

REPORT

Office of the Chief Administrative Officer And Finance Department

To: Mayor Johnstone and Members of Council
Date: January 22, 2024

From: Lisa Leblanc
Acting Chief Administrative Officer
File:

Shehzad Somji
CFO/Director of Finance
Item #: 2024-32

Subject: **Budget 2024: Updated 2024 General Fund Operating Enhancements and Funding Strategy**

RECOMMENDATION

THAT Council approve the \$1.5M operating budget refinements in the updated General Fund Operating Enhancements;

THAT Council instruct staff to incorporate the updated General Fund Operating Enhancements into the Consolidated 2024 - 2028 Five-Year Financial Plan;

THAT Council instruct staff to convert the Consolidated 2024 – 2028 Five-Year Financial Plan into a Bylaw reflecting an estimated property tax revenue increase of 7.7% and bring forward for public consultation.

PURPOSE

The purpose of this report is to present Council with the updated 2024 – 2028 General Fund Operating Enhancements and Funding Strategy that incorporates Council's feedback from the December 11, 2023 budget workshop and staff proposed amendments since the workshop.

SUMMARY

At the December 11, 2023 Council workshop on the 2024 General Fund Operating Enhancements and Funding Strategy, staff presented three distinct scenarios, each tailored to meet specific financial parameters and strategic priorities. These scenarios reflected a property tax revenue increase ranging from 5.5% to 8.5% for 2024.

Council discussed the three scenarios during the workshop and instructed staff to use Scenario 2 and include four enhancements from Scenario 3.

Since the workshop, Finance staff worked collaboratively with all departments to incorporate Council's feedback in the updated 2024 General Fund Operating Enhancements and Funding Strategy. Departments also took the opportunity to review the proposed enhancements and are requesting some additional enhancements be included for 2024 as outlined in this report.

The updated 2024 General Fund Operating Enhancements increased by **\$1.5M from \$20.6M to \$22.1M.**

BACKGROUND

At the December 11, 2023 Council workshop, staff presented the following three 2024 General Fund Operating Enhancements scenarios, each with increased levels of investment:

Strategic Priorities (\$ in Millions)	Scenario 1	Scenario 2	Scenario 3
Asset Management and Infrastructure	\$ 0.1	\$ 0.8	\$ 1.2
Safe Movement of People	-	-	0.1
Community Belonging and Connecting	0.1	1.7	2.3
Homes and Housing Options	1.8	1.9	2.0
People-Centered Economy	-	0.1	0.1
Lens and Foundations	10.2	16.1	17.3
Grand Total	\$ 12.2	\$ 20.6	\$ 23.0
Estimated 2024 Property Tax Revenue Impact	5.5%	6.8%	8.5%

Council provided comments and feedback during the workshop that have since been incorporated into the 2024 budget.

2024 APPROVED ADJUSTED BUDGET TIMELINES FRAMEWORK

The approved 2024 budget timeline was based on a best practice approach, which aimed to have the Draft Five-Year Financial Plan to Council before the New Year. A Draft Budget and Five-year Financial Plan will be presented in February 2024. The Draft Five-Year

Financial Plan will include the annual Budget and associated Utility and Property Tax Revenue Rate increases.

The table below outlines updated key dates for the 2024 Budget process, which includes public feedback and Council input delivered via Open Council Workshops:

Date	Description
May 8, 2023	2024 Budget Engagement Framework & Timelines
Jun 12, 2023	Quarter 1 Operating & Capital Performance Report
Sep 11, 2023	Quarter 2 Capital & Operating Performance Report
Aug 28, 2023	2024 Engagement Results: What We Heard Report
Oct 16, 2023	**2024 General Fund Capital Budget **Open Council Workshop
Oct 30, 2023	2024 User Fees (Three Readings)
Nov 6, 2023	2024 User Fees (Adoption)
Nov 20, 2023	2024 Budget Council Workshop: Strategic Priorities Plan Implementation
Nov 27, 2023	2024 Utility Budget: Capital and Operating
Dec 4, 2023	2024 Utility Rates (Three Readings)
Dec 11, 2023	2024 General Fund Budget: Proposed Service Enhancements
Dec 11, 2023	2024 Utility Rates (Adoption)
Dec 11, 2023	Quarter 3 Capital & Operating Performance Report
Jan 8, 2024	2024 Budget Workshop: Capital Update
Jan 22, 2024	2024 Budget Workshop: Operating Update
Feb 5, 2024	2024 DRAFT Budget & 5 Year Financial Plan Bylaw (Presentation)
Feb 2024	2024 DRAFT Budget & 5 Year Bylaw post on City Website
Feb 26, 2024	2024 DRAFT Budget & 5 Year Financial Plan Bylaw (Three Readings)
March 11, 2024	2024 DRAFT Budget & 5 Year Financial Plan Bylaw (Adoption)

