



# Town of Sidney

Financial Plan  
2025 – 2029

March 11, 2025

# Tonight's Agenda:

- Brief recap of where we stand
  - Tax Impacts
  - Changes since introduction.
- Final consideration of budget, by area
  - Capital (not tax funded)
  - General Operating
  - Water & Sewer.
- Tax Distribution Policy

# Budget Process Timing

## February 3<sup>rd</sup>—Budget Introduction

- ~~Presentation of summary budget information.~~
- ~~Will clearly outline the starting point for deliberations.~~
- ~~Budget package distributed to Council, and available to public.~~

## February 24<sup>th</sup>—Initial Deliberations

- ~~Opportunity to discuss and clarify various parts of the budget.~~
- ~~Opportunity for in-depth discussion prior to final deliberations.~~
- ~~Opportunity for public input.~~
- ~~Additional staff reports on agenda.~~

## March 11<sup>th</sup> – Special Council Meeting – Final Deliberations

- Updated presentation for benefit of Council and the public.
- Direction from the previous meetings incorporated.
- Goal is for Council to approve the Financial Plan.
  - If additional meeting(s) required, will be scheduled.



# Opening Tax Impact

- The Draft Financial Plan started out with a general tax increase of 12.85% for 2025
  - Several new budget items were included in the 12.85%
  - These were subject to Council approval.
- On Feb. 24<sup>th</sup>, Council reduced impact to 12.28%.
- As we complete our next phase of budget review, there are more opportunities to consider changes.

# Updated Tax Impact

Opening Tax Impact:		12.85%
Feb. 24th Changes		
Rose Garden Projects from Amenity Reserve	(25,000)	12.68%
Resthaven Tennis Courts from Amenity Reserve	(7,000)	12.64%
Review of Library Services	(20,000)	12.50%
CAO Performance Review Template	(10,000)	12.43%
ArtSea Grant Administration	(3,000)	12.41%
Lochside Hedge Replacement	(20,000)	12.28%

# Impact on Tax Bill

Example: financial impact of 12.28% property tax increase for “average” home assessed at \$911,000 (2024: \$922,500).

	2024				2025		
	Annual	Monthly	Daily		Annual	Monthly	Daily
Municipal Taxes	1,788	149	4.90	Municipal Taxes	2,008	167	5.50
Water Parcel Tax	75	6	0.21	Water Parcel Tax	75	6	0.21
Sewer Parcel Tax	130	11	0.36	Sewer Parcel Tax	130	11	0.36
Total	1,993	166	5.46	Total	2,213	184	6.06
Increase					\$220	18.30	0.60
Actual % increase on municipal charges					11.02%		

# 2025 Tax Impacts – Why Are We Here?

- A situation 5 years in the making:
  - Tax reductions in 2020 due to Covid
    - Then ongoing concern over impacts
  - Extraordinarily high inflation
  - Ongoing need to increase services
    - Especially Protective Services (RCMP & Fire/First Responder)
  - Canada-BC Safe Restart Grant – a blessing and a curse.



# 2025 Tax Impacts – Why Are We Here?

- Property tax revenues were reduced by \$576K in 2020
  - BUT: expenditure levels stayed at “normal” level required to fund services.
  - We knew then that we’d have to make up lost tax revenue over time.
  - Safe Restart Grant – received in 2020 after tax reductions.
    - That gave us more time to phase back to full revenue level.
    - But it also gave us the luxury of deferring tax increases.
    - Cumulative Safe Restart funds used to make up for lost taxes: \$2.1M.
      - This equates to a tax impact of 15.36%.

