

THE CORPORATION OF THE  
**CITY OF WHITE ROCK**  
CORPORATE REPORT



**DATE:** November 27, 2023  
**TO:** Mayor and Council  
**FROM:** Candice Gartry, Director, Financial Services  
**SUBJECT:** Budget 2024 Update

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**RECOMMENDATIONS**

THAT Council:

1. Receive the corporate report dated November 27, 2023, from the Director of Financial Services, titled “Budget 2024 Update” for consideration; and
  2. Provide direction to staff on which additional operating budget items Council would like included in the City’s 2024 operating budget.
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**EXECUTIVE SUMMARY**

The purpose of this corporate report is to provide information on the City of White Rock’s (the ‘City’) 2024 operating budget. This report summarizes the planned increases to the 2024 budget which were included in the 2023 – 2027 Financial Plan (Table 1.1), and which was approved by Council in 2023. The report also describes the impact of revised estimates and/or changes to budget assumptions for the 2024 year that were identified after the 2023 – 2027 Financial Plan was approved (Table 1.2), as well as additional budget requests (Tables 1.3, 1.4 and 1.5). Staff seek Council’s direction as to which additional budget items they would like included in the City’s 2024 operating budget.

**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 2024 Budget Information**

The Council passed Bylaw No. 2458 in 2023 which adopted a five-year Financial Plan for the City for the years of 2023 through to 2027. The budget amounts included in that five-year Financial Plan provided for a 6.43% property tax increase in 2024.

Table 1.1 summarizes the changes from the 2023 budget to the 2024 budget that were included in the 2023 – 2027 Financial Plan for 2024.

Table 1.1

Department	Amount	Category	Item Description	Tax Impact	Adjusted Tax Increase
00090 - Fiscal Services	(408,600)	Misc. Revenue	Additional anticipated revenue in new market growth, parking revenues, and various other fees and charges	-1.41%	-1.41%
00090 - Fiscal Services	468,200	Capital Reserves	Budgeted increase to capital reserves based on estimated market value of buildings, per Policy	1.61%	0.20%
00045 - RCMP	267,700	RCMP Contract	RCMP contract related increase	0.92%	1.13%
Various	1,013,600	Salaries & Benefits	Labour related increases retroactive to Jan 1/22	3.49%	4.61%
00025 - HR	115,000	Salaries & Benefits	Junior Advisor of Training - HR (exempt)	0.40%	5.01%
00053 - Building	115,300	Salaries & Benefits	Building Official I (CUPE) - Push hiring of this position to 2025 given difficulty in recruiting. Will use these funds for consultant to keep permit processing going along in more timely manner.	0.40%	5.40%
00008 - Communications	56,900	Salaries & Benefits	RPT Web Editor - IT (3 days a week) (CUPE)	0.20%	5.60%
Various	64,000	Various	Other various cost increases (e.g., inflation, cost of living)	0.22%	5.82%
00013 - Finance General	177,000	Salaries & Benefits	Grant Writer - Financial Services (exempt)	0.61%	6.43%
	<b>\$ 1,869,100</b>	<b>TOTAL</b>			

Since the adoption of the 2023 - 2027 financial plan, cost estimates and assumptions have been updated. Table 1.2 summarizes these changes and their property tax impact.

