

THE CORPORATION OF THE
CITY OF WHITE ROCK
CORPORATE REPORT



DATE: February 13, 2023

TO: Finance and Audit Committee

FROM: Candice Gartry, Director, Financial Services

SUBJECT: City of White Rock Draft 2023 – 2027 Operational Financial Plan

RECOMMENDATIONS

THAT the Finance and Audit Committee approve the City of White Rock Draft 2023 – 2027 Operational Financial Plan

AND

Directs staff to bring the Draft 2023 – 2027 Asset Management (Capital) Financial Plan to the March 13, 2023, Finance and Audit Committee meeting.

EXECUTIVE SUMMARY

The Corporation of the City of White Rock is governed by the *Community Charter* (the “*Charter*”). The *Charter* requires that a Five-Year Financial Plan be adopted annually, by May 15th of each year, and include both operating and capital expenditures. The Charter directs that the public must be consulted prior to the Five-Year Financial Plan being adopted. The Financial Plan must be adopted by bylaw and cover a five-year period, with the first year of the Financial Plan being the year that the plan comes into force. The Financial Plan can be amended by bylaw at any time.

Section 165 of the *Charter* directs that the Five-Year Financial Plan must be balanced for each year. Meaning that the total of the proposed expenditures and transfers to other funds for a year must not exceed the total of the proposed funding sources and transfers from other funds for the year.

The purpose of this report is to introduce the Draft 2023 – 2027 Operational Financial Plan (“Draft Financial Plan”), and to request that the Finance and Audit Committee (the “Committee”) approve the the City of White Rock Draft 2023 – 2027 Operational Financial Plan attached, and direct staff to bring the Draft 2023 – 2027 Asset Management (Capital) Financial Plan to the March 13, 2023, Committee meeting.

The attached Draft Financial Plan has been prepared in a similar format to the prior year’s Financial Plan, which was awarded the GFOA Distinguished Budget Presentation Award, and includes additional information as recommended by the GFOA reviewers of the prior year’s financial plan. Similar to the prior year, the Draft Financial Plan will be presented to the Committee in stages. The first stage is via this Corporate Report and provides the Committee with the draft operating budget for 2023 – 2027. The second stage will be to provide the

Committee with a Draft 2023 – 2027 Asset Management (Capital) Financial Plan at its March 13, 2023, meeting that will include the capital budget components.

It is important to note that the attached Draft Financial Plan is not yet complete. The capital and asset management components have not yet been updated and wording is in the process of being drafted for the message from the CAO and the New Council Strategic Priorities (which are part of the Regular Council meeting today for approval). Additionally, the document has not yet been appropriately formatted and the pictures have yet to be updated. Once all aspects have been updated and complete, the final draft will come before the Committee for review.

The Final Consolidated 2023 – 2027 Financial Plan will be made available to the public for review and comment using the City’s “Let’s Talk” online engagement platform. Should the Committee desire individual City departmental budget presentations, such presentations would be scheduled for the week of March 27 – 31, 2023.

The Draft Financial Plan balances \$92M in revenues with \$92M of expenses for 2023. The plan provides for the continuation of services expected by the community as well as a focus on improving services. This requires striking a balance between the need to continue increasing capital funding, maintaining and/or improving service levels, and managing high inflation rates all while keeping operating costs in check. Sound fiscal choices must be made that reflect community priorities and the ability to pay during an uncertain economic climate.

The budget complements the strategic priorities process and funding is provided for key projects and initiatives to move strategic priorities of Council forward, such as building an affordable housing project, a new community hub, investment in long term infrastructure, improving the permit process to reduce wait times, revitalize public spaces, as well as other strategic projects as will be presented at today’s Regular Council meeting.

After new growth (non-market change in property assessment) is considered, the 2023 proposed budget is based on a combined Municipal, Police, and Asset Improvement property tax increase of \$361 (**\$30 monthly increase**) or 9.17% to the average single-family home. For an average multi-family home, the increase is \$137 (**\$11.50 monthly increase**). When looking at the combined rate, including property taxation and utility charges, the net increase to the average single-family household is \$453 (**\$37.75 monthly increase**), or 7.8% over 2022.