# 2025 Tax Impacts – Why Are We Here?

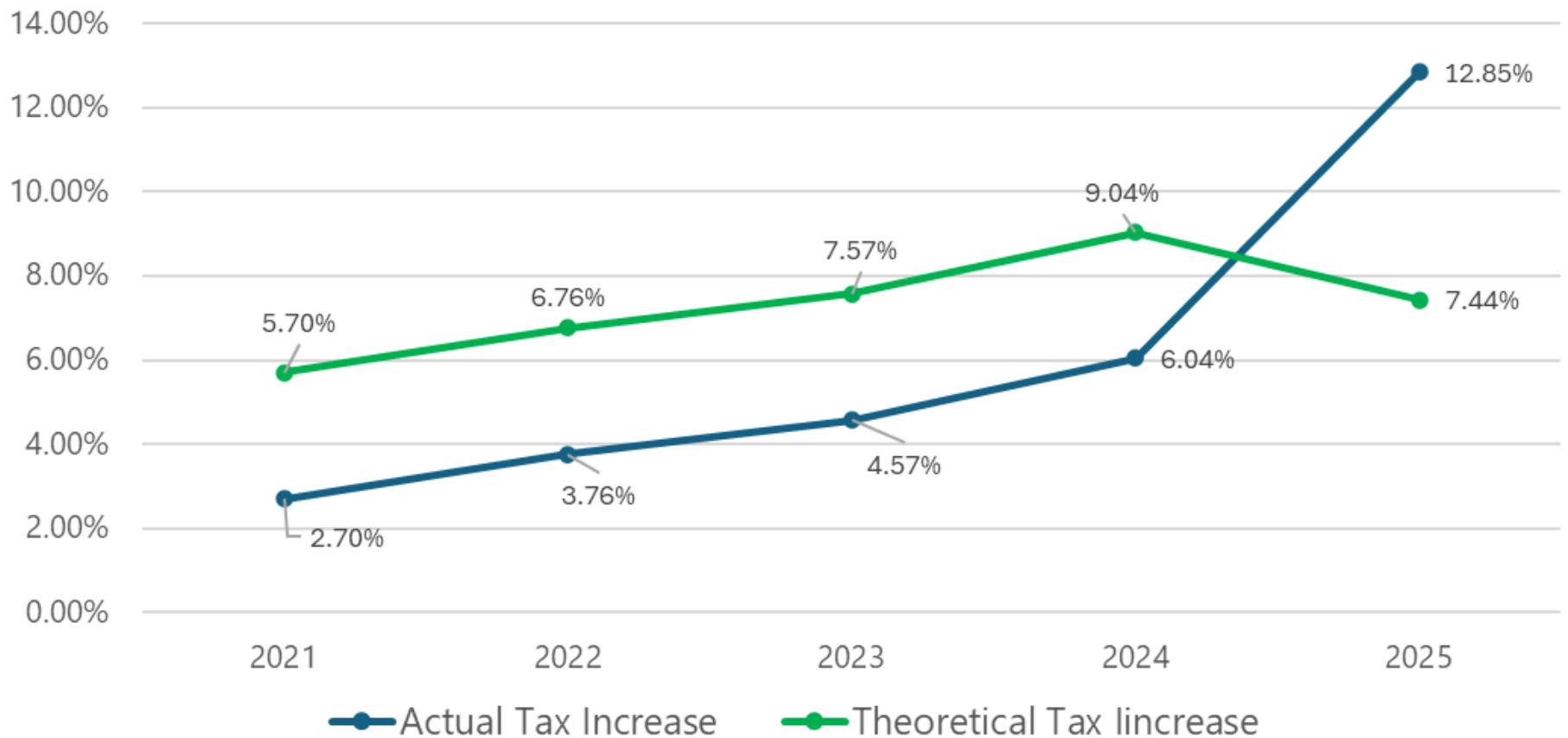
- Expenditure levels kept increasing to fund existing (inflation) and new (internal and external demands) services.
  - Each year, we require some tax revenue growth to keep up with costs.
  - Every time we fund part of this with something other than taxes, we contribute to deferred tax increase
    - Eventually these deferred taxes need to be made up.
- On the revenue side, tax increases were minimized
  - Used “mitigation measures” instead
    - Safe Restart (now all used up)
    - Surplus (has now fallen below minimum policy levels).
  - The tax increase that we’ve been putting off is now due.

# 2025 Tax Impacts – Why Are We Here?

<u>Mitigation Type</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Safe Restart	\$ 550,000	\$ 650,000	\$ 450,000	\$ 350,000	\$ 126,991
Additional Surplus	127,181	250,000	200,000	186,000	395,000
	677,181	900,000	650,000	536,000	521,991
Tax Equivalent	5.66%	7.67%	5.33%	4.17%	3.77%
Safe Restart only	4.60%	5.54%	3.69%	2.72%	0.92%
<b>Actual Tax Increase</b>	<b>0.00%</b>	<b>2.70%</b>	<b>3.76%</b>	<b>4.57%</b>	<b>6.04%</b>
<b>Required Tax Incr.</b>	<b>5.66%</b>	<b>10.37%</b>	<b>9.09%</b>	<b>8.74%</b>	<b>9.81%</b>

# 2025 Tax Impacts – Why Are We Here?

If we had added 3% tax increase per year: 2021-2024:





