

THE CORPORATION OF THE
CITY OF WHITE ROCK
CORPORATE REPORT



DATE: January 15, 2024
TO: Mayor and Council
FROM: Candice Gartry, Director, Financial Services
SUBJECT: Draft 2024 – 2028 Consolidated Financial Plan

RECOMMENDATIONS

THAT Council:

1. Receive the January 15, 2024, corporate report from the Director, Financial Services, titled “Draft 2024 – 2028 Consolidated Financial Plan;”
 2. Provide feedback to staff on the Draft 2024 – 2028 Consolidated Financial Plan;
 3. Approve the recruitment for the Financial Services managerial position to start now, prior to final approval of the 2024 – 2028 Consolidated Financial Plan; and
 4. Direct staff as to whether to fund the 2024 Warming Shelter costs from the unspent balance in the COVID-19 Restart Grant funding for 2024, thereby decreasing the proposed 2024 property tax increase.
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EXECUTIVE SUMMARY

The purpose of this corporate report is to introduce the Draft 2024 – 2028 Consolidated Financial Plan. The Financial Plan document, attached as Appendix A, is proposing a 5.68% average property tax rate increase for 2024. This draft Plan requires a revision as days following completion of this report, Financial Services was informed that the City of White Rock’s (the “City”) WorkSafe BC (WSBC) rate for 2024 would be increasing by an additional 1.32% due to the City’s claims history. This represents a “51.4% experience rating surcharge” above the “base premium rate,” according to the WSBC documentation. This WSBC rate increase has pushed the 2024 property tax increase up by an additional 0.46%, resulting in a revised property tax increase for 2024 of 6.14%.

Due to the short notice of this change, the tables in Appendix A have not yet been updated to reflect this increase. However, the revised property tax increase has been reflected in the tables and comments below.

Approval is being sought from Council to commence the recruitment of the Financial Services managerial position now, due to ongoing resource and workload issues, in advance of final approval of the 2024 – 2028 Consolidated Financial Plan scheduled for adoption March 2024. This position was included in the list of approved operating budget items that made up the original 5.72% proposed property tax increase for 2024, as was carried in resolution # 2023-44 (see table that follows).

The City received a COVID-19 Restart grant during the pandemic. The unspent balance available at the end of 2023 is estimated to be approximately \$500K. Based on the information provided in [the COVID Safe Restart Grant Q&A](#) and the [Q&A's published by GFOABC](#) in relation to the COVID-19 Restart grant, staff believe that the remaining grant funds can be used into 2024, and that the cost for the Warming Shelter for 2024 would qualify under this grant as an eligible expense.

If Council were to decide to fund the \$360K budget for 2024 for the Warming Centre from the COVID-19 Restart Grant funding that currently remains unspent, the average property tax increase would decrease from 6.14% to 4.90%. If Council were to decide to also fund the budgeted security guard services at the Warming Shelter site from the COVID-19 Safe Restart grant, or to remove this line-item from the budget, the average property tax increase for 2024 would further decrease to 4.83%.

It is important to note that while the 2024 property tax increase will be reduced if Council decides to fund the 2024 Warming Shelter expenses from the COVID-19 Restart grant, the 2025 property tax increase will be higher than currently provided for in the Financial Plan. The City would only be deferring funding of the Warming Shelter expense from taxation for one year, pushing the property tax increase needed for it to 2025 instead of 2024.

PREVIOUS COUNCIL DIRECTION

Motion # & Meeting Date	Motion Details
2023-444 November 27, 2023	THAT Council direct staff to proceed with the operational budget as presented and amended this evening with a 5.72% tax increase. CARRIED
2023-443 November 27, 2023	THAT Council direct staff to reduce the proposed Grant Writer position to \$50,000 (using a consultant rather than salary employee) where it will be funded from the capital budget rather than the operational budget. CARRIED
2023-433 November 6, 2023	THAT Council: <ol style="list-style-type: none"> 1. Direct staff to send correspondence to the City of Surrey requesting 50% of the cost to operate a daytime warming center from November 20th 2023 to March 15th 2024, with the expected share from Surrey being approximately \$180,000; and 2. Direct staff to rent and locate the warming center trailer at Centennial Park at the parking lot at Vine Avenue and Anderson Street; and 3. Direct staff to engage and direct the awarding of the provision of warming center services to Engaged Communities Canada Society; 4. Staff to receive any donations provided from the public as deferred revenue and that funds received be allocated to the warming center; and 5. Approve the costs to be funded from 2023 surplus for operation from November 20th to December 31st, 2023 and pre-approve funds from taxation for the 2024 5-Year 11

