

City Staff Report

Original signed by: City Manager McKay

Report Date: Feb 26, 2025

Meeting Date: Mar 4, 2025

To: City Manager

From: Director of Corporate and Financial Services

Subject: Operating Budget

Purpose

The purpose of this report is to seek Council's approval of the Operating Budget for 2025.

Summary

The Financial Sustainability and Audit Committee recommends the attached operating budget to Council. The various components have been discussed at multiple Financial Sustainability and Audit Committee meetings and updates brought to Council as we moved through the process.

This operating budget has total taxation of \$21,962,548 with supplemental requests built in. This is a 7.5% total tax levy increase over 2024, a 6.5% tax increase to the average taxpayer after the changes in assessment have been taken into consideration.

Revised Assessments will be received in mid March that will determine the final taxation rates that will be built into the tax rate bylaw.

Recommendation

THAT Council approve the attached Operating Budget for 2025 and directs staff to continue building the Five Year Financial Plan based on this budget.

Statutory Requirements

Section 165 of the Community Charter requires that the municipality must have a five-year financial plan adopted by bylaw before the annual property tax bylaw is adopted. This bylaw must set out the objectives and policies of the municipality. It must also set out the proposed expenditures, funding sources and transfer between funds. The total proposed expenditures must not exceed the funding sources and transfers.

Section 197 of the Community Charter requires Council to impose property taxes by bylaw before May 15th. The rates are set to raise the revenue outlined in the financial plan based on the assessments of the various property classes.

Council Policy

The Budget process incorporates and falls under many of Council's current strategic goals.

- To ensure the long-term financial sustainability of the City of Quesnel.
- To ensure municipal infrastructure is maintained and renewed.
- To be a viable, prosperous and resilient community, that uses competitive and progressive business/industry attraction and retention practices.



Financial Implications

At this point, the increase to the average residence for municipal taxes would be \$88.97 or \$24.92 per \$100,000. The increase for commercial would be \$127.20 per \$100,000.

Below are the draft changes to the tax rates for the average single family residence. The final rates will be determined once the revised assessments are received from BC Assessment in March.

AVERAGE SINGLE FAMILY RESIDENCE					
	2024		2024 - DRAFT		Increase \$'s
<i>Average Assessment</i>		\$ 351,097		\$ 357,024	1.7%
<i>Taxes</i>	<i>Tax Rate</i>	<i>\$'s</i>		<i>\$'s</i>	
General	3.1619	1,110.12	3.3199	1,185.30	75.18
Snow Reserve	-	-	-	-	-
Airport	0.0864	30.34	0.0970	34.62	4.29
Transit	0.0949	33.31	0.1047	37.38	4.07
Capital Reinvestment	0.3907	137.19	0.3995	142.62	5.43
Total Municipal	3.7339	1,310.96	3.9211	1,399.93	88.97 6.8%

Next Steps

The Financial Sustainability and Audit Committee will review the Five Year Financial Plan and proposed tax rates over the next two months and they bylaws will be brought forward to Council for adoption before May 15th.

Attachments

1. Operating Budget Overview
2. Appendix A – Budget Survey Results



Preliminary Budget Overview

Operating Budget for 2025

Prepared by

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Director of Corporate and Financial Services

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1.0 INTRODUCTION

The purpose of this report is to provide the Financial Sustainability and Audit Committee with a preliminary overview of the operating budgets. This operating budget combined with the capital budget, assessments from BC Assessment and direction from Council on distribution of property taxes will determine the City's tax rates for 2025. The Financial Sustainability and Audit Committee is responsible for providing directions on the budget process.

The City is mandated by the Community Charter to create a five-year financial plan. This plan is built based off the five year capital plan approved by Council, the 2025 Operating Budget approved by Council and inflation/growth assumptions in operations for the remaining four years.

2.0 BUDGET PROCESS

The budget process allows the City of Quesnel to make resource allocation decisions, including choices about staffing, service levels, and which priorities will be addressed in the coming fiscal year. All of the budget meetings are open to the public and a budget survey is conducted to enable the public to inform Council of their ideas and concerns.

The budget process is as follows:

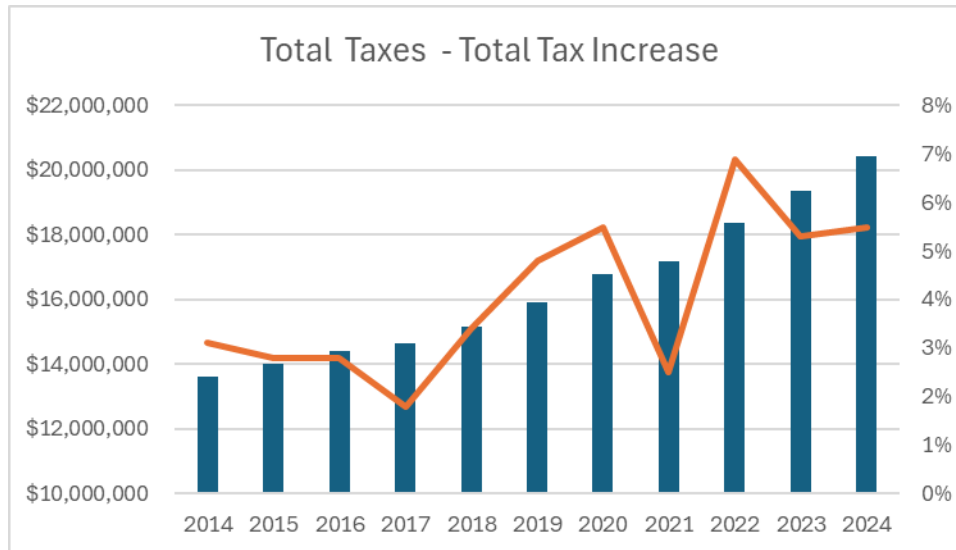
- October / November - department heads complete their budget worksheets and assemble their preliminary budget estimates and capital budgets.
- Public Input – Online survey, Let's Talk Quesnel, open Council and Committee meetings.
- December - the five year capital budget was presented to Council
- February - the preliminary draft operating budget will be presented to Council
- March - the 2024 yearend is closed.
- April - the final revised assessment data is available, final tax rates will be set.
- Prior to May 15 – the budget bylaw and tax rates bylaw to be approved.

