023	2024	2024	2024	2024	2024	2023	2024	BUDGET
	AMENDED	BASE	INFLATION	SERVICE LEVEL	GROWTH	ONE-TIME	CARRY	2. Finance	INCREASE
ACCT	BUDGET	BUDGET		IMPACTS		ITEMS	FORWARD	BUDGET	(DECREASE)
CAO Office									
CAO OFFICE EXPENSES	661,300	561,300	22,300	(2,000)	4,800		170,000	756,400	95,100
CAO OFFICE - SPECIAL PROJECTS						100,000		100,000	100,000
Total CAO Office	661,300	561,300	22,300	(2,000)	4,800	100,000	170,000	856,400	195,100

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

Corporate Services

	2023	2024	2024	2024	2024	2024	2023	2024	BUDGET
	AMENDED	BASE	INFLATION	SERVICE LEVEL	GROWTH	ONE-TIME	CARRY	2. Finance	INCREASE
ACCT	BUDGET	BUDGET		IMPACTS		ITEMS	FORWARD	BUDGET	(DECREASE)
CAO Office	661,300	561,300	22,300	(2,000)	4,800	100,000	170,000	856,400	195,100
Corporate Services									
CORPORATE SERVICES REVENUE									
Revenues									
IT & GIS REVENUE	(30,000)	(30,000)						(30,000)	
Animal Control / Bylaw Enforcement	(9,100)	(9,100)						(9,100)	
Parking	(5,000)	(5,000)						(5,000)	
Cemetery	(179,000)	(179,000)						(179,000)	
Total Revenues	(223,100)	(223,100)						(223,100)	
Total CORPORATE SERVICES REVENUE	(223,100)	(223,100)						(223,100)	
CORPORATE SERVICES EXPENSES									
GENERAL GOVERNMENT - Corporate Services									
Information Technology	1,357,300	1,326,500	25,100	8,000	107,800	68,000	34,000	1,569,400	212,100
Corporate Services	837,600	697,600	(256,200)	192,400	(24,500)	80,000		689,300	(148,300)
Human Resources	714,100	714,100	93,800	270,700	18,100	1,500	16,000	1,114,200	400,100
Corporate Communications	491,100	491,100	15,000	170,900		22,000		699,000	207,900
GIS	289,700	289,700	9,800					299,500	9,800
Occupational Health & Safety	241,100	241,100	(7,200)	(61,200)	(13,000)			159,700	(81,400)
Total GENERAL GOVERNMENT - Corporate Services	3,930,900	3,760,100	(119,700)	580,800	88,400	171,500	50,000	4,531,100	600,200
GENERAL GOVERNMENT - Legislative Services									
Legislative Admin			267,300	20,200	39,500	7,000		334,000	334,000
City Council	516,800	516,800	20,400	(7,000)	51,900		8,000	590,100	73,300
Elections	26,000	26,000	900					26,900	900
Cemetery Admin	90,700	90,700	2,200		(1,900)			91,000	300
Cemetery Products for Resale	13,000	13,000						13,000	
Total GENERAL GOVERNMENT - Legislative Services	646,500	646,500	290,800	13,200	89,500	7,000	8,000	1,055,000	408,500
OTHER PROTECTIVE SERVICES									
Bylaw Enforcement	442,300	442,300	134,800	9,600	5,400			592,100	149,800
Animal Control	80,800	80,800	100					80,900	100
Total OTHER PROTECTIVE SERVICES	523,100	523,100	134,900	9,600	5,400			673,000	149,900
Total CORPORATE SERVICES EXPENSES	5,100,500	4,929,700	306,000	603,600	183,300	178,500	58,000	6,259,100	1,158,600
CORPORATE SERVICES EXPENSES - SPECIAL PROJECTS	50,500					347,000	50,500	397,500	347,000

Corporate Services is responsible for the following areas:

Information Technology – majority of expense increase is attributed to growth in the area, IT demands continue to grow as the City uses more and more technology. One-time costs are associated with the planned transition to Office 365.

Corporate Services –In the prior year this area contained the legislative administration group but for 2024 legislative administration group has been shown in their own area. The remaining expense represents the director, support staff and property service agent position. Other expense includes one-time funding for parks signage for the Parks Control Bylaw.

Human Resources – Expense increases are related to increasing positions to full time and the addition of an HR Manager. Other expense increases are related to legal fees, new building lease costs and City-wide training offerings.

Communications – Expense increases are related to an additional communication staff person and increasing the overtime budget to better reflect actual costs. Other expense increases are related to funding towards an online engagement platform, increased internal training for recently implemented brand standards, website content and media readiness. Further one-time items are related to in person popup engagement event supplies (tent, banners, tables, vests and give away materials).

Legislative Admin – This area was contained within Corporate Services in the past but has been broken out into its own area to better show expenses.

City Council – Expense increases are mainly due to rising travel costs but also attributed to increases in Council Remuneration and the new benefit package.

Bylaw Enforcement – Expense increases attributable to new bylaw department clerk that will provide support to Corporate services and Bylaw. Further expense increases are attributed to the anticipated costs associated with 7 day per week service.

Fire Protection

	2023	2024	2024	2024	2024	2024	2023	2024	BUDGET
	AMENDED	BASE	INFLATION	SERVICE LEVEL	GROWTH	ONE-TIME	CARRY	2. Finance	INCREASE
ACCT	BUDGET	BUDGET		IMPACTS		ITEMS	FORWARD	BUDGET	(DECREASE)
Fire Protection Services									
FIRE REVENUE									
FIRE REVENUE									
Fire Revenues	(522,100)	(522,100)	(238,400)					(760,500)	(238,400)
Total FIRE REVENUE	(522,100)	(522,100)	(238,400)					(760,500)	(238,400)
Total FIRE REVENUE	(522,100)	(522,100)	(238,400)					(760,500)	(238,400)
FIRE EXPENSES									
Fire Protection									
Fire Administrative Services	155,700	80,700	1,700		4,800			87,200	(68,500)
Fire Full Time Exempt	1,009,900	1,009,900	64,100	115,200				1,189,200	179,300
Fire Volunteer Costs	845,500	845,500	21,900	72,900	110,000			1,050,300	204,800
Fire Fighting Equipment	229,500	229,500	4,400		30,000		30,200	294,100	64,600
Fire Training	81,800	81,800	1,700		47,500			131,000	49,200
Fire Hydrant Rental	62,000	62,000	1,200	1,300	135,500			200,000	138,000
Fire Prevention Program	12,400	12,400	300					12,700	300
Total Fire Protection	2,396,800	2,321,800	95,300	189,400	327,800		30,200	2,964,500	567,700
Fire Fleet	117,900	110,900	5,100		4,000			120,000	2,100
Emergency Programs	212,000	212,000	500			5,000	3,000	220,500	8,500
Total FIRE EXPENSES	2,726,700	2,644,700	100,900	189,400	331,800	5,000	33,200	3,305,000	578,300
Total Fire Protection Services	2,204,600	2,122,600	(137,500)	189,400	331,800	5,000	33,200	2,544,500	339,900

Revenue

Fire protection revenue increased mainly due to the renewed Courtenay Fire Protection District agreement completed in 2023 for the years 2024-2028. This agreement provides fire protection based on fees related to the cost of operating the fire service.

Expense

Fire expense increase over the prior year are attributed to wages as a result of a new training officer assistant and the growth in wages related to more calls for service. Fire Department responses have increased from 806 in 2019 to 1455 in 2023, which represents an 80.5% increase over the five-year period. Fire fighter wage expense (within volunteer costs) for 2023 was \$470K, however the budget for 2023 was \$365K. For 2024 with the additional \$110K will bring this budget up to \$473K which better represents the actual cost of service.

Hydrant rental expense has increased substantially over the prior year, this was in relation to the water rate review that determined that the City was not adequately applying internal charges for the maintenance and operations of the fire hydrants. The increase in expense will be reflected by an increase in revenue in the water fund.

