

ADMINISTRATIVE REPORT TO THE COMMITTEE OF THE WHOLE
ON
2024 PROVISIONAL BUDGET AND 2024–2028 FIVE-YEAR FINANCIAL PLAN

PURPOSE

The purpose of this report is to provide the Committee of the Whole with a summary of the 2024 provisional budget leading to the preparation of the provisional 2024–2028 Five-Year Financial Plan Bylaw to be adopted before December 31, 2023.

COUNCIL STRATEGIC PLAN

This report supports Council's strategic priorities and areas of focus regarding:

- **Governance and Service Excellence**
 - Asset Management: We plan for the development, improvement, repair, and replacement of our infrastructure.
 - Fiscal Responsibility: We are accountable to Kamloops residents and businesses in providing effective management, best value, and responsible use of tax dollars.
 - Service Excellence: We promote the continuous development of staff and encourage innovation in process and service delivery.
- **Livability and Sustainability**
 - Climate Action: We practice discipline in our environmental responsibility by enhancing the City's resiliency and capacity for mitigating climate change. We actively implement actions to reduce our environmental impacts.
 - Mobility: We improve accessibility for our citizens by intentionally creating a safe, well-connected city for people of all ages and abilities using various modes of transportation.

SUMMARY

As the City prepares the 2024 budget, the community and the organization are facing similar challenges to those faced the prior year. There are lingering effects from the COVID-19 pandemic. Increased competition for skilled employees, continued supply chain issues, and the high level of inflation in the market all continue to be unpredictable and impact many of the City provided operations and services. Since the beginning of the COVID-19 pandemic in spring 2020, City operations and service delivery have been anything but normal.

While the response is constantly shifting, a certainty is that global economics have been considerably volatile. As with the past three financial years, the City must make appropriate adjustments along with financial assumptions in preparing its 2024 budgets and 2024–2028 Five-Year Financial Plan. Other City revenues have returned to pre-pandemic levels.

General Fund

The provisional budget is developed based on the requirement to maintain and deliver the same levels of Council-approved services reflective of the known and anticipated cost changes within the market. City operations continue to be affected by record levels of inflation, global situations, ongoing supply chain issues, changing climate conditions, recruitment challenges, and the general public's shifting demands and expectations.

A summary of the various cost drivers and the overall resulting impact on the 2024 budget is presented in Table 1.

Table 1: Economic Impacts on Municipal Tax Funding

Economic Impacts on Municipal Tax Funding	2024 Budget	
	\$ Impact	% Impact
2023 Taxation Funding – Budget (\$134,659,000)		
Table 3 – Summary of Prior Council Approved Initiatives	\$2,560,000	1.90%
Table 4 – Contracted/Economic Impacts	10,245,500	7.61%
Operational Impacts		
Table 5 – Impacts due to Inflation	\$1,580,300	1.17%
Subtotal	\$14,508,300	10.77%
Financing Costs – Prepaid Tax Interest	499,000	0.37%
Table 6 – Changes to Other City Revenues	(1,907,000)	(1.42%)
Changes to Capital Funding	1,240,000	0.92%
Estimated Growth	(1,000,000)	(0.74%)
Provisional impact on property taxation funding requirements	\$13,217,800	9.82%
Proposed Build Kamloops Funding	1,350,000	1.0%
Provisional impact on property taxation funding requirements with Build Kamloops	\$14,557,800	10.81%

RECOMMENDATION:

That the Committee of the Whole:

- a) direct Administration to prepare a bylaw for the 2024–2028 Five-Year Provisional Financial Plan for Council's consideration with the following inclusions:
 - i) allocate \$682,000 in 2024, \$432,000 in 2025, and \$182,000 in 2026 from the Gaming Reserve Fund to support funding of the Clean Team and Community Services Officer outreach programs
 - ii) allocate \$2,000,000 in 2024, \$2,000,000 in 2025, and \$1,000,000 in 2026 from the Canadian Community-Building

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Fund to support the development of the Build Kamloops program

b) provide direction to Administration on the inclusion of a 1.0% taxation increase in support of the Build Kamloops initiative

SUPPORTING COUNCIL AND CORPORATE DIRECTION

- August 29, 2023, Council Report - 2024 Review of Budget Environmental Scan
- October 31, 2023, Council Report - 2024 Utility Budgets and Rates
- November 21, 2023, Council Report - 2024 Water Utility Budget and Rate

DISCUSSION

2024 Provisional Budget

Following direction from the Financial Planning and Procurement Division, staff have prepared an initial budget in line with Council's direction of determining the costs to maintain the current Council-approved service levels.

