

## Attachment #2

*Draft 2024 – 2028 Five Year Financial Plan  
Council Report dated February 5, 2024*

**REPORT**  
***Office of the Chief Administrative Office***  
***And***  
***Finance Department***

**To:** Mayor Johnstone and Members of  
Council

**Date:** February 5, 2024

**From:** Lisa Spitale  
Chief Administrative Officer

**File:**

Shehzad Somji  
CFO/Director of Finance

**Item #:** [Report Number]

**Subject: Budget 2024: Draft 2024 - 2028 Five Year Financial Plan**

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**RECOMMENDATION**

**THAT** Council instruct staff to convert the Draft 2024 – 2028 Five-Year Financial Plan into a Bylaw and bring forward for three readings.

**THAT** Council approve the **\$180.4M** 2024 Multi-Year Capital Budget.

**PURPOSE**

To seek Council's direction to convert the Draft 2024 – 2028 Five Year Financial Plan (the "Financial Plan") into a Bylaw in accordance with section 165 of the Community Charter that incorporates the approved 2024 Electrical, Water, Sewer, Solid Waste rates increase and Property tax revenue increase and the proposed Operating and Capital Budgets.

Members of the public will be invited to review and provide comments on the proposed Financial Plan on Be Heard New West.

## **BACKGROUND**

### **UTILITY FUND – CAPITAL AND OPERATING BUDGETS**

At the November 27, 2023 Council workshop on the 2024 Utility Fund Capital and Operating Budgets, staff presented the 2024 Utility and Climate Action Fund Service Enhancement Requests, the proposed 2024 – 2028 Capital Plans and estimated Operating Budgets.

Council members discussed the proposed budgets during the workshop and approved the following 2024 Utility rates increases.

| Utility Rate       | Electric | Water | Sewer | Solid Waste |
|--------------------|----------|-------|-------|-------------|
| 2024 Rate Increase | 3.3%     | 6.0%  | 8.0%  | 12.0%       |

Based on Council's instructions, staff incorporated the approved Utility rates increase and the Capital and Operating budgets into the Draft Five Year Financial Plan.

### **GENERAL FUND – CAPITAL BUDGET**

At the October 16, 2023 Council workshop on the General Fund 2024 – 2028 Capital Plan, staff presented three distinct scenarios, each tailored to meet specific financial parameters and strategic priorities. These scenarios ranged from \$162.5M to \$225.4M in capital investments over the five year period.

Council members discussed the three scenarios during the workshop and instructed staff to use Scenario 2 as a base and update the Five Year Capital Plan incorporating Council's feedback.

At the January 8, 2024 Council Workshop, staff presented an updated General Fund 2024 – 2028 Capital Plan which increased by \$20.6M from \$188.1M in Scenario 2 to **\$208.7M**. This was primarily due to \$15.4M being carried over from 2023. The remaining \$5.2M increase is driven by incorporating Council's feedback along with amendments staff believe are important to include in the updated Capital Plan.

Council members discussed the updated Five Year Capital Plan and instructed staff to incorporate the updated Capital Plan into the Draft 2024 – 2028 Five Year Financial Plan.

## GENERAL FUND – OPERATING BUDGET

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 rate increase ranging from 5.5% to 8.5% for 2024.

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

At the January 22, 2024 Council Workshop, staff presented an updated 2024 - 2028 General Fund Service Enhancements and Funding Strategy that increased by \$1.5M from \$20.6M to **\$22.1M**. The \$1.5M increase is driven by incorporating Council's feedback (\$1.1M) and staff amendments (\$0.4M) that are important to include in the updated Operating Plan. The updated Enhancements reflect a 0.9% increase to the Property Tax rate from 6.8% in Scenario 2 to **7.7%** for 2024.

Council members discussed the updated Service Enhancements and Funding Strategy and instructed staff to incorporate the proposed Property Tax rate increase into the Draft 2024 – 2028 Five Year Financial Plan.

## GUIDING FINANCIAL PRINCIPLES AND VALUES

The draft Five Year Financial Plan which includes the 2024 Capital and Operating Budgets are based on projections and best estimates that advance Council Strategic Priorities and the Climate Action Goals.