	Financial Plan to cover operation from January 1 to March 15th, 2024, for a total cost of up to \$360,000. CARRIED
2023-200 May 1, 2023	THAT Council give final reading to "City of White Rock Financial Plan (2023-2027) Bylaw, 2023, No. 2458". CARRIED
2023-158 April 17, 2023	THAT Council give first, second and third reading to "City of White Rock Financial Plan (2023-2027) Bylaw, 2023, No. 2458". CARRIED

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).

The purpose of this report is to introduce the Draft 2024 – 2028 Consolidated Financial Plan (“Draft Financial Plan”).

In 2023 Council passed Bylaw No. 2458 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.

The Draft Financial Plan document, attached as Appendix A, incorporates the 2024 operational budget updates as approved at the November 27, 2023, Regular Council meeting, the Utility user rate increases discussed at Council’s Regular meetings on November 27 and December 11, 2023, the asset improvement (capital) components which were discussed at the December 11, 2023, Regular Council meeting, and the reserve fund components that have not been presented until this report.

This 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 for a second year for its 2023 Five-Year Financial Plan.

Community Engagement

On October 16, 2023, the City’s budget survey for the 2024 budget year (the “Survey”) went live on the City’s “Talk White Rock” online platform. The Survey was advertised via the City’s social media channels as well as by two advertisements placed in the Peach Arch Newspaper. The Survey closed for comments on Monday, November 13, 2023, and the results of the survey were reported to Council at its November 27, 2023, Regular Council meeting.

The Draft Financial Plan document, as presented in Appendix A, was posted for public comment on the City’s “Talk White Rock” platform on January 11, 2024. The public comment period will remain open until January 23, 2024. The public comment results will be presented “on table” at Council’s January 29, 2024, Regular Council meeting.

Next Steps

Based on the direction received from Council at this evening’s Regular Council meeting, the budget will be updated (including to account for the new WSBC rate), and the estimated property tax rate increase calculated for 2024. The next draft of the 2024 – 2028 Consolidated Financial Plan will be presented to Council at its February 12, 2024, Regular Council meeting.

FINANCIAL IMPLICATIONS

Property Taxes

The Draft Financial Plan, attached as Appendix A, reflects an average property tax increase of 5.68% for 2024.

Days following completion of this report, Financial Services was informed that the City’s WorkSafe BC rate for 2024 would be increasing by an additional 1.32% due to the City’s claims history. This represents a “51.4% experience rating surcharge,” above the base premium rate, according to the WSBC documentation.

This WSBC increase has pushed the 2024 property tax increase up by an additional 0.46%, resulting in a revised property tax increase for 2024 of 6.14%.

Due to the short notice of this change, the tables in Appendix A have not yet been updated to reflect this increase. However, the revised property tax increase has been reflected in the tables and comments below.

Budget Impact to Average Single-Family Household in 2024				
	2023	2024	Change \$\$	Change %
Property Taxation				
Municipal Operations	\$ 2,398	\$ 2,444	\$ 46	1.07%
Police Service	1,022	1,104	82	1.92%
Asset Improvement	852	986	134	3.15%
Total Property Taxes	\$ 4,272	\$ 4,535	\$ 262	6.14%
Utilities				
Drainage Utility Charge	\$ 579	\$ 612	\$ 33	1.69%
Solid Waste Utility Charge	355	412	57	2.91%
Sanitary Sewer Utility Charge	278	293	15	0.77%
Water Utility Charge	744	780	36	1.84%
Total Utilities	\$ 1,956	\$ 2,097	\$ 141	7.21%
Total Annual Cost	\$ 6,228	\$ 6,632	\$ 403	6.47%

As shown in the table above, a 6.14% property tax increase equates to an increase of \$262 for an average single-family household. Municipal operations represent 1.07%, or \$46, of the increase, Police services represents \$82, or 1.92% of the increase, and Asset improvement represents \$134, or 3.15%, of the increase. When combined with the increased Utility rates, the combined average annual increase to a single-family household is \$403 or 6.47%.