3.0 BUDGET PRINCIPLES

Council has adopted a policy of Budget Principles that is used for preparation of the yearly budget with direction from the Financial Sustainability and Audit Committee.

CF-4 Budget Principles Policy

4.0 TAX HISTORY



Below is a comparison of taxes on an average home in nearby communities for 2024:

Municipalities	House Value	General Municipal	Total Res Variable Rate Taxes	Total Residential Property Taxes and Charges
Prince George	453,777	2,718	4,127	5,528
Williams Lake	377,644	2,004	3,589	4,270
Smithers	483,353	1,916	3,700	4,687
Quesnel	351,097	1,311	2,900	3,737
100 Mile House	365,808	943	2,459	3,509

Total Variable includes school, regional district, municipal, mfa, bcaa
Total Taxes and Charges includes property taxes and utility fees

5.0 INTRO TO BUDGET 2025

For 2025, Council is updating their 2025 Strategic Plan to focus on the goals they hope to achieve by the end of the term. Due to timing of budget and strategic planning processes, the revised 2025 Strategic Plan at the time of this writing remains in a draft stage and will be published shortly after budget has been approved. However, this budget is a reflection of Council’s revised goals to 2026, which remain focused on fiscal sustainability, quality services and well-managed infrastructure, development and community health and safety.

The major cost driver in the year is the catch up on inflation in both wages and goods. The current collective agreement was negotiated in June 2024.

<i>Total Taxes Collected</i>	<i>Increase from Previous Year</i>
2025 - \$21,962,548	7.5%

After the estimated increase in assessments this would result in an increase of approximately 6.8% to the average taxpayer across property classes as per the breakdown below.

Tax Levy Increase	7.5%
Surplus/Covid grant used in 2024	1.3%
Inflation/Changes	4.3%
Pre approved supplementals	0.5%
Recommend reserve increases	0.7%
Ongoing supplemental requests	0.7%
Total Taxation Increase	7.5%
Draft Assessment increases	-0.7%
Average Increase to Taxpayers	6.8%

The budget is built with anticipated increases to costs such as hydro, natural gas, property insurance, liability insurance, contractor rates, software licence fee increase, etc. Labour costs, including the cost of the RCMP contract, account for approximately 60% of the City's operating budgets.

In January, staff prepared a draft budget based on status quo programs and service levels. The Financial Sustainability and Audit Committee reviewed this and discussed supplemental requests and potential cuts for the budget.

6.0 LET'S CONNECT QUESNEL

In January, the City conducted an online survey to collect citizens' thoughts on the Budget for 2025. Attached in Appendix A is the survey summary results. The Financial Sustainability and Audit Committee reviewed all the comments received before determining the final budget to approve to Council.

7.0 BUDGET ADDITIONS

Increases to FTE Count:

The budget is built with the following increase to the City's FTE Count:

1 FTE – RCMP Office Manager/HR Office Support

The RCMP office manager would be responsible for supervision of all 19 municipal employees located at the RCMP detachment, including the clerks, guards and casual employees. The office manager would be responsible for all HR aspects related to these positions including grievances, job postings, interviews, and testing. The office manager would also help the HR Advisor with other City HR duties during high volume workload and vacation. This position would report to the Director of Corporate & Financial Services.

Other departments of similar sizes (Williams Lake, Terrace, and Fort St. John) currently have this position. Right now, the supervision of the municipal employees is done by the Operations Support NCO. This position would relieve his extensive workload and allow him to focus more on RCMP priorities that align with Council's community safety goals.

Below is the breakdown of additional costs built into the 2025 operating budget and their funding source and a description of the cost item.

2025 BUDGET CHANGES	
Planning Amendments (OCP, Zoning, Etc)	100,000
RCMP Office Manager/HR Support (3/4 year)	82,500
RCMP Office Upgrade required for Office Manager	15,000
IT - Managed Detection and Security (3 year subscriptio	62,000
CloudPermit - potentially grant funded	49,270
Cloud Based Offsite Backup Storage	6,000
Photos	2,000
Bridge Maintenance	52,500
Orthos and Lidar update	50,000
Forestry Think Tank	20,000
Banners	7,500
 <i>Reserve Increases Required:</i>	
Capital Reinvestment Reserve Increase Required	100,000
Increase for Landfill Capital	50,000
 TOTAL NEW ITEMS	 596,770
 Funding Sources	
Tax Stabilization Reserve for One Time Supplemental	167,926
Remaining Covid Funds for IT Project	19,074
Forestry Surplus	20,000
Taxation	389,770
 TOTAL FUNDING	 596,770

TOTAL CHANGE TO TAXATION

New Items	389,770
Inflation and other cost Increases	1,149,411
Cost Review/Cuts	(277,304)
Reduced Vehicle Reserve Allocations	
Reduced Community Consultation Budgets	
Minor Reductions to Line Painting/Road Marking/Dust Suppressent	
Minor reductions in other areas	
Funding from Transit Surplus/Tax Stabilization Reserve	
Covid and surplus funds used last year	274,777
TOTAL TAXATION INCREASE REQUIRED	1,536,654

8.0 BUDGET OVERVIEW

8.1 Summary of Preliminary 2025 Assessments

For the 2025 budget year, the assessment base increased as per the chart below.