In June of each year, Administration begins the budget process by reviewing the current year's budget, identifying changes that have occurred in the overall operating environment, and identifying opportunities to introduce efficiencies that will ideally help to reduce costs, enhance existing service delivery, and provide an overall benefit to the community. To allow for uncertainty in program delivery, a three-year average is used to provide guidance in determining a reasonable budget level.

Using the three-year average allows for annual allowances in activities such as snow removal activities, paving and pothole repairs, play field and park maintenance, and drainage. Each of these areas are subject to weather anomalies that cannot be accurately predicted. The three-year- average provides a reasonable cost estimation for these types of activities. The three-year- average is used as a starting point for the budget process and is adjusted to reflect actual expectations in the expenditures.

Many of the items that are required to support City operations remain relatively similar year over year. Changes in service levels or new services approved by Council through the past year are added into the current year budget. This information is consolidated into the annual budget and presented to the Committee of the Whole. The Committee of the Whole's recommendation is then presented to Council for the development of the provisional budget and Five-year Financial Plan Bylaw. Historically, the items that are identified include the following:

- items previously approved by Council that have an impact on the upcoming year
- changes in negotiated contracts
- announced changes to third-party utility rates or other contracted services
- regulatory or government changes
- approved service level changes

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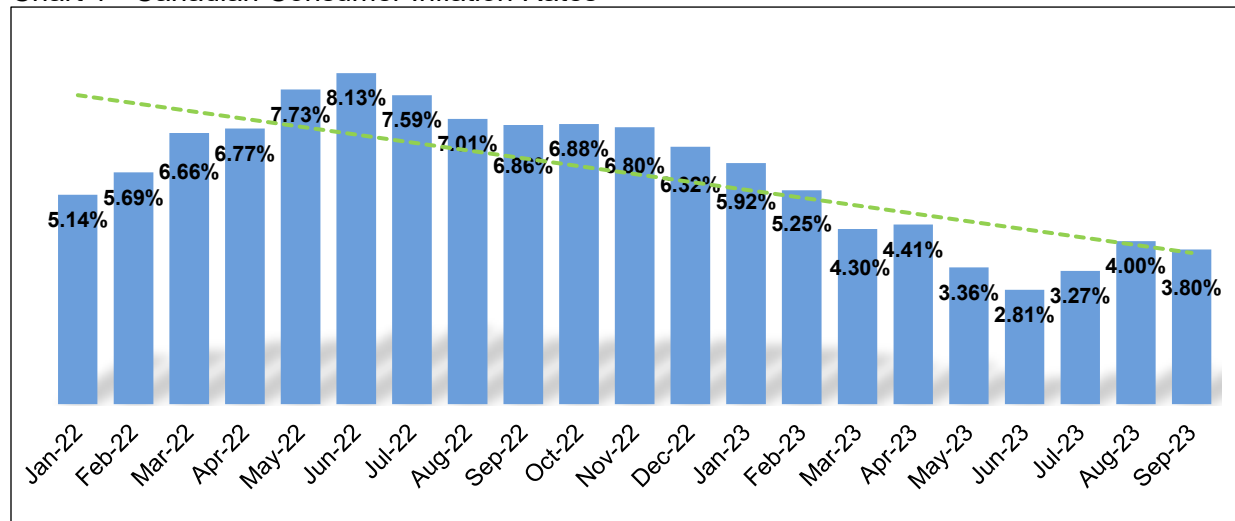
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Risk to the Budget

While the COVID-19 pandemic is behind us, several lingering economic effects are still occurring in the economy that are an impact on City operations. One of the more significant challenges being felt today are supply chain issues that have an impact on core operations. These are linked to issues in manufacturing activities, including higher levels of demand for raw material, shipping challenges, and overall supply issues. The result is longer lead times for products accompanied by higher prices. These conditions are compounded by unusual weather conditions, which cause various form of disruptions to the supply chain around the globe.

In August 2021, the federal government announced the Canadian economy experienced its greatest level of consumer inflation (4.09%) since March 2003. From that announcement, the level of consumer inflation continued to climb month over month until November 2022 and is now beginning to trend downward. It is predicted to return to traditional 2.0% levels in the later portion of 2024. Adding to the uncertainty in the economy, the Bank of Canada's monetary policy of increasing interest rates has placed a strain on personal finances of many Canadians.

