

Committee of the Whole Report

For the Meeting of February 27, 2025

To: Committee of the Whole **Date:** February 14, 2025

From: Susanne Thompson, Deputy City Manager and Chief Financial Officer

Subject: 2025-2029 Draft Financial Plan – Impact of Crystal Pool Replacement Project

Referendum Result

RECOMMENDATION

That Council receive this report for information.

EXECUTIVE SUMMARY

At the February 13, 2025 Committee of the Whole meeting, Council directed staff to report back on the impact of the Crystal Pool referendum decision on the budget reduction options presented to Council in December 2024. This report identifies the magnitude of the debt servicing costs for the borrowing and the resulting reductions that would be needed to achieve property tax increases for 2025 and 2026 of no more than 4%, 5%, 6% and 7%.

In 2025, the budget requirement for the Crystal Pool project is approximately \$1.8 - \$2 million depending on which site Council chooses. Since the required budget is relatively small, the proposed funding source for 2025 is the Debt Reduction Reserve. Therefore, there would be no property tax impact related to this project in 2025.

For future years, the budget requirement is different depending on the site option selected. For 2026, if the North option is chosen, borrowing of approximately \$15 million would be required resulting in a debt servicing budget of \$1.18 million. If the South option is chosen, borrowing of approximately \$23 million would be required for 2026 resulting in a debt servicing budget of \$1.8 million. Therefore, to achieve property tax increases of no more than 4%, 5%, 6% and 7%, additional reductions of \$1.18 million or \$1.8 million would be required. Staff could report back on specific reduction options as part of the 2026 financial planning process, should Council wish to consider this for 2026.

The following table summarizes the estimated tax increase impacts related to the debt servicing costs for this project for 2025 to 2031, which would be required unless other service reductions are implemented to offset these additional costs. These amounts are based on the current interest rate of 4.28% for 20-year loans from the Municipal Finance Authority, which is lower than the June 2024 report when the interest rate was 4.92%. In order to smooth out the tax increases, the approved \$47 million from the Debt Reduction and Parking reserves are planned to be mostly used in later years (2029 for the North option and 2027/28 for the South option); the repayment of those reserves would

begin in the year following with the term and annual amount of the repayments yet to be determined by Council. Therefore, the tables below do not factor in the reserve repayments, nor the future operating costs which would be required once the new facility is open.

Crystal Pool North - Debt Servicing

2025	2026	2027	2028	2029	2030	2031	Total				
Debt servicing amounts:											
\$0	\$1,180,000	\$1,200,000	\$2,575,000	\$2,625,000	\$2,670,000	\$2,475,000	\$12,725,000				
Property Tax Impact:											
0%	0.62%	0.62%	1.30%	1.30%	1.30%	1.18%	6.32%				

Crystal Pool South - Debt Servicing

2025	2026	2027	2028	2029	2030	2031	Total				
Debt servicing amounts:											
\$0	\$1,800,000	\$3,440,000	\$3,525,000	\$2,230,000	\$1,485,000	\$730,000	\$13,210,000				
Property Tax Impact:											
0%	0.95%	1.78%	1.78%	1.11%	0.72%	0.35%	6.69%				

In addition to the report back related to reduction options for the 2026 budget, if Council would like to avoid tax increases related to this project for all future years, Council could direct staff to develop further options as part of the 2026 and future financial planning processes.

Respectfully submitted,

Susanne Thompson Deputy City Manager and Chief Financial Officer

Report accepted and recommended by the City Manager