NET TAXABLE ASSESSMENTS

2025 Completed Roll vs 2024 Revised Roll

Class	2024	2025	Change	% Change	Market Change	Non Market Change
RESIDENTIAL	1,302,173,927	1,335,954,652	33,780,725	2.6%	1.7%	0.9%
UTILITIES	7,332,171	7,876,281	544,110	7.4%	7.4%	0.1%
MAJOR INDUSTRIAL	111,552,700	119,213,000	7,660,300	6.9%	6.9%	0.0%
LIGHT INDUSTRIAL	15,814,400	16,722,800	908,400	5.7%	5.7%	0.0%
BUSINESS	235,257,450	267,072,700	31,815,250	13.5%	11.1%	2.4%
RECREATIONAL	182,000	191,900	9,900	5.4%	4.6%	0.8%
FARM	202,856	174,795	-	-13.8%	0.0%	-13.8%
	1,672,515,504	1,747,206,128	74,690,624	4.5%		

8.2 Summary of Taxes by Operating Funds

TAX COLLECTED BY AREA

	2024	2025	Variance to PY	
General	16,667,657	17,675,933	6.0%	1,008,276
Solid Waste	396,284	496,162	25.2%	99,878
WQLS Operating	232,736	233,575	0.4%	839
Taxation for CRP	2,137,500	2,137,500	0.0%	-
Total General Fund	19,434,177	20,543,170	5.7%	1,108,993
Airport	472,652	543,139	14.9%	70,487
Transit	519,065	586,469	13.0%	67,404
Snow Reserve	-	-	0.0%	-
Supplementals	-	476,770	-	476,770
Reserves for Supplementals	-	(187,000)	-	(187,000)
TOTAL TAXES	20,425,894	21,962,548	7.5%	1,536,654

General: The total General Budget is approximately \$22 million, with the rest of the funding coming from grants, sales of service fees, rental income, etc.

Solid Waste: The total Solid Waste Budget is approximately \$1.8 million. Funding in addition to taxation comes from user fees at the landfill, garbage collection fees and contributions from the Cariboo Regional District.

Airport: The airport budget is approximately \$1 million, mostly funded by aircraft fees, fuel sales and rental income.

Transit: The transit budget is approximately \$0.8 million with the rest of the funding coming from passenger fees, contract services and a contribution from the CRD.

Forestry: The Forestry Initiatives budget is approximately \$0.5 million with the funding coming from grants.

Snow Reserve Levy: This tax line was introduced in 2020 to enable the City to build a snow reserve so that in significant snow years there are available funds for snow costs in excess of budget. Council has set the maximum level of this reserve at 30% of the next years snow budget. In 2024, the operating snow costs were below budget. No increase to the snow levy is budgeted.

8.3 2025 TAXATION

The chart below shows the final taxation collected for 2024 and the mill rates and tax share to be able to compare to 2025.

CITY OF QUESNEL FINAL 2024 TAXATION							
Class	2024 Revised Roll					Tax Rate **	% Share
	Total Assessment	Municipal	Transit/ Airport	Capital Levy	Total Municipal Taxes		
RESIDENTIAL	1,302,173,927	4,117,299	236,068	508,810	4,862,178	3.73	23.8%
UTILITIES	7,332,171	248,356	14,240	30,691	293,287	40.00	1.4%
MAJOR INDUSTRIAL	111,552,700	9,239,097	529,730	1,141,755	10,910,583	97.81	53.4%
LIGHT INDUSTRIAL	15,814,400	232,469	13,329	28,728	274,526	17.36	1.3%
BUSINESS	235,257,450	3,458,239	198,281	427,365	4,083,884	17.36	20.0%
RECREATIONAL	182,000	575	33	71	680	3.73	0.0%
FARM	202,856	641	37	79	757	3.73	0.0%
	1,672,515,504	17,296,677	991,717	2,137,500	\$ 20,425,894		100.0%

PROPOSED 2025:

The proposed 2025 budget is set out below

CITY OF QUESNEL 2025 TOTAL MUNICIPAL TAXATION							
Class	2025 Completed Roll					Tax Rate **	% Share
	Total Assessment	Municipal/ Snow	Transit/ Airport	Capital Levy	Total Municipal Taxes		
RESIDENTIAL	1,335,954,652	4,435,299	269,429	533,678	5,238,406	3.92	23.9%
UTILITIES	7,876,281	266,744	16,204	32,096	315,044	40.00	1.4%
MAJOR INDUSTRIAL	119,213,000	9,863,328	599,163	1,186,807	11,649,298	97.72	53.0%
LIGHT INDUSTRIAL	16,722,800	237,402	14,421	28,565	280,389	16.77	1.3%
BUSINESS	267,072,700	3,791,449	230,317	456,207	4,477,973	16.77	20.4%
RECREATIONAL	191,900	637	39	77	752	3.92	0.0%
FARM	174,795	580	35	70	685	3.92	0.0%
	1,747,206,128	18,595,440	1,129,608	2,237,500	\$ 21,962,548		100.0%

7.5%

This would result in the following tax increases by class:

2025 Proposed Tax Increase

Residential Per Average House valued at:	\$ 357,024	\$ 88.97
Residential Per \$100,000		\$ 24.92
Business per \$100,000		\$ 127.20
Major Industry per \$100,000		\$ 662.21

It is important to note that the revised assessment roll will be received in late March. Changes on this roll often result in the tax rate changing slightly.

9.0 FINANCIAL RISKS / CHALLENGES

There are a several significant risk factors associated with our five-year budgets which will impact the ability of the City to achieve its long-term objectives. The key risks are as follows:

- Threat of tariffs and the possible effects on the City's major industry, supply chains and inflation.
- Contractor availability continues to be a challenge.
- Capital Reinvestment
 - Ongoing tax increases are required to continue funding reinvestment in the City's infrastructure funded by the Capital Reinvestment Reserve (roads, sidewalks, drainage and buildings).
 - The utility funds (water and sewer) are close to sustainability (not accounting for inflation) without consideration of water treatment.
 - Landfill - Significant funds will be needed soon for expansion, gas collection and the first phase of closure.
 - Other projects for asset classes such as parks and amenities need to be reviewed for future grant funding opportunities.
 - The significant renovation of the RCMP building is currently being planned. If the renovation proceeds it will result in an approximate 5% tax increase in the year the debt is taken to fund the construction if approved.