The proposed Capital and Operating Budgets are guided by the following Financial Sustainability principles that align with City's core values.

- **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, & less reliance on external funding or 3rd party funding; and
- **Accountable** - Fiscally prudent & responsible; the ability to ensure that the City's financial decisions are in the best interest of all.

## **2024 DRAFT BUDGET AND FIVE YEAR FINANCIAL PALN**

**Table 1-1: 2024 – 2028 DRAFT Consolidated Financial Plan – All Funds**

**CORPORATION OF THE CITY OF NEW WESTMINSTER  
CONSOLIDATED FINANCIAL PLAN (DRAFT)**

|                                                 | <b>2024</b>           | <b>Budget Projections</b> |                       |                       |                       |
|-------------------------------------------------|-----------------------|---------------------------|-----------------------|-----------------------|-----------------------|
|                                                 | <b>Budget</b>         | <b>2025</b>               | <b>2026</b>           | <b>2027</b>           | <b>2028</b>           |
| <b>Total Revenues</b>                           | <b>310,730,330</b>    | <b>332,452,460</b>        | <b>334,984,562</b>    | <b>339,481,324</b>    | <b>350,625,935</b>    |
| <b>Total Expenses</b>                           | <b>272,790,071</b>    | <b>279,479,294</b>        | <b>286,477,222</b>    | <b>294,467,971.00</b> | <b>305,769,245</b>    |
| <b>Increase in Total Equity</b>                 | <b>37,940,259</b>     | <b>52,973,166</b>         | <b>48,507,340</b>     | <b>45,013,353</b>     | <b>44,856,690</b>     |
| <b>Reconciliation to Financial Equity</b>       |                       |                           |                       |                       |                       |
| Asset Amortization and Accretion Expense        | 30,771,000            | 31,763,000                | 32,712,000            | 34,076,000            | 35,758,000            |
| Capital Expenses                                | (140,727,491)         | (75,391,400)              | (58,060,983)          | (62,349,317)          | (110,888,900)         |
| Debt Retirement                                 | (8,581,203)           | (8,693,577)               | (9,289,686)           | (9,055,609)           | (11,525,404)          |
| Proceeds on Debt Issuance                       | 1,690,700             | 12,000,000                | 8,000,000             | -                     | 60,000,000            |
| <b>CHANGE IN FINANCIAL EQUITY (Reserves)</b>    | <b>(78,906,735)</b>   | <b>12,651,189</b>         | <b>21,868,671</b>     | <b>7,684,427</b>      | <b>18,200,386</b>     |
| <b>Financial Equity, beginning of year</b>      | <b>256,831,525</b>    | <b>177,924,790</b>        | <b>190,575,980</b>    | <b>212,444,651</b>    | <b>220,129,078</b>    |
| <b>FINANCIAL EQUITY (Reserves), end of year</b> | <b>\$ 177,924,790</b> | <b>\$ 190,575,979</b>     | <b>\$ 212,444,651</b> | <b>\$ 220,129,078</b> | <b>\$ 238,329,464</b> |

### **2024 REVENUES**

The total 2024 budgeted revenues of **\$310.7M** includes: \$114.2M from Municipal Taxes; \$115.6M from Utility Cost Recovery; \$19.1M from sale of City services, \$31.6M, from government and other third-party grants and contributions; and the balance of \$30.2M is from other revenues.

### **2024 EXPENSES**

The total 2024 budgeted operating expenses of **\$272.8M** includes: \$183.7M to support core services in the General Fund; \$47.2M for Electrical Utility Costs; \$30.1M for the Water & Sewer Costs; \$4.8M for Solid Waste or Garbage Collection costs; and \$7.0M of Interest Charges.

### **2024 – 2028 CAPITAL PLAN**

#### **Multi-Year Budget**

As per the Community Charter and the City's Procurement Policy, an approved capital budget must be in place before contracts can be awarded or committed.

