

April 24, 2025

REPORT TO: K. KEHLER, CHIEF ADMINISTRATIVE OFFICER
FROM: J. HOLMES, DIRECTOR OF FINANCE
SUBJECT: 2025-2029 AMENDED FINANCIAL PLAN
PURPOSE: *Provide Council with the amended 2025-2029 financial plan bylaw*

EXECUTIVE SUMMARY:

Council adopted the 2025-2029 Final Financial Plan Bylaw on January 20, 2025. At the Committee of the Whole meeting on April 9, 2025, a summary of proposed amendments was presented for Council's consideration. These included Council resolutions, new funding and updated information received since the adoption of the 2025-2029 final financial plan. At its April 23, 2025, regular meeting, Council resolved to incorporate these amendments, including a 5.5% property tax revenue increase for 2025 and 6% increases to water and sanitary sewer utility rates, into the 2025-2029 final financial plan bylaw. There have been opportunities for public engagement and input throughout the financial planning process.

RECOMMENDATION:

1. THAT the report from the Director of Finance dated April 24, 2025, entitled "2025-2029 Amended Financial Plan" be received.
2. THAT the 2025-2029 Amended Financial Plan Bylaw be advanced to the statutory process.

BACKGROUND:

The *Community Charter* requires that the municipality adopt a five-year financial plan for the current year plus four more years by May 15 each year.

Section 165(3.1) of the *Community Charter* requires Council to set policies and objectives for the amount of revenues to come from various revenue sources and the revenues generated from all tax classes. These have been updated in the amended financial plan bylaw.

Significant changes included in the five years of the amended financial plan are:

- Reduced property tax revenue from a 7% increase included in the final financial plan to a 5.5% increase proposed for the amended 2025 financial plan
- Increased government grants related to fire department and emergency preparedness projects
- Incorporating additional contingency amounts in each of the general, water and sewer funds in response to unpredictable US and retaliatory tariffs and other economic impacts, funded by unrestricted operating surplus
- Increases to policing costs to reflect the most recent contract estimates provided by the RCMP
- Increases and/or reallocations of staff wages for focus on critical services, including additional temporary seasonal staff to support special events and tourism
- Additional staff wages to support new facilities

- Adjustments to capital and minor capital funding and carry forward amounts following the audit of the 2024 financial statements
- Allocation of one-time revenues to projects to reduce the property tax funding required in 2025

The amended financial plan also reflects transfers between reserves and unrestricted operating surplus in each of the general, water and sanitary sewer funds as summarized in the tables below presented to Council at its regular meeting on April 7, 2025. The previously approved General Fund surplus transfer to capital reserve was reduced from \$2.5M to \$1M (decrease of \$1.5M) to correct an error in the original analysis of the unrestricted operating surplus reallocation (\$1.5M of the unrestricted surplus was already approved in the 2024 financial plan for transfer to the Protective Services (Policing) Reserve). Additionally, the analysis was updated to include the legacy capital reserve amounts per the 2024 audited financial statements (previously approved with unaudited amounts). These transfers have no net effect on the financial plan surplus/deficit.

2023 year-end reallocations of Unrestricted Operating Surplus to new reserve accounts:	General Fund	Water Fund
Future Expenditures	\$500,000	\$ 200,000
Financial Stabilization	2,780,000	1,150,000
Prot. Services - Fire	1,170,200	-
Prot. Services - Policing	650,000	-
Capital Reserves	1,775,000	3,400,000
Total reallocations	\$6,875,200	\$ 4,750,000

2025 Reallocations of previous capital reserve amounts to new capital reserve accounts:	General Fund	Water Fund	Sanitary Sewer Fund
Legacy Capital Reserve balance per audited financial statements at 12/31/2024	\$ 8,983,533	\$ 1,692,696	\$ 1,775,524
Transfer to Asset Management Capital Reserve:			
Net transfer of amounts related to infrastructure projects	(857,894)	(472,533)	(61,358)
Amounts collected for infrastructure renewal	(7,352,853)	(939,400)	(774,911)
Transfer to Future Expenditures Reserve	(81,500)	-	-
Transfer remaining balance to new Capital Reserve	691,286	280,763	939,255
Transfer from Unrestricted Accumulated Surplus	1,000,000	3,400,000	-
Transfer from Carry Forward Reserve	58,418	-	-
Total transfer to new Capital Reserve	\$ 1,749,704	\$ 3,680,763	\$ 939,255

OPTIONS:

1. Approve the 2025-2029 Amended Financial Plan with changes as presented.
2. Provide staff with additional direction with respect to the 2025-2029 Amended Financial Plan.