Asset improvement represents the largest percentage of the property tax increase, at 3.15%. Maintaining the City’s assets and infrastructure in an appropriate state of repair is one of the City’s key budget principles and is critical to the long-term resilience of the community. Funding the City’s growing capital and infrastructure maintenance and replacement in the long-

term is one of the largest challenges facing the City, especially as only modest reinvestment has been funded in the past.

Current replacement costs for the City’s assets and infrastructure far exceed the funds currently available in capital asset reserve funds. Increased investment in asset improvement is needed to minimize the deferral of asset management obligations and help ensure that infrastructure deficits do not accumulate to unacceptable levels. Assets will be approaching the end of their useful life and increased renewal reinvestment is required to replace them, maintain service to the community, and protect the next generation.

Budget Impact to Average Strata Unit in 2024					
	2023	2024	Change \$\$	Change %	
Property Taxation					
Municipal Operations	\$ 897	\$ 914	\$ 17	1.07%	
Police Service	382	413	\$ 31	1.92%	
Asset Improvement	319	369	\$ 50	3.15%	
Total Property Taxes	\$ 1,598	\$ 1,696	\$ 98	6.14%	
Utilities					
Drainage Utility Charge	\$ 174	\$ 184	\$ 10	1.35%	
Sanitary Sewer Utility Charge	278	293	15	2.02%	
Water Utility Charge	289	320	31	4.18%	
Total Utilities	\$ 741	\$ 797	\$ 56	7.55%	
Total Annual Cost	\$ 2,339	\$ 2,493	\$ 154	6.60%	

For a strata unit household, a 6.14% average property tax increase equates to an increase of \$98 per annum. Municipal operations make up \$17 (1.07%) of the increase, Police service makes up \$31 (1.92%) of the increase, with municipal asset improvements making up the balance of \$50 (3.15%) of the increase.

When combined with the increased Utility rates the combined average annual increase to a strata unit household is \$154 or 6.60%.

Utility User Rates

The Water Utility rate increases were presented to Council at its November 27, 2023, Regular Council meeting, and were subsequently approved and adopted at the December 11, 2023, Regular Council meeting. Utility rate increases for the Drainage, Solid Waste, and Sanitary Sewer Utilities were presented at the December 11, 2023, Regular Council meeting where they were granted first, second and third readings. The final reading and adoption of these utility rate increases for 2024 is on this evening’s Regular Council meeting agenda. Further details on the increases can be found in the related corporate reports and in their respective sections in Appendix A.

Financial Services Managerial Position

Due to ongoing resource and workload issues, staff are seeking Council approval to commence the recruitment of the financial services managerial position now, in advance of final approval of the Consolidated Five-Year Financial Plan which is not scheduled until March 2024. This item was presented as part of the property tax increase discussion held at Council’s November 27, 2023, Council meeting. This item was also included in the list of approved operating budget items that made up the original 5.72% proposed property tax increase for 2024, as was carried in resolution # 2023-44 (listed above).

2024 Warming Shelter Costs

Warming shelter costs for 2024 are estimated to be approximately \$360K and had been included as part of the 5.72% original property tax increase proposed for 2024 at the November 27, 2023 Regular Council meeting. While a motion was passed to fund the warming shelter annually, from property taxes, an alternative potential funding source has been identified for 2024.

The City received a COVID-19 Restart grant during the pandemic. The unspent balance available at the end of 2023 is estimated to be approximately \$500K, which is currently sitting in the City's Reserve account. According to [the COVID Safe Restart Grant Q&A](#) "There is no time limit in the regulation creating this grant. The province anticipates local government will use this money through both the COVID response and post-COVID recovery periods (2020, 2021, and possibly 2022)." Additionally, in the [Q&A's published by GFOABC](#), in response to the question "Moving forward can these funds be continued to be utilized to offset decreases in revenues or increase expenditures and if so how long into the future?" the response was the same as quoted above. Further, in the GFOABC's document, in response to the question "How many years will we have to spend the money?" their response was the same quote.

Further, in another section of the province's FAQs a response includes the sentence "The annual reporting must be done until such time as the COVID-19 Safe Restart Grant is completely utilized" and, again, does not state a timeline. It also states, "There will be no audit and no clawback provisions."