UPDATES TO THE 2024 GENERAL FUND OPERATING ENHANCEMENTS

At the December 11, 2023 City Council Workshop, Council directed staff to pursue Scenario 2 and incorporate the following items totaling **\$1.14M** annually from Scenario 3 listed by Strategic Priority:

Resiliency

1. Fire Operations Staff (Item 141 previous item 88) - Seven new suppression firefighters. Help address the increased demand for service, reduced “response reliability” and reduce overtime expenses and implementation of the *Employee Standards Act* sick day legislation.
 - Annual Budget - \$0.92M
 - **2024 Budget - \$0.55M**

Community Belonging and Connecting

1. Youth Services (Item 142 previous item 124) – In order for there to be expanded services for vulnerable youth, there needs to be sufficient front line staffing that follows best practice guidelines for staff to youth ratio ensuring safety of youth and

demonstrating due diligence. The addition of auxiliary hours will support Youth services programs at tēmēsewtx^w Aquatic and Community Centre (TACC) and Glenbrook sites as well as park activations during summer months.

- Annual Budget - \$0.08M
 - **2024 Budget - \$0.08M**
2. Auxiliary Support Worker (Item 143, previous item 127) - Auxiliary wages to support accessibility and inclusion and offering 1:1 support for those participants who need it to successfully participate in Recreation programs. Work has been partially funded by Kinsight in the past. However Kinsight only supports pre-school programming given their limited staffing resources. All other 1:1 support is provided by city recreation services staff.
- Annual Budget - \$0.03M
 - **2024 Budget - \$0.03M**
3. Recreation Supervisor (Item 144, previous item 128) - To serve as a department-wide resource to coordinate and support all Parks and Recreation divisions in work connected to advancement of Community Belonging & Connecting strategic priority; diversity, equity, and anti-racism; reconciliation; and public engagement. The position will also serve as departmental liaison with interdepartmental working groups involved in same.
- Annual Budget - \$0.11M
 - **2024 Budget - \$0.05M**

Since the December 11, 2023 workshop, staff conducted a further review of the enhancement requests and propose to add the following items totaling **\$0.36M annually** from Scenario 3:

Asset Management and Infrastructure

1. Building Maintenance Worker (Item 146, previous item 82) - To augment the Facility Maintenance team for the new aquatic and community centre. The building maintenance worker will be responsible for scheduled and unscheduled maintenance of Envelope, HVAC, Life Safety Systems, Conveying Systems, and Digital Controls. Staff will be cross-trained at all civic facilities, but TACC represents a significant growth in the size and complexity of the civic buildings portfolio which requires additional scheduled hours.
- Annual Budget - \$0.10M
 - **2024 Budget - \$0.07M**

2. Building Service Worker (Item 148, previous item 125) – This regular part-time worker will provide extra program support primarily at Century House as required to assist with set-up and take down of programs as well as centralized cleaning and preventative maintenance program.
 - Annual Budget - \$0.04M
 - **2024 Budget - \$0.04M**
3. Arboriculture operations and maintenance (Item 149, previous item 135) - Over 2,000 new trees have been planted in 2022/2023 and require young tree care (stakes, water bags, probes) for approximately three years to establishment. These are funds required for additional supplies to support newly planted trees in 2024. This includes care of approximately 95 new trees at the new TACC.
 - Annual Budget - \$0.03M
 - **2024 Budget - \$0.03M**
4. Senior Engineering Technologist (Item 150) – The Pattullo bridge replacement project provides capacity funding to the City of New Westminster to support the project with liaison, support, and coordination services. A Senior Engineering Technologist is assigned to be this support to assist the Ministry with the delivery of the Pattullo Bridge Replacement Project. This capacity funding revenue should be used to offset the salaries in BU 4000.4020. This revenue offsets the salary of the Pattullo PM in the Design and Construction team.
 - Annual Budget - \$0.11M
 - **2024 Budget – Funded by the Ministry of Transportation**

Community Belonging and Connecting

1. Assistant Program Coordinator (Item 147, previous item 121) – Increase the regular part-time (RPT) Assistant Program Coordinator from 0.7 FTE to 1.0 FTE at Moody Park Arena. Registration and demand for Arena programs and services is on the rise. As RPT, this position has been working close to full time hours in order to meet the expectations of the role. Transitioning the role to a regular full-time position will assist with sustaining levels of service in the face of increased demand and helps to maintain a positive culture within the work environment.
 - Annual Budget - \$0.03M
 - **2024 Budget - \$0.03M**

Safe Movement of people

1. Transportation Planning Analyst (Item 145, previous item 77) - Conversion of a RPT Active Transportation Coordinator to a RFT Transportation Planning Analyst. The existing RPT Active Transportation Coordinator role is vacant and offers an opportunity to adjust the position to meet current needs with respect to data collection and analysis in support of Council's Strategic Priorities, while also continuing key programs administered by the former Coordinator.
 - Annual Budget - \$0.05M
 - **2024 Budget – Funded by increased parking revenue**

