



WHISTLER

REPORT | ADMINISTRATIVE REPORT TO COUNCIL

PRESENTED: January 5, 2021

REPORT: 21-005

FROM: Corporate and Community Services

FILE: 4530

SUBJECT: FIVE-YEAR FINANCIAL PLAN 2021-2025 BYLAW NO. 2306, 2021

COMMENT/RECOMMENDATION FROM THE CHIEF ADMINISTRATIVE OFFICER

That the recommendation of the General Manager of Corporate and Community Services be endorsed.

RECOMMENDATION

That Council consider giving first, second and third readings to the “Five-Year Financial Plan 2021-2025 Bylaw No. 2306, 2021”.

REFERENCES

“Five-Year Financial Plan 2021-2025 Bylaw No. 2306, 2021” (Not attached)

PURPOSE

The Five-Year Financial Plan 2021-2025 sets out the proposed revenue sources and expenditures for the municipality for the period January 1, 2021 to December 31, 2025.

DISCUSSION

The *Community Charter* requires municipalities to approve a five-year financial plan bylaw each year prior to the adoption of the annual property tax bylaw before May 15 each year. The attached bylaw and schedules reflect the following guidelines as adopted at the December 15, 2020 Regular Council Meeting:

1. To implement a 1.08 per cent increase to property value taxes in 2021;
2. To implement a 0 per cent increase to sewer parcel taxes and user fees in 2021;
3. To implement a 0 per cent increase to water parcel taxes and user fees in 2021;
4. To implement a 0 per cent increase solid waste parcel taxes and fees in 2021; and
5. To include the project amounts as described in Appendix “A” to Administrative Report to Council No. 20-129.

The municipality continues to pursue revenue diversification to minimize the overall percentage of revenue raised from property taxes wherever possible. The objective is to maintain a reasonable tax burden by maximizing other revenue sources, lowering the cost of municipal services and shifting the burden to user fees and charges where feasible.

Process. The 2021 budgeting process began in August, 2020. At that time the onset of the COVID-19 pandemic was still relatively fresh and the consequences on municipal finances still largely uncertain. Budgeting is a process that begins at the department manager level and these managers on this occasion were asked to look out into a future that was quite uncertain. How long the pandemic would remain a factor in our community was (and still is) unknown. How recovery initiatives undertaken by

stakeholders throughout our community might affect outcomes was (and still is) unknown. What the new COVID-19 related operating protocols and practices would mean for expenditures was also at that time, largely unknown. Throughout the four-month process that followed, budget stakeholders worked tirelessly to incorporate new and relevant information as it became available, to understand the full range of potential outcomes, and to ensure that budget entries reflected a “most likely” path forward. This process continued right up to early December, when Budget Guidelines were brought before Council and the community. It was a highly fluid and demanding process quite unlike that of previous years.

There was also a larger than normal range of needs observable in the community during this time. Some businesses and households are on the financial brink. Some businesses and households are doing financially as well or better than they were in 2019. A choice was made to structure a budget that in effect under-charges for existing services, in order to both support recovery efforts and to provide some relief to those in our community in a financially precarious position. Under-charging for delivered services is an approach that cannot be sustained for multiple years in a row. And so a period of greater-than-normal tax increases should fairly be anticipated in the coming years.

Reserves and long-term fiscal health. Another important factor in the construction of the 2021 budget was the understanding that municipal reserves had a role to play. Funding appropriate reserve balances is one of the municipality’s most important financial responsibilities. In the case of general capital reserves, this means ensuring that the funds are collected via general municipal property tax each year to offset the degradation in that same year to the physical infrastructure from which the community benefits. In this way, the cost of maintaining this infrastructure is matched to those who enjoy the collective benefits of it. Renewals (like a new roof on a building or a replacement to the mechanical system) can occur as needed and we can avoid a future where some of these assets might reach end of life and fall out of service. A decision was made in 2020, when the financial effects of the pandemic were first translated into a revised operating budget, to reduce the amount of general capital reserve contributions. In essence, to under-charge current ratepayers relative to their rate of asset consumption. This same decision is being made in 2021. Likewise, in the case of the general operating reserve, two consecutive years of under-contribution are planned. Two years in which the choice is made to source from general taxes a lesser amount than is planned to be spent from these reserves in the same period.

The decision to under-contribute to both the general capital and the general operating reserves reduces the total amount of general tax required in the years 2020 and 2021. Yet the physical infrastructure is the same and the operating needs the same as they were pre-pandemic. These costs then, weren’t eliminated but rather shifted in time and the associated amounts will become part of the planned tax requisition in future years. Meaning that budgets in the final years of this five-year financial plan can be expected to include the contribution amounts that were removed from the 2020 and 2021 annual budgets in addition to a return to normal in-year contribution amounts.