Some capital project or program spending may span over multiple years. In order to procure and award contracts, these types of projects may require a commitment of more than one year of the capital budget at the beginning stage. Providing a multi-year budget to these projects will allow the City to be more flexible in responding to global supply chain issues and minimize the impact from inflation (lock in prices earlier), which will provide better control of the overall cost of the projects.

During the capital budgeting process, staff have identified 22 projects which require multi-year funding commitments. **Staff are seeking Council's approval for a \$180.4M Multi-Year Capital Budget for 2024**, with \$151.9M anticipated to be spent in 2024 and the balance will be spent within the next four years.

A list of capital projects requiring multi-year budget commitments and timing of the spending is presented in Attachment 6.

The following tables, 2-1 and 2-2, list the capital plan by fund and by Council's strategic priority over the next five-years.

**Table 2-1: 2024 – 2028 Capital Plan by Fund**

| Fund             | Multi-Year<br>Budget<br>\$M | 2024<br>\$M  | 2025<br>\$M | 2026<br>\$M | 2027<br>\$M | 2028<br>\$M  | 5-Year<br>Total<br>\$M |
|------------------|-----------------------------|--------------|-------------|-------------|-------------|--------------|------------------------|
| General Fund     | 94.9                        | 82.9         | 33.3        | 24.2        | 40.4        | 28.1         | 208.8                  |
| Electrical Fund  | 36.2                        | 35.8         | 31.3        | 23.2        | 9.8         | 69.8         | 169.9                  |
| Water Fund       | 15.3                        | 12.3         | 6.1         | 6.3         | 6.7         | 8.0          | 39.4                   |
| Sewer Fund       | 32.3                        | 19.8         | 10.3        | 9.3         | 10.6        | 9.0          | 58.9                   |
| Solid Waste Fund | 1.6                         | 1.2          | 1.0         | 0.8         | 0.6         | 1.1          | 4.7                    |
| <b>TOTAL</b>     | <b>180.4</b>                | <b>151.9</b> | <b>82.0</b> | <b>63.7</b> | <b>68.1</b> | <b>116.0</b> | <b>481.7</b>           |

**Table 2-2: 2024 – 2028 Capital Plan by Strategic Priorities**

| Strategic Priority                  | Multi-Year<br>Budget<br>\$M | 2024<br>\$M  | 2025<br>\$M | 2026<br>\$M | 2027<br>\$M | 2028<br>\$M  | 5-Year<br>Total<br>\$M |
|-------------------------------------|-----------------------------|--------------|-------------|-------------|-------------|--------------|------------------------|
| Asset Management and Infrastructure | 143.5                       | 116.7        | 70.0        | 53.4        | 49.7        | 105.0        | 394.8                  |
| Safe Movement of People             | 20.8                        | 19.6         | 7.9         | 7.8         | 8.8         | 8.9          | 52.9                   |
| Community Belonging and Connecting  | 10.1                        | 9.8          | 0.6         | 0.6         | 7.9         | 0.4          | 19.3                   |
| Homes and Housing Options           | 6.0                         | 5.7          | 3.5         | 2.0         | 1.7         | 1.7          | 14.5                   |
| People-Centered Economy             | 0.1                         | 0.1          | 0.0         | 0.0         | 0.1         | 0.0          | 0.3                    |
| <b>TOTAL</b>                        | <b>180.4</b>                | <b>151.9</b> | <b>82.0</b> | <b>63.7</b> | <b>68.1</b> | <b>116.0</b> | <b>481.7</b>           |

The 2024 Draft Multi-Year Capital Budget of \$180.4M emphasizes the delivery of important capital projects that support Council's Strategic Priorities, the Climate Action Seven Bold Steps and the City's core services.

Over the next 5 years, staff is estimating **\$481.7M** of Capital Plan spending which includes:

- Completion of the təməsewtx<sup>w</sup> Aquatics and Community Centre;

- Implementation of the Active Network Transportation Plan;
- Cycling and Greenways construction;
- Advanced Metering Infrastructure Project;
- Massey Theatre Renovation Project;
- West End Sewer Separation and Water Mains Replacement Project;
- Royal Substation Upgrades;
- New Sapperton Substation construction;
- District Energy System Project;
- Civic Buildings and Facilities Upgrades;
- Other major capital works.

