

Budget Snapshot

Base Budget (0.24%)

The City's base operating budget covers the day-to-day operating costs to provide services to the community. It is comprised of things like wages & benefits for City employees, utility costs for buildings and vehicles, legal expenses, repairs and maintenance for City assets, and the supplies needed for the various departments to undertake their annual workplans. The City's Financial Stability & Resiliency Policy calls for no increases to annual base budgets, with the exception of contractual expenses that the City is already committed to. The 2024-2033 Financial Plan base budget has benefited from the significant amount of time and focus throughout 2023 on efforts to increase revenue, identifying cost saving measures, realign budgets, find efficiencies, and change policies and practices as appropriate to reduce the overall impact on the budget and tax increase. Changes to the base operating budget include:

Increase to Wages and Benefits	3.76%
RCMP Contracted Services Increase	1.02%
Increase to Transit Contract	0.30%
Miscellaneous Other Increases (Animal Control, Contractual Agreements, Licensing, etc).	0.80%
Increase in Investment Income	(1.31%)
Increase in Fee Revenue	(1.19%)
Increase in net Airport Revenues	(0.76%)
Updated Cost Allocations	(0.46%)
Transition of Storm from to Self-Funded Program	(0.89%)
Other Cost Saving Measures	(1.01%)
Other Misc Changes	(0.50%)
Proposed Base Increase	(0.24%)

Non-Market Change \$475,000

The City budgets annually for Non-Market Change (NMC), which is comprised primarily of tax revenues from new construction. As the City grows, new properties and buildings are constructed on which the City can collect tax revenues. Under the City's Financial Stability & Resiliency Policy, NMC is first applied to the base operating budget to keep it within the 1.5 – 2.0 per cent parameter. Any leftover NMC can be used to fund new service levels to our growing community. For 2024, NMC is estimate at \$475,000 - all of which will be applied to new ongoing services. This is a departure from the prior two years when the entire amount of NMC was applied to the base budget to try and remain within established parameters.

Included in NMC are new revenues from downtown properties that participate in the City's Downtown Revitalization Exemption Program (DTRE). These properties have had a tax-exempt status for up to 5 years after development. Once the exemption expires, the new tax revenues form part of NMC. In 2024 one

exemption granted for 1241 Dogwood St. has expired which is expected to generate an additional \$7,500 of taxation revenues.

Investment in Capital Infrastructure 1.00%

The City's Financial Stability & Resiliency Policy provides for an annual tax increase of 0.5 - 1.0 per cent to support the City's investment in infrastructure and renewal of critical assets. Since 2016, the City has taxed 0.66% to invest in the capital program and critical infrastructure. Rising costs and increased demand due to growth is applying pressures on City reserves, which fund the City's capital plan. Staff are proposing a modest increase to 1% in order to position the City for future funding of replacement and renewal of City infrastructure. Without ongoing renewal of these critical infrastructure assets, the City will be unable to continue uninterrupted delivery of services to the community. Funds from this tax parameter are flowed through the City's reserve funds and into the capital program to ensure that they are being used in the areas needed most.

Capital Plan (0.17%)

The City's capital plan outlines all the capital works planned for the next ten years. Capital works are projects that produce an asset that will provide benefit to the community for many years into the future. When new capital projects are completed they often come with an annual cost to operate. These operational costs could be labour to operate the asset, or an annual repair/maintenance budget. These identified operating costs of capital included in the proposed base operating budget. Also included in capital projects are Carry-Forwards (CFWD) from the prior year's capital budget. In some circumstances, a project that began in the prior year may not be complete or require final invoicing, or the City may have commitments relating to a capital budget that extend into the next year.

Major projects for 2024 include the following:

- **Social Housing Initiative up to \$6.6 Million.**
- **Operations Management Software \$650,000 and UNIT4 Software Upgrade \$2.2 Million.**
- **Runway and Taxiway Rehabilitation at the Campbell River Airport \$15 Million**
- **Campbellton Sewer Upgrade \$2.3 Million.**
- **Erickson Road Renewal \$4.3 Million.**
- **Cheviot Road Rehabilitation \$450,000.**
- **Redesign and Modernization of City Website \$283,000.**

Some projects come with associated ongoing operating costs (repairs and maintenance, electricity costs, insurance, etc.) which are referred to as ongoing costs of capital. These are presented separately from the base budget but once approved get included in the base budget in future years. In 2024 the total operating costs of capital are 0.17%.

Operating Projects

Operating projects are one-time or periodic expenses that are not capital in nature. An example of an operating project is City Council elections, which occur every four years. Rather than have the annual base operating budget fluctuate up and down (with corresponding changes to tax revenues), operating projects are funded by reserve funds to stabilize the operating budget to ensure that these operating projects do not have an effect on the annual tax increase.

Major projects for 2024 include the following:

- **Official Community Plan and Zoning Bylaw Update \$350,000**
- **Downtown Safety Initiatives \$471,000**
- **CR Live Streets \$140,000**
- **Carvings and Installation of Totem Poles at City Hall \$120,000**
- **Revenue Study \$150,000**
- **Microsoft Cloud Migration \$100,000**
- **Urban Forest Management Plan Implementation \$135,000**

New/Enhanced Ongoing Service Levels 2.52%

As our community grows, there are increased demands on City operations and budgets sometimes have to be increased to provide these services. For example, as new subdivisions are added, new City parks come online and the City has an obligation to ensure these amenities are maintained and cared for in a manner that allows them to be used.

The City's Financial Stability and Resiliency Program calls for new service levels to be funded by Non-Market Change (NMC – see above for an outline of NMC), where any exists, and an up to 0.5 per cent tax increase to the base operating budget. Current year's service level increases focus on supporting Council's organizational capacity priority to provide critical support to assist departments on fulfilling strategic priorities and respond to community safety and protection enhancement needs, which have traditionally been under resourced. Given the ongoing focus on community safety, specifically in the downtown, the 2024 proposed new/enhanced ongoing service levels includes a 2.52% tax increase to support many needed initiatives.

Of the total new ongoing services of 2.52%, 2.46% of these services relate directly to community safety initiatives and include the following:

- **4 RCMP Members (\$696,000)**
- **Bylaw Enforcement Manager (\$147,000)**
- **Flex Firefighter (\$153,000)**

Additional new ongoing services which are necessary to support the increased demands on City services and to support driving Council's strategic priorities forward include the following:

- **GIS Analyst (\$91,000)**
- **HR & Safety Coordinator (\$111,000)**
- **Enhanced Strategic Communications and Public Engagement Support (\$95,000)**
- **Strategic Projects Coordinator (\$73,000)**
- **Engagement Platform (\$23,000)**
- **Downtown Safety Office Operating (\$38,400)**
- **Trail Maintenance (\$11,000)**
- **General Inflation (\$100,000)**
- **Utilities Inflation (\$85,000)**