Chart 1 - Canadian Consumer Inflation Rates

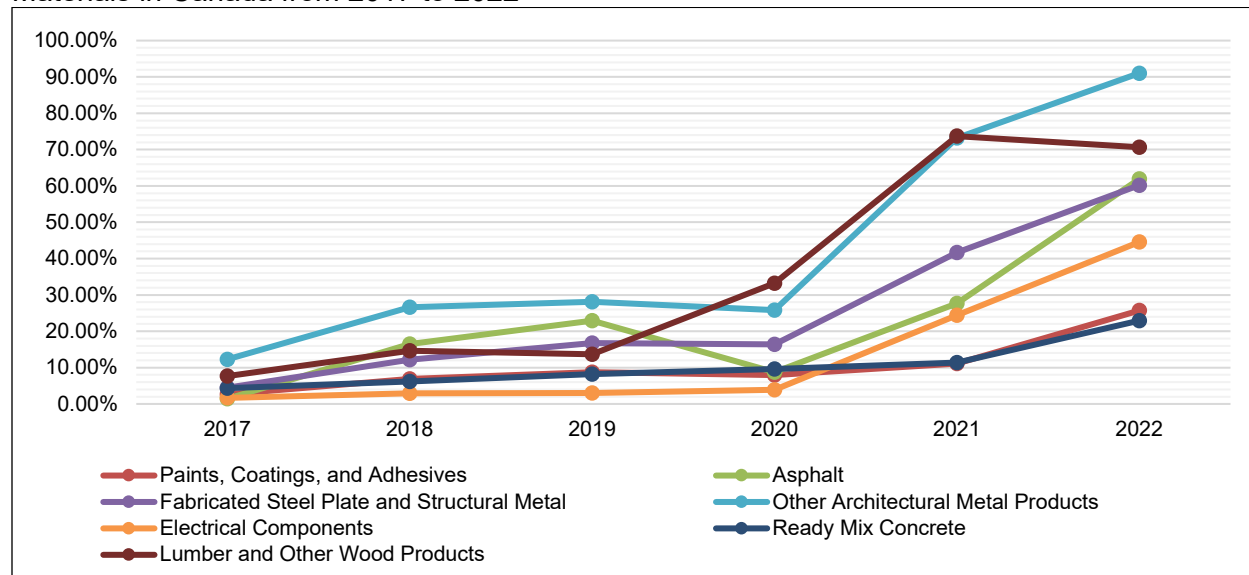


The City faces inflation challenges similar to what consumers may see in their day-to-day purchases. The price of goods and services used in City services are increasing at rates much higher than in previous years and often well above the rate of inflation noted by the Bank of Canada.

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Chart 2: Combined Annual Growth Rate of the Price of Selected Construction Goods and Materials in Canada from 2017 to 2022¹



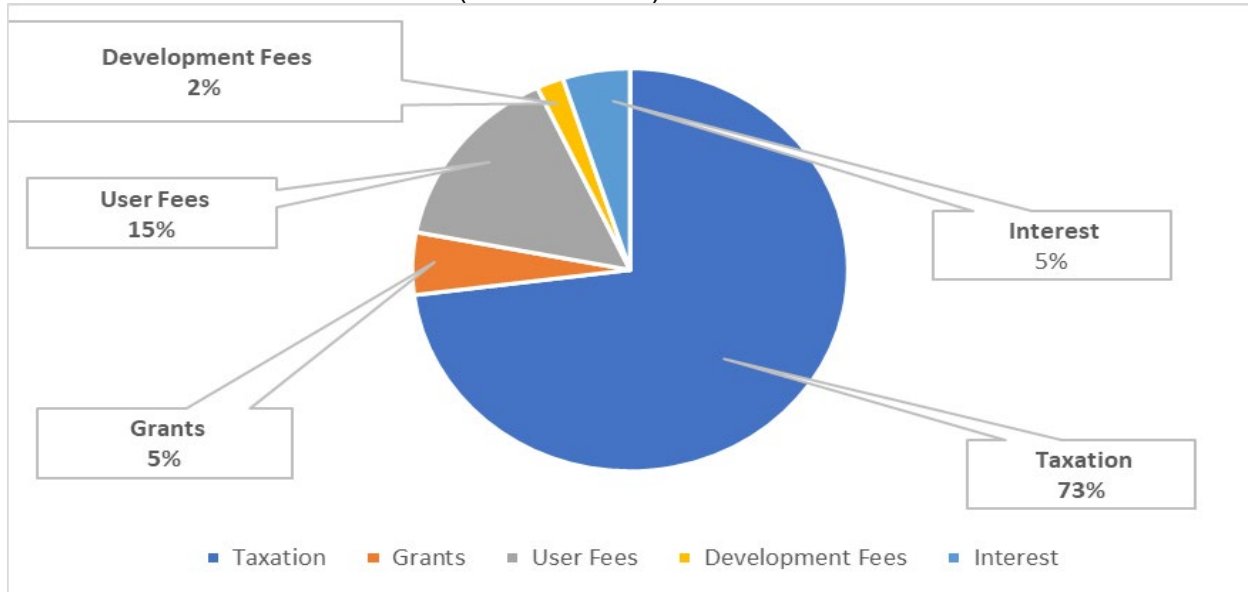
Many of the City services are delivered with unionized employees. Each of these groups have negotiated contracts in place that dictates the level of compensation provided. The contract with the International Association of Fire Fighters has expired (December 31, 2021) and is being negotiated. The current RCMP member contract expired at the end of March 2023, and the Canadian Union of Public Employees contract is set to expire at the end of 2023.