10.0 TOTAL COMBINED BUDGET SUMMARY

This section summarizes the preliminary 2025 budget by groups of major funds. Fund accounting is central to local governmental budgeting, with each fund representing a self-balancing set of revenues, expenditures, and transfer accounts. This means that General fund expenditures must be funded through General fund revenue sources.

The City's total combined operating budget is \$29,812,000 for 2025, an 3.0% increase from 2024 operating budgets. The seven operating funds listed in the table below comprise the majority of the day-to-day operating activities of the City.

The chart below is total spending by each area. The spending is funded by taxation, reserves, grants, utilities, etc. The transfer to reserves includes capital reserves and surplus.

City of Quesnel - Total Combined Budget

	Actual 2023	Budget 2024	Budget 2025	
Expenditures				
General Operating Fund	19,766	21,913	22,632	3.3%
Transfer to Reserves	10,942	3,673	3,505	-4.6%
Solid Waste Operating Fund	1,738	1,801	1,894	5.2%
Transfer to Reserves	50	100	100	0.0%
Water Operating Fund	1,545	1,783	1,730	-3.0%
Transfer to Reserves	1,036	875	1,144	30.8%
Sewer Operating Fund	1,005	1,047	1,135	8.4%
Transfer to Reserves	485	476	454	-4.6%
Airport Operating Fund	969	965	1,002	3.8%
Transfer to Reserves	314	120	175	45.8%
Transit Operating Fund	622	768	858	11.7%
Transfer to Reserves	(25)	-	(50)	
Forestry Initiatives Fund	444	653	561	-14.1%
Transfer to Reserves	(33)	(38)	(68)	76.2%
Combined Operating Budgets	26,088	28,932	29,812	3.0%
Combined Transfer to Reserves	12,769	5,206	5,260	1.0%
COMBINED BUDGETS	38,857	34,138	35,072	2.7%

** Note 2023 had the Growing Communities Funding of \$3.2 million, significant interest earnings and surplus in the transfers to reserves

11.0 GENERAL OPERATING BUDGET

The General Operating Budget pays for core City services such as public works, policing, fire protection, corporate and community services, planning, and development services which are utilized across the community. The revenues to pay for these services are comprised of property taxes, as well as fees for licenses and permits, conditional and unconditional grants, rental income, interest earnings on investments, and a variety of other revenues.

The 2025 preliminary budget for the general operating fund is \$22,632,000. This amount is before capital and transfers to the various reserves included.

Revenue:

1 GENERAL OPERATING FUND - 2025

	Actual 2023	Budget 2024	Budget 2025	
110 MUNICIPAL TAXES LEVIED	(18,576,499)	(19,434,177)	(20,543,170)	5.7%
120 SPECIAL ASSESSMENTS	(190,380)	(193,573)	(195,699)	1.1%
140 1 % TAXES	(692,235)	(703,950)	(727,604)	3.4%
210 GRANTS IN LIEU OF TAXES	(202,458)	(199,061)	(205,591)	3.3%
320 SERVICES PROVIDED TO OTHER GOV'TS	(698,654)	(758,406)	(709,202)	-6.5%
500 SALE OF SERVICES	(579,326)	(50,000)	(52,500)	5.0%
510 LICENCES & PERMITS	(236,984)	(231,000)	(291,600)	26.2%
520 FINES	(5,115)	(6,000)	(8,000)	33.3%
530 RENTALS	(348,149)	(345,659)	(374,503)	8.3%
545 FRANCHISE FEES	(248,114)	(248,114)	(233,427)	-5.9%
550 INVESTMENT INCOME	(1,758,051)	(375,000)	(375,000)	0.0%
560 PENALTIES & INTEREST ON TAXES	(236,111)	(175,000)	(175,000)	0.0%
580 EVENT INCOME	(213,476)	-	-	
590 OTHER INCOME	(419,715)	(216,600)	(226,600)	4.6%
595 RV PARK INCOME	(5,253)	(30,000)	(35,000)	16.7%
620 UNCONDITIONAL GRANTS	(166,000)	(166,000)	(160,000)	-3.6%
710 CONDITIONAL GRANTS	(4,986,363)	(1,314,984)	(1,234,754)	-6.1%
800 TRANSFERS FROM RESERVE FUNDS	(13,403)	-	-	
810 TRANS FR OWN RES ACCTS & SURPLUS	(1,378,967)	(1,535,397)	(1,085,228)	-29.3%
TOTAL REVENUE	(30,955,253)	(25,982,921)	(26,632,878)	2.5%

The city provides a variety of services to the Cariboo Regional District including fire protection, landfill, airport, transit, HandyDart, cemetery, parks, visitor centre, etc. The current Memorandum of Understanding expired at the end of 2024. Discussions are

ongoing to renew the agreements, and the revenues built in are based on estimates of the new agreements.

Expenditures by Department:

Below are the expenditures for the General Fund. Major contributors to cost increases this year include wage increases, inflation on goods and services, and increases in insurance and utility costs. Labour costs account for 45% of the City's entire budget across all funds (before transfers to reserves and depreciation). The RCMP contract is 15% of the budget making total costs for personnel approximately 60% of the budget.

General Government:

110 LEGISLATIVE	314,733	368,854	375,745	
115 COMMUNITY SUPPORT	80,553	80,300	79,200	
120 ADMINISTRATION	474,961	530,500	549,866	
125 INFORMATION/FOI REQUESTS	-	500	500	
127 CORPORATE COMMUNICATIONS	112,116	172,230	144,909	
128 WEBSITE	12,132	64,075	14,420	
130 FINANCE	799,980	813,056	996,284	
133 NDIT INTERN	-	-	43,000	
134 STUDENT POSITIONS	-	-	-	
135 PURCHASING / STORES	203,063	224,518	233,677	
140 HUMAN RESOURCES	99,520	243,226	250,661	
145 COMPUTER TECHNOLOGY	516,162	585,149	642,211	
146 DISASTER RECOVERY	2,699	-	-	
147 VIDEO SURVEILLANCE COSTS	214	5,000	5,000	
150 OTHER GOVERNMENT SERVICES	172,944	216,319	232,320	
160 ELECTIONS & REFERENDA	-	-	-	
180 ADMIN FEES	(693,800)	(720,925)	(741,417)	
General Government	2,095,277	2,582,802	2,826,376	9.4%