Police

	2023	2024	2024	2024	2024	2024	2023	2024	BUDGET
	AMENDED	BASE	INFLATION	SERVICE LEVEL	GROWTH	ONE-TIME	CARRY	2. Finance	INCREASE
ACCT	BUDGET	BUDGET		IMPACTS		ITEMS	FORWARD	BUDGET	(DECREASE)
Police									
POLICE REVENUE	(115,500)	(115,500)						(115,500)	
POLICE EXPENSES									
Police Admin & Other	316,800	316,800	(88,000)					228,800	(88,000)
Police Protection Services									
RCMP Municipal Employees	688,600	688,600	12,900	45,000	18,100			764,600	76,000
Contracted Services	7,410,800	7,410,800	221,600					7,632,400	221,600
Total Police Protection Services	8,099,400	8,099,400	234,500	45,000	18,100			8,397,000	297,600
Total POLICE EXPENSES	8,416,200	8,416,200	146,500	45,000	18,100			8,625,800	209,600
Total Police	8,300,700	8,300,700	146,500	45,000	18,100			8,510,300	209,600

The policing budget is based on July 12, 2023 Council’s approval in principle, for the City’s 2024/2025 RCMP contract which includes 31.4 members. The contracted service expense has increased less in prior years due to the choice to fund 28.4 members in the current year. Historically the city has assumed a 2-member vacancy however for 2024 the City is increasing this assumption to a 3-member vacancy. This increase to the assumed vacancy will reduce the tax burden on residents. The RCMP only bill the City based on the number of members working for a given period, with recent recruitment challenges and various leaves actual member strength has been reduced below 28.4. In the event that RCMP member strength increases the City has adequate surplus and reserves to fund the additional members if needed.

The 2023 downtown foot patrols are set to return for 2024 during late spring to early fall as activity is typically increased in the downtown area.

Policing Services are partly funded by Gaming funds of \$475,000 (\$442,000-2023), Traffic Fine revenues of \$272,000 (\$272,000-2023), and Police Contingency Reserve \$250,000 (\$250,000-2023). The balance is funded from general tax revenue \$7.6M (\$7.3-2023) which represents 22% of total property taxation.

Engineering

	2023	2024	2024	2024	2024	2024	2023	2024	BUDGET
	AMENDED	BASE	INFLATION	SERVICE LEVEL	GROWTH	ONE-TIME	CARRY	2. Finance	INCREASE
ACCT	BUDGET	BUDGET		IMPACTS		ITEMS	FORWARD	BUDGET	(DECREASE)
Engineering Services									
ENGINEERING EXPENSES									
Engineering Administration									
Engineering Admin	564,300	564,300	55,900	60,600	6,100			686,900	122,600
Engineering Consulting	116,100	100,000		25,000				125,000	8,900
Sustainability Planning	39,300	27,600	5,500					33,100	(6,200)
Total Engineering Administration	719,700	691,900	61,400	85,600	6,100			845,000	125,300
Asset Management									
Asset Mgmt - Admin	290,000	290,000	12,200		(66,800)			235,400	(54,600)
Condition Assessments	125,100	80,100	36,600		(25,000)			91,700	(33,400)
Asset Mgmt - General	23,100	23,100	900					24,000	900
Total Asset Management	438,200	393,200	49,700		(91,800)			351,100	(87,100)
Total ENGINEERING EXPENSES	1,157,900	1,085,100	111,100	85,600	(85,700)			1,196,100	38,200
ENGINEERING EXPENSES - SPECIAL PROJECTS									
Engineering SPECIAL PROJECTS	367,500					779,000	132,000	911,000	543,500
Total ENGINEERING EXPENSES - SPECIAL P	367,500					779,000	132,000	911,000	543,500
Total Engineering Services	1,525,400	1,085,100	111,100	85,600	(85,700)	779,000	132,000	2,107,100	581,700

Engineering expense increase is attributed to the addition of an engineering technologist required to deliver the increased capital plan over the next 5 years. Portions of this technologist wages are attributed to the Water and Sewer funds.

Engineering Special Projects

Identified funding for the Integrated Rainwater Management Plan includes finalization early this year, and funding for recommended works.

The Flood Management Plan is proceeding the same, and is due to be presented to Council early this year, and also includes funding for recommended works.

The Corporate Climate Action Plan will update the Climate Plan that was developed in 2009. It will identify projects and policies needed to achieve the provincial climate targets, and the local climate targets highlighted in the OCP.

Local Government Climate Action Plan (LGCAP) Future Implementation Projects includes funding to action recommendations from the Corporate Climate Action Plan, which are yet to be completed.

Project description	2024 Proposed Budget
Integrated Rainwater Mgmt Plan	\$ 162,000
Flood Mgmt & Dyke Replacemt Study	\$ 130,000
Corporate Climate Action Plan	\$ 200,000
CVRD Home Energy Navigator Program	\$ 50,000
Bridge Building Demolition	\$ 100,000
LGCAP Future Implementation Projects	\$ 269,000
	\$ 911,000

Public Works Services (Operational Services)

	2023	2024	2024	2024	2024	2024	2023	2024	BUDGET
	AMENDED	BASE	INFLATION	SERVICE LEVEL	GROWTH	ONE-TIME	CARRY	2. Finance	INCREASE
ACCT	BUDGET	BUDGET		IMPACTS		ITEMS	FORWARD	BUDGET	(DECREASE)
Public Works Services									
PUBLIC WORKS - ADMINISTRATION									
PW - Admin	575,400	575,400	14,000		(24,700)			564,700	(10,700)
PW - Operations	(234,000)	(234,000)	13,600	49,500	32,000			(138,900)	95,100
PW - Allocation	(351,500)	(351,500)	(3,800)					(355,300)	(3,800)
Total PUBLIC WORKS - ADMINISTRATION	(10,100)	(10,100)	23,800	49,500	7,300			70,500	80,600
PUBLIC WORKS - TRANSPORTATION SERVICES									
Transportation Services	3,882,800	3,964,300	128,000	14,000	366,700	20,000		4,493,000	610,200
Garbage Collection	149,600	149,600	1,600		24,600			175,800	26,200
PUBLIC WORKS - TRANSPORTATION SPECIAL PROJECTS						125,000		125,000	125,000
Total PUBLIC WORKS - TRANSPORTATION SERVICES	4,032,400	4,113,900	129,600	14,000	391,300	145,000		4,793,800	761,400
PUBLIC WORKS - PROPERTY MAINTENANCE									
Property Maintenance Admin	245,900	245,900	12,300		(12,700)			245,500	(400)
City Hall & PW Buildings Maintenance	212,000	212,000	9,500		6,000	12,000	23,800	263,300	51,300
Firehall Buildings Maintenance	123,200	123,200	4,100		(1,000)	6,500		132,800	9,600
Parks - Property Maintenance	141,500	141,500	29,600		(10,000)			161,100	19,600
Recreation Facilities - Property Maintenance	688,900	688,900	22,500		(500)	17,000		727,900	39,000
Cultural Facilities - Property Maintenance	224,200	215,700	4,400		500	45,700		266,300	42,100
Miscellaneous Buildings Maintenance	94,900	82,900	4,700		(1,400)			86,200	(8,700)
Property for Development	45,600	45,600	2,000		(10,300)			37,300	(8,300)
PUBLIC WORKS - PROPERTY MAINTENANCE SPECIAL PROJ						18,000		18,000	18,000
Total PUBLIC WORKS - PROPERTY MAINTENANCE	1,776,200	1,755,700	89,100		(29,400)	99,200	23,800	1,938,400	162,200
PUBLIC WORKS - PARKS AND GROUNDS MAINTENANCE									
Parks Administration	336,400	336,400	13,200	(2,000)	5,000			352,600	16,200
Parks Operations	2,745,300	2,755,300	23,900	36,000	59,700	65,000		2,939,900	194,600
Recreation Facilities - Grounds Maintenance	29,600	29,600	600		(3,000)			27,200	(2,400)
Cultural Facilities - Grounds Maintenance	6,900	6,900	100					7,000	100
Other Facilities - Grounds Maintenance	51,000	51,000	900		(2,000)			49,900	(1,100)
Cemetery	317,800	317,800	4,300		21,500			343,600	25,800
Total PUBLIC WORKS - PARKS AND GROUNDS MAINTENANCE	3,487,000	3,497,000	43,000	34,000	81,200	65,000		3,720,200	233,200
PUBLIC WORKS - STORM WATER COLLECTION									
Storm Water Collection	594,300	594,300	30,200		(50,800)			573,700	(20,600)
Total PUBLIC WORKS - STORM WATER COLLECTION	594,300	594,300	30,200		(50,800)			573,700	(20,600)
Total Public Works Services	9,879,800	9,950,800	315,700	97,500	399,600	309,200	23,800	11,096,600	1,216,800