### **FINANCIAL EQUITY (RESERVES)**

The \$481.7M Draft 2024 – 2028 Capital Plan will be funded as follows:

**Table 2-3: 2024 – 2028 Capital Plan by Funding Source**

| <b>Funding Source</b> | <b>5-Year<br/>Total<br/>\$M</b> | <b>DCC<br/>\$M</b> | <b>Gants /<br/>Contributions<br/>\$M</b> | <b>Debt<br/>\$M</b> | <b>Reserves<br/>\$M</b> |
|-----------------------|---------------------------------|--------------------|------------------------------------------|---------------------|-------------------------|
| General Fund          | 208.8                           | 8.8                | 22.5                                     | -                   | 177.6                   |
| Electrical Fund       | 169.9                           | -                  | 36.5                                     | 80.0                | 53.4                    |
| Water Fund            | 39.4                            | 0.6                | -                                        | -                   | 38.8                    |
| Sewer Fund            | 58.9                            | 1.5                | 10.5                                     | -                   | 47.0                    |
| Solid Waste Fund      | 4.7                             | -                  | -                                        | -                   | 4.7                     |
| <b>TOTAL</b>          | <b>481.7</b>                    | <b>10.9</b>        | <b>69.4</b>                              | <b>80.0</b>         | <b>321.5</b>            |

The reserves are managed and guided by the City's Reserve Policies and support with the delivery of services to residents, businesses and industries today and into the future. The Policy outlines management and application of City reserves set aside in a formal manner for a restricted or unrestricted purpose. Reserves are essentially savings accounts of the City and promote long-term sustainability and stability for asset replacement, growth and rate stabilization.

Forecasted reserve balance as at the year ended December 31, 2023 is projected at \$256.8M. The 2024 Budget estimates a net reduction or draw down of the reserves by \$77.9M, leaving an estimated balance of **\$177.9M by the end of 2024**.

**Table 2-4: Estimated Five Year Reserve Balance**

|             |                                                     | 2023     | 2024     | 2025     | 2026     | 2027     | 2028     |
|-------------|-----------------------------------------------------|----------|----------|----------|----------|----------|----------|
|             |                                                     | Estimate | Forecast | Forecast | Forecast | Forecast | Forecast |
|             |                                                     | \$M      | \$M      | \$M      | \$M      | \$M      | \$M      |
| <b>Fund</b> | <b>Non-Statutory Reserves</b>                       |          |          |          |          |          |          |
| General     | Affordable Housing                                  | 1.8      | (1.9)    | (4.3)    | (4.7)    | (4.9)    | (4.1)    |
| General     | Community Amenity                                   | 7.5      | 7.3      | 7.5      | 7.5      | 7.6      | 7.7      |
| General     | Community Development                               | 7.5      | 2.9      | 4.6      | 5.2      | 3.4      | 4.5      |
| General     | Community Endowment                                 | 5.1      | 5.1      | 5.2      | 5.3      | 5.4      | 5.5      |
| General     | Computer Replacement                                | 1.1      | 0.8      | 0.4      | 0.4      | 0.4      | 0.4      |
| General     | Environmental/Childcare Grants                      | 0.2      | 0.2      | 0.2      | 0.2      | 0.2      | 0.2      |
| General     | Equipment Replacement                               | 3.7      | 0.2      | 0.0      | 1.9      | 0.7      | 3.1      |
| General     | Facility Maintenance                                | 3.9      | 0.9      | 0.7      | 0.8      | 1.5      | 3.7      |
| General     | General Amenity                                     | 0.4      | 0.5      | 0.5      | 0.5      | 0.5      | 0.5      |
| General     | General Fund Provisions                             | 21.4     | 5.2      | 1.6      | 1.1      | (2.8)    | (7.2)    |
| General     | Off-street Parking                                  | 1.7      | 0.8      | 0.6      | 0.3      | 0.3      | 0.3      |
| General     | Public Art                                          | 0.8      | 0.7      | 0.7      | 0.6      | 0.5      | 0.4      |
| General     | Climate Action                                      | 41.9     | 43.6     | 48.0     | 52.1     | 55.5     | 57.3     |
| General     | Growing Communities Fund                            | 15.2     | 10.8     | 9.0      | 7.0      | -        | -        |
| General     | Pier Park                                           | 22.2     | 22.8     | 23.3     | 23.8     | 24.3     | 24.8     |
| Electrical  | Electrical Fund Provisions & Equipment Replacement  | 42.9     | 18.2     | 24.8     | 31.5     | 35.7     | 36.6     |
| Water       | Water Fund Provisions & Equipment Replacement       | 22.8     | 18.3     | 20.2     | 22.1     | 24.5     | 26.4     |
| Sewer       | Sewer Fund Provisions & Equipment Replacement       | 32.2     | 30.4     | 36.5     | 43.2     | 50.8     | 60.0     |
| Solid Waste | Solid Waste Fund Provisions & Equipment Replacement | 1.4      | 1.5      | 2.5      | 4.6      | 7.4      | 10.1     |
| <b>Fund</b> | <b>Statutory Reserves</b>                           |          |          |          |          |          |          |
| General     | Cemetery                                            | 1.0      | 1.0      | 1.1      | 1.1      | 1.2      | 1.3      |
| General     | Construction of Municipal Works                     | 9.1      | 5.4      | 4.5      | 4.6      | 4.7      | 3.4      |
| General     | Parking Cash in Lieu                                | 1.2      | 0.9      | 0.9      | 0.9      | 0.9      | 0.9      |
| General     | Park Land Acquisition                               | 0.3      | 0.3      | 0.3      | 0.4      | 0.4      | 0.4      |
| General     | Tax Sale Land                                       | 1.9      | 1.9      | 2.0      | 2.0      | 2.1      | 2.1      |
|             |                                                     | 256.8    | 177.9    | 190.6    | 212.5    | 220.1    | 238.3    |