191 CITY HALL BUILDING	374,592	421,332	413,720	
192 WEST QUESNEL REC CENTRE	3,016	3,582	3,884	
193 BCR RAILSTATION	14,298	14,915	17,591	
194 HUDSON BAY BUILDING	10,339	14,235	15,064	
195 OTHER BUILDINGS/LAND	4,910	7,500	7,500	
215 BUILDING MAINTENANCE - MENT HEALTH E	9,105	14,250	14,250	
200 SHIRAOI HOUSE/PUBLIC WASHROOMS	41,422	33,950	41,522	
202 DOWNTOWN WASHROOMS / BYLAW OFFIC	147,783	134,645	137,335	
203 HEALTH CARE RENTAL PROPERTY	12,923	14,691	14,862	
204 NEW PW BUILDING MAINTENANCE	209,603	239,400	253,660	
205 FOOD HUB/MARSH DRIVE	-	-	26,400	
780 CHILDCARE FACILITY	1,577	-	7,079	
Buildings	829,568	898,500	952,867	6.1%

Protective Services:

210 R C M P OPERATIONS	4,461,293	5,056,840	5,386,166	
211 COMMUNITY POLICING	570	2,327	2,328	
212 VICTIM ASSISTANCE PROGRAM	113,806	146,437	154,844	
214 BUILDING MAINTENANCE - RCMP	270,224	312,696	340,783	
RCMP	4,845,893	5,518,300	5,884,121	6.6%

230 ADMINISTRATION - FIRE DEPT	281,482	290,593	302,564	
231 VOLUNTEER SERVICES	72,148	66,825	67,720	
232 SUPPRESSION	60,873	84,497	91,040	
234 PREVENTION	120,237	124,862	131,345	
236 COMMUNICATIONS	6,200	12,050	12,300	
238 TRAINING	164,514	147,694	155,732	
239 FIRE TRAINING FACILITY	3,877	5,450	5,450	
240 FIRE HALL # 1 MAINTENANCE	66,272	77,280	89,260	
242 FIRE HALL # 2 MAINTENANCE	12,425	16,150	18,920	
243 FIREHALL #3 MAINTENANCE	10,697	9,253	13,500	
244 VEHICLES	222,100	201,032	217,966	
248 CONFINED SPACE,HIGH ANGLE RESCUE PR	9,905	10,000	10,000	
250 EMERGENCY MEASURES	13,898	45,500	45,500	
251 WILDFIRE ASSISTANCE	60,139	-	-	
Fire Protection	1,104,767	1,091,186	1,161,296	6.4%

Public Works:

300 ADMINISTRATION - ROADS & GROUNDS	545,960	610,465	667,158	
302 GENERAL EQUIPMENT	191,160	268,189	175,354	
306 SHOP & YARD	42,361	20,700	21,326	
307 NEW PUBLIC WORKS BUILDING	248,933	256,915	254,306	
308 OTHER SHOPS & OFFICES	18,871	10,577	4,000	
313 DITCHING	48,548	41,800	43,359	
314 DUST SUPPRESSION	58,213	60,341	51,993	
323 LEGION CENOTAPH	407	1,365	1,425	
324 STORM SEWERS	97,611	113,066	116,910	
325 DRAGON LAKE & DRAGON CREEK	66,248	13,868	14,380	
331 PRE-PROJECT PLANNING	374,923	501,800	396,782	
350 WEST QUESNEL LAND STABILITY	45,693	232,736	233,575	
390 INVASIVE PLANT MANAGEMENT	36,185	41,833	42,670	
500 CEMETERIES	209,663	198,420	208,121	
501 CEMETERY - BURIALS	61,237	49,475	51,166	
762 PUBLIC SERVICE	68,568	88,753	98,569	
764 CAMP CLEANUP	8,489	-	6,739	
PW - Operations	2,123,070	2,510,303	2,387,833	-4.9%
310 STREET MAINTENANCE	673,533	663,261	686,760	
312 ASPHALT PATCHING	167,867	232,218	243,864	
316 STREET CLEANING	330,563	317,756	326,142	
322 SIDEWALKS	66,591	101,403	105,451	
326 BRIDGE MAINTENANCE	116,742	195,727	216,241	
328 STREET LIGHTING	349,288	402,723	376,652	
329 DOMESTIC LINE PAINTING	76,646	82,131	91,955	
330 TRAFFIC CONTROL	136,435	185,572	189,583	
PW - Street & Bridges	1,917,665	2,180,791	2,236,648	2.6%
315 WINTER SHIFT WORK	173,853	221,656	229,658	
318 SNOW REMOVAL	861,814	809,315	837,030	
319 DRIVEWAY ENTRANCE CLEARING	115,463	112,728	116,162	
320 SANDING	282,372	284,379	293,244	
PW - Snow	1,433,654	1,428,078	1,476,094	3.4%

740 SOUTH QUESNEL PARK	7,253	13,086	9,805
741 DOG PARK	8,521	11,535	13,409
750 PARKS & PLAYGROUNDS	757,876	677,316	651,733
751 PIONEER PLAQUES & TREES & BENCHES	3,202	6,246	6,433
753 WEST FRASER TIMBER PARK	117,933	121,158	130,744
754 FLOWERS	278,331	278,727	296,469
756 SPRAY PARK	8,062	13,361	13,996
757 LEBOURDAIS PARK	87,490	118,834	126,395
758 RIVERFRONT TRAIL	68,924	71,794	74,378
760 BALL PARKS	62,406	58,987	71,462
761 CARIBOO FIELD	10,850	15,659	16,202

PW - Parks	1,410,848	1,386,703	1,411,028	1.8%
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Community Services:

610 COMMUNITY SERVICES	71,080	70,489	74,226
630 TOURIST BUREAU	85,709	101,700	104,850
745 RV PARK	4,301	40,825	51,680
765 MUSEUM	258,414	238,184	285,204