Public Works Services (Operational Services) is responsible for the following areas:

Administration – Expense increases are related to a year over year increase in service level demands for the provision of Urban Issues services (~\$50k). Additional funding increases are due to an increase in administrative coverage, Occupational Health and Safety requirements and cost recovery drivers related to an increase on BC one call demand.

Transportation Services (Public Works Services) – The vast majority of change within the transportation division is directly attributed to the way that the fleet vehicle costing is being allocated. Starting in 2024 all Fleet costs have been shifted from a parent or holding GL to the service level GLs; thus, allowing for transparency of costs for service - relative to each service delivery model. Lines and Signs saw a significant increase in contracted services funding (\$160K) as a result of a new contract for the provision of the City’s longitudinal and transvers road marking (paint) works which includes higher quality paint product that should reduce future maintenance. Snow and Ice Control Services also increased (\$75k) to match trending services levels demands, with the remainder (\$179K) falling to the aforementioned reallocation of fleet costs. Traffic Studies is also up (\$20K) in response to Council direction to deliver an annual speed reader program.

Property Maintenance (Civic Properties Services) – Expense increase across the Civic Properties Division nets out to just over \$81k. These increased vary in terms of impact s many are considered one-time expenditures. City Hall will see a onetime expense (\$12k) for exterior siding repairs. The Fire Hall is similar

in that regard (\$6k) in purchased services and the Rec Facilities (\$12K) for HVAC repairs/modifications. The Library will see that larger net impact (\$46K) as a result of exterior siding repair/replacement.

Parks and Ground (Parks Services) – Again, the vast majority of change within the Parks Services division is directly attributed to fleet vehicle cost allocations. Starting in 2024 all fleet costs have been shifted from a parent or holding GL to the service level GLs; thus, allowing for transparency of costs for service - relative to each service delivery model. Expense increase in the Parks Services Division are emerging in several ways; One-time spends (\$65k); trail enhancement/repaving and tennis/pickle ball court maintenance. Staffing Conversion (\$36k); seasonal conversion to FTE, and Services Level Demands (\$30k); reactive tree care.

Development Services

	2023	2024	2024	2024	2024	2024	2023	2024	BUDGET
	AMENDED	BASE	INFLATION	SERVICE LEVEL	GROWTH	ONE-TIME	CARRY	2. Finance	BUDGET
ACCT	BUDGET	BUDGET	IMPACTS			ITEMS	FORWARD		INCREASE (DECREASE)
Development Services									
DEVELOPMENT SERVICES REVENUE									
Development Services Revenues									
Building Inspection	(1,680,300)	(1,680,300)			382,300			(1,298,000)	382,300
Business Licencing					(297,700)			(297,700)	(297,700)
Planning & Zoning	(154,700)	(154,700)			4,000			(150,700)	4,000
Subdivision and Development Servicing	(22,000)	(22,000)						(22,000)	
Community & Sustainability						(75,000)		(75,000)	(75,000)
Total Development Services Revenues	(1,857,000)	(1,857,000)			88,600	(75,000)		(1,843,400)	13,600
Total DEVELOPMENT SERVICES REVENUE	(1,857,000)	(1,857,000)			88,600	(75,000)		(1,843,400)	13,600
DEVELOPMENT SERVICES EXPENSES									
Development Services Expenses									
Building Inspections	732,000	732,000	(2,300)		(57,600)			672,100	(59,900)
Business Licencing					85,600			85,600	85,600
Planning & Zoning	775,700	775,700	27,300		77,900	5,000		885,900	110,200
Subdivision & Development Servicing	665,900	665,900	7,600		(250,000)			423,500	(242,400)
Community & Sustainability	443,500	258,500	4,400	75,000	(160,000)	85,400	175,000	438,300	(5,200)
Heritage Committee	19,900	5,100						5,100	(14,800)
Total Development Services Expenses	2,637,000	2,437,200	37,000	75,000	(304,100)	90,400	175,000	2,510,500	(126,500)
Total DEVELOPMENT SERVICES EXPENSES	2,637,000	2,437,200	37,000	75,000	(304,100)	90,400	175,000	2,510,500	(126,500)
DEVELOPMENT SERVICES EXPENSES - SPECIAL PROJECTS									
Development Services Special Projects						885,000	35,000	920,000	920,000
Total DEVELOPMENT SERVICES EXPENSES - SP						885,000	35,000	920,000	920,000
Total Development Services	780,000	580,200	37,000	75,000	(215,500)	900,400	210,000	1,587,100	807,100

Development Services Revenue

The majority of revenue earned in Development Services is attributed to Building Inspection Fees. These fees are related to the volume of construction in a given year and as a result are subject to variability due to external forces. New for 2024 is the Business Licencing sub-department, in prior years this function was held within Building Inspection. By breaking business licencing out we can better see revenue and expense for this specific area. Building inspection revenue is expected to be slightly lower than in 2023 however the majority of the \$382K reduction is due to the reallocation of business licencing revenue to its own sub department.

Community & Sustainability revenue of \$75,000 represents 50% of the Complete Communities Grant anticipated to be received in 2024 to fund the Harmston and other Local area plan work.

Development Services Expenses

Building Inspection and Business licencing have been separated, the change in expense is attributed to a clerk position being moved.

Planning and Zoning expenses have increased due to consulting fees in anticipation of changes to the Province of BC's Bill 44.

Subdivision & Development Servicing and Community & Sustainability have seen changes due to the removal of special projects from operating accounts. Other changes include adding reoccurring funding for consulting fees within both areas to support to meet capacity needs.

Development Services Special Projects

Project description	2024	2025	2026	2027	2028
	Proposed Budget	Proposed Budget	Proposed Budget	Proposed Budget	Proposed Budget
Bylaw Update- Building Bylaw	\$ 25,000				
Bylaw Update- Zoning Bylaw	\$ 250,000				\$ 150,000
Bylaw Update-Business Licence Bylaw	\$ 25,000				
Bylaw Update- DCC/ACC	\$ 250,000				\$ 250,000
Bylaw Update- Sub&Dev Bylaw	\$ 100,000				
Bylaw Update- OCP	\$ 120,000			\$ 250,000	
Harmston Local Area Plan	\$ 150,000				
	\$ 920,000	\$ -	\$ -	\$ 250,000	\$ 400,000

The majority of special projects in Development Services are funded through grants \$435,000 and reserves \$400,000 with only \$85,000 coming from surplus. The Local Government Housing Initiative funds are being applied to assist with the Zoning bylaw update, Deferred Development Cost Charge / Amenity Cost Charge bylaw update and the OCP Bylaw update / implementation. Other grant funds include the remainder of the Climate Action Revenue Incentive Program (CARIP). As identified earlier Complete Communities Grant is being applied to the Harmston and other local area plans.