**2024 -2028 GENERAL FUND – OPERATING FINANCIAL PLAN**

The General Fund operating budget is the most significant component and the driver of annual property tax increases. The 2024 – 2028 Financial Plan for the General Fund is presented in Attachment 2.

The 2024 General Fund Expenses of **\$188.7M** can be viewed by major service area or by major expenditure category. Tables below provide both views. General Fund Department Budgets are included in Attachment 3.

**Table 3-1: General Fund Five Year Financial Plan by Major Service Area**CORPORATION OF THE CITY OF NEW WESTMINSTER  
GENERAL FUND BUDGET (DRAFT)

|                               | 2024<br>Budget | \$ Change    | Budget Projections |                |                |                |
|-------------------------------|----------------|--------------|--------------------|----------------|----------------|----------------|
|                               |                |              | 2025               | 2026           | 2027           | 2028           |
| REVENUE                       |                |              |                    |                |                |                |
| Municipal Taxation            | \$ 114,237,981 | \$ 9,095,937 | \$ 121,237,981     | \$ 126,437,981 | \$ 131,837,981 | \$ 137,437,981 |
| Sale of Services              | 18,556,565     | 4,330,180    | 18,556,565         | 18,556,565     | 18,556,565     | 18,556,565     |
| Grants from Other Governments | 7,369,639      | (17,517,183) | 5,960,706          | 5,818,445      | 5,497,984      | 6,549,861      |
| Contributions                 | 16,581,899     | 3,123,752    | 13,891,768         | 10,826,563     | 11,786,613     | 9,960,063      |
| Other Revenue                 | 28,799,660     | 6,448,719    | 28,621,457         | 28,762,272     | 28,839,055     | 28,961,636     |
| Total Revenues                | 185,545,744    | 5,481,405    | 188,268,477        | 190,401,826    | 196,518,198    | 201,466,106    |
| EXPENSES                      |                |              |                    |                |                |                |
| General Services              |                |              |                    |                |                |                |
| Police Services               | 40,763,993     | 3,498,045    | 41,805,773         | 42,787,096     | 44,022,283     | 45,306,752     |
| Parks and Recreation          | 29,238,137     | 9,363,407    | 30,105,597         | 31,313,493     | 32,504,025     | 31,693,790     |
| Fire & Rescue                 | 20,293,907     | 1,497,385    | 21,388,728         | 22,203,028     | 23,030,991     | 23,885,896     |
| Planning and Development      | 13,998,394     | 6,144,581    | 12,674,197         | 11,369,992     | 11,063,875     | 11,337,589     |
| Engineering                   | 37,021,652     | 4,930,480    | 36,962,575         | 37,613,763     | 38,702,739     | 39,129,663     |
| Corporate Services            | 25,563,517     | (7,546,204)  | 26,513,084         | 27,460,848     | 28,001,500     | 28,621,535     |
| Library                       | 5,254,507      | 110,952      | 5,266,450          | 5,374,012      | 5,470,048      | 5,573,442      |
| Community Services            | 11,580,201     | 11,580,201   | 11,120,730         | 11,198,257     | 11,455,245     | 11,559,488     |
|                               | 183,714,308    | 29,578,847   | 185,837,134        | 189,320,489    | 194,250,706    | 197,108,155    |
| Fiscal Expenses               |                |              |                    |                |                |                |
| Interest Charges              | 4,976,710      | 118,323      | 4,781,987          | 4,761,203      | 4,739,733      | 4,737,734      |
| Total Expenses                | 188,691,018    | 29,697,170   | 190,619,121        | 194,081,692    | 198,990,439    | 201,845,889    |