Over the past four years, Council has approved funding in support of various initiatives or priorities that aligned with the 2018–2022 Council Strategic plan. A review of these initiatives confirmed that each initiative is in alignment with the current 2023–2026 Council Strategic Plan and priorities. These items include establishing dedicated funding sources for the Community Climate Action Plan and the Asset Management Program as well as additional funding to grow Kamloops' current RCMP complement. The funding for these previously approved initiatives is included in the existing services levels provided for in the budget.

The General Fund contains most of the activities within the City, excluding City-provided utilities (water, sewer, and solid waste). While taxation is the primary funding source for the General Fund, it is not the only form of revenue that supports these operations, as presented in Chart 3.

¹ <https://www.statista.com/statistics/1310831/construction-goods-and-materials-price-change-canada/>

Chart 3 - General Fund Revenues (2024 estimate)



Several different revenue sources in addition to taxation provide the funding for the services that are delivered out of the General Fund. These other forms of revenues do face a different degree of risk in the ability to provide an accurate prediction. Many of these fees are discretionary spending by the residents and organizations within the city and are subject to affordability, convenience, and alignment to personal choices.

User fees make up the next largest portion of the fund and include business licence fees, and fees paid by organizations using civic amenities for sport, culture, and recreational activities.

Grants are a complementary source of funding for City initiatives that can significantly fluctuate year over year. During the year, many grant programs are identified and applied for; however, the budget only contains grant revenue that has been received or where there is certainty in receiving it (i.e. where the City has been notified that their application was successful). Other grants provide an annual allotment without application. These include the Gaming Grant for being a host local government for gambling operations or the Canada Community-Building Fund (formerly known as the Community Works Fund).

Development fees are related to building permits, inspections, and other development -related activities. Interest generated on the City's investments and financial management activities completes the General Fund. Some of the growth in previous years' development fees has been based on expansion of institutional organizations (hospitals and educational facilities). While these provide a positive impact on development revenues, the nature of these builds are tax -exempt, and increases in development fees does not directly translate into increase in the property tax funding base.

Of the overall amount of taxation funding proposed in 2024, 89.3% of each dollar is used to deliver the services that residents rely on each day. The remaining 10.7% is used in the capital plan and is set aside for maintaining or replacing existing infrastructure (asset management), purchasing new assets, and improving existing infrastructure.

The following analysis and discussion highlight the various impacts for Council to consider for the 2024 provisional base budget.

Changes to the General Fund - Council-Approved Initiatives

Over the past four years, Council has provided direction to Administration to establish and fund several initiatives from taxation that are expected to remain in place through the period of the 2024–2028 Five-Year Financial Plan.

Asset Management Funding (2019)

In 2019, Council approved the addition of a 0.5% taxation-funded Asset Management Infrastructure Reserve to provide funding for the ongoing care and management of civic assets. This funding is intended to add 0.5% (\$620,000) per year over a period of no less than 10 years. The specific use of these funds is reported to Council at the end of the year. The purpose of the fund is to support ongoing asset management initiatives in priority areas across the organization.

Community Climate Action Plan Funding (2022)

In June 2021, the City adopted the Community Climate Action Plan, which outlines a set of strategies, actions, and targets to reduce community greenhouse gas emissions at a pace that is consistent with national and international efforts to limit global warming to 1.5°C. Following the approval of the Community Climate Action Plan Strategy, Council approved a funding mechanism of 0.35% (\$440,000) per year for funding to implement the strategies.