Recreation, Culture and Community Services (RCCS)

	2023	2024	2024	2024	2024	2024	2023	2024	BUDGET
	AMENDED	BASE	INFLATION	SERVICE LEVEL	GROWTH	ONE-TIME	CARRY	2. Finance	INCREASE
ACCT	BUDGET	BUDGET		IMPACTS		ITEMS	FORWARD	BUDGET	(DECREASE)
Recreation, Culture and Community Services									
RCCS REVENUE									
Recreation Administration Revenue	(26,000)	(26,000)						(26,000)	
Recreation Programs Revenue	(1,457,700)	(1,457,700)	(8,000)	600	(90,400)			(1,555,500)	(97,800)
Recreation Operations Revenue	(717,900)	(717,900)	(2,500)	12,500	(17,100)			(725,000)	(7,100)
Total RCCS REVENUE	(2,201,600)	(2,201,600)	(10,500)	13,100	(107,500)			(2,306,500)	(104,900)
RCCS EXPENSES									
Recreation Administration Expenses									
RCCS Admin	1,441,500	1,433,000	(16,800)	38,400	(15,800)		(5,500)	1,433,300	(8,200)
Community Substance Use Strategy	15,000	15,000						15,000	
Cultural Consulting / Strategic Services					25,000			25,000	25,000
Cultural Services - Sid Williams Theatre	279,200	276,700	5,600		(25,000)			257,300	(21,900)
Cultural Services - Museum	187,100	184,600	5,900		(25,000)			165,500	(21,600)
Cultural Services - CV Art Gallery	85,600	83,100	1,200		(25,000)			59,300	(26,300)
Cultural Services - Comox Valley Arts Council	84,700	82,200	1,200		(25,000)			58,400	(26,300)
Total Recreation Administration Expenses	2,093,100	2,074,600	(2,900)	38,400	(90,800)		(5,500)	2,013,800	(79,300)
Recreation Programs Expenses									
Adults Programs	472,000	472,000	27,500		(67,000)			432,500	(39,500)
Childrens Programs	485,800	485,800	13,800	91,100	(51,800)			538,900	53,100
Youth Programs	277,300	277,300	12,500		16,600			306,400	29,100
Adapted Programs	269,900	269,900	10,600	600	3,000			284,100	14,200
Summer Programs	259,500	259,500	10,500		10,500			280,500	21,000
Preschool Programs	120,000	120,000	40,600		146,800			307,400	187,400
Programs Special Events					15,800			15,800	15,800
Total Recreation Programs Expenses	1,884,500	1,884,500	115,500	91,700	73,900			2,165,600	281,100
Recreation Operations Expenses									
Lewis Centre Operations	1,179,600	1,179,600	19,600		97,400			1,296,600	117,000
Wellness Centre	102,800	102,800	7,400		2,000			112,200	9,400
Filberg Operations	647,500	647,500	12,800		(31,200)			629,100	(18,400)
Pool Operations	231,200	231,200	22,600		(59,200)			194,600	(36,600)
Youth Centre Operations	42,400	42,400	800					43,200	800
Native Sons Operations	23,200	23,200	2,600		200			26,000	2,800
July 1 Special Event	69,900	69,900	1,300	20,000	9,100			100,300	30,400
Operations Special Events	41,500	41,500		5,000	1,800			48,300	6,800
Total Recreation Operations Expenses	2,338,100	2,338,100	67,100	25,000	20,100			2,450,300	112,200
Total RCCS EXPENSES	6,315,700	6,297,200	179,700	155,100	3,200		(5,500)	6,629,700	314,000
RCCS EXPENSES - SPECIAL PROJECTS									
Total Recreation, Culture and Community Services	4,114,100	4,095,600	169,200	168,200	(104,300)	170,000	110,000	4,603,200	489,100

Recreation, Culture, and Community Services Revenue

Recreation, Culture, and Community Services revenue comes from program and admission fees for Courtenay Recreation programs and facilities, in addition to a substantial portion of revenue driven by facility rentals, mostly at the Florence Filberg Centre and Native Sons Hall. Additional small revenue sources include grants. Facility rentals increased substantially in 2023 and have returned to pre-COVID levels. Recreation program and admission revenues continue to recover from the pandemic and while increased over prior years have not yet returned to pre-COVID levels. Revenues are projected to increase over prior years and include the removal of approximately \$30,000 in program admissions in celebration of the 75th anniversary of the Courtenay and District Memorial Outdoor Pool.

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:

- a) elimination of an Assistant Manager position to fund additional program supervisory roles in Recreation Programming; and

- b) the addition of a Parks and Recreation Planning resource to support the delivery of the Parks and Recreation Master Plan as per the Implementation Strategy.

Recreation Programs shows a fluctuation in expenses due to the changing demands in recreation programs. Decreased expenses in instructor costs correlate with decreased revenue projections in program areas that are slower to recover from the pandemic. Increase expenses are the result of an organizational restructuring to enable the creation of additional program supervisor roles, including the creation of a Community Youth Development Supervisor position (net impact of \$60,000), as well as increased wages due to the provincial Early Child Education (ECE) wage enhancement subsidy received. Wages and benefits were increased to achieve the 2022 Living Wage of \$20.26 per hour, with impacts across Recreation Programs and Operations budgets (\$30,000).

Recreation Operations expenses are projecting minimal increases due to inflation costs associated with wages and benefits. Expense increases are being proposed to support the July 1 Canada Day event and Simms Concert events (\$25,000). All other expense adjustments are due to reallocations.

Recreation, Culture, and Community Services Special Projects

Project description	2024	2025	2026
	Proposed Budget	Proposed Budget	Proposed Budget
Community Service Development Framework	\$ 110,000		
Cultural Facility Feasibility Planning	\$ 75,000		
Filberg facility Feasibility Study	\$ 75,000		
Lewis Facility Feasibility Study	\$ -		\$ 100,000
Special Events & Hosting Policy		\$ 50,000	
Recreation Needs Assessment		\$ 75,000	
Cozy Corner carpet replacement	\$ 20,000		
	\$ 280,000	\$ 125,000	\$ 100,000

In addition to ongoing RCCS planning and operational work, RCCS will initiate the development of a Community and Social Development Framework in 2024 (\$110,000). Budgets for cultural facility feasibility studies have been reallocated from the Recreation Administration budget to special projects (\$75,000).

Financial Services

	2023	2024	2024	2024	2024	2024	2023	2024	BUDGET
	AMENDED	BASE	INFLATION	SERVICE LEVEL	GROWTH	ONE-TIME	CARRY	2. Finance	INCREASE
ACCT	BUDGET	BUDGET	IMPACTS			ITEMS	FORWARD	BUDGET	(DECREASE)
Financial Services									
FINANCIAL SERVICES EXPENSES									
Financial Services									
Finance	1,864,100	1,843,600	158,100			20,000		2,021,700	157,600
Purchasing	351,500	351,500	18,400		(14,000)			355,900	4,400
Business Performance	124,100	124,100	7,000	116,500				247,600	123,500
Stores	114,300	114,300	(1,600)		(11,300)			101,400	(12,900)
Total Financial Services	2,454,000	2,433,500	181,900	116,500	(25,300)	20,000		2,726,600	272,600
Total FINANCIAL SERVICES EXPENSES	2,454,000	2,433,500	181,900	116,500	(25,300)	20,000		2,726,600	272,600
Total Financial Services	2,454,000	2,433,500	181,900	116,500	(25,300)	20,000		2,726,600	272,600

Financial Services expense increase can be attributed to additional casual coverage to ensure continuity of service along with a proposed budget analyst position. The budget analyst will become a key in the annual

financial planning process and relieving some budget pressure from the Business performance function that has slowly taken on more of the budget work and drifted away from the key business performance duties. One time expense is for the replacement of City halls mail folding and stuffing machine.

Capital

The 2024 – 2028 General 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 and financial capacity, and with priority given to finalize the in-progress projects.

As summarized in the table below, the financial plan includes a total of \$23,771,700 (\$11,258,300 - 2022) in projected capital expenditures for 2024. Projects are funded from a variety of taxation, reserves, grants, developer contributions, prior year unexpended funds and prior years surplus.