Given the points listed above, senior staff believe that the funds can be used into 2024, until the grant funds are used up, so long as the expenditures meet the grant's eligibility criteria. One of the key areas of expense eligibility, according to the grant letter, is:

- Services for vulnerable persons (e.g. persons living with disabilities, mental illness or addictions, persons experiencing homelessness or other vulnerabilities)

Staff believe that the cost for Warming Shelter services for 2024 would qualify as an eligible expense.

If Council were to decide to fund the \$360K budget for 2024 for the Warming Centre from the COVID-19 Restart Grant funding that currently remains unspent and is in the City's Reserve account, the average property tax increase would decrease from 6.14% to 4.90%. If Council were to decide to also fund the budgeted security guard services at the Warming Shelter site from the COVID-19 Safe Restart grant, or to remove this line-item from the budget, the average property tax increase for 2024 would decrease further, to 4.83%.

Important Note: While the 2024 property tax increase will be reduced if Council decides to fund the 2024 Warming Shelter expenses from the COVID-19 Restart grant, the 2025 property tax increase will be higher than currently provided for in the Financial Plan. The City will only be deferring funding the Warming Shelter expense from taxation for one year, pushing the property tax increase needed for it to 2025 instead of 2024. In other words, funding the 2024 Warming Centre costs from the COVID Restart grant decreases the 2024 property tax increase by 1.24% - 1.31%, however the property tax increase for 2025, currently estimated at 5.41% would have to increase by an additional 1.24% - 1.31% to account for the Warming Centre as it is an ongoing expense and there was only one-time funding in 2024.

LEGAL IMPLICATIONS

No specific legal implications to note. Council approval required to authorize the budget, utility charges and property taxation rates. Financial Plan Bylaw, and property tax rates, must be adopted prior to May 15 in accordance with the *Community Charter*.

COMMUNICATION AND COMMUNITY ENGAGEMENT IMPLICATIONS

A public survey on the City's 2024 budget was made available for responses and comments 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 11, 2024, through to January 23, 2024.

INTERDEPARTMENTAL INVOLVEMENT/IMPLICATIONS

All departments have been involved in preparing the Draft 2024 – 2028 Financial Plan.

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 approve the Draft 2024 – 2028 Consolidated Financial Plan document as presented and direct staff to update the document to include the revised WSBC rates or may choose to provide additional feedback to staff on its contents. Any feedback provided to staff will be reflected in the next version of the 2024 – 2028 Financial Plan which is scheduled to be presented to Council at its February 12, 2024, Regular Council meeting.

Should Council choose to not approve recommendation number 3:

3. Approve the recruitment for the Financial Services managerial position to start now, prior to final approval of the 2024 – 2028 Consolidated Financial Plan;

the current resource and workload issues being experienced in Financial Services will continue or grow in the near future, and the risk exists that the department may lose personnel during this time due to the issues noted in this report.

Council may choose to fund the 2024 Warming Shelter costs from property taxes or from the balance remaining of the COVID-19 Restart grant funding. Should Council decide to continue to fund the 2024 Warming Shelter costs from property taxes, the average property tax increase for 2024 will remain at 6.14%. Should Council choose to fund these expenses from the COVID-19 Restart grant, the average property tax increase would decrease to between 4.83% and 4.9%.

CONCLUSION

Staff recommend that Council receive this report and approve the recruitment for the Financial Services managerial position to start now, prior to final approval of the 2024 – 2028

Consolidated Financial Plan (recommendation numbers 1 and 3). Staff further recommend that Council provide direction on recommendation numbers 2 and 4, which are:

2. Provide feedback to staff on the Draft 2024 – 2028 Consolidated Financial Plan;
4. Direct staff as to whether to fund the 2024 Warming Shelter costs from the unspent balance in the COVID-19 Restart Grant funding for 2024, thereby decreasing the 2024 property tax increase.

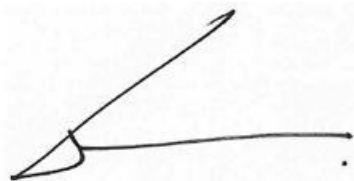
Respectfully submitted,



Candice Gartry, CPA, CGA
Director, Financial Services

Comments from the Chief Administrative Officer

I concur with the recommendations of this corporate report.



Guillermo Ferrero
Chief Administrative Officer