Table 1.2

Department	Amount	Category	Item Description	Tax Impact	Cumulative Impact	Adjusted Tax Increase
						6.43%
00040 - Fire	55,500	Benefits	Increased PBC benefit amounts related to agreement for the 2021 calendar year, which was agreed to in 2023	0.19%	0.19%	6.62%
00090 - Fiscal Services	(1,861,000)	Investment Income	Increase to investment income (based on market)	-6.40%	-6.21%	0.22%
00045 - RCMP	244,600	RCMP Contract	Increase in RCMP municipal policing contract above what was in the 2023 Financial Plan for 2024.	0.84%	-5.37%	1.06%
00013 - Finance General	76,100	Property & Other Insurance	Increase in insurance premiums above that which was budgeted in the 2023 Financial Plan. (E.g., property insurance premiums in 2023 increased by 18%)	0.26%	-5.11%	1.32%
00108 - Facilities	63,400	Utilities	Increases in utilities costs from BC Hydro and Fortis BC above what was in the 2023 Financial plan for 2024.	0.22%	-4.89%	1.54%
00053 - Building	500,000	Building Permit Revenue	The base building permit revenue has been set at \$1.2M for many years and has not achievable. The actual revenue over the past 5-years has varied between a low of \$29K in 2019 and a high of \$510K in 2021. The projected amount for 2023 is \$700K. This budgeted revenue decrease brings the budget for building permit revenue to \$700K for 2024.	1.72%	-3.17%	3.26%
Various	65,600	Various	Miscellaneous other budget adjustments	0.23%	-2.94%	3.48%
	<b>\$ (855,800)</b>	<b>TOTAL</b>				

As listed above in Table 1.2, the adjusted starting property tax increase has been reduced from 6.43% to 3.48%, largely due to the increase in anticipated investment (interest) income as a result of higher interest rates.

During the internal Budget 2024 process with the Leadership Team some additional budget items were identified. These items have been grouped into 3 Priority Levels. Priority Level 1 items are items that staff have deemed the highest priority and are necessary to maintain service levels and/or to meet Council strategic priorities (i.e., the Warming Shelter). Priority Level 2 items represent medium priority items. These items have been deemed by staff as a priority to maintain or improve existing service levels and to meet 2024 capital reserve targets. Lastly, Priority Level 3 items are deemed to be items that would be ideal to have as they would enhance the White Rock experience, but are also items that, if necessary, the City can forego for 2024 and will be brought back in the fall of 2024 during the 2025 budgeting cycle.

Table 1.3 below summarizes the Priority Level 1 items – those deemed by staff to be of the highest priority. These items total \$552K and, together, would account for an additional 1.9% in property taxes. Adopting these Priority Level 1 items and including them in the 2024 budget would result in an estimated property tax increase of 5.38%.

Table 1.3 – Priority Level 1 Items

Department	Amount	Category	Item Description	Priority	Tax Impact
00002/3 - Mayor & Councillor Expenses	54,000	Regular Wages	The Mayor & Council wages increased based on Council policy after the election which exceeded what was budgeted in the 2023 Financial Plan for 2024.	1	0.19%
Various	53,500	Software/ hardware/ Telecomm	Increased costs for IT related items including: software subscription & licensing; small value IT hardware items; Cellular phones; and Cloud storage and backup.	1	0.18%
00010 - Corporate Administration	45,000	Legal Fees	Change in legislation for Tax Sale requiring substitute service before the tax sale date if not able to reach charge holders 60 days before the tax sale. This request is for the cost of the substitute service estimated at \$2K to \$4K per property.	1	0.15%
00052 - Planning Admin	150,000	Daytime Warming Shelter	Daytime Warming Shelter for Jan 1/24 to Mar 15/24. (Annual cost of \$360K per quote for Nov 20/23 - Mar 15/24) less \$75K already in the budget for 2024. - <b>APPROVED</b> at Nov 6/23 Council Meeting.	1	0.52%
00052 - Planning Admin	189,000	Daytime Warming Shelter	Daytime Warming Shelter for Nov 1 & Dec 31, 2024 (Annual cost of \$360K per quote for Nov 20/23 to Mar 15/24 + 5%) - <b>APPROVED</b> at Nov 6/23 Council Meeting.	1	0.65%
Various/Other	60,800	Various	Decreases in revenue from: Rogers lease for use of the City's fiber optic cables; change of assumption for parking revenue; TMP fees based on prior years actuals. Increased costs for Miramar Village Public Plaza (cost-sharing arrangement and credit card fees on parking revenues offset by small decrease in net administrative fees charged to utilities based on updated assumptions.	1	0.21%

Table 1.4 below summarizes the Priority Level 2 items. These items total \$209K and, together, would equate to an additional property tax increase of 0.72%. Included in these Priority Level 2 items is a \$500K increase in investment revenue. This amount wasn't included in the initial budget amount as staff budget conservatively in order to best safeguard public funds. The 2024 budget for investment income, before this additional increase, was set at approximately 50% of the anticipated 2023 amount to provide for the possibility that interest rates will start to decrease in 2024. The additional \$500K of investment revenue has been included as a Level 2 priority item as the original revenue budget of 50% of the 2023 expected amount may be seen as too conservative. Should the additional revenue be included in the 2024 budget it should be noted that a sharp rise in interest rates would negatively impact this additional anticipated revenue.