Fund	Strategic Responsibility	2024	2025	2026	2027	2028	Total 2024-2028 Budget
		Proposed Budget	Proposed Budget	Proposed Budget	Proposed Budget	Proposed Budget	
General	Engineering	13,750,700	24,082,500	4,346,200	12,434,000	5,367,000	59,980,400
	Public Works	5,429,100	4,668,000	3,941,000	12,919,000	2,455,000	29,412,100
	General Government	3,228,300	170,000	95,000	95,000	245,000	3,833,300
	Fire Department	525,900	90,000	945,000	1,200,000		2,760,900
	Recreation & Culture	837,700	870,000	1,275,000	1,280,000	1,195,000	5,457,700
General Total		23,771,700	29,880,500	10,602,200	27,928,000	9,262,000	101,444,400

Major Capital Projects

6th Street Pedestrian Bridge - \$6.57M

The 6th 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 6th 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 - \$2.57M which includes \$1M from the Growing Communities Fund; and
- Debt – \$1.5M.

East Courtenay Fire Hall - \$2M (2024), \$22M (2025)

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 - \$22M.

Anderton Dike Remediation - \$2M (2024), \$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 – 2024; and
- Grant \$6.7M – 2027, to be confirmed.

Pedestrian, Cycling and Pavement Renewal Program - \$1.53M

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 - \$1.3M – Canadian Community Building Fund (Gas Tax / Community Works Fund); and
- General Revenue - \$235,000.

McPhee Meadows - \$1.46M (2024), \$2.6M (2026)

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 - \$1.46M – Including \$1M from Growing Communities Fund (2024); and
- Debt - \$2.6M (2026).

Lake Trail Multi Use Path - \$1.4M

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 - \$475,000; and
- General Revenue - \$239,000.

Courtenay and District Memorial Outdoor Pool - \$350,000

The Courtenay and District Memorial Pool will undergo immediately required repair work as a result of condition assessments and leak detection work completed in 2023. A facility options and feasibility analysis will also be initiated to assess options for the future of the outdoor pool at its current location including repair, renovation, and full renewal considerations. The project is funded as follows:

- CVRD Recreation Commission Grant Function - \$350,000

Pickleball Courts - \$350,000

The City of Courtenay will undertake a Court Usage study to inform the development of permanent, outdoor pickleball courts. Based on the results of the study, the City would initiate planning and construction of permanent, outdoor pickleball courts in partnership with local community agencies. The project is funded as follows:

- Reserve - \$250,000 – Growing Communities Fund
- 3rd Party Contribution - \$100,000

Bill Moore and Harmston Park Plans - \$150,000 (2024), \$750,000 (2025)

As per the Parks and Recreation Master Plan Implementation Strategy, park plans will be conducted for both Bill Moore and Harmston Park in 2024. The Harmston Park plan will be done in collaboration with Development Services and the Harmston Local Area Plan process. Both park plans, through community engagement, will set a vision and direction for the future of the parks to ensure they meet the needs of the local community as well as broader City objectives, especially those articulated in the Parks and Recreation Master Plan. Implementation of the park plans are budgeted in subsequent years (2025 and 2026). This project is funded as follows:

- Reserve - \$150,000 – Growing Communities Fund (2024)
- Reserve - \$500,000 – Growing Communities Fund (2025)
- Reserve - \$250,000 – Parks Amenity Reserve (2025)

Transfers to Reserves

Contributions are made every year to various reserves, such as the Machinery and Equipment, the New Works and the Infrastructure Renewal Reserves. 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.

General Reserve Contributions	2023	2024	2025	2026	2027	2028
External Contributions						
Community-Building Fund (Gas Tax)	\$ 1,130,000	\$ 1,130,000	\$ 1,130,000	\$ 1,130,000	\$ 1,130,000	\$ 1,130,000
Police Contingency	272,000	273,000	274,000	275,000	276,000	277,000
LGCAP	173,000	173,000				
	\$ 1,575,000	\$ 1,576,000	\$ 1,404,000	\$ 1,405,000	\$ 1,406,000	\$ 1,407,000
Internal Contributions						
Machinery and Equipment	\$ 850,000	\$ 1,000,000	\$ 1,150,000	\$ 1,275,000	\$ 1,400,000	\$ 1,525,000
New Works and Equipment	480,000	480,000	505,000	530,000	555,000	580,000
Sustainable Infrastructure (SIIP 1.5%)	-	468,000	976,000	1,527,000	2,125,000	2,773,000
Infrastructure (From Gaming)	320,000	320,000	320,000	320,000	320,000	320,000
Infrastructure (From Taxation)	136,300	218,200	228,900	320,000	320,000	320,000
	\$ 1,786,300	\$ 2,486,200	\$ 3,179,900	\$ 3,972,000	\$ 4,720,000	\$ 5,518,000
Total General Reserve Contributions	\$ 3,361,300	\$ 4,062,200	\$ 4,583,900	\$ 5,377,000	\$ 6,126,000	\$ 6,925,000
\$ Change from prior year		\$ 700,900	\$ 521,700	\$ 793,100	\$ 749,000	\$ 799,000
% Change from prior year		21%	13%	17%	14%	13%

The City’s reserve transfers are growing over the next five years by about \$750,000 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.

General Revenue

Property Taxation

Property taxation is the City’s main method of revenue generation representing just under 50% of overall revenue. 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 is it 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 \$500,000 property in one community and compare to a \$500,000 property in Courtenay as the basis of average assessment could be different. For example, a \$500,000 home in Courtenay is not far below the average value while a \$500,000 home in Victoria well below average, therefor 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 Value Change

Market Change %								
Class	Class Name	2019	2020	2021	2022	2023	2024	Total
1	Residential	15.08%	3.30%	3.49%	29.63%	12.90%	-1.61%	62.8%
2	Utilities	28.17%	7.19%	0.14%	11.68%	10.74%	3.46%	61.4%
3	Supportive housing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.0%
5	Light Industry	17.15%	4.16%	0.74%	15.86%	9.65%	8.16%	55.7%
6	Commercial	7.34%	7.01%	-3.51%	10.26%	5.88%	3.93%	30.9%
8	Recreational	3.61%	8.56%	1.94%	0.00%	3.50%	23.83%	41.4%
9	Farm	0.00%	0.00%	0.00%	6.96%	0.00%	10.35%	17.3%

From 2019 to 2024 residential properties increase in value by 62.8% whereas commercial properties increased 30.9% 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	2019	2020	2021	2022	2023	2024	Total
1	Residential	2.95%	3.39%	2.94%	3.91%	1.74%	1.67%	16.6%
2	Utilities	0.00%	0.00%	-11.10%	0.00%	0.00%	-0.18%	-11.3%
3	Supportive housing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.0%
5	Light Industry	0.06%	13.40%	0.00%	0.00%	0.35%	11.45%	25.3%
6	Commercial	0.70%	0.67%	0.36%	-0.07%	1.08%	0.47%	3.2%
8	Recreational	0.00%	7.27%	0.00%	-35.97%	23.38%	1.32%	-4.0%
9	Farm	-10.75%	1.38%	0.55%	0.00%	-0.06%	-8.49%	-17.4%

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	2019	2020	2021	2022	2023	2024
1	Residential	\$ 406,989.12	\$ 542,241.23	\$ 497,483.58	\$ 536,916.88	\$ 309,855.54	\$ 380,278.19
6	Commercial	58,614.64	59,555.45	35,621.24	6,057.78	107,054.11	53,491.82
	Total	\$ 465,603.76	\$ 601,796.67	\$ 533,104.82	\$ 530,859.10	\$ 416,909.65	\$ 433,770.01
	Portion of Tax Levy	1.9%	2.4%	2.0%	1.9%	1.3%	1.3%

Notice that 2020 has the largest NMC new tax value (\$601,796) representing an increase in taxation equivalent to a 2.4%. Looking to the Non-Market Change % table, 2022 has the largest percentage increase 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 2020. 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 2024, 65.7% of the tax burden being carried by the residential class and 33.7% 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	2019	2020	2021	2022	2023	2024
1	Residential	63.9%	64.5%	65.0%	65.3%	65.4%	65.7%
2	Utilities	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
3	Supportive housing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
5	Light Industry	0.3%	0.4%	0.4%	0.3%	0.3%	0.3%
6	Commercial	35.4%	34.8%	34.4%	34.2%	34.0%	33.7%
8	Recreational	0.1%	0.1%	0.1%	0.0%	0.0%	0.1%
9	Farm	0.0%	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 16.6% from 2019 through 2024 compared to the 3.2% growth in commercial for the same period. Further, looking at the change in assessment distribution, the residential class has grown from 85.5% to 89.1% of the total value of the property tax roll.

