

THE CORPORATION OF THE
CITY OF WHITE ROCK
CORPORATE REPORT



DATE: January 13, 2025

TO: Mayor and Council

FROM: Candice Gartry, Director, Financial Services, CPA, CGA

SUBJECT: Updated 2025 Operating Budget and Tax Considerations

RECOMMENDATIONS

THAT Council:

1. Receive the corporate report dated January 13, 2025, from the Director of Financial Services, titled “Updated 2025 Operating Budget and Tax Considerations” for consideration; and
 2. Provide direction to staff on which operating budget items Council would like included in the City’s 2025 operating budget.
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EXECUTIVE SUMMARY

This corporate report presents key information on the City of White Rock’s (the "City") 2025 operating budget for Council’s review and direction. It outlines the originally planned budget increases for 2025, as detailed in the 2024–2028 Financial Plan approved by Council in 2024 (Table A). Additionally, it highlights the impact of updated estimates and changes to budget assumptions identified after the Financial Plan’s approval (Table B), and budget items related to a new Council initiative (Table C). The items and amounts in these tables have not changed from what was presented to Council at its December 9, 2024, regular council meeting.

An additional table, Table D, has been included in this report which lists proposed budget cuts from the Senior Leadership Team (“SLT”) to reduce the average 2025 property tax increase to below 5%, as per Council’s direction at the December 9, 2024, regular Council meeting.

Staff request Council’s direction as to which items to incorporate into the final 2025 operating budget.

PREVIOUS COUNCIL DIRECTION

Motion # & Meeting Date	Motion Details
2024-392 December 9, 2024	THAT Council: 1. Receive the corporate report dated December 9, 2024, from the Director of Financial Services, titled “2025 Operating Budget and Tax Considerations” for consideration; and

	2. Direct staff to bring forward a proposed City 2025 operating budget with options for consideration resulting in a below 5% tax increase.	CARRIED
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INTRODUCTION/BACKGROUND

Section 165(1) of the *Community Charter* states that:

A municipality must have a financial plan that is adopted annually, by bylaw, before the annual property tax bylaw is adopted.

Section 197(1) of the *Community Charter* states that:

Each year, after adoption of the financial plan but before May 15, a council must, by bylaw, impose property value taxes for the year by establishing tax rates for

- (a) The municipal revenue proposed to be raised for the year from property value taxes, as provided in the financial plan, and*
- (b) The amounts to be collected for the year by means of rates established by the municipality to meet its taxing obligations in relation to another local government or other public body.*

Further, Section 173(1) of the *Community Charter* states that:

A municipality must not make an expenditure other than one authorized under subsection (2) or (3).

Preliminary 2025 Budget Information

Council passed Bylaw No. 2496 in 2024 which adopted a five-year Financial Plan for the City for the years of 2024 through to 2028. The budget amounts included in that five-year Financial Plan provided for a 7.51% average property tax increase in 2025.

Table A (also included in Appendix A) summarizes the changes from the 2024 operating budget to the 2025 operating budget that were included in the 2024 – 2028 Financial Plan for 2025.

TABLE A - The items below account for the original budgeted property tax increase of 7.51% as per the 2024 - 2029 Financial Plan:

Department	Amount	Category	Item Description	Tax Impact	Cumulative Impact	Adjusted Tax Increase
Fiscal Services	\$ (240,000)	Property Tax Revenue	Anticipated additional revenue - New market growth	-0.78%	-0.78%	-0.78%
Fiscal Services	(117,400)	Fees & Charges Other Revenue	Anticipated additional revenue - Fees & Charges and other revenues	-0.38%	-1.16%	-1.16%
Fiscal Services	296,900	Reserves	Budgeted increase to capital reserves	0.96%	-0.20%	-0.20%
Police Services	424,700	RCMP Contract	RCMP contract increase	1.38%	1.18%	1.18%
Various	1,195,100	Salaries & Benefits	Labour increases related to anticipated collective agreement increases and exempt compensation policy	3.88%	5.06%	5.06%
Financial Services	165,700	Salaries & Benefits	Grant Writer (exempt, full-time) - pushed from 2024 budget to 2025 budget	0.54%	5.59%	5.59%
Planning & Development Services	48,400	Salaries & Benefits	Plumbing Official (CUPE, auxiliary)	0.16%	5.75%	5.75%
Communications & Government Relations	47,900	Salaries & Benefits	Indigenous Relations Liaison (exempt, part-time)	0.16%	5.91%	5.91%
Planning & Development Services	360,000	Program Contract Costs	Warming Centre (was funded via the COVID Restart grant in 2024)	1.17%	7.07%	7.07%
Various	134,300	Various	Other various cost increases	0.44%	7.51%	7.51%
TOTAL \$		2,315,600				