If both the Priority Level 1 and Priority Level 2 items were included in the 2024 budget, the estimated property tax increase would be 6.10%.

Table 1.4 – Priority Level 2 Items

Department	Amount	Category	Item Description	Priority	Tax Impact
00090 - Fiscal Services	342,800	Transfer to Capital Works Reserve	Required to meet policy requirement of 1.67% of appraised asset values transferred to Capital Works reserve to help offset future improvements and replacements. This increase is based on the updated appraisal value of the buildings from Oct 2023.	2	1.18%
00090 - Fiscal Services	100,000	Transfer to Equipment Replacement Reserve	Increase due to increases in purchase price for new vehicles. Required in order to remain on the target schedule for planned vehicle replacement based on useful lives and other factors.	2	0.34%
00090 - Fiscal Services	(500,000)	Investment Income	Increase budgeted investment income by an additional \$500K. Amount included in the initial budget increase amount just under \$2M (total of \$3M but \$1M of that would go to Reserves. This increase the total to \$3.5M, of which \$2.5M would be allocated to Operations.	2	-1.72%
Various/Other	76,100	Various	Various items including: a kennel contract to manage stray dogs; Prismatic for training administration; small increase to CAO conference budget; increased casual staff to support current and additional social events for City Staff (priority identified in employee engagement survey); increased Canada Day celebrations budget; contract Chaplin services to support mental health, well being and resiliency for Firefighters; and Security Guard for Parkade May 20/24 - Sep 15/24.	2	0.26%
00013 - Finance	70,000	Regular Wages	Due to increased and varying operational need, we are proposing the revision of a current position to Management Level. The current structure and role does not provide for operational efficiency due to reporting structure, increased demands, and requirements of this technical role. The cost is the estimated difference of salary and benefits.	2	0.24%
00052 - Planning Admin	11,200	Security - Warming Shelter	Security Guard for Warming Shelter for Jan 1/24 to March 15/24 (based on \$4,278/mos for July & Aug 2023 + 5%) as folks do not have somewhere to go after shelter closes.	2	0.04%
00052 - Planning Admin	9,000	Security - Warming Shelter	Security Guard for Warming Shelter for Nov/24 & Dec/24 - (based on \$4,278/mos for July & Aug 2023 + 5%) as folks do not have somewhere to go after shelter closes.	2	0.03%
00052 - Planning Admin	60,000	Other Consultants	Contingency budget to contract out building plan review as needed and for when we have a significant increase in applications. (This could decrease to a priority level 3 if the open building positions are filled, but to-date have been unsuccessful).	2	0.21%
00054 - Contract Park Maintenance	40,000	Park Maintenance	Seasonal temperature extremes have resulted in (and will continue to result in) increased parks contract maintenance needs, most notably in the following areas; (i) Litter control service for Promenade/Pier/Marine Drive - i.e., season extension requirements for evening pick up service for 30 additional days per year, and; (ii) Tree failures and mitigation of tree risk - increased urban forest stress response to seasonal temperature extremes resulting in more frequent tree maintenance needs to address tree failures, additional Tree Risk Assessments (TRA's) for assessing tree risk, and increase in tree mitigation pruning and removals (in areas where tree replanting isn't feasible) to address potential risk of tree failures.	2	0.14%

The Priority Level 3 items have been grouped together and are listed in Table 1.5.