This increase accounts for record high inflation rates currently being experienced which translates to higher than normal resources costs while sustaining the organization’s ability to provide the same level of service, together with an expected investment in higher service levels within Planning & Development Services and Human Resources which aligns with Council’s wishes to provide increase level of services for faster development application turnaround and employee recruitment and retention.

PREVIOUS COUNCIL DIRECTION

Motion # & Meeting Date	Motion Details
2021-F&A-068 September 22, 2021,	THAT the Finance and Audit Committee endorse: 1. The proposed budget format for 2022 based on the GFOA Distinguished Budget Presentation Award Program; and 2. The 2022 budget presentation schedule and approximate timeline of meetings.

INTRODUCTION/BACKGROUND

The Corporation of the City of White Rock is governed by the *Community Charter* (the “*Charter*”). The *Charter* requires that a Five-Year Financial Plan be adopted annually, by May 15th of each year, and include the capital expenditures. The Charter directs that the public must be consulted prior to the Five-Year Financial Plan being adopted. The Financial Plan must be adopted by bylaw and cover a five-year period, with the first year of the Financial Plan being the year that the plan comes into force. The Financial Plan can be amended by bylaw at any time.

Section 165 of the *Charter* directs that the Five-Year Financial Plan must be balanced for each year. Meaning that the total of the proposed expenditures and transfers to other funds for a year must not exceed the total of the proposed funding sources and transfers from other funds for the year.

The purpose of this report is to introduce the Draft 2023 – 2027 Operational Financial Plan (“Draft Financial Plan”), request that the Finance and Audit Committee (the “Committee”) approve the the City of White Rock Draft 2023 – 2027 Operational Financial Plan attached, and direct staff to bring the Draft 2023 – 2027 Asset Management (Capital) Financial Plan to the March 13, 2023, Committee meeting.

The attached Draft Financial Plan has been prepared in a similar format to the prior year’s Financial Plan, which was awarded the GFOA Distinguished Budget Presentation Award, and includes additional information as recommended by the GFOA reviewers of the prior year’s financial plan. Similar to the prior year, the Draft Financial Plan will be presented to the Committee in stages. The first stage is via this Corporate Report and provides the Committee with the draft operating budget for 2023 – 2027. The second stage will be to provide the Committee with a Draft 2023 – 2027 Asset Management (Capital) Financial Plan at its March 13, 2023, meeting that will include the capital budget components.

It is important to note that the attached Draft Financial Plan is not yet complete. The capital and asset management components have not yet been updated and wording is in the process of being drafted for the message from the CAO and the Council Strategic Priorities. Additionally, the document has not yet been appropriately formatted and the pictures have yet to be updated. Once all aspects have been updated and complete, the final draft will come before the Committee for review.

Engagement

The Final Consolidated 2023 – 2027 Financial Plan will be made available to the public for review and comment using the City’s “Let’s Talk” online engagement platform. Once the platform is live, comments from the public will be received for 14 days from the date following the meeting in which the Committee provides staff with direction to refer it for public comment (please see Next Steps section below). All comments received will be summarized in a “What We Heard” report for the Committee and presented during the introduction at the next scheduled Committee meeting.

Departmental Budget Presentations

Should the Committee wish for individual City departmental budget presentations, such presentation would be scheduled for the week of March 27 – 31, 2023.

Draft Financial Plan Overview

The Draft Financial Plan balances \$92M in revenues with \$92M of expenses for 2023. The Draft Financial Plan provides for the continuation of services expected by the community as well as a focus on improving services. This requires striking a balance between the need to continue increasing capital funding, maintaining service levels, and managing high inflation rates all while

keeping operating costs in check. Sound fiscal choices must be made that reflect the community priorities and the ability to pay during an uncertain economic climate.

The budget complements the strategic priorities process and funding is provided for key projects and initiatives to move strategic priorities of Council forward, such as building and affordable housing project, a new community hub, investment in long term infrastructure, improving the permit process to reduce wait times, revitalize public spaces, as well as other strategic projects as will be presented at today's Regular Council meeting.

