

**COUNCIL REPORT**

**To:** Mayor and Council

**From:** Finance

**Date:** February 20, 2025

**Subject:** 2025 Provisional Budget Scenarios Recommendation

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**RECOMMENDATION:**

THAT Council choose one of the Budget Shortfall scenarios and Recreation Services budget scenarios to be included in the development of the 2025 Provisional Operating Budget.

**BACKGROUND:**

The District of Mackenzie is currently recognizing a \$1.5 million dollar tax revenue loss, and an overall estimated \$1 million dollar budget shortfall for 2025. Presentations were provided to the public during the January 27, 2025 Regular Council meeting and during the February 5, 2025 Budget Open House. Within the presentations there were various scenarios on how to fund the expected shortfall, as well as additional saving opportunities for Recreation Services.

**Budget Shortfall Scenarios:**

Scenario 1

Covering the \$1,058,650 shortfall entirely through increase of property taxes

Class 1 Residential Tax Rate increase of 28.69%

- 2025 Tax Rate 9.2848
- 2024 Tax Rate 7.2148 (Incorrectly noted as 7.2708 in survey document)

Impact on the average assessed single-family residence (\$164,900)

Rate Increase	2025	2024	Revenue Increase
Property Tax (28.69%)	1,531.06	1,191.88	339.18
Water*(12%)	511.96	457.11	54.85
Sewer*(9%)	316.69	290.54	26.15
Garbage*(6.5%)	212.73	199.75	12.98
<b>Total</b>	<b>2,572.44</b>	<b>2,139.28</b>	<b>433.16</b>

\*rate increase same as 2024 for calculation purposes only

**Approximate increase of \$36.10/month**

Class 6 Business & other Tax Rate increase of 27.50%

- 2025 Tax Rate 11.595
- 2024 Tax Rate 9.0941

Impact on the average assessed small business (\$318,635)

Rate Increase	2025	2024	Revenue Increase
Property Tax (27.50%)	3,694.57	2,771.65	922.92
Water* (12%)	458.57	409.44	49.13
Sewer* (9%)	376.31	345.24	31.07
Garbage** (7%)	1,579.71	1,476.36	103.35
<b>Total</b>	<b>6,109.16</b>	<b>5,002.69</b>	<b>1,106.47</b>

water, sewer, and garbage are billed bi-monthly  
rate increase same as 2024 for calculation purposes only

\* based on minimum usage

\*\* based on 1 - 3yard bin, 1 pickup per week

**Approximate increase of \$92.21/month**

### Scenario 2

Covering the \$1,058,650 shortfall through a combination of other sources of funding and property tax increase

MLMCF Dividends	Financial Stability Reserve	Surplus	Property Tax Increase	Total
100,000	200,000	321,588	437,062	1,058,650

Class 1 - Residential

Impact on the average assessed single-family residence (\$164,900)

Rate Increase	2025	2024	Revenue Increase
Property Tax (10.85%)	1,318.84	1,191.88	126.96
Water* (12%)	511.96	457.11	54.85
Sewer* (9%)	316.69	290.54	26.15
Garbage* (6.5%)	212.73	199.75	12.98
<b>Total</b>	<b>2,360.22</b>	<b>2,139.28</b>	<b>220.94</b>

\*rate increase same as 2024 for calculation purposes only

**Approximate increase of \$18.41/month**

Class 6 – Business & Other

Impact on the average assessed small business (\$318,635)

	2025	2024	Increase
Property Tax (10%)	3,187.47	2,771.65	415.82
Water* (12%)	458.57	409.44	49.13
Sewer* (9%)	376.31	345.24	31.07
Garbage** (7%)	1,579.71	1,476.36	103.35
<b>Total</b>	<b>5,602.06</b>	<b>5,002.69</b>	<b>599.37</b>

water, sewer, and garbage are billed bi-monthly  
rate increase same as 2024 for calculation purposes only

\* based on minimum usage

\*\* based on 1 - 3yard bin, 1 pickup per week

**Approximate increase of \$49.95/month**

Scenario 3

Covering the \$1,058,650 shortfall through a combination of other sources of funding and a higher property tax increase

MLMCF Dividends	Financial Stability Reserve	Surplus	Property Tax Increase	Total
100,000	180,764	271,588	506,298	1,058,650

Class 1 - Residential

Impact on the average assessed single-family residence (\$164,900)

	2025	2024	Increase
Property Tax (12.87%)	1,342.83	1,191.88	150.95
Water* (12%)	511.96	457.11	54.85
Sewer* (9%)	316.69	290.54	26.15
Garbage* (6.5%)	212.73	199.75	12.98
<b>Total</b>	<b>2,384.21</b>	<b>2,139.28</b>	<b>244.93</b>

\*rate increase same as 2024 for calculation purposes only

**Approximate increase of \$20.41/month**

Class 6 – Business & Other

Impact on the average assessed small business (\$318,635)

	2025	2024	Increase
Property Tax (12%)	3,245.42	2,771.65	473.77
Water* (12%)	458.57	409.44	49.13
Sewer* (9%)	376.31	345.24	31.07
Garbage** (7%)	1,579.71	1,476.36	103.35
<b>Total</b>	<b>5,660.01</b>	<b>5,002.69</b>	<b>657.32</b>

water, sewer, and garbage are billed bi-monthly  
rate increase same as 2024 for calculation purposes only

\* based on minimum usage

\*\* based on 1 - 3yard bin, 1 pickup per week

**Approximate increase of \$54.78/month**

**Recreation Services Budget Scenarios:**

In addition to the above scenarios, there were additional options to consider for additional savings through Recreation Services.

Option 1

The current savings already built into the shortfall is an estimated \$220,000. This included reduction of natural gas and hydro by a modest 10% with the installation of the new heat recovery system, reduction of operating expenses, reduction of staffing levels, and focusing on major events and reducing summer programs.

Option 2

Additional reduction above the \$220,000 of an estimated \$60,000 would include closing the facility for ½ day on Mondays year round as well as possible other overall changes to facility hours.

Option 3

Additional reduction above the \$220,000 of an estimated \$180,000 which would include closing the facility for ½ day on Mondays year round and on Sunday between April and October as well as possible other overall changes to facility hours.



**BUDGETARY IMPACT:**

The 2025 Provisional Operating Budget will be based on the scenario(s) chosen above.

**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