Community Services	419,504	451,198	515,960	14.4%
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Development Services:

600 GIS	27,726	36,580	39,870
606 BUSINESS FACADE IMPRV PROGRAM	12,030	20,000	20,000
650 SOCIAL PLANNING	55,249	172,500	177,867
660 PLANNING	378,213	468,930	534,446

Development Services	473,218	698,010	772,183	10.6%
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Economic Development:

655 COMMUNITY DEVELOPMENT	107,630	111,000	116,619
662 BUSINESS IMPROVEMENT AREAS	190,380	193,573	195,699
663 ECONOMIC DEVELOPMENT PROJECTS	133,771	190,995	160,000
664 COMMUNITY PROJECTS	215,598	35,000	6,000
665 ECONOMIC DEVELOPMENT OPERATIONS	223,265	291,939	299,739
668 MINERALS NORTH CONFERENCE	128,193	80,000	-
669 FOOD HUB PROJECT	173,562	30,475	-

Economic Development	1,172,399	932,982	778,056	-16.6%
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Debt and Interest Payments:

800 DEBT SERVICES	1,238,403	1,373,034	1,324,446	
810 BANK INTEREST	27,601	23,000	23,000	
Debt/Bank Charges	1,266,004	1,396,034	1,347,446	-3.5%

Transfer to Reserves:

830 TRANSFERS TO OPERATING RESERVES	247,441	396,284	496,162	
Transfer to Landfill	247,441	396,284	496,162	25.2%
822 TRANS TO OWN FUNDS & RESERVES	651,737	134,582	27,500	
835 TRANSFERS TO CAPITAL FUNDS	368,823	441,510	130,000	
840 TRANSFERS TO CAPITAL RESERVES	8,073,092	3,097,115	3,347,196	
900 SURPLUS / DEFICIT	1,848,491	-	-	
Transfer to Reserves	10,942,143	3,673,207	3,504,696	-4.6%
870 TAXES LEVIED FOR OTHER GOV'TS	9,340,013	-	-	
980 COLLECTIONS FOR OTHER GOV'TS	(9,340,026)	-	-	
TOTAL EXPENSES	30,955,267	25,982,913	26,632,878	2.5%

12.0 WATER OPERATING FUND

The City's water operations are treated as a distinct operating entity, and as such are accounted for in a separate fund. The City's Utility Department is responsible for water distribution and production functions, while the Finance Department administers the utility collection activities.

The City's Water Operating Fund is supported primarily through the City's water user charges and frontage taxes. Parcel taxes have been used to pay for extensions to new areas. Council approved raising water utility fees by 10% in 2025 to continue building the reserve for future required capital replacements.

5 WATER OPERATING FUND - 2025	Actual 2023	Budget 2024	Budget 2025
100 SALE OF SERVICE	(2,030,037)	(2,130,621)	(2,345,783)
300 OTHER REVENUES	(28,469)	(4,000)	(6,000)
350 INTEREST INCOME	-	-	-
700 TRANSFERS FROM OWN SOURCES	(522,787)	(523,562)	(521,822)
REVENUE	(2,581,293)	(2,658,183)	(2,873,605)
100 ADMINISTRATION - WATER FUND	327,319	410,939	331,697
200 SUPPLY & DISTRIBUTION	708,515	880,137	939,942
250 LEAK DETECTION	24,164	23,839	24,572
300 PUMP HOUSES	384,171	378,215	346,415
400 HYDRANTS	70,318	62,949	65,362
600 BULK WATER	30,573	27,420	23,453
800 FISCAL SERVICES	-	-	-
900 TRANSFERS TO OWN FUNDS & RESERVES	1,036,232	874,684	1,142,165
EXPENDITURES	2,581,292	2,658,183	2,873,605
<i>Water Charge Per Residential Dwelling</i>	\$ 260.76	\$ 286.84	\$ 315.52

13.0 SEWER OPERATING FUND

Like water operations, the City's sewer operations are treated as a distinct operating entity, and as such are accounted for in a separate fund. The City's Utility Department is responsible for wastewater collection, while Cariboo Pulp is responsible for wastewater treatment through a contract arrangement with the City (and the CRD for the Red Bluff Sewerage). The arrangement with Cariboo Pulp is lower cost than if the City had to build and maintain its own secondary treatment plant. The Finance Department administers the sewer utility collection activities.

The City's sewer operating fund is supported primarily by the City's sewer user fees and frontage taxes. Council agreed to raise sewer fees by 5% in 2025 to deal with inflation and to continue to support the capital program.

6 SEWER OPERATING FUND - 2025	Actual 2023	Budget 2024	Budget 2025
100 SALE OF SERVICE	(1,234,547)	(1,287,805)	(1,353,314)
300 OTHER REVENUES	(19,475)	(20,000)	(20,000)
350 INTEREST INCOME	(19,433)	-	-
700 TRANSFERS	(216,078)	(216,008)	(216,008)
REVENUE	(1,489,533)	(1,523,813)	(1,589,322)
100 ADMINISTRATION - SEWER FUND	205,874	247,374	261,898
200 COLLECTION SYSTEM	362,804	360,056	375,356
250 LINE CLEANING	87,740	69,948	72,305
300 TREATMENT & DISPOSAL	348,098	370,100	426,981
400 BAKER CREEK SANITARY REPAIRS	368	-	-
900 TRANSFERS	484,648	476,334	452,781
EXPENDITURES	1,489,532	1,523,812	1,589,321
<i>Sewer Charge Per Residential Dwelling</i>	\$ 292.64	\$ 307.27	\$ 322.64

14.0 SOLID WASTE OPERATING FUND

The Solid Waste Operating Fund is responsible for residential garbage collection, the landfill operations, contracts for the reuse centre and recycling depot.

The City's solid waste operating fund receives funding from a variety of sources. Collection costs are covered by utility charges. The landfill costs and recycling costs are covered by taxation with the Cariboo Regional District contributing to these services based on usage.