To provide clarity and transparency, the amount of property taxation charged for Policing and Asset Improvement have been separately identified in the 2023 Draft Financial Plan. Similar approaches have been employed to produce the Solid Waste, Drainage, Sanitary and Sewer, and Water Utility budgets. Costs to replace infrastructure are the predominant factor in developing those Utility Budgets along with the cost of Metro sanitary sewer treatment.

2023 Budget Summary

The impact of the attached Draft Financial Plan for 2023 is a combined increase of 7.8%, or a **\$453 (\$37.75 monthly increase)** increase, in property tax and utility charges for an average White Rock single-family household compared to 2022.

Budget Impact to Average Single-Family Household in 2023					
	2022	2023	Change \$\$	Change %	
Property Taxation					
Municipal Operations	\$ 2,157	\$ 2,404	\$ 247	6.27%	
Police Service	993	1,033	40	1.02%	
Asset Improvement	786	860	74	1.88%	
Total Property Taxes	\$ 3,936	\$ 4,297	\$ 361	9.17%	
Utilities					
Drainage Utility Charge	\$ 555	\$ 579	\$ 24	1.30%	
Solid Waste Utility Charge	345	355	10	0.54%	
Sewer Utility Charge	265	278	13	0.70%	
Water Utility Charge	686	731	45	2.43%	
Total Utilities	\$ 1,851	\$ 1,943	\$ 92	4.97%	
Total Annual Cost	\$ 5,787	\$ 6,240	\$ 453	7.82%	

For an average White Rock multi-family household, the attached Draft Financial Plan for 2023 is a combined increase of 8.7%, or a **\$189 (\$15.75 monthly increase)**, in property tax and utility charges compared to 2022.

Budget Impact to Average Multi-Family Household in 2023					
	2022	2023	Change \$\$	Change %	
Property Taxation					
Municipal Operations	\$ 818	\$ 911	\$ 94	6.27%	
Police Service	376	391	15	1.01%	
Asset Improvement	298	326	28	1.89%	
Total Property Taxes	\$ 1,492	\$ 1,628	\$ 137	9.17%	
Utilities					
Drainage Utility Charge	\$ 167	\$ 175	\$ 8	1.18%	
Sewer Utility Charge	265	278	13	1.91%	
Water Utility Charge	247	278	31	4.57%	
Total Utilities	\$ 679	\$ 731	\$ 52	7.66%	
Total Annual Cost	\$ 2,171	\$ 2,359	\$ 189	8.70%	

An average single-family home for 2023 has an assessed value of \$1,985,261 (the home's property tax increase may be higher or lower than the average of \$361, if the home's property assessment varied from the average home assessment, which increased 7.82% over 2022). An average multi-family home has an assessed value of \$752,315 with an average property tax increase of \$137, which increased 16.61% over 2022.

This increase accounts for record high inflation rates currently being experienced which translates to higher than normal resources costs while sustaining the organization's ability to provide the same level of service, together with an expected investment in higher service levels within Planning & Development Services and Human Resources which aligns with Council's wishes to provide increase level of services for faster development application turnaround and employee recruitment and retention.

The City of White Rock, an attractive and desirable waterfront location, is small compared to other local Metro Vancouver communities and continues to deliver many of the same services as larger neighbouring municipalities. At times, the delivery of these services requires higher taxes as a result.

Specific details about each department area, and the budget overall, can be found in the attached Draft Financial Plan.

Workforce Planning

Workforce Planning is a continuous internal process used to ensure that both appropriate levels of service and work life balance are maintained, and high levels of productivity are achieved. In the near term, planning and development, purchasing, human resources and corporate administration are areas of capacity focus.

Through public consultation and Workforce Planning 11 positions have been identified where additional capacity is needed. However, given the budget impacts noted in the Financial Plan, only five (5) positions are being recommended for 2023 together with the removal of four (4) positions, for a total net new of 1 (one) position.