Since the adoption of the 2024 - 2028 financial plan, cost estimates and assumptions have been updated for the 2025 operating year. Table B (also included in Appendix A) summarizes these changes and their property tax impact.

Table B - The items below are budget adjustments/changes in assumption for the 2025 operating budget:

Department	Amount	Category	Item Description	Tax Impact	Cumulative Impact	Adjusted Tax Increase
			<i>Starting tax increase for 2025 (based on Table A above)</i>			7.51%
Fiscal Services	\$ (500,000)	Investment Income	Increase in anticipated investment income	-1.62%	5.89%	5.89%
Financial Services	(165,700)	Salaries & Benefits	Grant Writer - Remove position (exempt, full-time) from 2025 operating budget and push out to 2027 budget	-0.54%	5.35%	5.35%
Fire Rescue	(82,600)	Salaries & Benefits	Decrease in Fire Rescue wages due to staff retirements	-0.27%	5.08%	5.08%
Corporate Administration	(73,200)	Salaries & Benefits	Remove Indigenous Relations (exempt, part-time) position from 2025 operating budget and push out to 2027 budget	-0.24%	4.85%	4.85%
Planning & Development Services	(55,400)	Salaries & Benefits	Plumbing Official - Remove position (CUPE, auxiliary) from 2025 budget, push out to 2027 budget	-0.18%	4.67%	4.67%
Various	(95,200)	Salaries & Benefits	Updated assumptions for wages and benefits increases	-0.31%	4.36%	4.36%
Police Services	69,600	RCMP Contract/ Salaries & Benefits	Increase to RCMP municipal policing contract above what was in the 2024 - 2029 Financial Plan for 2025, net of wage savings due to internal restructuring	0.23%	4.58%	4.58%
Common Services	99,000	Recovery of Costs - Internal	Net decrease primarily related to decrease in recovery of internal wages from utilities due to shift in projects from utility to more general fund projects, thus less staff time can be charged to utilities	0.32%	4.90%	4.90%
Information Technology	97,600	Software Maintenance	Increased software maintenance costs	0.32%	5.22%	5.22%
Recreation & Culture	(50,000)	Program Costs	Budget had been increased to \$410K (from \$360K) through 2025 internal budgeting process, with \$50K increase funded via budget reductions in other line items. This decrease funds \$50K difference from prior year surplus instead of property tax increase because increase is one-time only. \$410K expense budget based on contract award for 2024/2025 winter season.	-0.16%	5.06%	5.06%
Various	31,900	Various	Other various cost increases	0.10%	5.16%	5.16%
Recreation & Culture	11,000	Program Revenue	Loss of revenue due to Council Chambers being relocated to the White Rock Community Centre	0.04%	5.20%	5.20%
Engineering & Municipal Operations	11,000	Advertising Revenue	Loss of revenue resulting from new contract for city bench advertising	0.04%	5.23%	5.23%

TOTAL \$ (702,000)

As outlined in Table B, the adjusted average property tax increase for 2025 has been reduced from 7.51% to 5.23%. This reduction is primarily due to higher anticipated investment (interest) income and the deferral of certain staff positions to the 2027 operating year. However, it is important to highlight that declining interest rates will reduce the City's investment income, likely necessitating a property tax increase to address this revenue shortfall, in future years. Furthermore, the deferral of the staff positions listed in Table B merely shifts the associated property tax increase to 2027 from 2025.

