



# 2023 SERVICE ENHANCEMENTS AND FUNDING STRATEGIES – GENERAL FUND

**ON TABLE**  
Special Council Workshop  
January 30, 2023  
re: Item 2.1



NEW WESTMINSTER

# Agenda

- ❑ Purpose & Recommendation for Council Consideration
- ❑ Budget Process & Timelines Update
- ❑ Council Onboarding & Orientation Summary
- ❑ Council Priorities & Feedback to Date
- ❑ Recap: 2021 Public Engagement Survey & 2021 DRAFT Budget Alignment
- ❑ Financial Sustainability Principles & Highlights on 2022 Budget Rates
- ❑ 2023 Operating Budget – General Fund Proposed Investments & Funding Strategy
- ❑ Feedback and discussion from Council – Discussion led by the Mayor

# Purpose

**To provide Council with the proposed 2023 service enhancements with a proposed funding strategy and resulting Property Tax impact estimate; providing Council with two different scenarios known as Budget Outlooks and their resulting estimated Property Tax Revenue Impacts: 5.4% and 6.4%.**

# Recommendation

**THAT Council provide direction on the 2023 Proposed Service Enhancement requests;**

**THAT Council provide direction on the proposed property tax rate increase for 2023; and,**


**THAT Council's direction be then incorporated into the Draft Consolidated Financial Plan Bylaw, 2023 - 2027 reflecting the Council directed property tax rate increase or Budget Outlook.**

# 2022 Budget Timelines & Process Overview

## ❑ New Council Onboarding Commenced in November:

- November 14: Budget 101, followed by Department Orientations
- January 23-28: Anvil, TACC, Reserves, Grants, DCC, Carbon Credit, AMI Orientation

## ❑ Four Special Budget Workshops

1. November 28: 2022 Proposed Operating Budget & Utility Rates
2. *January 30: 2022 Proposed Service Enhancements & Funding Strategy* 
3. February – Council Strategic Priority Setting Sessions
4. February: Q4 Multi-Year Capital Budget Adjustments
5. February/March: 2023 DRAFT Capital & Operating Budget & 5 Year Financial Plan

## ❑ Workshop Guiding Principles

- Adhering with Financial Principles and Practices
- Advancing Council's Strategic Priorities
- Progressing the City's 7 Bold Steps and aligning with the City's Equity Framework

# Budget Framework



- ❑ Onboard & Orient New Council
- ❑ Seek Council input via workshops
- ❑ Incorporate Council feedback, present 5 Year Financial Plan & 2023 Budget, annual property tax rate, utility rates
- ❑ Build on what we heard from previous public engagement
- ❑ Build on what we heard from 2022 Budget Advisory Committees
- ❑ Adhere to financial principles and practices
- ❑ Continue to maintain core services / asset management
- ❑ Continue support vulnerable populations & economic recovery

# Council Onboarding & Orientations

Budget 101

Police Board Budget

Department Orientations

Emergency Management 101

Development Review 101

Subdivisions & Transportation  
101

DEIAR Framework

2023 Utility Rates Budget

Downtown Livability Priority

Asset Management 101

Climate Action 101

Inter-government Relations

Reconciliation

Housing Affordability 101

Social Planning 101

Economic Development 101

Public Engagement 101

Facility Tours

Parks & Rec Plans/Strategies

Public Art, Theatre, Massey  
Policy/Strategy

Environment & Biodiversity  
Strategies

Development Applications  
Update

Special Budget Workshops:

Anvil, TACC, Fees, AMI, Reserves  
101, Carbon Credits, Grants &  
Contributions, Community  
Events & Activations

# Council Priorities and Feedback to Date

## Renewed & Urgent focus on the Downtown:

- Homelessness
- Economic Recovery post Pandemic
- Mental Health
- Drug Addiction
- Public Realm Cleanliness
- Safety
- Livability & Walkability
- Parks & Open Spaces

## Focus on local business:

- Commercial Area Vitality
- Transportation Strategies
- Public Engagement

## Financial Realities Priority:

- **Asset Condition**/Replacement Timelines and Cost Escalation Risk

## Focus on our staff :

- impact of Covid; burnout, leaves, retirement, and overall high vacancy rates; service level impacts