The following table summarizes the additional enhancements since the December 11, 2023 workshop:

Strategic Priorities (\$ in Millions)	Council Direction	Staff Request	Total
Asset Management and Infrastructure	-	\$ 0.28	\$ 0.28
Safe Movement of People	-	0.05	0.05
Community Belonging and Connecting	\$ 0.22	0.03	0.25
Homes and Housing Options	-	-	-
People-Centered Economy	-	-	-
Lens and Foundations	0.92	-	0.92
Grand Total	\$ 1.14	\$ 0.36	\$ 1.50

FUNDING STRATEGY

The same funding strategy in the preliminary General Fund Operating Budget presented on December 11, 2023 has been applied to these refinements. Staff plan to align the timing for hiring new staff with current expectations which provides an opportunity to distribute the tax burden over a two-year period. This strategy suggests approximately \$0.5M of the costs will be deferred to 2025, which reduces the total cost of the refinements to \$0.9M. The \$0.5M deferral is in addition to the \$1.2M deferral outlined in the preliminary operating budget, for a total of \$1.7M in enhancement costs deferred to the 2025 budget.

The updated budget reflects increased enhancements of \$22.0M that require funding, as outlined in the following table:

Strategic Priorities (\$ in Millions)	Preliminary Budget	Additions	Total Enhancements
Asset Management and Infrastructure	\$ 0.80	\$ 0.28	\$ 1.08
Safe Movement of People	-	0.05	0.05
Community Belonging and Connecting	1.70	0.25	1.95
Homes and Housing Options	1.90	-	1.90
People-Centered Economy	0.10	-	0.10
Lens and Foundations	16.10	0.92	17.02

Grand Total	\$ 20.60	\$ 1.50	\$ 22.10
Estimated 2024 Property Tax Revenue Impact	6.80%	0.90%	7.70%

The enhancements will be funded by the following sources of revenue:

Funding Source	% Increase	\$ in millions
Property Tax Revenue	7.7%	\$ 7.9
Other Fees and Charges	6.8%	7.0
Grants and Contributions	2.2%	2.3
Reserve Funding	1.9%	2.0
Budget Transfer and Reallocation	1.2%	1.2
Deferred to 2025	1.7%	1.7
Total		\$ 22.1

The additional property tax revenue of \$7.9M is allocated across the various property classes, with the majority, 64% or \$5.1M, being realized from Property Class 1 – Residential. The following table identifies the property tax revenue by property class:

PROPERTY CLASS	Contribution	\$
1 - Residential - Note 1	64%	5,067,183
2 - Utilities	0%	26,059
3 - Supportive Housing	-	-
4 - Major Industry	2%	125,262
5 - Light Industry	3%	260,691
6 - Business/Other (\$3.74M) - Note 1	31%	2,414,470
7- Managed Forest Land	-	-
8 - Recreational/Non-Profit	0%	6,337
8 - Farm	-	-
	100%	7,900,000

NOTES

NOTE 1

Estimated **7.7% property tax revenue increase** would increase the General Municipal Tax Levy:

For a **\$1.58M Residential Single Family** by **\$306** or **\$25/month**

For a **\$0.64M Residential Strata** by **\$125** or **\$10/month**

For a **\$3.74M Business/Other** by **\$2,344** or **\$195/month**

2023 Assessment values and mill rates used as basis for all calculations

INTERDEPARTMENTAL LIAISON

All departments participate in the annual budget process. The Senior Management Team (SMT) provides overall direction.

OPTIONS

There are four options for Council's consideration; they are:

Option 1 - THAT Council approve the \$1.5M operating budget refinements in the updated General Fund Operating Enhancements;

Option 2 - THAT Council instruct staff to incorporate the updated General Fund Operating Enhancements into the Consolidated 2024 - 2028 Financial Plan;

Option 3 - THAT Council instruct staff to convert the Consolidated 2024 – 2028 Financial Plan into a Bylaw reflecting an estimated property tax revenue increase of 7.7% and bring forward for public consultation.

Option 4 – THAT Council provides further direction

Staff recommend Options 1, 2 and 3

NEXT STEPS

This report and the attachments will be available in the 2024 Budget section of the City's website.

The Consolidated 2024 – 2028 Financial Plan Bylaw will be presented to Council at a Council meeting on February 5, 2024.

CONCLUSION

Council's feedback of this updated 2024 General Fund Operating Enhancements, and approval of the Budget 2024: General Fund Capital Plan and Funding Strategy and the Operating and Capital Utility Budgets will form the basis for the Consolidated 2024 – 2028 Five Year Financial Plan Bylaw.

ATTACHMENTS

Attachment 1 - Refined 2024 General Fund Service Enhancements

Attachment 2 – December 11, 2023 Proposed 2024 General Fund Operating Enhancements Scenarios and Funding Strategy

APPROVALS

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