# Budget Reductions?

- Most likely sources for reductions:
  - Capital projects funded from Taxation
    - May replace with other funding (Reserves)
    - Or, may defer or cut project entirely.
  - Tax funded Supplementals
  - Reduce transfers to Reserve
    - BUT: no discretionary transfers left to reduce.
    - Would compromise our ability to fund Capital through non-tax means.
  - ~~■ Use more Surplus.~~

# 5-Year Projection

	2025	2026	2027	2028	2029
New Revenue Required	\$ 1,969,823	\$ 1,352,372	\$ 656,770	\$ 660,482	\$ 477,875
Tax Base Growth	<u>_(70,000)</u>	<u>_(200,000)</u>	<u>(200,000)</u>	<u>(200,000)</u>	<u>(200,000)</u>
General Tax Increase	<u>\$ 1,899,823</u>	<u>\$ 1,152,372</u>	<u>\$ 456,770</u>	<u>\$ 460,482</u>	<u>\$ 277,875</u>
% increase	12.85%	6.88%	2.52%	2.45%	1.43%

- Tax Base growth offsets some of the increases.
- Any changes in year 1 will impact future years.
- Year 2 (2026) tends to be overstated; **but not last year!**
- Last 2-3 years of plan tend to be understated.

# Items Requiring Review

- ~~1. Supplemental Requests (revisit?)~~
  - ~~2. Tax Funded Capital (revisit?)~~
  3. Other Capital
  4. General Operations
  5. Utility budgets
- Council to approve changes to budget by resolution.

# Review Process

Following opening summary:

- Council to approve changes to budget by resolution
- Subject to tonight's review, the following resolutions are anticipated:
  - Any additions, deletions, changes or deferrals to budget
  - Approval of the General Operating budget, as amended
  - Approval of the General Capital budget, as amended.
  - Approval of the Water & Sewer budgets, as amended



# Supplemental Requests

<u>One-time Requests - 2025</u>	Tax Impacts	
	2025	2026
<del>Template for CAO Performance Review</del> (Not approved)	—	-
Civic Site Analysis	50,000	-
Citizen Satisfaction Survey	30,000	-
<del>Review of Library Services</del> (Not approved)	—	-
EDRMS Implementation	30,000	70,000
Startup Costs for Extreme Weather Response Shelter	5,000	-
HVAC Tender Specs for Annual Maintenance in Town Facilities	10,000	-
Tulista Park Washroom Valve Replacement	2,500	-
Resthaven Park Tennis Court Surface Repair (Reserve funded)	—	-
Rose Garden Fountain (Reserve funded)	—	-
Demolish Building at Third St Park	40,000	-
Rotary Park Equipment Shed Repairs	6,375	-
Rose Garden Improvements (Reserve funded)	—	—
Total one-time	173,875	70,000

# Supplemental Requests

<u>Ongoing Requests - 2025</u>	Property Tax Impacts				
	2025	2026	2027	2028	2029
Additional Auxiliary Hours for RCMP	22,926	23,385	23,852	24,329	24,816
Police Dispatch Services	-	460,000	469,200	478,584	488,156
2nd Deputy Fire Chief	150,000	200,000	204,000	208,080	212,242
Increase Compensation for Overnight Firefighters	11,000	22,000	22,440	22,889	23,347
Parking Enforcement for Residential Parking Permit Areas	5,000	10,000	10,000	10,000	10,000
Additional Storm Drain Repairs	87,500	89,250	91,035	92,856	94,713
Additional Thermoplast in High Pedestrian Areas	15,000	15,000	15,000	15,000	15,000
Utility Model Updates	5,000	5,100	5,202	5,306	5,412
Additional Maintenance of Brethour Park	15,000	15,300	15,606	15,918	16,236
Additional Maintenance of Third Street Park	15,000	15,300	15,606	15,918	16,236
Tulista Park Building Maintenance	5,000	5,000	5,000	5,000	5,000
Beacon / Galaran Roundabout maintenance	5,000	5,100	5,202	5,306	5,412
Additional Traffic Control for Parade	5,000	5,000	5,000	5,000	5,000
<del>Annual Grant - ArtSea - Grant Admin</del> (Not approved)					
Total ongoing	341,426	870,435	887,143	904,186	921,569

# Capital Budget Review

- Will consider the following:
  - ~~2025 Tax-funded Capital~~ (revisit?)
  - Other 2025 Capital
  - 2026-2029 Capital.
- Any changes/reductions should be in the form of a resolution.