At the November 25, 2024, regular Council meeting, a new Council initiative was identified. Table C (also included in Appendix A) lists this addition valued at \$82K, which results in a further 0.27% increase in property taxes for 2025. With adoption of this initiative, the estimated average property tax increase for 2025 is adjusted to 5.50%.

Table C - New Council Initiatives per November 25, 2024, Council Meeting

Department	Amount	Category	Item Description	Tax Impact	Cumulative Impact	Adjusted Tax Increase
			<i>Starting tax increase for 2025 (based on Table B above)</i>			5.23%
Corporate Administration	\$ 82,000	Salaries & Benefits	CCTV Camera Project - Estimated annual operating cost for full-time position to manage privacy assessments and requests for CCTV footage.	0.27%	5.50%	5.50%

TOTAL \$ 82,000

At the December 9, 2024, regular Council meeting, Council directed staff to reconsider the 2025 operating budget and bring forward a proposed operating budget for 2025 which would result in an average property tax increase of less than 5%. Table D (also included in Appendix A) outlines the proposed Senior Leadership Team (SLT) budget reductions for 2025 to meet this mandate.

Table D - SLT Proposed Additional Budget Reductions for 2025

Department	Amount	Category	Item Description	Tax Impact	Cumulative Impact	Adjusted Tax Increase
			<i>Tax increase from table C (based on table above)</i>			5.50%
Fiscal Services	\$ (107,400)	Salaries & Benefits	Increase allowance for staff turnover from one position to two positions	-0.35%	5.15%	5.15%
Information Technology Engineering & Municipal Operations	(16,200)	Consultants	Decrease consulting budgets	-0.05%	5.10%	5.10%
Financial Services Planning & Development Services	(24,000)	Revenues - Various	Increase in tax penalty, development application fees, and permit revenue	-0.08%	5.02%	5.02%
Financial Services Recreation & Culture Engineering & Municipal Operations	(6,900)	Office Supplies, Marketing	Decrease in office supplies and marketing budgets	-0.02%	5.00%	5.00%
Financial Services	(4,700)	Dues & Conferences	Decrease in dues & conferences budget	-0.02%	4.98%	4.98%
Recreation & Culture	(5,000)	Salaries & Benefits	Removal of youth services grant (has not been distributed since 2021)	-0.02%	4.97%	4.97%
Engineering & Municipal Operations	(9,000)	Contract Maintenance	Reduce contract maintenance budget	-0.03%	4.94%	4.94%
TOTAL \$ (173,200)						

Increasing the allowance for unfilled positions (first row in Table D) and raising the projected revenues (third row in Table D) carry greater risks for the City compared to the other items in Table D. Historically, the City has often had more than one unfilled position, but the goal is to have all positions filled. If every position were filled, the City could face a deficit because the budget has been adjusted and reduced based on the assumption that two positions will remain unfilled. Similarly, if the City cannot achieve the higher revenue targets, the likelihood of a deficit increases..

It is important to note that any further budget reductions would result in a cut to City services. Staff seek Council direction with respect to which items they would like included in the 2025 operating budget from the above tables.

One-Time Requests

During the 2025 budget process, staff identified a limited number of one-time budget requests totaling \$330K, as detailed in Table E below (also included in Appendix A). These requests are specific to the 2025 operating year and are not funded through property tax increases, as they are not ongoing budget items. Instead, they will be funded from the anticipated 2024 operating surplus. The items and amounts in Table E have not changed from what was presented to Council at its December 9, 2024, regular council meeting.

