

REPORT

Finance

To: Mayor Johnstone and Members of Council – Budget Workshop
Date: December 9, 2024

From: Shehzad Somji
CFO/Director of Finance
File:

On behalf of the Senior Management Team

Item #: 2024-714

Subject: Budget 2025: Council Clarification on the 2025 Property Tax Rate

RECOMMENDATION

THAT Council receive this report providing further details to the December 2, 2024 report on the 2025 General Fund Operating Enhancements Scenarios and Funding Strategy and provide direction for staff to report back with a Consolidated Five-Year Financial Plan (2025 – 2029) bylaw.

PURPOSE

At the December 2nd, 2024 Council Workshop, staff presented a number of scenarios for the General Fund Operating Enhancements for fiscal 2025. The purpose of this report is twofold:

1. Provide Council with information on the components of the preferred Scenario 2 that Council approved for 2025.
2. To receive confirmation regarding the property tax increase for 2025 that will be included in the 2025 – 2029 Financial Plan.

EXECUTIVE SUMMARY

At the December 2nd, 2024 Council Workshop, the following recommendations were approved:

THAT a 7.6% property tax rate, as outlined in Scenario 2, be approved for the 2025 Operating Budget; and
THAT staff report back to with a Consolidated Five-Year Financial Plan (2025 – 2029) Bylaw.

Scenario 2 is an aggregate of Scenario 3a to 3e and includes all service enhancements requested by departments after evaluating their core services and programs, and their department work plans which advance Council’s Strategic Plan, to determine if resources are sufficient to address their mandates for the following year.

The total service enhancement requests from departments is \$11.4M and will be offset by additional revenue of \$3.0M, to have a net of \$8.4M funded by property tax. The Scenario 2 service enhancements are comprised of the following:

Scenario	Property Tax Impact	Cumulative Increase	
Baseline Budget: 3a	5.5%	5.5%	Non-Discretionary inflation increases, contractual obligations, regulatory and legislative requirements
SMT Recommended: 3b	- 0.2%	5.3%	Addresses critical areas where resources are needed for organizational effectiveness and to mitigate risks
Police Board Approved: 3c	0.9%	6.2%	Discretionary operational enhancements approved by the Police Board Nov. 19, 2024
Council Supported: 3d	0.4%	6.6%	Recommended enhancements referred by Council to the 2025 budget deliberation
Deferred to 2026: 3e	0.6%	7.2%	Enhancements SMT recommend to defer to 2026 – Council motion is to hire the positions in 2025
Prorate Hire Dates: 3e	0.4%	7.6%	New hires start dates will be staggered throughout the year – Council motion is to include the full cost of new hires in 2025
Proposed Property Tax Increase for 2025	7.6%		Scenario 2 = 3a + 3b + 3c + 3d + 3e

ANALYSIS

The City of New Westminster has 789 budgeted full-time employees and 32.59 budgeted part-time employees. This is across all departments including the Police Service, the Electrical Utility and the Library.

The City also has approximately 850 temporary and auxiliary employees.

In the December 2nd Council report, staff provided a breakout of staff resourcing requests – full time positions, contractor positions, and temporary positions and auxiliary positions. Here is the breakdown of these resourcing requests (which total 52.9 positions):

1. 10.8 FTE - contractors and temporary positions and are not funded from property taxes and are not permanent positions.
2. 12.5 FTE - existing positions which were originally requested as 2 or 3 year contracts and are now being requested to be converted to permanent positions. None of these positions are funded from property taxes.
3. 17.6 FTE - permanent positions that are funded from other revenue sources.
4. 12.0 FTE - permanent positions and funded from property taxes.

The table below shows the breakdown of positions by Strategic Priority:

Strategic Priority	Property Tax Funded						Other Funding Sources	Total Permanent FTE
	Baseline Budget	SMT Recommended	Police Board Approved	Council Supported	Deferred to 2026	Total FTE Funded by Property Tax		
Community Belonging and Connecting	-	-	-	1.0	-	1.0	2.0	3.0
Homes and Housing Options	1.0	-	-	-	-	1.0	5.0	6.0
People-Centered Economy	-	-	-	-	-	-	2.6	2.6
Safe Movement of People	-	-	-	1.0	-	1.0	1.0	2.0
Asset Management and Infrastructure	-	-	-	-	-	-	2.0	2.0
Foundations								
Organizational Effectiveness	1.0	3.0	1.0	-	1.0	6.0	5.0	11.0
Resilience	-	-	-	-	2.0	2.0	-	2.0
Healthy Governance	-	1.0	-	-	-	1.0	-	1.0
Total	2.0	4.0	1.0	2.0	3.0	12.0	17.6	29.6

The balance of the positions that make up the 52.9 FTE positions are a combination of temporary or contract positions and temporary positions converted to permanent as per the Collective Agreement.

The increase in property tax is estimated in the following table using the average assessment value for 2024:

BC Assessment Property Classes	2024 Average Assessment Value	2024 Municipal Tax	Proposed 7.6% Increase	Estimated 2025 Municipal Tax
Class 1 Residential - Single Family	\$ 1,616,000	\$ 4,246	+ \$ 323	\$ 4,569
Class 1 Residential - Strata	\$ 665,000	\$ 1,747	+ \$ 133	\$ 1,880
Class 6 Business And Other	\$ 4,022,000	\$ 32,181	+ \$ 2,446	\$ 34,627

INTERDEPARTMENTAL LIAISON

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

OPTIONS

There are two options for Council’s consideration; they are:

Option 1 – **THAT** Council receives this report providing further details to the December 2, 2024 report on the 2025 General Fund Operating Enhancements Scenarios and Funding Strategy and provide direction for staff to report back with a Consolidated Five-Year Financial Plan (2025 – 2029) bylaw; or

Option 2 – Council provide alternate direction.

Staff recommend Option 1

CONCLUSION

Council’s feedback from the November 25th Utility Capital and Operating Budgets and Rates Setting Workshop, and the December 9th General Fund Capital Plan Workshop and Service Enhancement Workshop, will help form the financial options for the 2025 – 2029 Five Year Financial Plan Bylaw.

ATTACHMENTS

Attachment 1 – Consolidated 2025 Proposed Service Enhancement Requests

APPROVALS

This report was prepared by:

- Alex Tam, Manager Financial Services
- Indeep Johal, Manager, Financial Services
- Gary So, Senior Manager, Financial Services

This report was reviewed by:

Senior Management Team (SMT)

This report was approved by:

Shehzad Somji, CFO/Director of Finance
Lisa Spitale, Chief Administrative Officer