

COUNCIL REPORT

To: Mayor and Council

From: Finance

Date: February 20, 2024

Subject: 2024 Provisional Operating and Capital Budgets

RECOMMENDATION:

THAT Council approves the 2024 Provisional Operating and Capital Budgets.

BACKGROUND:

As part of the budget process, and to engage residents, a variety of community budget consultations took place to support the development of the provisional budget which authorizes the expenditures for the fiscal year. The engagement process included holding a Finance Open House on December 5, 2023, a budget survey was launched from November 16, 2023 till January 5, 2024, and a special budget meeting took place on February 12, 2024. During the special budget meeting staff provided Council with a variety of property tax increase scenarios, with the information that was available at the time, to provide direction to staff for a recommended property tax revenue increase. Since that meeting, new sources of revenue have been brought forward that form the basis of the recommendation noted below in the report.

The provisional operating and capital budget will be effective immediately until the 2024-2028 Financial Plan Bylaw and Property Tax Bylaw are adopted no later than May 15, 2024. Any revisions from the provisional budgets will be reflected in the Financial Plan and the Property Tax Bylaw. The water, sewer and garbage utility rates bylaws were adopted at the February 12, 2024 council meeting. Staff are recommending an estimated overall 8.29% tax revenue increase (\$449,969) from 2023.

Considerations when developing the 2024 operating budget include:

Revenue

- Reduction of contribution from the Financial Stability Reserve from \$206,489 in 2023 to \$103,244 in 2024 – funded revenue loss from the mill closure in 2022 with the intention of reducing the amount funded by the reserve each subsequent year to keep funds for any future economic instability
- Estimated increase of \$78,000 from BC Hydro revenue generating facility grant (in-lieu of taxes)

- Increased budgeted amount for sales of service

Expenses

- Capital Renewal Levy – amount equal to 2% of property tax revenue, compounded annually
 - Estimated Levy \$103,000
 - Budgeted Amount \$432,808
\$532,808 contribution to Capital Renewal Reserve
- Focus on maintaining services and service levels
- Operational projects funded by grants when possible
- Increase operational costs for utilities, insurance, consumables, collective agreement

The 2024 BC Assessment completed assessment roll showed an overall increase to property assessments in Mackenzie. The following table provides a breakdown of the assessment changes per property class:

Class	2024 Completed Roll Assessed Value	2023 Assessed Value	Increase/Decrease in Assessed Value	% of Increase
1 – Residential	278,362,500	260,030,700	18,331,800	7.05%
2 – Utilities	23,733,830	22,351,035	1,382,795	6.19%
4 – Major Industry	40,377,100	38,248,800	2,128,300	5.56%
5 – Light Industry	11,414,100	11,175,100	239,000	2.14%
6 – Business & Other	66,440,800	62,703,650	3,737,150	5.96%
8 – Recreation, Non-Profit	34,500	34,500	0	0.00%
	<u>420,362,830</u>	<u>394,543,785</u>	<u>25,819,045</u>	<u>6.54%</u>

As assessment values increase, tax rates will decrease to collect the same amount of tax revenue as the prior year. Furthermore, if assessment values decrease, then tax rates will increase to collect the same amount of tax revenue as the prior year. If a tax revenue increase is proposed, the tax rate will increase but not at the same percentage of additional tax revenue collected. The following table shows the proposed municipal tax rate increase/decrease per property class:

Class	2024 Proposed Tax Rate	2023 Tax Rate	% of Increase/Decrease
1 – Residential	7.2148	7.0695	2.06%
2 – Utilities	38.2927	39.0798	(2.01)%
4 – Major Industry	51.0069	49.3992	3.25%
5 – Light Industry	26.0057	24.3597	6.76%
6 – Business & Other	9.0941	8.8405	2.87%
8 – Recreation, Non-Profit	6.2046	5.6923	9.00%

The following table shows the proposed overall municipal tax revenue per property class:

Class	2024 Proposed Tax Revenue	2023 Tax Revenue	Proposed Tax Revenue Increase per Property Class	% of Increase
1 – Residential	2,008,329	1,838,287	170,042	9.25%
2 – Utilities	908,833	873,474	35,359	4.05%
4 – Major Industry	2,059,512	1,889,460	170,052	9.00%
5 – Light Industry	296,831	272,222	24,609	9.04%
6 – Business & Other	604,221	554,332	49,889	9.00%
8 – Recreation, Non-Profit	214	196	18	9.00%
	5,877,940	5,427,971	449,969	8.29%

2024 Property tax and utility rate increase on the average assessed single-family residence:

	2024	2023	Increase
	(165,200)	(154,321)	
Property Tax	1,191.88	1,090.97	100.91
Water	457.11	408.13	48.98
Sewer	290.54	266.55	23.99
Garbage*	199.75	187.56	12.19
Total	2,139.28	1,953.21	186.07

*based on weekly garbage

The 2024 municipal budget book will be available on the District of Mackenzie website on Friday, February 23, 2024 to provide further information on the proposed budgets. Proposed 2024 operating and capital budgets are attached.

COUNCIL PRIORITIES:

Strong Governance and Finances

- As the municipality's elected governing body, we serve all residents and businesses in the community. We engage residents and stakeholders on important issues and make our decisions through open and transparent processes. We are careful in our use of resources, mindful of the need to maintain programs and services, while also meeting the community's infrastructure needs.

RESPECTFULLY SUBMITTED:

Kerri Borne, Chief Financial Officer

Reviewed By: Corporate Services

Approved By: Chief Administrative Officer