Increase Funding for Additional RCMP Members (2022)

Council directed Administration to increase the amount of funding to support an increased level of policing in the city, with a goal of having a local RCMP compliment of 154 members on duty by 2027. For the 2024 budget, the impact on taxation to fund for six additional members will be \$1.34 million.

In addition to the increase in RCMP members, two municipal employees will need to be added to maintain the approved ratio of RCMP officers to municipal employees for support. The increased costs to policing for the additional members and corresponding municipal support staff for 2024 is \$1.5 million.

The budget supports a 90% staff funding level for RCMP services and will result in a target of 138 members on duty in the community.

Clean Team and Community Services Officer Outreach Programs (2023)

In 2023, the last of the federal and provincial Strengthening Communities' Services grant funding expired. Council was provided the option to eliminate the programs or capture them in the 2024 financial budget. For 2024, these programs will be funded 100% by the Gaming Reserve and then moved towards taxation funding over the next two to three years.

Table 2 - Clean Team and Community Services Officer Outreach Programs Proposed Funding

Funding Source	2024	2025	2026	2027
Reserve Funding	\$682,000	\$432,000	\$182,000	\$0
Taxation		250,000	500,000	682,000
Funding Change		250,000	250,000	182,000
Taxation %		<0.16%	<0.16%	<0.11%

Table 3 summarizes prior approved Council initiatives and the impact on the 2024 budget.

Table 3 - Summary of Prior Council Approved Initiatives

Cost Driver	Inception Year	Strategic Alignment	Impact on 2024 Budget	Impact on 2024 Tax Rate
Taxation Funded Council Initiatives				
Infrastructure Reserve Funding (asset management)	2019	Governance and Service Excellence	\$620,000	0.50%
Community Climate Action Plan Funding	2022	Livability and Sustainability	440,000	0.35%
RCMP Increase in Members and Municipal Support Staff	2022	Safety and Security	1,500,000	1.11%
Taxation Impact Council Directives			\$2,560,000	1.90%
Non-Taxation Funded Initiatives				
Clean Team and Community Services Officer Outreach Programs	2023	Safety and Security	682,000	
Total Impact Council Directives			\$3,272,000	

Contracted Obligations/Economic Impacts - Changes in Operating Costs and Inflation

Labour Contracts and Benefits

The largest single operating expense for the City is labour, which is spread across all activities and services within the City's operations. Wages and benefits are provided to over 1,000 employees (approximately 920 full-time equivalents) and are reflected in the budget based on the conditions of the negotiated contracts with the Canadian Union of Public Employees and International Association of Fire Fighters unions and management.

Entering the 2024 budget, unionized employees total 815 full-time equivalents (87%) of the City overall staffing level of 935 full-time equivalents. As the single biggest line item in the budget,

salaries and wages account for \$82.9 million, including an increase of approximately \$3.44 million. This increase includes previously approved changes made to staffing levels and the operating models for the various City departments.

The contract for Canadian Union of Public Employees Local 900 is set to expire at the end of December 2023. Preliminary conversations regarding next steps related to the union contract are underway; however, at this time, there is a degree of uncertainty as to what the specifics in the contract will result in related to 2024 and future years' wage increases. Based on industry scanning, the Corporate Services Department has established a reasonable amount for inclusion in this provisional budget.

A similar condition holds true for the International Association of Fire Fighters Local 913 contract; however, their collective agreement expired at the end of 2021. A similar approach to the Canadian Union of Public Employees contract was applied to account for potential wage increases for the 2022, 2023, and the 2024 provisional budgets.

The benefits portion of wages and benefits has also increased significantly over the past few years as many of the provincial government programs have seen cost increases. The Employer Health Tax was introduced in 2019, which is 1.95% of earnings annually. This amount is expected to result in a \$1.7 million to \$2.0 million cost item to the City.

Contracted Services - RCMP

The City is responsible for covering 90% of the total RCMP contract, with the federal government covering the other 10%. For 2024, our share of the annual RCMP contract has increased by \$2.9 million to a total of \$33.79 million. The contract is based on a funded staffing complement of 152 members; however, as the funding for additional officers is being incrementally phased in and the RCMP is gradually bringing in new recruits, the City is budgeting for a reduced complement at 91% (138 on-duty members) for 2024.

Funding for policing, including the RCMP contract and the cost of municipal employees, remains the City's largest taxation-funded expense. The overall level of taxation is \$36.82 million for 2024 for this service.