The five (5) position being recommended for funding for 2023 that align with the strategic priorities of Council are:

- Building Official III – Planning and Development Services
- Building Clerk Typist II – Planning and Development Services
- Purchasing Specialist – Financial Services

- HR Advisor – Human Resources
- Records Management Coordinator – Corporate Administration

The four (4) position recommended for removal at this time are:

- Grant Writer (moved to 2024 budget) – Financial Services
- Temporary Full-Time HR Assistant – Human Resources
- Protection Services Clerk – Protection Services
- FOI Committee Clerk – Corporate Administration

The impact of the six (6) position being deferred is outlined in the Draft Financial Plan.

Other Significant Budget Changes

There have been a number of adjustments made to various revenue and expense line items related to lingering effects of COVID-19, contracted increases - primarily related to COLA (cost of living adjustment), as well as high inflation effects. Some of the more substantial expense increases relate to the following:

- Increased software maintenance costs
- Increased property and other insurance costs
- Increased fuel costs
- Increased facility utility and janitorial costs
- Increased Roads and Parks costs related to supplies, maintenance, utilities and small equipment
- Net expected ongoing reduction of White Rock Community Centre and Arena revenues
- Increased RCMP contract charges

The city is also forecast to see increased revenue in the following 2 (two) areas:

- Increased investment income based on current investment rates
- Increased parking revenue due to increase in hourly charge for daytime beachfront parking during the winter months

Based on operational needs, the following areas were deemed to require additional funding in 2023:

- Funding related to cyber insurance, as well as prevention and detection of cyber related risks
- Increased funding to recruit Manager, FOI, Property Management and Risk Management (existing position)
- Increased general recruitment and testing costs
- Increased legal fee costs
- Increase funding for Sea Festival

To help offset some of the budget increases, we have proposed to decrease funding in 3 (three) areas:

- Grants-In-Aid funding
- Tourism White Rock
- Tour de White Rock

Budget Requests That Have Not Been Included in 2023

The City’s Senior Leadership Team (“SLT”) received funding requests in addition to those that have been included in the Draft Financial Plan. Due to current budget constraints, the SLT made the determination to not fund these additional requests or move the funding for these items to future years. Those requests that were received and not included in the Draft Financial Plan for the 2023 budget year include:

- Additional grant funding for White Rock Museum & Archives staff wages and increased storage costs
- Additional funding for parks and promenade litter service
- Increased funding for vegetation control on the “Hump”
- Funding for event expenses for additional celebrations and ceremonies on National Day for Truth and Reconciliation and National Indigenous Peoples

Those requests received for 2023 but not included until 2024:

- Continued funding for a full-time Grant Writer
- Funding for a Building Official I position
- Funding for a part-time Web Editor position
- Funding for a Junior Health & Safety Advisor

Those requests received for 2023 but not included until 2025:

- Funding for an Auxiliary Plumbing Official
- Funding for a part-time Indigenous Relations Liaison Officer

Next Steps:

ACTION	DATE
1. Approve Draft 2023 – 2027 Operational Financial Plan	February 13, 2023
2. Approve Draft 2023 – 2027 Asset Management (Capital) Financial Plan	March 13, 2023
3. Approve Final Consolidated 2023 – 2027 Financial Plan and direct staff to refer the Financial Plan for public comment for a period of 14 days using the City’s “Let’s Talk” online engagement platform	March 27, 2023
4. City departmental budget presentations (if requested)	March 27 – 31, 2023
5. Final Consolidated 2023 – 2027 Financial Plan available for public comment using the City’s “Let’s Talk” online engagement platform	March 28 – April 10, 2023
6. Staff submit “What We Heard” report summarizing all public comments received as on-table item at Committee meeting.	April 17, 2023
7. Committee gives 1 st , 2 nd and 3 rd reading of the Budget Bylaw (based on the Approved Final Consolidated 2023 – 2027 Financial Plan)	April 17, 2023

8. Final reading of Budget Bylaw; Council adopts Budget Bylaw	May 1, 2023
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Asset Improvements

The City plans to continue investing in asset improvements over the coming 5 (five) years, largely funded by reserves. This includes significant expenditures on roads, facilities, drainage as well as sewer and water systems. However, the currently level of funding available is generally thought to be insufficient to replace current infrastructure on a sustainable basis over the long term. An Asset Management Plan is required to outline a long-term approach to determining this.