In late 2023, a decision was made to restructure City departments to improve efficiency and to provide better community services. The Community Services Department, which includes Economic Development, Communications, Public Engagement, Business Licensing, Anvil Centre and Theatre, Arts and Services, Irving House, Filming, and Special Events Business units, will be in place to provide community services effective 2024.

In addition to the above change, the Climate Action Team, which was part of the Planning and Development Department, merged with the Electrical Department under the Electrical Fund. The department is renamed to Energy and Climate Action.

**Table 3-2: General Fund Five Year Financial Plan Major Expenditure Category**

**CORPORATION OF THE CITY OF NEW WESTMINSTER  
GENERAL FUND BUDGET (DRAFT)**

|                                 | <b>2024<br/>Budget</b> | <b>Budget Projections</b> |                    |                    |                    |
|---------------------------------|------------------------|---------------------------|--------------------|--------------------|--------------------|
|                                 |                        | <b>2025</b>               | <b>2026</b>        | <b>2027</b>        | <b>2028</b>        |
| <b>EXPENSES</b>                 |                        |                           |                    |                    |                    |
| Salaries, Benefits and Training | <b>117,867,700</b>     | 124,967,813               | 128,727,828        | 132,775,349        | 137,071,365        |
| Contracted Services             | <b>22,617,559</b>      | 18,196,548                | 17,782,820         | 17,945,106         | 16,871,539         |
| Supplies and Materials          | <b>12,526,054</b>      | 11,993,778                | 11,985,846         | 11,895,256         | 11,895,256         |
| Interest Charges                | <b>4,976,710</b>       | 4,781,987                 | 4,761,203          | 4,739,733          | 4,737,734          |
| Cost of Sales                   | <b>1,720,862</b>       | 1,700,862                 | 1,700,862          | 1,700,862          | 1,700,862          |
| Grants                          | <b>1,137,550</b>       | 1,137,550                 | 1,137,550          | 1,027,550          | 1,027,550          |
| Insurance and Claims            | <b>4,935,583</b>       | 4,935,583                 | 4,935,583          | 4,935,583          | 4,935,583          |
| Amortization                    | <b>22,909,000</b>      | 22,905,000                | 23,050,000         | 23,971,000         | 23,606,000         |
| <b>Total Expenses</b>           | <b>188,691,018</b>     | <b>190,619,121</b>        | <b>194,081,692</b> | <b>198,990,439</b> | <b>201,845,889</b> |

The following table and discussion summarizes and explains the major changes in operating revenues and expenses for 2024 excluding Capital and Reserve Expenditures.