As the RCMP faces similar employment challenges as many employers are dealing with in terms of attracting and recruiting new members, the actual expenses for the RCMP have come in under budget. The City only pays for services provided, so any surplus funds originating from this program are transferred to the Protective Services Reserve. These funds are used to offset unanticipated emergency or other unplanned expenses such as higher than expected retro payments, large-scale investigations, or inflationary factors impacting RCMP services in the city.

The impact of the labour shortage on RCMP recruitment has led to just under \$1 million dollars being allocated to the Protective Services Reserve.

For 2023 any surplus materializing from the police contract is recommended to be set aside in the Protective Services Reserve. The collective agreement between the RCMP regular members and the federal government expired in March 2023. Therefore, this reserve will be utilized to fund any retroactive wage payments incurred beyond the budgeted amount.

BC Transit Services

BC Transit is encountering similar impact on its costs to deliver services. Transits costs associated with increased fuel prices remain volatile along with costs associated with fleet maintenance. Therefore, increased contracts costs are based on current trends and current fiscal year actuals.

New costs provided through the BC Transit contract pertain to the local implementation of the UMO electronic fare payment system and the conventional transit budget for the 2024/2025 fiscal year, which includes costs associated with the first year of the Transit Shelter Program.

Technology Impacts

Many of the services provided on behalf of the City require some aspect of technology to enable effective operational efficiency. A key strategy is moving technology systems from in-house hosted environments to externally hosted and supported software-as-a-service solutions.

These forms of software agreements base their subscription fees on metrics such as number of employees, organizational revenues, population, or number of licensed users. In addition to these metrics being used to determine system maintenance (licensing fees), the addition of new software brings increases in costs to the operating environment, though these costs are less than managing and supporting the solutions in house.

Over the past year and entering 2024, all of those metrics have increased. The number of employees, organizational revenues, and the city's population growing to over 100,000 have all triggered increases in some of the licence fees.

The VIP human resources information software was implemented in 2023, and Phase 1 has become operational. Key with this software platform is an integrated human resource and payroll management application that will introduce self-service activities for employees. Additional modules to be implemented in the next year are intended to modernize the human resources experience for all employees. This will eventually allow us to reduce the number of legacy systems we currently support.

Technology equipment, supplies, and services have been impacted by ongoing supply issues and parts availability. Strategies such as leveraging vendor partnerships, consolidation, and automation all help to reduce the overall impacts.

Cybersecurity remains a top focus area for all municipalities and organizations around the world. Continued investment in improving our network posture, ongoing messaging and system protection, education, and awareness are required to reduce the possibility of data compromise.

Table 4 - Contracted Obligations/Economic Impacts

Cost Driver	Items	Impact on 2024 Budget	Impact on 2024 Tax Rate
Wages and Benefits	Canadian Union of Public Employees, International Association of Fire Fighters, and Management	\$3,437,500	

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Cost Driver	Items	Impact on 2024 Budget	Impact on 2024 Tax Rate
RCMP Contract	Contract Increases	2,924,000	
BC Transit	Contract Increases	2,260,000	
System Maintenance	Software-as-a-Service, Software Maintenance	1,200,000	
Fleet Services	Tire and Other Specialty Services	245,000	
Other Contracted Services		179,000	
Total Contracted Obligations/Economic Impacts		\$10,245,500	7.61%

Operational Impacts Due to Inflation

The increased levels of inflation along with supply chain issues continue to impact the organization, specifically due to the availability, acquisition, manufacturing, or delivery of the needed materials to support most civic operations. The world impact on fuel has a far-reaching effect beyond the use of City fleet vehicles and equipment. Many of the supplies required to support the city's infrastructure rely heavily on the availability of materials and supplies.

This is true for the many contractors that work in support of core civic services. Over the past 18 months, the world price of oil has continued to ripple into almost everything the City does. The City is not immune to the increases in costs that are being felt across the economy as fuel prices continue to increase and be passed on to the end consumer.

Fleet and Mechanical Services - Including Kamloops Fire and Rescue

The delivery of many City services relies on the support of the City Mechanic Shop and fleet. The cost and availability of fuel, materials, and supplies increases the cost of acquiring, operating, and maintaining equipment. Further expansion and growth in the city place a greater reliance on a robust and efficient mobile fleet to maintain the delivery of services across the city.

Contracted Services - Other

In support of the delivery of some services, the City contracts and uses third-party organizations to deliver complementary services. Many of these vendors are also facing the same economic challenges as the City.

As the City approaches the market, most of the bids being received are reflective of the increased inflationary factors that the City is encountering, albeit not on quite the same scale or the same level of magnitude. Many local vendors are indicating that the costs to deliver their services or products are being considerably impacted by the overall world economy and the significant inflation or supply issues that have been prevalent over the last couple of years.