# Less Aggressive Capital Plans?

- Yes, we can be less ambitious in our Capital spending
  - But mostly Reserve funded
    - Tax impacts are less immediate (but possible).
  - Many of our larger projects are based on Council endorsed plans
    - ATP, West Side LAP, Parks Master Plan, etc.
    - Council directed average annual spending of \$1M on ATP.
  - Some of the larger Capital projects in this plan can be cut back
    - But not without impacts.
    - E.g. Canora Rd.
      - Paving needs to be done; but not Sidewalks/Curb & Gutter.
  - Park improvements
    - May be cut back or deferred.



# Capital Budget – Tax Funded

2025 Tax Funded Projects		
ADM-08-001	Annual Workspace Efficiency Upgrades	15,500
ADM-24-002	Staff Gym Updates	2,500
FIR-08-003	Fire Department Equipment	14,760
PRK-08-005	Parks Equipment	8,550
PWG-08-005	Underground Wiring	10,000
RDS-08-010	Downtown Street Lighting	21,650
RDS-18-015	Street Light Replacement	5,000
RDS-22-011	Survey Monument Replacement and Maintenance	10,000
RDS-25-007	Bus Stop improvements	2,720
Annual/Recurring Projects		90,680
PRK-23-004	<del>Lochside Waterfront Walkway Hedge Replacement</del> (Deferred)	-
PRK-26-001	Glass Beach Safety Improvements	20,000
PWG-25-002	Two-Way Radio Upgrades	15,000
PWG-25-005	Electrical Improvements at Beacon Wharf	10,000
New Projects		45,000
Total 2025 Tax Funded Projects		135,680

# Capital Budget – Remainder

- 2025 Capital – non-tax funded
  - Funded from Reserves and other sources
  - Projects listed in budget binders.
- 2026-2029 Capital
  - Projects listed in budget binders.
- Any questions or proposed changes?

# General Operating Budget

- We've gone through the most likely parts of the budget to find reductions
  - Supplementals
  - Tax funded Capital.
- We've run out of tax mitigation measures
  - If we need to reduce more, only option is to look at reducing services.
- If this is Council's wish, please identify services that may be seen as less vital.
  - Would take time for staff to come back with options.