15 SOLID WASTE FUND - 2025	Actual 2023	Budget 2024	Budget 2025
320 SERVICES PROVIDED TO OTHER GOVT'S	(313,511)	(275,124)	(339,333)
500 SALE OF SERVICES	(1,010,448)	(1,170,445)	(1,116,151)
530 RENTALS	(9,457)	(9,364)	(9,551)
590 OTHER INCOME	(83,369)	-	(50,000)
810 TRANS FR OWN RES ACCTS & SURPLUS	(371,081)	(446,284)	(479,357)
REVENUE	(1,787,866)	(1,901,217)	(1,994,392)
405 GARBAGE COLLECTION - RESIDENTIAL	161,193	195,718	204,024
410 SANITARY LANDFILL	1,406,927	1,424,033	1,502,963
421 WASTE EDUCATION	5,000	5,000	5,000
440 RECYCLING	164,749	176,465	182,405
840 TRANSFER TO CAPITAL RESERVES	50,000	100,000	100,000
900 TRANSFERS	-	-	-
EXPENDITURES	1,787,869	1,901,216	1,994,392
<i>Residential Garbage Rate</i>	\$ 100.00	\$ 115.00	\$ 130.00
<i>Cost per Tonne of Commercial Mixed Waste</i>	\$ 90.00	\$ 90.00	\$ 100.00
<i>Tonnes Landfilled</i>	13,392		

15.0 TRANSIT OPERATING FUND

The Transit Fund is set up to administer all transit operations within the City of Quesnel. The primary service is the city wide and Red Bluff area fixed route bus service, and also includes a handyDART Service, which provides door-to-door service for the elderly and for those with a disability to residents both in the City and in the CRD Rural Areas A,B,C and I. Transit also provides weekly service to Wells and monthly service to Nazko through partnership agreements that are based on full cost recovery.

The Quesnel Transit system is provided to the community by a partnership between the provincial crown corporation, B.C. Transit, the City of Quesnel, and the operating company, Whistler Connection. The City's gross share of overall operating expenses is 57.1%, while B.C. Transit's share is 42.9%. The City receives all revenue derived from the Transit operation. In addition the CRD supports transit by contributing to Transit and handyDART.

The main source of revenue for the Transit system is property taxation. This is done on a separate line on the tax bill and all funds raised are dedicated to Transit.

8 TRANSIT FUND - 2025	Actual 2023	Budget 2024	Budget 2025
TRANSIT FARES	(152,970)	(133,900)	(153,500)
NAZKO CONTRACT	(6,480)	(6,000)	(6,000)
DISTRICT OF WELLS CONTRACT	(21,985)	(24,000)	(24,000)
INTEREST INCOME	(9,179)	-	-
GENERAL REVENUE - TRANSIT ASSESSMENT	(348,649)	(519,065)	(586,469)
C R D CONTRIBUTION	(82,739)	(85,465)	(88,030)
REVENUE	(622,002)	(768,430)	(857,999)
	-	-	-
100 EXPENDITURES	646,789	768,430	907,999
900 TRANSFERS	(24,788)	-	(50,000)
EXPENDITURES	622,001	768,430	857,999
<i>Cost per Adult Ride</i>	\$ 1.75	\$ 1.75	\$ 1.75
<i>Cost per handyDART Zone 1</i>	\$ 3.00	\$ 3.00	\$ 3.00

16.0 AIRPORT OPERATING FUND

The Airport Fund, which administers the financial operations of the Quesnel Regional Airport, is also treated as a distinct operating entity, and as such is accounted for in a separate fund. The Airport Division of the Community Service department is responsible for airport operations, while the Finance Department assists with administering the revenue collection activities.

The City's airport fund is supported through passenger fees, landing fees, rental income, parking fees, aviation fuel sales and a property tax levy. The Cariboo Regional District contributes \$80,000 to operating the airport fund.

9 AIRPORT FUND - 2025	Actual 2023	Budget 2024	Budget 2025
100 RENTAL INCOME	(104,721)	(78,350)	(79,753)
300 CONCESSIONS	(338,393)	(250,000)	(250,000)
450 GOVERNMENT & OTHER GRANTS	-	-	-
50 PROPERTY TAXATION	(483,386)	(541,152)	(623,139)
700 OTHER REVENUES	(102,958)	(75,050)	(82,785)
800 NATIONAL FEES	(153,520)	(140,500)	(140,900)
970 TRANSFERS FROM OWN RESERVES	(100,000)	-	-
REVENUE	(1,282,978)	(1,085,052)	(1,176,577)
100 ADMINISTRATION - AIRPORT	155,900	182,577	192,502
200 AVIATION FUEL SYSTEM	282,792	191,900	194,500
210 AIR SERVICES	49,350	49,000	55,100
300 BUILDINGS & GROUNDS	480,792	541,575	559,475
900 TRANSFERS	314,144	120,000	175,000
EXPENDITURES	1,282,978	1,085,052	1,176,577

17.0 FORESTRY INITIATIVES FUND

The Forestry Initiatives Fund was created in 2019 to track all the Forestry Initiatives the City is currently undertaking that are fully grant funded. The Forestry Initiatives Manager was hired in 2019 to manage all these projects. Grants are from a variety of sources including the Rural Dividend Program, UBCM's Strategic Wildfire Prevention Initiative (SWPI), UBCM's Community Resiliency Investment Program (CRIP) and Forest Enhancement Society (FES).

16 FORESTRY FUND - 2025	Actual 2023	Budget 2024	Budget 2025
320 SERVICES PROVIDED TO OTHER GOVT'S	(35,000)	(35,000)	(35,000)
590 OTHER INCOME	(853)	-	-
710 CONDITIONAL GRANTS	(374,737)	(579,613)	(458,505)
REVENUE	(410,590)	(614,613)	(493,505)
120 ADMINISTRATION - FORESTRY	126,941	126,274	126,193
200 RURAL DIVIDEND	46,268	30,000	-
405 UBCM - CRI	66,777	-	155,000
410 RED CROSS GRANT	28,875	100,842	-
421 PROVINCE - FEP	20,381	-	-
500 PROVINCE - FES	154,277	395,910	230,000
600 FORESTRY THINK TANKS	-	-	50,000
900 TRANSFER	(32,929)	(38,413)	(67,688)
EXPENDITURES	410,590	614,613	493,505

18.0 RESERVES

The City maintains several reserves for its operations, and these funds form an essential part of sound financial management. The funds are set aside for both planned and unplanned future expenses, primarily future capital works.