Materials and Supplies

Products where the City have already seen cost increases and supply challenges include most oil based- products, plastics, paints, and fuels, which, when available, have all increased

25%–100+% over early 2021 levels and are expected to remain at these high levels through the remainder of 2023 and well into 2024.

Steel products have seen an increase of 40%–80% coupled with increasing lead times to receive these products. Specialty vehicles remain in short supply. Lead times to secure vehicles have marginally improved; however, specialty equipment lead times continue to be less than desirable.

Part of the challenge in developing the 2024 budget is determining which, if any, of the projected increases reflect situational inflation and at what point in the future do these costs reduce, level off, or the rate of increases slow to historical inflationary levels.

Table 5 - Operational Impacts Due to Inflation

Items		Impact on 2024 Budget	Impact on 2024 Tax Rate
Operational Impacts			
	Fleet and Transportation	\$720,000	
	Streets - Line Painting and Clearing	215,000	
	Parks - Fertilizers	43,000	
	Recreation and Culture	132,000	
	Gear and Clothing	52,300	
	Various Supplies	418,000	
Total Impact Operational Impacts		\$1,580,300	1.17%

Civic Revenues Budget Implications

RCMP Traffic Fine Revenues

The Province provides a pro-rated share of ticket revenues collected based on the prior years' activities to municipalities utilizing RCMP policing service. This figure fluctuates routinely. In 2023, information provided by the RCMP has indicated a small drop from \$1.25 million to \$1.1 million for 2024.

Development and Business Permitting

Small growth is expected within the development permitting process, primarily tied to inflationary impacts on the overall costs associated to building houses in the current economic environment.

Transit

Kamloops Transit is experiencing increased ridership representing a return to pre-COVID-19 ridership levels and welcoming new system users. As of September 2023, BC Transit ridership data shows transit usage has increased by approximately 107% over pre-pandemic levels. Kamloops Transit continues to rank closely alongside other Tier 1 transit systems (i.e. Nanaimo and Central Fraser Valley), with an increase in fare product purchases and transit program usage observed in 2023.

With the introduction of the UMO electronic fare payment system in early 2024 coupled with planned service expansion, it is expected that overall system ridership and fare revenue will continue to increase over the next fiscal years.

Recreation and Culture

The combined impact of 2023 user fee increases and significant growth in demand has had a positive impact on current and projected recreation program revenues. Registration levels for programs have rebounded to match or exceed 2019 levels, particularly in fitness- and health-related offerings.

Culture revenues have been adversely impacted due to decline in the number of professional shows being planned for in the community. Many tours are choosing venues in the South Okanagan due to their larger capacities in order to maximize their potential ticket sales. This is resulting in an estimated income loss of \$180,000 for 2024.

As summarized in Table 6, the overall net impact of projected increases in revenues for 2024 is approximately \$1.907 million.

Table 6 - Other City Revenues

Items	Impact on 2024 Budget	Impact on 2024 Tax Rate
RCMP Traffic Fines Revenues	(150,000)	
Development and Business Permitting	375,000	
Transit Services - Conventional	910,000	
Transit Services - handyDART	60,000	
Recreation and Culture	30,000	
Interest Revenues	355,000	
Other Revenues	327,000	
Total Impact of Increased Revenues	\$1,907,000	1.42%

Moving into 2024, all of the monies provided by both levels of senior government during the pandemic (BC Safe Restart funding) directed towards overall city operations and transit services have been exhausted.

Financing Costs

As a service offered by the City, residents are able to pay their property taxes over the year. As the City holds these funds on behalf of the resident, interest is applying to the balance. With inflation increasing along with the interest rates, the amount of interest that is allocated to these funds is increasing. Due to this service the impact on the organization is \$499,000 for 2024.

Growth

Assessed Property Values

In fall of each year, BC Assessment determines the market impacts that affect the overall assessed property values in the province. The assessment roll is provided to the City a few times over the course of a six-month period, beginning in October and concluding in March.

The preview roll was provided in early November and identified a total change in the roll value reporting an increase of \$125 million over 2023. Further information provided in these assessment amounts was that non-market change/growth was 0.92% and overall market growth just over 22% across all assessment classes.

The estimated financial result is \$1.1 million in potential growth. As the assessment roll was only 75% complete, Administration took a conservative approach and is presenting \$1.0 million in growth to Council for the provisional budget presentation.