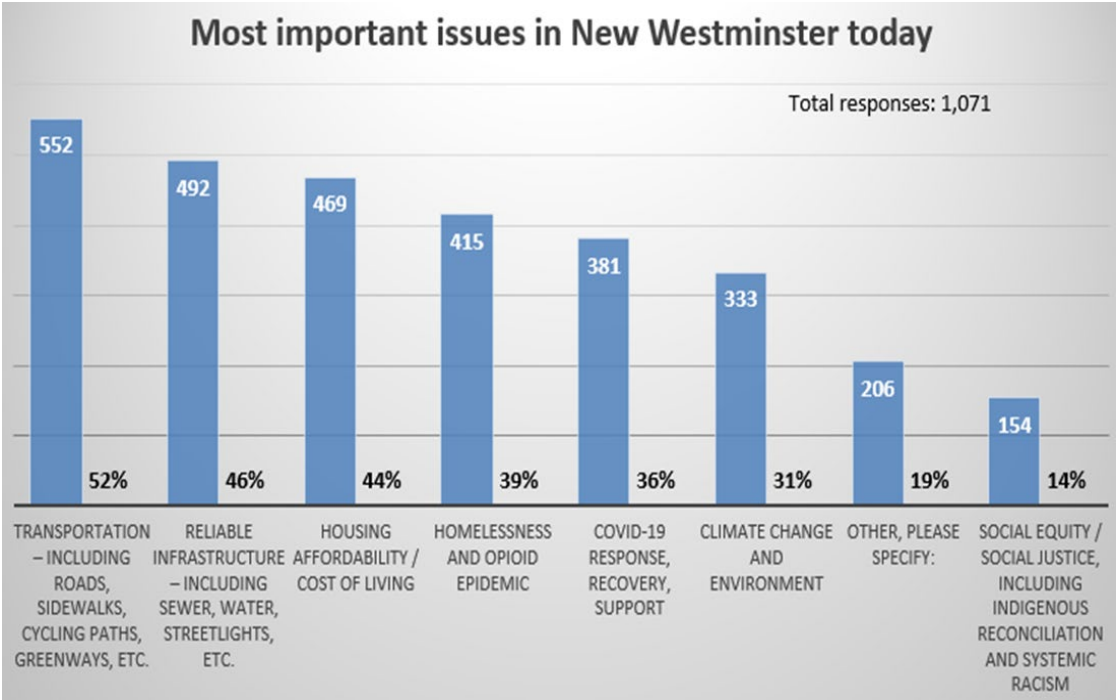
## Staying the course :

- **Affordable Housing**; advocate for supportive and rental; missing middle focus
- continue to move the dial on 7 Bold Steps for **Climate Action & Emergency Management**



# Public Engagement Themes *"Building on What we Heard in 2021"*

**2021 Budget: over 1,071 people participated – good diversity of participation**



**2022 Budget: over 600 people participated - 3 three workshops, the Budget 101 webinar and the survey**

**Survey top issues:**

- reliable infrastructure
- affordable housing
- community safety
- climate change

# Public Engagement Themes

## 2021 property tax:

- 58% said comfortable with 2-5% Tax Rate
- 14% comfortable with 5%+ Tax Rate Increase
- 20% no increase or decrease Tax Rate

***“Building on What we Heard in 2021”***



## 2022 property tax:

- 73% said comfortable with some tax increase
- 15% said no tax increase
- 6% said taxes should decrease
- 6% other (Not specified)

# Adhering to the Financial Sustainability Principles

**Goal: Maintain Financial Health:** Affordable levels of debt & maintain stabilization reserve models to support long-term smoothing of rates.