ANALYSIS:

Option 1 - approving the 2025-2029 Amended Financial Plan as presented will provide staff with the funding and direction required to deliver the services and complete the projects included in the Plan for this five-year period. It also provides staff with the amount of property tax revenue and utility user fees to be collected through updated tax and utility rates bylaws. This option is consistent with Council direction provided on April 23, 2025.

Option 2 - if additional changes to this financial plan are required, another special Council meeting may need to be scheduled so the changes can be made to the bylaw. A financial plan bylaw must be adopted prior to the tax rate bylaw, which must be adopted before May 15.

FINANCIAL IMPACT:

The 2025-2029 Amended Financial Plan sets out the financial requirements and provides the legal authority needed for City departments to expend funds for operations and capital projects for the next five years. Because of the instability in the current worldwide economic environment and the expected challenges and opportunities that may come from that, the focus of this amended financial plan was on 2025, especially with reducing the property tax revenue increase and focusing on service areas that support the community during this unprecedented time. However, Council retained the previously approved increased capital reserve contributions and investments in the asset management program for the City to continue building financial sustainability for capital asset renewal in the longer term. Without Council's approval of this plan, many expenditures may be delayed or halted due to insufficient budgets, affecting operations, existing service levels and capital projects.

The amended financial plan includes the following increases for 2025:

Revenue	% Increase	Estimated Annual \$ Increase for Average Residential Taxpayer
Property Taxes	5.5%	\$98
Water Utility Rates	6%	\$19
Sewer Utility Rates	6%	\$13
Solid Waste Fees	5.5%	\$11
Total		\$141

In 2026 through 2029, the amended financial plan shows increasing annual deficits in the General Fund. During the 2026-2030 financial planning process staff will bring back additional information, updated expenditure forecasts, and recommendations for reducing these deficits Council's consideration.

These include, for example:

- Allocating balances in Canada Community Building Fund and Growing Communities Fund Reserves that have capital spending deadlines in 2027 and 2028
- Using new financial reserves (e.g. financial stabilization reserve) established in the City's new Reserve and Surplus Policy and funded by way of reallocations of prior years' capital reserves and unrestricted operating surplus
- Applying Protective Services (Policing) Reserve amounts to reduce the impact to taxpayers of significant cost increases when the City's population passes the 15,000 population threshold (currently forecast for 2027 in this amended financial plan).

ASSET MANAGEMENT IMPLICATIONS:

The 2025-2029 Amended financial plan includes an increase in transfers to capital reserves, including a minimum amount tied to infrastructure renewal that is now indexed to inflation to sustain the funding for those projects. Starting in 2025, an additional 0.5% of property taxes will be allocated to annual water and sanitary sewer capital reserve contributions for long term capital asset renewal (in addition to the 0.5% of property taxes already in place for general fund infrastructure renewal). Additionally, the 2025 financial plan includes funding for the completion of the transportation and storm drainage master plans and the synthesization of the master plans and condition assessments to form the basis of asset master plans. These will provide the foundation of long-term financial plans that are required by the Canada Community Building Fund by 2030.

STRATEGIC PLAN IMPLICATIONS:

Advocacy – the advances in the City's asset management planning, including the contributions to capital infrastructure renewal reserves, will put the City in a good position to apply for senior level government grants that require a demonstrated commitment to long term planning.

Official Community Plan Review and Update - the 2025-2029 amended financial plan includes funding for the update of the OCP starting in 2025.

Vibrant and Livable Downtown - The amended financial plan includes \$100,000 per year to support Parksville Downtown Business Association lighting initiatives, a total investment of \$300,000 for year-round lighting in the downtown core (funded by the Growing Communities Fund), \$110,000 for City-owned parking lot, City-hosted special events, and additional staff allocations in 2025 to support City facilities and the Community Park.

Water Use Planning and Management - No changes in the 2025-2029 amended financial plan. The Drinking Water Master Plan project is continuing from 2024.

Community Engagement - Public engagement was encouraged and received during the financial planning processes for both the final and amended 2025-2029 financial plans through Let's Talk Parksville, City News and at Council and Committee of the Whole meetings.

Investment in Recreation Amenities - The amended financial plan includes significant recreation investments with 2025 including the relocation of Beach Fest sandcastle area within the Community Park, funding for the Curling Club capital, the Parksville Pathway, and a sports fields and facilities needs assessment. Subsequent years include a refurbishment of Springwood Park tennis courts and the lacrosse box in the Parksville Community Park.

REFERENCES:

Community Charter Section 165

Respectfully Submitted,

Original signed by J. Holmes

J. HOLMES, CPA, CA
Director of Finance

CHIEF ADMINISTRATIVE OFFICER ENDORSEMENT:

Original signed by K. Kehler

K. KEHLER, MPA
Chief Administrative Officer