In early January 2024, BC Assessment will conclude its review and provide a 95% complete assessment roll. BC Assessment leaves room in the roll to provide a conservative position if assessed values are successfully challenged and, as a result, cause a reduction of the overall assessed values of the roll. It is anticipated that there will be some additional growth, which may be added into the 2024 budget to offset the increased tax requirements. At this time, we are not comfortable using the full \$1.1 million estimate, but Administration will report a finalized number for the Committee of the Whole report on March 5, 2024.

Provincial Impacts

The following information is provided to the Committee of the Whole as these cost items directed by the Province are adding an impact to the financial position of the organization. For presentation purposes, these items are not being directly identified rather each is imbedded in the operational cost changes. These include provincial-based utilities, BC Hydro, and the costs associated with the Employer Health Tax and the BC Carbon tax.

The Employer Health Tax provides for a 1.95% cost against all wages paid by the City at a cost of \$1.7 million for 2024.

The BC Carbon Tax as a component to consumable fuels is expected to increase in 2024 by \$0.1761 per litre for gasoline and \$0.1525 per m³ of natural gas consumption.

Table 7: BC Carbon Tax Impacts

	2024	2025	2026	2027	2028
Gasoline \$/litre	0.1761	0.2091	0.2422	0.2752	0.3082
Diesel \$/litre	0.2074	0.2462	0.2851	0.3239	0.3628
Natural Gas/m ³	0.1525	0.1811	0.2097	0.2383	0.2669

Table 8: BC Carbon Tax Cost on Operations

	Estimated Volumes	2024	2025	2026	2027	2028
Gasoline \$/litre	400,000	\$70,440	\$83,640	\$96,880	\$110,080	\$123,280
Diesel \$/litre	905,000	\$187,697	\$222,811	\$258,016	\$293,170	\$328,325
Natural Gas/m ³	84,378	\$336,324	\$399,398	\$462,473	\$525,548	\$588,622
Total Carbon Tax Estimate		\$664,901	\$789,489	\$914,248	\$1,038,878	\$1,163,507

Build Kamloops Funding

While currently in the initial stages of development, the Build Kamloops program will span multiple years and see the implementation of new civic amenities to support the considerable growth that Kamloops is facing. Identification, development, and construction of this infrastructure will require the City to utilize many different funding sources over the time frame. This includes public and user group fundraising, donations, grants, and debt.

To begin to form the financial foundation required to support the development of Build Kamloops, the following budget considerations are provided to Council.

Use of the Canadian Community-Building Fund (formerly known as the Community Works Fund) to set aside \$5 million over the next three years to support the development and design activities that will become associated with the initiative.

Table 9: Proposed Use of Canadian Community-Building Fund for Build Kamloops

	2024	2025	2026
Canadian Community-Building Fund	\$2,000,000	\$2,000,000	\$1,000,000

In addition to establishing the funding for future debt borrowing, a proposed 1.0% per year tied to growth is to be set aside. These funds are intended to support future debt repayment requirements stemming from the financing of the proposed Build Kamloops infrastructure.

Based on adding this into the provisional budget, the following increases over the next four years.

Table 10: Proposed Taxation Impact for Build Kamloops Funding

	2024	2025	2026	2027
Taxation Impact	1.0%	1.0%	1.0%	1.0%
Resident Impact	\$25	\$25	\$25	\$25

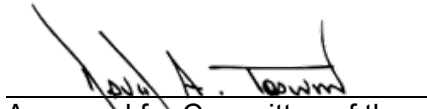
As this is the provisional budget, the intent is to provide the Committee of the Whole with an understanding of what is required to maintain the current service levels for the community. Approval is sought for a budget to allow the organization to continue delivering on the current Council -approved service levels.

Between now and the completion of the 2024 Budget and Five-Year Financial Plan that will occur in the first quarter 2024, many of the assumptions used to develop the budget will be revisited, reconfirmed, and adjusted as required. Additionally, the final budget provides the conclusion of the budgeting cycle and will incorporate any new items that materialize, including finalization of the BC Assessment roll and confirmation of the expected growth figure.

The development of the final budget will also include an introduction and deliberation on community and organizational identified supplemental items.



D. Hallinan, FCPA, FCMA
Corporate Services Director



Approved for Committee of the
Whole

DH/kjm

Concurrence: M. Kwiatkowski, P.Eng., Development,
Engineering, and Sustainability Director
J. Fretz, P.Eng., Civic Operations Director

Reviewed by: L. Hill, BCom, CPA, CMA, Financial
Services Manager
D. Rutsatz, CPA, CGA, Financial Planning
and Procurement Manager