## 2022 Council Approved Budget:

- Property Tax Revenue Rate Increase 4.4%
- 2022-2026 Approved Bylaw: 4-5%/year



- ❑ Ensure assets are safe, reliable and in a state of good repair
- ❑ Ensure a stable and consistent rate structure
- ❑ Ensure long term sustainment of infrastructure and service levels with reserve levels that are adaptive to future City needs; monitor debt levels

## SUSTAINABLE

Maintain assets in a state of good repair through **reasonable tax / rate increases, and without disruptions to services**; living within our means

## ADAPTABLE

The ability to change debt levels or **leverage reserves**; ability to ramp up or down on spending

## STABLE

**Predictability of City's sustainable revenue sources** and less reliance on external funding or third party funding

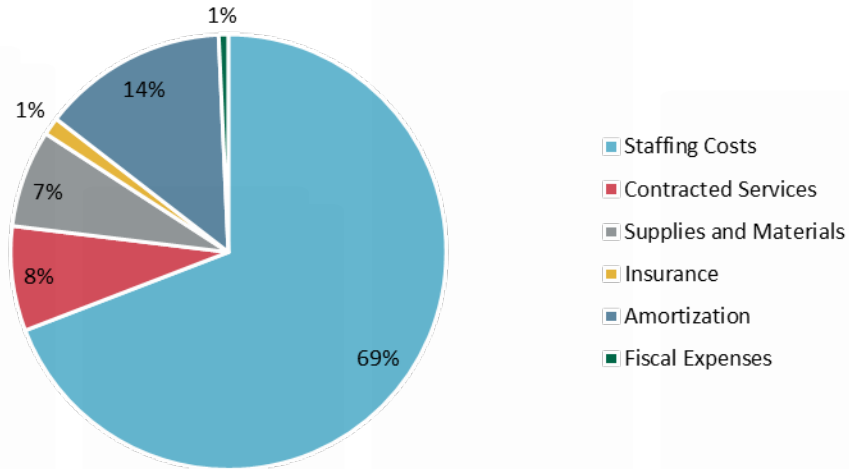
## ACCOUNTABLE

**Fiscally prudent & responsible**; the ability to ensure that the City's financial decisions are in the best interest of all

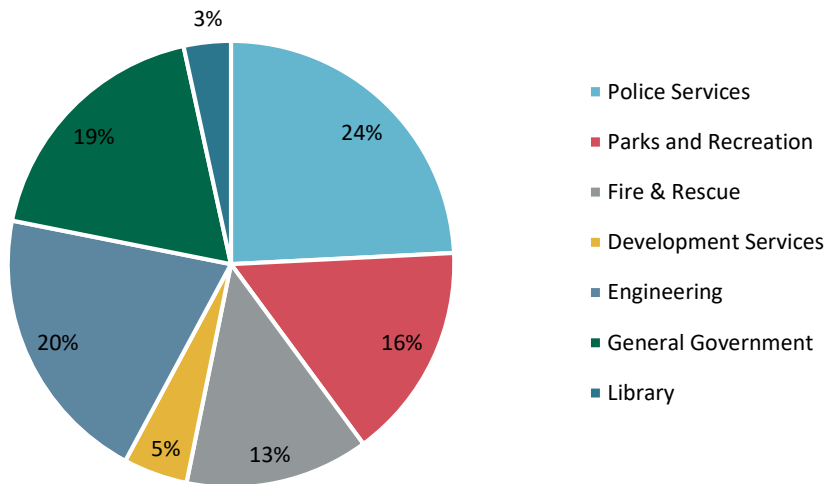
# **2023 OPERATING BUDGET – GENERAL FUND PROPOSED INVESTMENTS & OFFSETS**

# 2023 SALARY/BENEFIT/TRAINING INCREASES

ESTIMATED OPERATING BUDGET BY EXPENDITURE



ESTIMATED OPERATING BUDGET BY DEPARTMENT



**2022 MUNICIPAL PROPERTY TAXES \$97.8M**

➤ **2023 Salary/Benefit/Training Increase +\$3.3M (2.5-4% across all depts.)**

*~\$47M From Other/User Pay Type Fees & Grants or 3<sup>rd</sup> Party Contributions*

# 2023 Downloading – Fixed Cost Increases



**2023 Fixed Cost Increased Passed Down:**

- 2023 WCB Premium Increase +\$1.25M, or 1.3%
- 2023 E-Comm 911 & JIBC Increases +0.95M, or 1.0%

