



2025 Provisional Operating Budget

AGENDA

- Known Revenue Impacts
- Known Expense Impacts
- Operating Shortfall
- Funding Sources
- Department Cost Savings
- Shortfall Funding Scenarios
- Property Tax Deferment Program
- Next Steps

KNOWN REVENUE IMPACTS

BC Assessment

Class 4 (Major Industry) assessment reduction of \$34,506,600

- 85% reduction from 2024
- 2024 assessed value - \$40,377,100
- Industrial property previously had a Level 1 closure allowance – granted a Level 2 closure allowance
- Second Industrial property granted a Level 2 closure allowance
- Level 1 Closure Allowance
 - Plant/facility permanently closed on or before October 31 of any year, or closed for minimum of 3 consecutive years
 - Assessment value reduced but still under Class 4 tax rate
- Level 2 Closure Allowance
 - All equipment has been removed or physical changes made
 - Assessment value reduced and removed from Class 4 and taxed at Class 6 (Business & Other) rate

Estimated tax revenue loss of \$1,760,074

KNOWN REVENUE IMPACTS

BC Assessment

Class 5 (Light Industry) assessment reduction of \$2,054,900

- 18% reduction from 2024
- 2024 assessed value - \$11,409,900
- Properties reclassified – no longer met the criteria for Light Industry

Estimated tax revenue loss of \$53,439

Class 6 (Business & Other) assessment increase of \$33,823,600

- 51% increase from 2024
- 2024 assessed value - \$66,440,800
- Industrial properties reclassified from Class 4 (Major Industry) to Class 6 (Business & Other)

Estimated tax revenue increase of \$307,595

Overall estimated net tax revenue loss of \$1,505,918

KNOWN REVENUE IMPACTS

Major Industry has heavily subsidized the operating budget in prior years and has continued to support the services that the District provides.

- Council recognized the need to start shifting tax revenue to other property classes and reduce the reliance on Major Industry

2014 – 58% of property tax revenue

2019 – 48% of property tax revenue

2024 – 35% of property tax revenue

2025 – 8% of property tax revenue

The reduction of the reliance of Major Industry tax revenue has led to:

- Shifting revenue collection to other tax classes
- Property tax increases
- Reduction of operating expenses
- Revenue from other sources (grants, sales of service, user fees)

KNOWN EXPENSE IMPACTS

Expenses

- Property/fleet insurance premiums increase
- Employer premium increases (CPP, EI, EHT, WCB)
- Cost of materials & supplies increase
- Contractual agreements
- Annual Transfer to Reserves

Reserve Name	2024 Annual Transfer to Reserve	How Annual Transfers are Funded	Est. Value at Dec 31, 2024
<i>Capital Reserve Funds</i>			
General Capital	250,000	property taxes	3,727,214
Capital Renewal	609,955	property taxes	1,253,695
Vehicle & Equipment Replacement	399,928	property taxes/user fees	2,277,836
Fire Dept Vehicle & Equipment Replacement	167,000	property taxes	494,908

OPERATIONAL SHORTFALL

Revenue \$12,166,988

Expenses \$13,225,638 (includes dept cost savings)

\$ (1,058,650) shortfall

Shortfall

- Includes 2% capital renewal levy (\$87,412)
- Funding sources include:
 - Property Tax Increase
 - McLeod Lake Mackenzie Community Forest (MLMCF) Dividends
 - Financial Stability Reserve
 - Prior Years Surplus

FUNDING SOURCES

McLeod Lake Mackenzie Community Forest (MLMCF) Dividends

- \$902,000 available
 - ~\$385,000 EBCC Hazmat Removal and Building Demolition
 - \$48,900 DOM portion for 2nd Ec Dev position (if grant not successful then not moving forward)
 - Reduces available funding to \$468,100
 - Used for new capital projects or to fund utility works

Financial Stability Reserve

- \$1,368,167 available
 - Set aside to fund future economic instability

Prior Years Surplus

- Fund remaining budget shortfall

DEPARTMENT COST SAVINGS

2025 Provisional Working Budget	2024 Final Budget	Overall Budget Change
13,225,638	13,522,462	(296,824)

COUNCIL

- Reduction of travel/training/conferences

CORPORATE/ADMINISTRATION

- Reduction of operating expenses
- Projects funded through grants
- Removing second intake for Community Grants
 - Other funding sources available – Community Forest, South Peace Mackenzie Trust, IREN, Centurra Gold etc.
 - Grant Writing Support Services are available to assist groups in looking and applying for grants

DEPARTMENT COST SAVINGS cont

FINANCE

- Reduction of operating expenses
- Budgeting for surplus not included
- Remove transferring \$50K to general capital reserve for new projects
 - Funded by grants or other funding sources

