

COUNCIL REPORT

To: Mayor and Council

From: Finance

Date: March 6, 2025

Subject: 2025 Provisional Operating and Capital Budgets

RECOMMENDATION:

THAT Council approves the 2025 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 November 7, 2024 and on February 5, 2025. A budget survey was launched from February 6, 2025 till February 18, 2025, with over 300 responses. During the February 5, 2025 Open House staff provided residents with a variety of property tax increase scenarios to fund the expected budget shortfall of just over a million dollars. This information was also provided to Council during the February 24, 2025 regular council meeting to provide staff with a recommended property tax revenue increase and funding allocations from other sources to cover the expected budget shortfall.

The provisional operating and capital budget will be effective immediately until the 2025-2029 Financial Plan Bylaw and Property Tax Bylaw are adopted no later than May 15, 2025. Any revisions from the provisional budgets will be reflected in the Financial Plan and the Property Tax Bylaw. Staff are recommending an estimated overall 9.09% tax revenue increase (\$437,074) from 2024.

Considerations when developing the 2025 operating budget include:

Revenue

- Overall estimated net tax revenue loss of \$1,505,918
 - BC Assessment granting a Level 2 closure allowance to two industrial properties, which resulted in decreased assessment values and property reclassifications
- Increase from BC Hydro grants (1%-of-revenue-grant & grant-in-lieu for generating facilities)
- Increased budgeted amount for sales of service

Expenses

- Capital Renewal Levy – amount equal to 2% of property tax revenue, compounded annually
 - Estimated Levy \$ 87,412
 - Budgeted Amount \$535,849

\$623,261 contribution to Capital Renewal Reserve
- Focus on maintaining services and service levels where possible
- Operational projects funded by grants when possible
- Increase operational costs for employer benefits, insurance, consumables and collective agreement

The 2025 BC Assessment completed assessment roll showed an overall decrease to property assessments in Mackenzie. The following table provides a breakdown of the assessment changes per property class:

Property Class	2025 Completed		Increase/Decrease in Assessed Value	% of Increase/ Decrease
	Roll Assessed Value	2024 Assessed Value		
1 – Residential	276,042,100	278,237,400	(2,195,300)	(0.79)%
2 – Utilities	25,370,500	23,733,830	1,636,670	6.90%
4 – Major Industry	5,870,500	40,377,100	(34,506,600)	(85.46)%
5 – Light Industry	9,355,000	11,409,900	(2,054,900)	(18.01)%
6 – Business & Other	100,264,400	66,440,800	33,823,600	50.91%
8 – Recreation, Non-Profit	36,200	34,500	1,700	4.93%
	416,938,700	420,233,530	(3,294,830)	(0.78)%

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:

Property Class	2025 Proposed Tax		% of Increase/Decrease
	Rate	2024 Tax Rate	
1 – Residential	7.9978	7.2148	10.85%
2 – Utilities	39.4047	38.2927	2.90%
4 – Major Industry	56.1076	51.0069	10.00%
5 – Light Industry	28.6063	26.0057	10.00%
6 – Business & Other	10.0035	9.0941	10.00%
8 – Recreation, Non-Profit	6.8250	6.2046	10.00%

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

Property Class	2025 Proposed Tax Revenue	2024 Tax Revenue	Proposed Tax Increase/Decrease per Property Class	% of Increase
1 – Residential	2,207,743	2,007,426	200,317	9.98%
2 – Utilities	999,716	908,833	90,884	10.00%
4 – Major Industry	329,380	2,059,512	(1,730,132)	(84.01)%
5 – Light Industry	267,612	296,722	(29,110)	(9.81)%
6 – Business & Other	1,002,996	604,221	398,775	66.00%
8 – Recreation, Non-Profit	247	214	33	15.62%
	4,807,694	5,876,927	(1,069,233)	(18.19)%

2025 Property tax and utility rate increase on the average assessed single-family residence:

	2025	2024	Increase
	(164,900)	(165,200)	
Property Tax	1,318.84	1,191.88	126.96
Water	511.96	457.11	54.85
Sewer	319.59	290.54	29.05
Garbage*	212.73	199.75	12.98
Total	2,363.12	2,139.28	223.84

*based on weekly garbage

The 2025 municipal budget book will be available on the District of Mackenzie website on or before Monday, March 10 2025 to provide further information on the proposed budgets. Proposed 2025 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