# təməsewtx<sup>w</sup> Aquatic and Community Centre



➤ **2023 Debt Servicing Cost Increases \$1.0M or 1.0%\***

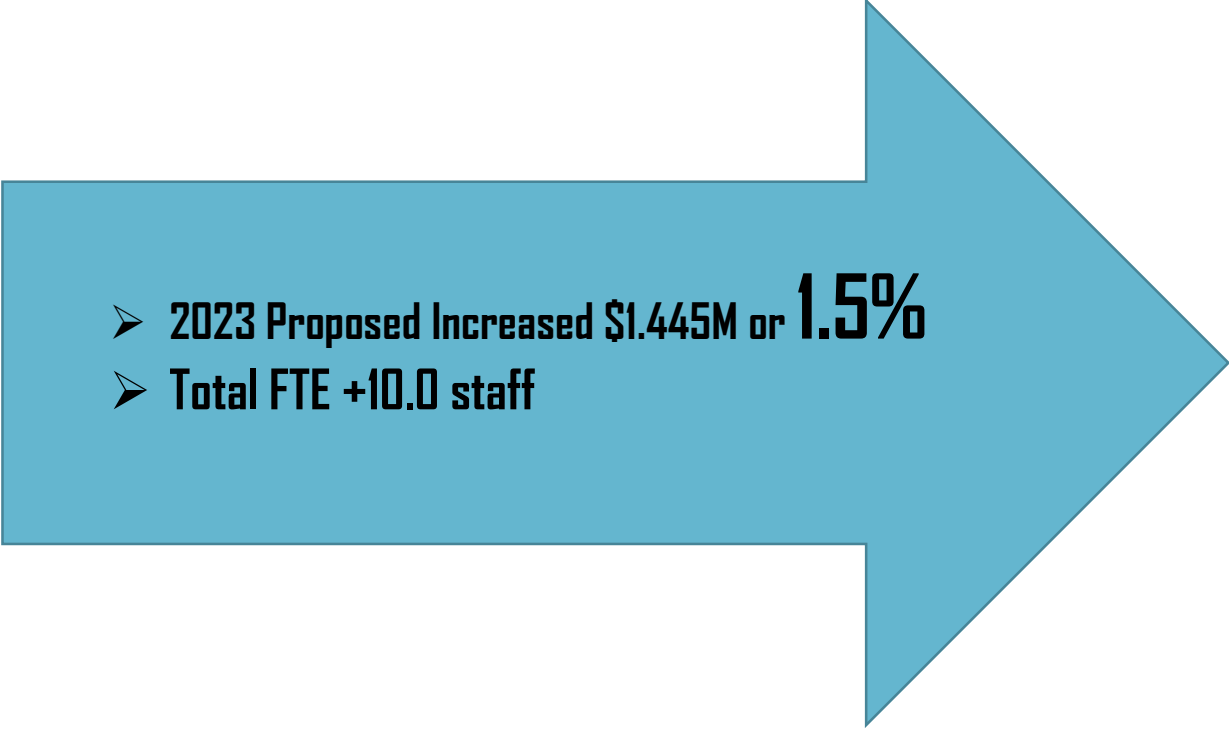
## **Project Update:**

- *2022 Multi-Year Capital Project Budget ~\$114M*
- *Funding Sources: \$93.6M Debt, \$3M Grant, balance from Facility Reserves*
- *Progress: ~\$70M spent to date and 60% complete*
- *Total Property Tax Implication due to Debt Financing ~4% Increase*
- *2021 Budget – Council Approved 2% Property Tax Revenue Increase for Debt*
- *2022 Budget – Council Deferred 2% due to Insurance Premium Increases*
- *2023 Budget – Propose 1%*
- *2024 Budget – Propose another 1% plus other Opex Increase to Open Centre*

# 2023 Proposed “Permanent” Service Enhancements

## Operational Service Investment Highlights:

- ❑ **Supplies/Materials & Contract Services** – Inflation
- ❑ **Downtown Livability** – Street & Public Toilet Cleanliness & Attention, Livability Co-ordinator & Development Planner
- ❑ **Technology Services** – IT Project Manager & Security Admin
- ❑ **Human Resources** – Recruiter
- ❑ **Library Board** – Transition Temp/Aux staff to Permanent