**Table 3-3: General Fund 2024 Operating Revenues and Expenditures**

|                                                                 |                  | Operations       |                    |       |
|-----------------------------------------------------------------|------------------|------------------|--------------------|-------|
|                                                                 |                  | 2023             | 2024               | \$Chg |
|                                                                 |                  | \$000            | \$000              | \$000 |
| <b>REVENUE</b>                                                  |                  |                  |                    |       |
| Municipal Taxation                                              | \$ 105,142       | \$ 114,238       | \$ 9,096           |       |
| Sale of Services                                                | 14,226           | 18,557           | 4,331              |       |
| Grants / Contributions                                          | 38,345           | 23,952           | (14,393)           |       |
| Other Revenue                                                   | 22,351           | 28,800           | 6,449              |       |
| <b>Total Revenues</b>                                           | <b>180,064</b>   | <b>185,546</b>   | <b>5,482</b>       |       |
| <b>EXPENSES</b>                                                 |                  |                  |                    |       |
| Salaries, Benefits and Training                                 | 103,495          | 117,868          | 14,373             |       |
| Contracted Services                                             | 12,849           | 22,618           | 9,769              |       |
| Supplies and Materials                                          | 10,873           | 12,526           | 1,653              |       |
| Insurance and Claims                                            | 4,236            | 4,936            | 700                |       |
| Other Budget Line Items                                         | 2,892            | 2,858            | (34)               |       |
| Interest and Bank Charges                                       | 4,858            | 4,977            | 119                |       |
| Amortization                                                    | 19,791           | 22,909           | 3,118              |       |
| <b>Total Expenses</b>                                           | <b>158,994</b>   | <b>188,691</b>   | <b>29,697</b>      |       |
| <b>INCREASE (DECREASE) IN TOTAL EQUITY</b>                      | <b>21,070</b>    | <b>(3,145)</b>   | <b>(24,215)</b>    |       |
| <b>Debt Retirement &amp; Internal Adjustments and Transfers</b> |                  |                  |                    |       |
| Amortization of Tangible Capital Assets                         | 19,791           | 23,109           | 3,318              |       |
| Debt Retirement                                                 | (5,673)          | (5,876)          | (203)              |       |
| Transfer from/(to) Other Funds                                  | 7,910            | 6,772            | (1,138)            |       |
| Internal Charges                                                | (10,272)         | (10,472)         | (200)              |       |
| Internal Recoveries                                             | 12,969           | 13,158           | 189                |       |
| <b>NET TRANSFER TO RESERVES</b>                                 | <b>\$ 45,795</b> | <b>\$ 23,546</b> | <b>\$ (22,249)</b> |       |

Revenues to pay for General Fund City services are budgeted at approximately **\$185.5M** (2023 - \$180.0M). Of this, taxation revenue contributes \$114.2M or 61.5% of total general revenues. The increase in taxation revenue reflects a proposed 7.7% Property Tax rate increase for 2024 and new developments anticipated during the year.

The balance of the funds required to pay for general services comes from Sale of Services, Grants / Contributions, and Other Revenues. Sale of Services is expected to increase by \$4.3M year over year mainly due to increased third party cost recovery for Police and other sale of services (\$0.5M), increase in parking revenue (\$0.3M), and increase in recreational facilities revenue (\$3.5M) largely from the opening of tənəsewtx<sup>w</sup> Aquatics and Community Centre (TACC). Grants / Contributions are expected to decrease by \$14.4M due to the City receiving the one-time \$15.85M Growing Communities Fund grant from the Province of BC in 2023. Net of the GCF, the budget projects an increase of \$1.5M in Grants/Contributions for 2024. Other Revenue is expected to go up by \$6.5M which is largely due to higher interest income (\$3.6M) and an increase in building permit application revenue (\$2.6M).

The 2024 General Fund operating expenses total approximately **\$188.7M** (2023 - \$159.0M) and provide on-going municipal services including: Police and Fire Services; Parks and Recreation Services; Engineering; Planning and Development Services; Library; Cultural; Community and Corporate Services.