Table E - Budget 2025 One Time Requests - No impact on property tax increase

Department	Amount	GL Description	Item Description	Year Required
Financial Services	100,000	Consultants	Grant writing services for 2025 and 2026 (\$50K/year). Hiring of full-time grant writer moved to 2027.	2025 & 2026
Recreation & Culture	50,000	Program Costs	Increase in budget for the warming centre per the contract award (2024/2025 winter season). Original budget was \$360K. Have increased it to \$410K for 2024/2025 winter season only.	2025
Planning & Development Services	50,000	Consultants	Consultants to assist with: 1. Review and update the Unsightly Premises Bylaw 2. Development of an art program framework and associated funding model for business storefront improvements Please note that should Council decide to proceed with this initiative, it is expected that an ongoing, annual budget of \$20K will be required to maintain the initiative. This \$20K would require a property tax increase starting in 2026.	2025
Financial Services	35,000	Consultants	Consultants to assist with redrafting the Drainage Utility Fees Bylaw in relation to the affects of the recent provincial housing legislation	2025
Recreation & Culture	30,000	Program Costs	Security services for the warming centre (2024/2025 winter season)	2025
Corporate Administration Information Technology	30,000	Consultants	Estimated cost for privacy assessment for East Beach and Memorial Park CCTV camera installation (CCTV phase 1 plus Memorial Park approved at November 25, 2024 Council meeting).	2025
Engineering & Municipal Operations	25,000	Small Equipment	Both electric Zambonis require new battery packs in 2025	2025
Financial Services	10,000	Consultants	Tempest consulting costs related to changing the utility billing to incorporate sewer consumption and other utility fees	2025

TOTAL \$ 330,000

Next Steps

Following Council's direction, the operating budget will be updated, including the estimated average property tax rate increase for 2025.

The draft 2025–2029 Five-Year Financial Plan document has been prepared assuming an average property tax increase of 4.94% for 2025 and is also on the agenda for the January 13, 2025 regular Council meeting for Council's receipt and feedback. This was done to ensure that the document would be available for public comment as of January 8, 2025, as had been planned and communicated out. However, this does not preclude Council from making changes to the 2025 operating budget. The directions received from Council at tonight's regular council meeting will be included in the second draft of the Financial Plan.

FINANCIAL IMPLICATIONS

If all the budget items listed in Tables A through E were to be included in the 2025 operating budget, the estimated average property tax increase for 2025 would be 4.94%.

COMMUNICATION AND COMMUNITY ENGAGEMENT IMPLICATIONS

A public survey on the City's 2025 budget was made available for responses and comment(s) from June 21, 2024, through to August 25, 2024, via the City's *Talk White Rock* platform. The results of the survey were reported back to Council at their September 9, 2024, regular meeting.

There will be an additional opportunity for community feedback on the 2025 budget during the Public Comment period planned for January 2025.

INTERDEPARTMENTAL INVOLVEMENT/IMPLICATIONS

All departments have been involved in preparing the 2025 budget, including the additional budget items outlined in this report.

ALIGNMENT WITH STRATEGIC PRIORITIES

The budget adjustments and additional budget items listed in this report align with the following Council Priorities:

Organization & Governance:

Objective 1 – Increase revenue from City programs, assets, and services.

Objective 3 – Realize service delivery efficiencies via digital transformation and align existing processes with best practices.

OPTIONS / RISKS / ALTERNATIVES

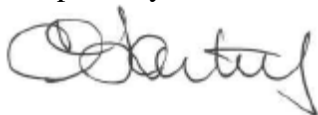
Council may choose to include or exclude any budget item(s) for 2025 as summarized in this report. Each item listed has a different impact on services or infrastructure. Directors are available to speak on each of these items during the Council's regular meeting.

Similarly, Council may choose to approve, or not approve, any, or all, of the One-Time budget request items. These items are not funded via a property tax increase, but instead from the anticipated 2024 operating surplus. Each item requested has a different impact on services or infrastructure. Directors are available to speak on each of these items during the Council meeting.

CONCLUSION

Staff recommend that Council receive this report and provide staff with direction on what items to include in the 2025 operating budget.

Respectfully submitted,



Candice Gartry, CPA, CGA
Director, Financial Services

Comments from the Acting Chief Administrative Officer

This report is provided for Council's information, consideration and direction to staff.



Jim Gordon
Director, Engineering & Municipal Operations and
Acting Chief Administrative Officer