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- **2023 Proposed Increased \$1.445M or 1.5%**
  - **Total FTE +10.0 staff**



# 2023 Proposed Other “Permanent” Service Enhancements

## Operational Service Investment Highlights:

- ❑ **Engineering Supplies/Materials** – Volume Increases
- ❑ **Engineering** – Q to Q Ferry Revenue Adjustment
- ❑ **CAPD:** Building Clerk 3 Position
- ❑ **IT:** Support Clerk & Computer Systems Maintenance Increase
- ❑ **Parks:** Arboriculture Supplies/Contractors, Clerk 3 Admin Support
- ❑ **Mayor/Clerks:** Consultant Studies
- ❑ **Anvil:** Sales Coordinator from Temp to Perm; Digital Signs Maintenance Update



➤ **2023 Proposed Increased \$0.9M or 1.0%**

# 2023 ESTIMATED PROPERTY TAX REVENUE INCREASE

7.2% Base  
Cost Rollover +  
WCB, EComm  
& JIBC  
Increases

- 2023 Average Fixed Cost & Salary Increases of 3.3% Tax Impact
- 2023 WCB, EComm, JIBC + Inflationary Costs Increases 2.7%
- TACC Debt Financing 1%

0.9% Service  
Enhancements  
Net of  
Reduced  
Costs/Savings

- 2023 Downtown Livability, HR, and IT 0.9%
- 2023 Library Enhancements net 0.0%

**Budget Outlook 1-** Total Estimated Property Tax Rate Increase of **8.1% required** before Interest Revenue and New Construction Revenue

**Proposed Permanent Funding** offsets to 2023 Tax Revenue Increase;

- Interest Revenue (1.7%)
- New Construction (1.0%)

**2023 Estimated Property Tax Rate Increase, net of other sources:**

**5.4%**

# 2023 ESTIMATED PROPERTY TAX REVENUE INCREASE

7.2% Base  
Cost Rollover +  
WCB, EComm  
& JIBC  
Increases

- 2023 Average Fixed Cost & Salary Increases of 3.3% Tax Impact
- 2023 WCB, EComm, JIBC + Inflationary Costs Increases 2.7%
- TACC Debt Financing 1%

1.9% Service  
Enhancements  
Net of  
Reduced  
Costs/Savings

- 2023 Downtown Livability, HR and IT 0.9%
- 2023 Library Enhancements net 0.0%
- 2023 Other Proposed Permanent Increases 1%

**Budget Outlook 2** - Total Estimated Property Tax Rate Increase of **9.1%** required before Interest Revenue and New Construction Revenue

**Proposed Permanent Funding** offsets to 2023 Tax Revenue Increase;

- Interest Revenue (1.7%)
- New Construction (1.0%)

**2023 Estimated Property Tax Rate Increase, net of other sources:**

**6.4%**

# 2023 Proposed Temporary Enhancements to support Delivery of Capital Funding

## Proposed Enhancements to support Capital Funding:

### **Affordable Housing Program:**

- Affordable Housing Planner Analyst (Temp)
- Affordable Housing Building Co-ordinator (Temp)

### **Advanced Meter Investment:**

- IT Project Analyst Support



**2023 Capital Budget - Proposed Temporary Resources \$0.35M**

# 2023 Proposed “One-Time” Service Enhancements

## Operational Service Investment Highlights:

- ❑ HR: Assistant, Training Carryover
- ❑ CAPD: Plumbing Inspector, Livability Co-ordinator
- ❑ FIRE: DEIAR Framework, Emergency Management
- ❑ Comms, B License, Record Mgmt, Indigenous Liaison

- 2022 Proposed “One-Time” Service Increases **\$0.9M**
- Proposed Funding via the “one-time” Reserves



# Three Options for Council's consideration:

**Option 1 - THAT Council provide staff with direction on the 2023 Proposed Service Enhancement requests**

**Option 2 - THAT Council's direction be then incorporated into the Draft Consolidated Financial Plan Bylaw, 2022 - 2026 reflecting a property tax rate increase for 2023**

**Option 3 - THAT Council provided further direction.**

***Staff recommend Options 1 and 2***

# Feedback and Discussion from Council



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