Assessment Distribution

Class	Class Name	2019	2020	2021	2022	2023	2024
1	Residential	85.5%	85.5%	86.6%	88.7%	89.4%	89.1%
2	Utilities	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
3	Supportive housing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
5	Light Industry	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
6	Commercial	14.2%	14.2%	13.1%	11.0%	10.4%	10.7%
8	Recreational	0.1%	0.1%	0.1%	0.0%	0.1%	0.1%
9	Farm	0.0%	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 6 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. The average residential property is now valued at \$708,400 this is down by 1.2% from 2023 value of \$716,077 which is was up by 12.8% over 2022 value of \$627,852. The average home can have a market value percentage that differs from the overall market value change. Note in 2024 overall market value change was -1.5% while average value changed by -1.2%, 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 housing.

Property Assessment Interval	# of Properties	%	Cumulative %
\$1-\$250K	566	5%	5%
\$250K-\$500K	2,814	23%	28%
\$500-\$750K	4,229	35%	63%
\$750K-\$1M	2,898	24%	87%
\$1M-\$1.25M	1,038	9%	95%
\$1.25M-\$1.5M	392	3%	98%
\$1.5M-\$1.75M	91	1%	99%
\$1.75M-\$2M	35	0%	99%
>\$2M	77	1%	100%
	12,140		

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% of all properties which is the single largest group, furthermore we can see that 63% 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 \$1,050,034 (\$1,009,868-2023) this is up by 4.0% from 2023. The average value commercial property can have a market value percentage that differs from the overall market value change. Note in 2024 overall market value change was 2.9% while average value changed by 4.0%, 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.

Interval	# of Folios	%	Cumulative %	2023 Commercial Assessment					
				Assessment	%	Cumulative %	Average Value	Average Tax	
0-500,000	470	53.5%	53.5%	\$ 122,822,993	12.1%	12.1%	\$ 261,000	\$ 2,905	
500,001 - 1,000,000	197	22.4%	76.0%	\$ 137,857,300	13.5%	25.6%	\$ 700,000	\$ 7,790	
1,000,001 - 1,500,000	81	9.2%	85.2%	\$ 95,954,000	9.4%	35.0%	\$ 1,185,000	\$ 13,188	
1,500,001 - 2,000,000	36	4.1%	89.3%	\$ 61,471,800	6.0%	41.1%	\$ 1,708,000	\$ 19,009	
2,000,001 - 3,000,000	41	4.7%	94.0%	\$ 100,631,900	9.9%	51.0%	\$ 2,454,000	\$ 27,311	
3,000,001 - 4,000,000	16	1.8%	95.8%	\$ 55,542,200	5.5%	56.4%	\$ 3,471,000	\$ 38,629	
4,000,001 - 5,000,000	13	1.5%	97.3%	\$ 58,941,200	5.8%	62.2%	\$ 4,534,000	\$ 50,459	
5,000,001 - 10,000,000	13	1.5%	98.7%	\$ 85,937,000	8.4%	70.6%	\$ 6,611,000	\$ 73,574	
>10,000,001	11	1.3%	100.0%	\$ 298,771,000	29.4%	100.0%	\$ 27,161,000	\$ 302,277	

Note information is based on 2023 assessment, overall change to 2024 will not substantially change the commercial assessment intervals. 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 valu. 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
Regular	51.1%	50.4%	49.7%	49.1%	48.0%
Enhanced	48.9%	49.6%	50.3%	50.9%	52.0%
	100.0%	100.0%	100.0%	100.0%	100.0%

Notice that between 2019 and 2023 the number of regular HOG’s claimed fell from 51.1% down to 48.0%, this change could signal that the age of home owners is increasing as fewer under 65 HOG’s 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 3rd and 4th 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 2022			Comparable Communities 2023		
Municipality	Population		Municipality	Population	
	2021	Property Tax		2021	Property Tax
White Rock	21,939	\$ 8,034	White Rock	21,939	\$ 8,453
Port Moody	33,535	\$ 7,501	Port Moody	33,535	\$ 8,032
Squamish	23,819	\$ 6,294	Squamish	23,819	\$ 6,357
West Kelowna	36,078	\$ 6,000	West Kelowna	36,078	\$ 6,305
Langley	28,963	\$ 5,375	Langley	28,963	\$ 5,955
Campbell River	35,519	\$ 4,870	Campbell River	35,519	\$ 5,251
Penticton	36,885	\$ 4,608	Penticton	36,885	\$ 4,951
Courtenay	28,420	\$ 4,508	Courtenay	28,420	\$ 4,920
North Cowichan	31,990	\$ 4,301	North Cowichan	31,990	\$ 4,649
Cranbrook	20,499	\$ 4,284	Cranbrook	20,499	\$ 4,497
Salmon Arm	19,432	\$ 4,228	Salmon Arm	19,432	\$ 4,458
Fort St. John	21,465	\$ 2,964	Fort St. John	21,465	\$ 3,210

The table above compares the 12 communities that are closest in population size to Courtenay and their municipal taxation on a representative house for 2022 and 2023. Courtenay is on the 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. 2023 data is used as information is not yet available for 2024.

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 2023 residential tax rate for Courtenay was 2.3329 per \$1,000 and the commercial rate was 10.0879 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 (\$423) is substantially different than a 5% property tax change in Courtenay (\$246).

Non-Market Change and Supplementary Adjustments

Based on the latest 2024 Non-Market Change report provided by BC Assessment, the City is expecting to receive \$444,759 in additional taxation revenue from new construction (all property classes) which represents a 1.43% increase over prior years taxation. The additional revenue from new construction is cumulative and used to support the cost of new City infrastructure, services and labour necessary to operate and maintain existing levels of service relative to the growth.

Property Taxes – 2024 Tax Change

To balance the 2024 budget the City requires \$36,525,500 of funding, if this comes 100% from taxation it would represent a 17.2% or \$5,355,000 increase over 2023 property tax. The large increase 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 \$1,875,500 (\$1,399,500 to fund special projects and \$536,000 as general use to reduce taxation increase) and current year NCM to close the required tax funded gap to \$3.034M or 9.7%.

A taxation increase of \$3.034M would bring total tax revenue to \$34,650,000 for 2024. Given the historically low taxation increase over the past several years it is recommended that Council maintain similar tax increase for 2024 as approved in 2023 to maintain current service levels. The discretionary tax increase recommendation for 2024 is 9.7%. The table below breaks down the proposed method if bring the tax increase down from 17.2% to 9.7%.

	\$ Tax Change	% Tax Change
Revenue Required	\$ 5,355,000	17.2%
Special Projects funded from surplus	(1,339,500)	-4.4%
General use of surplus	(536,000)	-1.7%
Non-market Change	(444,759)	-1.4%
Property Taxation	(3,034,741)	-9.7%
Shortfall	\$ -	0.0%

The table below outlines the 2024-2028 taxation change along with projected reliance on prior year surplus.