The City has a number of reserves for various functions. Some reserves are statutory including: Development Cost Charges, City property sales, Tax Sale, General Capital and the Capital Reinvestment funds. Other reserves are to take care of recognized future needs on a proactive basis, such as the Landfill Closure reserve account, and Capital Equipment Replacement reserves.

Council has approved that if any operating funds are leftover in the West Quesnel Land Stability Account each year, those funds will be transferred to the West Quesnel Land Stability Reserve for future maintenance work.

18.1 Surplus

Surplus funds are important and required for a variety of reasons.

- Surplus funds fund expenditures until major revenue collection occurs (property taxes/utilities).
- Surplus funds form a contingency account for unbudgeted emergencies or unusual expenses.

19.0 DEBT FINANCING

In 2024, the City took another MFA equipment loan for public works equipment. In the next few years, the City is using MFA equipment loans to bring the fleet up to date while increasing the amount put into the equipment reserve each year to bring that reserve back up to a self-sustaining level.

The following table summarizes the current outstanding debt and debt payments from the general fund. The debt payment totals include principal and interest payments.

City of Quesnel - Debt Dec 31, 2024

Reason	Rate	Term	Debt	Annual Payments
Fire Truck	4.10%	Dec-29	\$ 337,906	\$ 68,148
City Hall - rate resets 2026	0.91%	Oct-30	1,958,214	236,081
Public Works - rate resets 2031	2.41%	Apr-51	7,881,967	406,294
Equipment Financing	4.05%	Five Years	1,830,664	613,922
			\$ 12,008,752	\$ 1,324,446

20.0 CAPITAL EXPENDITURE PROGRAM

Capital expenditures are made to purchase, develop, and renovate assets that support City services and whose lives extend beyond one year. What the City spends on these activities forms the City's capital funding requirement.

In December 2024, staff reviewed the 5-year capital plan with Council. Capital projects related to the City's water system are funded through the water fund. Projects related to the City's sewer system are funded through the sewer fund. The City's water and sewer utilities charge user fees, and these fees are intended to cover the full cost of these respective functions.

All other capital expenditures are funded through the general operating budget fund, including the annual top-up from the Casino reserve, from special reserves which have been created in the past, and from the Capital Replacement reserve. Other revenue, such as government grants and Development Cost Charges reduce the City's funding requirements from general revenue.

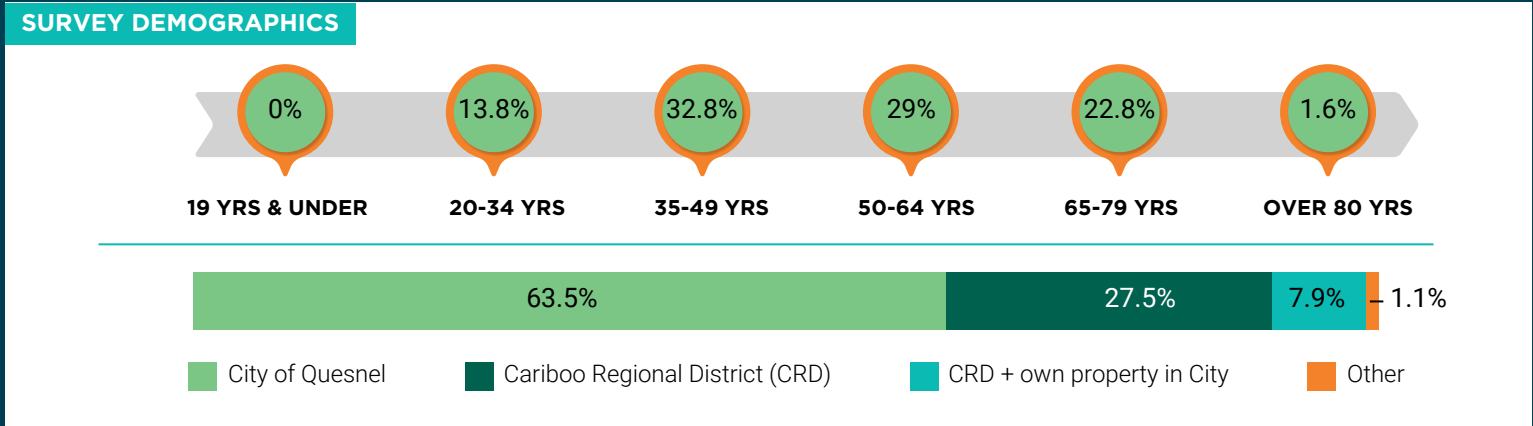
21.0 CONCLUSION

The preliminary budget reflects a concerted effort on the part of staff to maintain existing levels of service within the constraints of our revenue resources with input from the Financial Sustainability and Audit Committee.

APPENDIX A – BUDGET SURVEY RESULTS

2025 BUDGET CONSULTATION

The 2025 budget survey is our main source of community engagement regarding the City budget. The survey was accessible online or by paper at City Hall from January 6-30, 2025.



PARTICIPANTS

189
vs 276 participants in 2024



Top 5 services

- #### HIGHEST IMPORTANCE
- Winter road maintenance
 - Fire rescue services
 - Emergency management
 - Spring & summer road maintenance
 - Waste management

- #### HIGHEST SATISFACTION
- Fire rescue services
 - Active transportation
 - Flowers/beautification
 - Winter road maintenance
 - Parks, sports fields & green spaces

- #### PREFERRED TO INCREASE
- Funding for RCMP
 - Fire rescue services
 - Economic development
 - Emergency management
 - Infrastructure delivery

