
Village of Gold River

REPORT TO COUNCIL

Committee of the Whole Meeting
October 15, 2024

Subject: 2025 Draft 5-year Financial Plan

RECOMMENDATION(S):

Council to receive for information.

PURPOSE

To present a draft 5-year financial plan.

ATTACHMENT(S):

- Operating Budget Summary by Division
- Operating Budget Summary by GL Category
- Budget forecast comparing 2024 budget to 2025 proposed budget

DISCUSSION

For the preparation of the 2025 Financial Plan, administration started from scratch and reviewed all budget items for appropriateness for inclusion in the draft financial plan. The resulting Net reduction of the projected deficit of operating portion of the budget is a ~\$536,000 reduction from the 2024 5-year Financial Plan.

The 2025 Financial Plan is based on the continuing to provide the current service level to the community and the Village faces budget pressures of increasing CPI, (2.4% for August 2023 to August 2024) and financial sustainability challenges where our revenue for the budgets have been insufficient to cover operations. Surpluses have been used to fund the current operating service level but these funds will run out and this is not a sustainable model for the ongoing operations of the Village. Significant tax increases are still needed to maintain current service levels and the significant loss of revenue at the wharf has not been replaced from any other source.

The presented financial plan is based on tax revenue and utility rate increases of 8.9% for the 2025 and 2026 with a drop to 6% for 2027-2029 based on general council discussions in the 2023 financial planning meetings.

Based on current investments (GICs) the Village will receive at least \$300,000 in investment revenue, which has reduced the deficit for 2025. Depending on where interest rates go and use of reserve funds, will determine future years investment return, as such the number in the years 2026-2029 are a conservative estimate for those years.

The draft plan currently includes \$125,000 in average revenue loss from operations at the wharf. This amount does not include possible community contribution, which Grieg Seafood has indicated that they will provide a \$50,000 community contribution in 2025. For 2024, Council had determined to allow the loss to flow to reducing the unrestricted surplus.

Based on 2024 assessments and tax year, the tax revenue increase needed would have been:

Equal across all classes	19.5%
Residential class only	26.9%
Business class only	56.9%
Light industry class only	64.6%
Light industry/business classes 50/50	36.7% / 32.9%

Should the direction to be to flow the loss through to the accumulated surplus for 2025, this will increase the deficit by \$125,000 in 2025.

The financial plan has standard operational items that will be done in 2025, such as road and curb repair (funded by gas tax), sewer spot repairs, and flushing programs. A few of grant funded items are for OCP and zoning update, completion of economic development plan and stormwater master plans. There will be some wharf inspection and repair work done in 2025.

The budget also factors in an additional volunteer deputy chief position to better support the fire chief and department.

With the grant application for the economic development officer and business advisor position not expected to be announced until the spring of 2025, there is the ability to provide funding for this position from the administration exempt position that is kept in the budget.

Currently, the economic development officer and business advisor contract position is approved to December 31, 2024.

FINANCIAL IMPLICATIONS

The 5-year plan has an 8.9% for the 2025 and 2026 with a drop to 6% for 2027-2029 increase in tax and utility revenues.

POLICY IMPLICATIONS

None

LEGAL IMPLICATIONS

Community Charter requirement is to have a 5-year plan adopted before May 15, including the tax rate bylaw, which requires the financial plan to establish the amount of tax revenue to be generated.

STRATGIC PLAN ALIGNMENT

The financial plan supports the financial sustainability priority to work to maintain levels of service that are affordable to support a diverse and vibrant community by responsibly reviewing and providing services at levels the community are willing to pay and ensuring the condition of our facilities meet the needs of the community.

Respectfully submitted,

Michael Roy
Chief Administrative Officer
Village of Gold River