In late 2023, the City reached a negotiated agreement with CUPE and IBEW. Increases in salaries and benefits of approximately \$14.4M reflect a catch-up of the contractual wage increments and inflation adjustments as well as costs for additional staff to be hired in 2024 to support delivery of Council Strategic Priorities, Climate Action goals, and other major initiatives and projects.

Increase in Contracted Services of \$9.7M is primarily due to a change in budgeting practice where capital program expenditures that do not meet the definition of Tangible Capital Assets (TCA), in accordance with Canadian Public Sector Accounting Standards, will be accounted for as operating expenses. In 2024, \$9.6M of capital program expenditures are anticipated to be reclassified as Operating Expenses. Third Party operation service costs for Police went up by \$0.6M which is offset by reclassifying the Inter-government Relations (IGR) department's contracted services cost of \$0.6M to Supplies and Materials.

Increases in Supplies and Materials of \$1.6M is mainly due to the opening of TACC (\$0.7M), reclassification of contracted services costs from IGR (\$0.6M), increase from Massey Theatre (\$0.2M), and inflation adjustments and budgets for IT equipment, furniture and training for new staff.

The majority of the City's 2024 operating expenditure impacts are detailed in the 2024 General Fund Service Enhancement Requests in Attachment 4.

## **2024 - 2028 UTILITY FUND FINANCIAL PLAN**

The City owns, operates and maintains four utilities including an Electrical Distribution Utility, Water Distribution Utility, Sewerage and Drainage Utility, and Solid Waste/Recycling Utility.

The budgets in the Draft 2024 – 2028 Five-Year Financial Plan for the utilities are projections based on best estimates of future events that may materially affect the City, such as annual wage increments, and higher fees charged by Metro Vancouver and BC Hydro. The budget plans also include funding to support some of the City's major initiatives including the BridgeNet Dark Fibre Utility, Advanced Metering Infrastructure, the Royal Substation upgrade, and a possible District Energy System. The proposed rates are also required to fund utility infrastructure replacement and to increase utility reserves.

The detailed budgets for the Utilities are presented in Attachment 7. The following table summarizes the Electric, Water, Sewer and Solid Waste Utility user rate adjustments that were previously approved effective January 1, 2024.

**Table 4-1: Utility Fund 2024 Budgets and Rate Increase**

| <b>Utility Fund</b>  | <b>Electric<br/>\$M</b> | <b>Water<br/>\$M</b> | <b>Sewer<br/>\$M</b> | <b>Solid Waste<br/>\$M</b> |
|----------------------|-------------------------|----------------------|----------------------|----------------------------|
| Revenue              | 64.62                   | 18.19                | 35.77                | 6.60                       |
| Operating Expenses   | 49.25                   | 10.87                | 19.17                | 4.81                       |
| Capital Expenditures | 34.65                   | 12.04                | 19.56                | 1.23                       |
| Reserves             | 18.18                   | 18.33                | 30.43                | 1.46                       |
| Rate Increase        | 3.3%                    | 6.0%                 | 8.0%                 | 12.0%                      |

## **INTERDEPARTMENTAL LIAISON**

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

## **OPTIONS**

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

Option 1 – Council instruct staff to convert the Draft 2024 – 2028 Five-Year Financial Plan into a Bylaw and bring forward for three readings.

Option 2 – Council approve the \$180.4M 2024 Multi-Year Capital Budget.

Option 3 – Council provides further direction.

*Staff recommend Option 1 and 2*

### **NEXT STEPS**

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

The Draft 2024 – 2028 Five Year Financial Plan Bylaw will be presented to Council for three readings at Council meeting on February 26, 2024. To provide input on the plan, residents may submit written comments by following the instructions on the Comment Sheet provided in Attachment 8.

### **ATTACHMENTS**

Attachment #1 - Draft 2024 – 2028 Five-Year Financial Plan

Attachment #2 - General Fund Budget

Attachment #3 - General Fund Department Budgets

Attachment #4 - General Fund Service Enhancement Requests

Attachment #5 - 2024 - 2028 Capital Plan

Attachment #6 – Multi-Year Capital Budget

Attachment #7 - Utility Fund Budgets

Attachment #8 - Comment Sheet

### **APPROVALS**

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