Details on the planned Asset Improvement expenditures will be provided in the next Draft Financial Plan.

Solid Waste Utility Fund (Solid Waste Utility Charge)

The 2023 Solid Waste Utility Budget is based on an annual fee of \$355 for an average single-family household, which is an increase of \$10 or 2.9% over 2022 rates.

Drainage Utility Fund (Drainage Utility Charge)

The 2023 Drainage Utility Budget is based on a drainage utility charge for an average single-family household of \$579 per year, which is an increase of \$24 or 4.3% over 2022 rates.

Sanitary Sewer Utility Fund (Sewer Utility Charge)

The 2023 Sanitary Sewer Utility Budget is based on an annual sewer user fee for an average single-family household of \$278 per year, which is an increase of \$13 or 4.9% over 2022 rates.

Water Utility Fund (Solid Waste Utility Charge)

2023 is the second year of a four-year phase in plan for a new water user fee rate structure which will align water consumption with water utility costs and promote water conservation. Once complete (year four), the City will charge a smaller fixed fee related to the size of the meter, with water consumption billed at the same rate. For the second year of this restructured process the annual cost to a single-family residential property (average 2,107 cubic feet) is proposed to increase by 6.6% or from \$686 to \$731 as follows:

	<i>2022</i>	<i>2023</i>
Fixed Charge	\$460	\$345
User fee	226	386
<i>Total</i>	<i>\$686</i>	<i>\$731</i>

For a multi-family home (average 934 cubic feet) the proposed increased annual cost would be \$278. The actual amount charged will vary depending on actual consumption.

FINANCIAL IMPLICATIONS

The Draft Financial Plan will increase property taxation and utility charges for an average single-family household by a combined total of 7.82% or \$453 in 2023. For an average multi-family household the Draft Financial Plan will increase property taxation and utility charges by a combined total of \$189 or 8.7% in 2023.

LEGAL IMPLICATIONS

No specific legal implications to note. Bylaw approval required to authorize the budget, utility charges and property taxation rates.

COMMUNICATION AND COMMUNITY ENGAGEMENT IMPLICATIONS

The Draft Financial Plan has been formatted and is presented using the GFOA Distinguished Budget Presentation method. Once referred for public comment, the material will be made available on the municipal website “Let’s Talk” platform where public comments are encouraged.

ALIGNMENT WITH STRATEGIC PRIORITIES

The Draft Financial Plan aligns with Council’s Strategic Priorities.

OPTIONS / RISKS / ALTERNATIVES

The following options are available for the Committee’s consideration:

1. Approve the City of White Rock Draft 2023 – 2027 Operational Financial Plan and direct Staff to bring the Draft 2023 – 2027 Asset Management (Capital) Financial Plan to the March 13, 2023, Committee meeting.

OR

2. Provide further direction to staff on the City of White Rock Draft 2023 – 2027 Operational Financial Plan and direct Staff to bring an updated Draft Financial Plan to the next Committee meeting for review and approval.

CONCLUSION

The attached Draft 2023 – 2027 Financial Plan has been prepared and presented using the GFOA's Distinguished Budget Presentation Award criteria. The full Draft 2023 – 2027 Financial Plan will be presented to the Committee in stages. The first stage via this Corporate Report which provides the Committee with the draft operating budget for 2023 – 2027. The second stage will be to provide the Committee with a Draft 2023 – 2027 Asset Management (Capital) Financial Plan at its March 13, 2023, meeting that will include the capital budget components.

Staff recommend that the Committee approve the City of White Rock Draft 2023 – 2027 Operational Financial Plan and direct Staff to bring the Draft 2023 – 2027 Asset Management (Capital) Financial Plan to the March 13, 2023, Committee meeting.

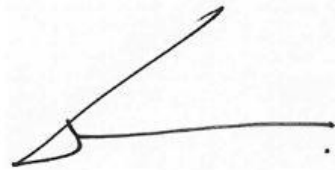
Respectfully submitted,



Candice Gartry
Director, Financial Services

Comments from the Chief Administrative Officer

I concur with the recommendations of this corporate report.



Guillermo Ferrero
Chief Administrative Officer