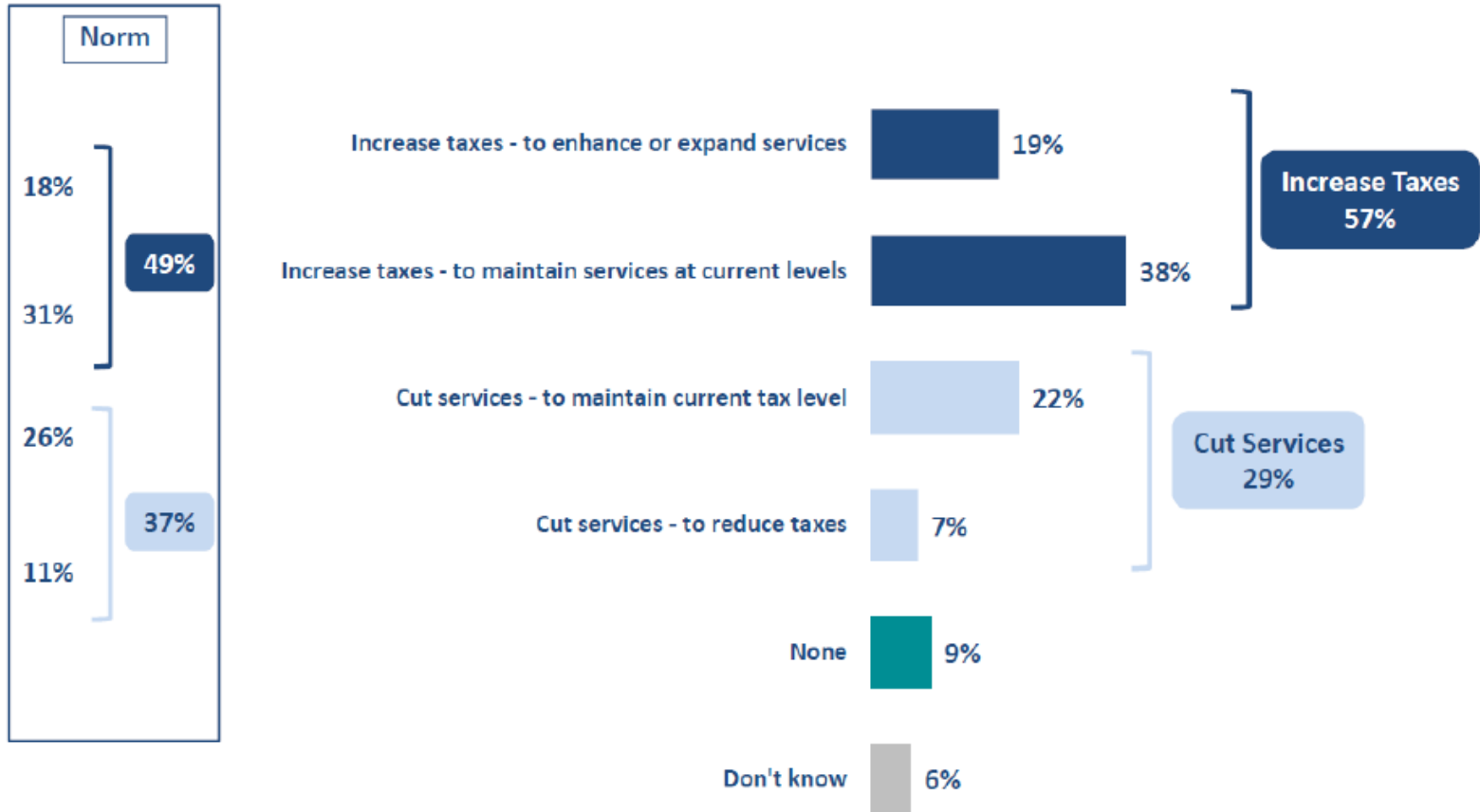
# General Operating Budget

- Last community survey indicated a preference for tax increases over service level reductions.
- Similar question will be asked in upcoming survey.
- Questions regarding the core operating budget?

# 2013 Community Survey



## Balancing Taxation and Service Delivery Levels



Q9. Municipal property taxes are the primary way to pay for services provided by the Town of Sidney. Due to the increased cost of maintaining current service levels and infrastructure, the Town of Sidney must balance taxation and service delivery levels. To deal with this situation, which one of the following four options would you most like the Town of Sidney to pursue?

# Water Utility

Increases:

- CRD Bulk Water rates
- Reserve transfer
  - Infrastructure Reserve for asset renewal.
- Funded with Water Parcel Tax and User Fees.
  - Infrastructure Levy/Parcel Tax: \$75/year
  - Fixed Charge: increase to \$24.50 per quarter per unit
  - Consumption Charge: increase to \$6.41 / 1,000 Gallons.

# Sewer Utility

Increases:

- Sidney's share of operating the Unified Treatment Plant
- Reserve transfers.
- Funded with Sewer Parcel Tax and User Fees.
  - Parcel Tax: \$65/\$130 per year
  - User Fees: increase to \$10.70 / 1,000 gallons.
    - Impact for avg. account is about \$12 per quarter.



# Quarterly Utility Bill

- SFD Account with Full Garbage Service, Water & Service billed at 6,500 gallons (average).

	2025	2024	Chg
Garbage	\$63.00	\$60.00	\$3.00
Water	\$66.17	\$59.72	\$6.45
Sewer	\$69.55	\$57.53	\$12.03
<b>Total</b>	<b>\$198.72</b>	<b>\$177.24</b>	<b>\$21.48</b>

- Commercial Account with Basic Garbage Service, Water & Sewer billed at 7,000 gallons (average).

	2025	2024	Chg
Garbage	\$104.50	\$101.25	\$3.25
Water	\$69.37	\$62.77	\$6.60
Sewer	\$74.90	\$61.95	\$12.95
<b>Total</b>	<b>\$248.77</b>	<b>\$225.97</b>	<b>\$22.80</b>

# Tax Distribution Policy

- Policy goal: Tax to Assessment Ratio of 2:1
  - 2025 ratio (if left alone): 1.9343
    - We are below the target without intervention.
- Staff recommend leaving it alone
  - Would mean the general tax increase is applied evenly
  - Revisit next year, based on market movement.
- If we cut off the reduction at 2:1:
  - Residential increase: 11.46%
  - Commercial increase: 16.65%.
    - Extra \$246 for avg. Commercial; saves \$25 for Residential.

# What Follows?

- Water, Sewer & Garbage Rate bylaws will be brought forward for amendment.
- Financial Plan bylaw will be brought forward for adoption (late April).
- Tax Rates bylaw will be brought forward for adoption following receipt of Revised Assessment Roll (late April).