FIRE DEPARTMENT

- Reduction of operating expenses

PUBLIC WORKS

- Reduction of operating expenses
- Reduction of staffing levels

DEPARTMENT COST SAVINGS cont

RECREATION SERVICES

- New heat recovery system – hydro and natural gas reduced by 10%
- Reduction of operating expenses
- Reduction of staffing levels
- Focus on major events and reduce programs in summer

Options to Consider for Additional Savings – Recreation Services

- Current cost savings (\$220K)
- Increase rates
- Reduce facility hours (\$60K savings)
 - Close ½ day on Mondays
- Reduce facility hours (\$180K savings)
 - Close ½ day on Mondays
 - Close on Sundays April - October

SHORTFALL FUNDING SCENARIOS

Scenario 1

If the \$1,058,650 shortfall was entirely covered by property taxes

Class 1 Residential Tax Rate increase of 28.69%

- 2025 Tax Rate 9.2848
- 2024 Tax Rate 7.2708

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
Total	2,572.44	2,139.28	433.16

*rate increase same as 2024 for calculation purposes only

Approximate increase of \$36.10/month

SHORTFALL FUNDING SCENARIOS

Scenario 1

If the \$1,058,650 shortfall was entirely covered by property taxes

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
Total	6,109.16	5,002.69	1,106.47

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

SHORTFALL FUNDING SCENARIOS

Scenario 2

Other Sources of Funding (MLMCF Dividends, Prior Years Surplus, Financial Stability Reserve)	Property Tax Revenue Increase	Shortfall Total
621,588	437,062	1,058,650

Impact on Property Classes

		2025	2024
Class 1 - Residential	10.85% rate increase	7.9978	7.2148
Class 2 – Utilities*	2.90% rate increase	39.4047	38.2927
Class 4 - Major Industry	10.00% rate increase	56.1076	51.0069
Class 5 - Light Industry	10.00% rate increase	28.6063	26.0057
Class 6 – Business & Other	10.00% rate increase	10.0035	9.0941
Class 8 – Recreation/Non-Profit	10.00 % rate increase	6.8250	6.2046

*legislative cap of \$40 per \$1,000 of assessment value

SHORTFALL FUNDING SCENARIOS

Scenario 2

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
Total	2,360.22	2,139.28	220.94

*rate increase same as 2024 for calculation purposes only

Approximate increase of \$18.41/month

SHORTFALL FUNDING SCENARIOS

Scenario 2

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
Total	5,602.06	5,002.69	599.37

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

SHORTFALL FUNDING SCENARIOS

Scenario 3 – higher tax increase and lower reliance on other sources of funding

Other Funding Sources (MLMCF Dividends, Prior Years Surplus, Financial Stability Reserve)	Property Tax Revenue Increase	Shortfall Total
552,352	506,298	1,058,650

Impact on Property Classes

		2025	2024
Class 1 - Residential	12.87% rate increase	8.1433	7.2148
Class 2 – Utilities*	2.90% rate increase	39.4047	38.2927
Class 4 - Major Industry	12.00% rate increase	57.1277	51.0069
Class 5 - Light Industry	12.00% rate increase	29.1264	26.0057
Class 6 – Business & Other	12.00% rate increase	10.1854	9.0941
Class 8 – Recreation/Non-Profit	12.00 % rate increase	6.9492	6.2046

*legislative cap of \$40 per \$1,000 of assessment value

SHORTFALL FUNDING SCENARIOS

Scenario 3

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
Total	2,384.21	2,139.28	244.93

*rate increase same as 2024 for calculation purposes only

Approximate increase of \$20.41/month

SHORTFALL FUNDING SCENARIOS

Scenario 3

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
Total	5,660.01	5,002.69	657.32

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

PROPERTY TAX DEFERMENT PROGRAM

Loan Program through the Province of BC

- Allows you to defer your current year property taxes
 - Must pay utility charges and any arrear taxes
- Restrictive lien placed on property
- Simple interest is charged on the deferred tax amount
- Payments can be made at any time

Two different types of Programs

- Regular Program (for people who are 55 or older, are a surviving spouse or a person with disabilities)
- Families with Children Program

For more information visit the Province of BC website

<https://www2.gov.bc.ca/gov/content/taxes/property-taxes/annual-property-tax/property-tax-deferment-program>

NEXT STEPS

Feedback Stations

- Ask questions, provide comments, suggestions for staff

Survey

- Paper copies available at the back
- Online Survey is available at www.letschatmackenzie.ca
- Closes Feb 18th, 2025

Question Box

- Provide questions you would like answered

“What We Heard” to Feb 24th Council Meeting

Special Meeting for Presentation of Provisional Operating and Capital Budgets moved to March 10th, 2025