Taxation and Surplus 2024-2028						
	2023	2024	2025	2026	2027	2028
Revenue Req.		\$ 36,525,500	\$ 39,350,000	\$ 41,609,400	\$ 44,426,200	\$ 46,721,200
Change from PY		5,355,000	2,824,500	2,259,400	2,816,800	2,295,000
% Change		17.2%	7.7%	5.7%	6.8%	5.2%
Alternative Funding						
Surplus - Special Projects	\$ -	\$ 1,339,500	\$ 125,000	\$ 100,000	\$ 250,000	\$ 400,000
Surplus - General	\$ 1,429,300	536,000	1,407,000	933,000	534,000	135,000
Total Alternative Funding	\$ 1,429,300	\$ 1,875,500	\$ 1,532,000	\$ 1,033,000	\$ 784,000	\$ 535,000
Tax Required	\$ 31,195,000	\$ 34,650,000	\$ 37,818,000	\$ 40,576,400	\$ 43,642,200	\$ 46,186,200
Property Taxation	\$ 31,170,500	\$ 34,650,000	\$ 37,818,000	\$ 40,576,400	\$ 43,642,200	\$ 46,186,200
Discretionary Change	\$ 2,720,895	\$ 3,034,741	\$ 2,768,000	\$ 2,358,400	\$ 2,665,800	\$ 2,144,000
NMC Est 2024+	418,662	444,759	400,000	400,000	400,000	400,000
Total Change	\$ 3,139,557	\$ 3,479,500	\$ 3,168,000	\$ 2,758,400	\$ 3,065,800	\$ 2,544,000
% Discretionary Change	9.7%	9.7%	8.0%	6.2%	6.6%	4.9%
Average SRD	\$ 1,670.54	\$ 1,833.18	\$ 1,979.63	\$ 2,103.08	\$ 2,241.25	\$ 2,351.35
Variable tax only	Change	\$ 162.64	\$ 146.44	\$ 123.45	\$ 138.17	\$ 110.11

The financial plan is based on this scenario, notice the revenue required annually on the first row is relatively stable. 2024 sees the utilization of \$1.875M of prior year surplus, however this is the single largest utilization over the 5 years. The plan is set to use a total of \$5.7M of prior year surplus and should leave \$7.6M available in 2028, 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 2023 is \$3,479,500 however as noted above the expected non-market change taxation contribution is \$444,759 which reduced the discretionary tax increase down to \$3,034,741 which is the equivalent of a 9.7% tax increase.

The taxation only impact on an average home is an increase of \$162.64 for total Courtenay property taxation only of \$1,833.18. Once we consider utility changes, frontage tax and property tax the all increase is \$370.12 which is equivalent to 11.6%.

Average Residential Dwelling

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

Average Residential Dwelling					
	2023	2024	\$ Change	% Change	
Average Value	\$ 716,077	\$ 708,400	-\$ 7,677	-1.2%	
General Tax rate	2.3329	2.5987	0.2658	11.1%	
General Tax	\$ 1,670.54	\$ 1,840.89	\$ 170.36	10.2%	
Total Variable tax	\$ 1,670.54	\$ 1,840.89	\$ 170.36	10.2%	
Utilities					
	2023	2024	\$ Change	% Change	
Water User fee	\$ 536.82	\$ 560.98	\$ 24.16	4.5%	
Water Frontage*	\$ 127.49	\$ 133.16	\$ 5.68	4.5%	
Sewer User fee	\$ 398.76	\$ 438.64	\$ 39.88	10.0%	
Sewer Frontage*	\$ 223.54	\$ 233.58	\$ 10.04	4.5%	
Solid Waste	\$ 237.50	\$ 357.50	\$ 120.00	50.5%	
Total Utilities	\$ 1,524.11	\$ 1,723.86	\$ 199.76	13.1%	
Total Property Charges	\$ 3,194.64	\$ 3,564.76	\$ 370.12	11.6%	

The table provides the detail on the tax and utility impacts on an average residential dwelling. For 2024 the solid waste fee is seeing the largest percentage change as the City is in transition to the new shared solid waste service. The total property charges for an average home in 2024 is \$3,564.76.

Note that the general tax is showing an increase of 10.2% this is due to the slightly smaller reduction in average value of -1.2% vs the overall reduction class 1 residential assessment of -1.5%. If your individual home changes value differently to the overall change the taxation impact will differ.

Average Commercial Property

The taxation only impact on an average commercial property is an increase of \$1,134.73 for a total of \$11,685.93. 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.

Average Commercial Property				
	2023	2024	\$ Change	% Change
Assessment \$	\$ 1,015,926,893	\$ 1,050,033,931	\$ 34,107,038	3.4%
# Folios (improved)	1,006	1,000	(6)	-0.6%
Average Assessed Value	\$ 1,009,868	\$ 1,050,034	\$ 40,166	4.0%
General Tax rate	10.4481	11.1291	0.6810	6.5%
General Tax \$	\$ 10,551.20	\$ 11,685.93	\$ 1,134.73	10.8%

Note that the general tax is showing an increase of 10.8% this is due to the larger increase in average value 4.0 % compared to the overall change in the assessment in the commercial class 3.4%. If an individual property changes value differently to the overall change the taxation impact will differ.

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. Class 2 – Utilities and Class 8 - Recreation have benefited from lower taxation for several years, however when comparing property tax burden amount in other communities these classes carry substantially more property tax burden than they do in Courtenay. The table below outlines property tax change by class.

Class	Discretionary Tax Change %	Assessment Change %	Current year tax rate	NMC Levy	Current year total levy	Prior year tax levy	\$ Change	% Change
1 Residential	9.70%	-1.5%	2.5987	\$ 380,278	\$ 22,747,938	\$ 20,404,343	\$ 2,343,595	11.5%
2 Utilities	25.0%	3.5%	22.9296	-	76,982	61,690	15,292	24.8%
3 Supportive Housing	0.0%	0.0%	2.5987	-	-	-	-	0.0%
5 Light Industry	9.70%	7.8%	9.5319	11,200	116,637	96,116	20,521	21.4%
6 Commercial	9.70%	3.0%	11.1291	53,492	11,685,889	10,614,493	1,071,396	10.1%
8 Recreational	25.0%	1.0%	3.5898	241	18,701	14,768	3,933	26.6%
9 Farm	9.70%	4.2%	2.7739	321	3,853	3,590	263	7.3%
Total			55.1516	\$ 444,759	\$ 34,650,000	\$ 31,195,000	\$ 3,455,000	11.1%

Note the 9.7% increase for residential, light industry, commercial and farm class properties is consistent which provides a fair distribution of the change in tax for 2024. The utility class has a legislated maximum tax rate of 40.000 per \$1,000 of assessment or 2.5x Class 6 tax rate, the majority of BC Municipalities are at the maximum for Class 2. Courtenay will reach a rate of 22.9296, well below the legislated maximum. In 2022 the City’s Class 2 tax had reached its minimum after a steady decline to 16.8132 compared to 25.3419 in 2018. A 25% increase to the class 2 tax rate will bring the rate up to 22.9296 for 2024. It is not reasonable to bring this rate up too quickly and it will take about 3 years to re-reach the prescribed and normal maximum of 40.000.

There are a very limited number of recreation properties that fall within the municipal boundaries however all of these properties operate as a commercial enterprise and therefore should be taxed at similar rates of other commercial enterprises found in Class 6. Recreation properties historically were taxed at the residential tax rate 2.3302 -2023. Starting in 2023 an annual increase of 25% per year will result in taxation equity to class 6 – Commercial in about 7 years.

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”. As a result of the COVID-19

pandemic, the local casino has been closed between March 2020 and July 2021. The operations at the local casino have now resumed and revenues have returned to near pre-pandemic levels.