Table 1.5 – Priority Level 3 Items

Amount	Category	Item Description	Priority	Tax Impact
66,000	Various Expense Accts./ Contributions	Increase in events budgets for Torchlight Parade in conjunction with Sea Festival and to build an artist in residence program at the Pop Up Gallery, as well as funding to send 2-3 participants a year to MATI programming.	3	0.23%

Adopting the Priority Level 3 items into the 2024 budget would add an additional 0.23% to the property tax increase, for a total estimated property tax increase of 6.33% for all of the Priority Level 1 to Level 3 items were included.

The tables above have been included in the document, titled “Budget 2024 – Additional Budget Requests” attached as Appendix A.

Staff seek Council direction with respect to which items they would like included in the 2024 from the above tables.

### **One-Time Requests**

During the 2024 budget process, staff also identified a small number of one-time budget requests for 2024. One-Time requests are for one year only – in this case for 2024. These requests are not funded via a property tax increase as they are not intended to be ongoing budget items.

Rather, these items are funded from the anticipated 2023 operating surplus. These items total \$272K for the 2024 budget year. A list summarizing the One-Time requests can be found in the document, titled “Budget 2024 – One Time Budget Request” attached as Appendix B.

### **Next Steps**

Based on the direction received from Council, the operating budget will be updated, and the estimated property tax rate increase calculated for 2024. Work will also continue on the asset improvement (capital asset) plans.

Staff aim to bring forward a first draft of the high-level consolidated budget for 2024 to Council’s December 11, 2023, regular meeting.

Staff have been working, and will continue to work, on preparing the Five-Year Financial Plan document for 2024 – 2028. The first draft of which is scheduled to be presented at Council’s January 15, 2024, regular meeting. This first draft will also be available for public comment as of the date that the meeting agenda for Council’s January 15, 2024, is published (approximately January 10, 2024).

The public comment period will close on January 23, 2024, and the results of the public comment period will be presented to Council at its January 29, 2024, meeting. The public will also have a further opportunity to comment in-person at Council’s January 29, 2024, regular meeting.

### **FINANCIAL IMPLICATIONS**

If all of the additional budget items listed Tables 1.3 through to 1.5 were included in the 2024 budget, the estimated property tax increase would be 6.27% for 2024.

### **COMMUNICATION AND COMMUNITY ENGAGEMENT IMPLICATIONS**

A public survey on the City’s 2024 budget was made available for responses and comment from October 16, 2023, through to November 13, 2023. The results of the survey are being reported under a separate agenda item. There will be an additional opportunity for community feedback

on the 2024 budget during the Public Comment period planned for January 10, 2024, through to January 23, 2024.

### **INTERDEPARTMENTAL INVOLVEMENT/IMPLICATIONS**

All departments have been involved in preparing the 2024 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:

Community:

Objective 1 – Encourage positive community gathering by designing and implementing inviting public spaces and beautification projects.

Objective 2 – Plan for adverse weather impacts to protect community safety.

Organization & Governance:

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

Objective 2 – Improve permit process to reduce wait times.

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

Objective 4 – Sustain and nurture the established partnership between the City of White Rock and the Semiahmoo First Nation

### **OPTIONS / RISKS / ALTERNATIVES**

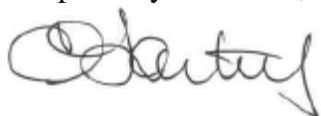
Council may choose to include or not include any one, or all, of the additional budget requests for 2024 summarized in this report. Each item requested will have a different impact on services or infrastructure. Directors are available to speak to each of these items during the Council meeting.

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 2023 operating surplus. Each item requested will have a different impact on services or infrastructure. Directors are available to speak to 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 2024 budget.

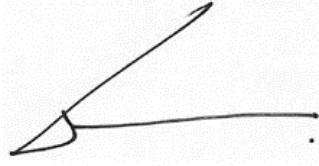
Respectfully submitted,



Candice Gartry  
Director, Financial Services

**Comments from the Chief Administrative Officer**

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

A handwritten signature in black ink, consisting of a stylized 'G' followed by a horizontal line that curves slightly upwards at the end.

Guillermo Ferrero  
Chief Administrative Officer

Appendix A: 2024 Additional Budget Requests

Appendix B: 2024 One Time Budget Requests