Revenue is budgeted at \$1,250,000 based on historical performance (prior to COVID-19). As at December 31, 2023, the gaming fund has an unaudited balance of \$1,920,043 (\$1,950,643-2022). 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		2024	2025	2026	2027	2028
Estimated Annual Revenue		1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
Support Downtown Arts and Culture	Annual Grants:					
	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	105,000	105,000	105,000	105,000	105,000
	Downtown cultural events	5,000	5,000	5,000	5,000	5,000
	225,000	225,000	225,000	225,000	225,000	
Council Initiatives & Projects	Feb 19, 2019 Resolution - LUSH Community Garden Annual Grant	10,000	10,000	10,000	10,000	10,000
	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
	162,500	162,500	162,500	162,500	162,500	
Public Safety / Security	RCMP Contract Funding for 2 members	475,000	473,000	490,000	507,000	517,100
Infrastructure Works	Annual Provision to Infrastructure Reserve	100,000	100,000	100,000	100,000	100,000
	Infrastructure Levy Reduction (Approx 1% + 0.5% in 2022)	220,000	220,000	220,000	220,000	220,000
		320,000	320,000	320,000	320,000	320,000
Total Annual Distribution		1,182,500	1,180,500	1,197,500	1,214,500	1,224,600
Projected Gaming Fund Balance		1,987,543	2,057,043	2,040,043	2,092,543	2,065,443

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.

Borrowing

The General Fund financial plan contains three capital projects that are funded in part by borrowing for 2024. The total reliance on debt funding for the general capital plan is \$5,426,000. 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>Total</u>
<u>New Debt</u>						
Strategic Land Acquisition	2,176,000					2,176,000
6th St Bridge Multi-Use Active Transportation Bridge	1,500,000					1,500,000
Anderton Dike Remediation	1,750,000			1,821,690		3,571,690
Ryan Road sidewalk Sandwich to Braidwood				2,000,000		2,000,000
Cousins Ave upgrades				1,000,000		1,000,000
Braidwood Road Design - Storm & Road					1,750,000	1,750,000
Park Design and Development McPhee Meadows - Phase 1			2,598,000			2,598,000
FIRE - New Satellite Firehall		22,000,000				22,000,000
Consolidated Municipal Building				10,000,000		10,000,000
						-
Total New Debt	5,426,000	22,000,000	2,598,000	14,821,690	1,750,000	46,595,690

The City's 2022 debt capacity utilization was 10.8%; this represents annual debt servicing costs of \$1,589,356 of the \$14,718,465 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 \$1,785,900 for 2024 which is well within the City's borrowing limit as utilization will move up to 12.1%.

Borrowing is the principal source of funding for several large projects included in the General Fund Capital Plan, for a total of \$67.4 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 Water and Sewer projects over the next 5 years (respectively \$800K and \$20M).

As at December 31, 2023 the City had \$10,419,070 (\$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.

Debt – Comparable Communities

The table below compares long-term debt as at December 31, 2022 of other similar sized communities. 2022 data is used as that is what is available from BCStatistics.

Comparable Communities Long-Term Debt		
	Population	
Municipality	2021	Debt 2022
Squamish	23,819	\$ 37,870,346
North Cowichan	31,990	36,840,235
Fort St. John	21,465	34,097,151
West Kelowna	36,078	32,588,625
Cranbrook	20,499	24,410,038
Port Moody	33,535	22,956,326
Salmon Arm	19,432	21,634,358
White Rock	21,939	21,250,543
Penticton	36,885	20,767,185
Courtenay	28,420	11,880,552
Campbell River	35,519	9,812,720
Langley	28,963	7,500,000

The comparable communities selected are the same communities as used for taxation comparison. It is notable that Fort St. John and North Cowichan both of which have lower taxation than Courtenay fall in the

top 3 communities with total debt. Squamish has seen substantial growth since 2010, this is made evident by the 22.2% population increase from 2016 to 2021. This fast growth could be a contributing factor to its high debt level as increases in capacity for services was likely demanded.

Assuming an interest rate of 5% and an amortization period of 30 years the City has the capacity to take on about an additional \$191,000,000 in long term debt. While it is not recommended, it does demonstrate that the City has capacity to take on substantially more debt if needed.

Short-term capital borrowing is available for municipalities up to a total of \$50 per capita, which represents approximately \$1.42 million for the City of Courtenay. The City has no current plans to access short term capital borrowing.

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.

Debt Servicing Costs						
Principal	2024	2025	2026	2027	2028	
General	\$ 781,400	\$ 812,100	\$ 1,510,500	\$ 1,528,300	\$ 1,732,500	
Water	20,100	20,100	20,100	-	27,700	
Sewer	185,400	393,200	601,100	692,800	867,900	
Total	\$ 986,900	\$ 1,225,400	\$ 2,131,700	\$ 2,221,100	\$ 2,628,100	
Interest	2024	2025	2026	2027	2028	
General	\$ 567,500	\$ 1,176,700	\$ 1,781,600	\$ 2,189,600	\$ 2,560,900	
Water	9,200	9,200	4,600	20,000	40,000	
Sewer	222,300	522,300	744,500	941,700	1,066,700	
Total	\$ 799,000	\$ 1,708,200	\$ 2,530,700	\$ 3,151,300	\$ 3,667,600	
Total	\$ 1,785,900	\$ 2,933,600	\$ 4,662,400	\$ 5,372,400	\$ 6,295,700	

The large increase in debt servicing costs in 2026 is due to the East Side Firehall project (\$24M) funded by \$22M in debt. The interest as a percentage of total debt servicing cost is growing over the years, this is due to new debt being taking 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.

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.

Summary

The 2024-2028 General Fund Financial plan provides maintained service levels with specific enhancements that are aligned with the City of Courtenay’s strategic priorities. The plan balances the recognition of the need for revenue through the required 17.2% tax increase however lowering the impact to the proposed 9.7%. The extensive list of capital and special projects clearly identifies that there is a tremendous amount of work to be completed over the next 5 years. The City is in a fair financial state given the ambitions work ahead, and challenges that will likely persist include continued inflation and the hard-labour market.

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.

FINANCIAL IMPLICATIONS:

The 2024-2028 General Fund Financial plan will set spending and revenue for the general fund. Once endorsed by Council it will be consolidated with the Water and Sewer Funds to form the 2024-2028 Consolidated Financial Plan bylaw. The Bylaw will be presented to Council for ultimate authorization prior to the statutory May 15th deadline.

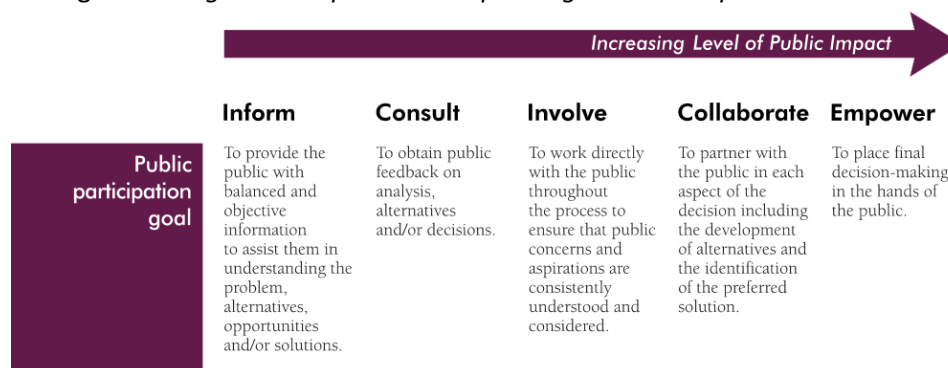
STRATEGIC PRIORITIES REFERENCE:

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 has consulted and involved the public the public based on the IAP2 Spectrum of Public Participation through the *Budget Development and Spending Priorities report* and online budget engagement tool:



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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 2023 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, 2022-2026 Council Strategic Priorities, and delivery the City’s core services.

OPTIONS:

1. THAT Council approve the 2024-2028 General Fund Financial Plan as presented and direct staff to prepare the 2024-2028 Consolidated Financial Plan bylaw.
2. THAT Council provide alternative direction to staff.

ATTACHMENTS:

1. 2024-2028 General Fund Financial Plan
2. 2024-2028 General Fund Capital Plan
3. 2024 General Fund Capital Project Funding
4. 2024-2028 Special Projects

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