External support for the municipality. A final factor in this planning cycle was pandemic-related support offered to the municipality in the form of one-time grants from senior levels of governments. Two such grants were announced as the budget planning process was well under way. The first grant, \$2.685 million “COVID-19 Safe Restart Grants for Local Governments” falls in fiscal year 2020 and is to be applied against eligible costs including revenue shortfalls. The second, “BC Restart Funding for BC Transit”, falls in fiscal years 2021, 2022, and 2023 and appears as reduction in BC Transit contract expense. Both of these grant amounts and their respective effects on in-year revenue and expenditure amounts, significantly informed the planned 2021 tax requisition amount.

Changes in the budgeted tax requisition between the time of the Budget Open House (\$42.25 million) and the time of Budget Guidelines (\$40.71 million) were highly unusual in size. This outcome results

from the unusual circumstances in which the municipality finds itself, and some decisions around reserve contributions that cannot be repeated in subsequent years.

The Five-Year Financial Plan Bylaw includes a series of schedules, including:

- **Schedule A Operating Summary**
 - Collects revenues and expenditures into key categories for each of the General, Water, Sewer, and Solid Waste Funds
 - Shows transfers into (from) statutory reserves that accompany planned operating activities
- **Schedule B Project Summary**
 - Captures planned project expenditures for each of the General, Water, Sewer, and Solid Waste funds, and
 - Associated third-party funding which includes grants and anticipated repayments in the case of projects undertaken by the municipality on behalf of third parties
 - Resulting Transfers from (to) reserves

Note: Schedules A and B together provide a full picture of anticipated change in reserve balances. Money flows into reserves from the operating budget and out of reserves as project spending proceeds.

- **Schedule C Supplementary Information**
 - Planned proportionate split of revenue from different sources for the coming fiscal year
 - Planned distribution of general municipal tax requisition among property classes
 - Permissive exemptions effects

COMMUNITY ENGAGEMENT AND CONSULTATION SUMMARY

Community engagement was a critical piece of the process and some new tools were put into use this year. The 2021 Budget Open House meeting was conducted in a virtual/online format. A total of 45 individuals elected to participate. Small-group discussions were held in virtual breakout rooms for the first time. More than 80 individual comments and responses to prompts were collected from those conversations. An online survey was distributed following the event and received 104 individual responses. The most common theme among survey responses and open house commentary related to recovery efforts. That the municipality should do what it can to help businesses and individuals who may be struggling at this time. Comments both in support of and opposition to spending on Climate Action were recorded. Likewise for parks and trails.

OTHER POLICY CONSIDERATIONS

Section 165 of the *Community Charter* requires municipalities to prepare a five-year financial plan to be adopted annually by bylaw. Once adopted, the plan is in effect until it is amended, and may be amended by bylaw at any time.

Section 165 (3.1) requires additional disclosure regarding the proportion of revenues from each source and the objectives and policies in relation to the distribution of property value taxes among the different classes. This information is provided in Schedule “C” of the Bylaw.

SUMMARY

The Financial Plan Bylaw sets out the proposed revenues, expenditures and transfers for the years 2021 through 2025. Consistent with the Community Charter, this Bylaw guides all municipal operating and capital spending across the organization. This Bylaw is being presented to Council for consideration of the first three readings prior to adoption.

The municipality will continue to pursue revenue diversification to minimize the overall

Respectfully submitted,

Carlee Price
DIRECTOR OF FINANCE

for
Ted Battiston
GENERAL MANAGER OF CORPORATE AND COMMUNITY SERVICES

**RESORT MUNICIPALITY OF WHISTLER
FIVE-YEAR FINANCIAL PLAN 2021-2025 BYLAW NO. 2306, 2021
A BYLAW TO ADOPT A FIVE-YEAR FINANCIAL PLAN FOR 2021-2025**

WHEREAS the Council must have a financial plan pursuant to Section 165 of the *Community Charter*;

AND WHEREAS the Council deems it necessary and appropriate to adopt a five-year financial plan for the years 2021 to 2025;

NOW THEREFORE, the Municipal Council of the Resort Municipality of Whistler ENACTS AS FOLLOWS:

1. This Bylaw may be cited for all purposes as the “Five-Year Financial Plan 2021-2025 Bylaw No. 2306, 2021”.
2. That Council adopt the Five-Year Financial Plan for the years 2021-2025 inclusive, for each year of the plan, as set out in Schedules A, B and C attached hereto and forming a part of this Bylaw as follows:

Schedule A – Consolidated Operating Summary
Schedule B – Consolidated Project Summary
Schedule C – Supplementary Information

GIVEN FIRST, SECOND, and THIRD READINGS this __ day of _____, 2021.

ADOPTED this __ day of _____, 2021.

Jack Crompton,
Mayor

Brooke Browning,
Municipal Clerk

I HEREBY CERTIFY that this is a true copy
of “Five-Year Financial Plan 2021-2025
Bylaw No. 2306, 2021”.

Brooke Browning,
Municipal Clerk

**RESORT MUNICIPALITY OF WHISTLER
FIVE-YEAR FINANCIAL PLAN 2021 - 2025
CONSOLIDATED OPERATING SUMMARY**

**BYLAW 2306, 2021
SCHEDULE A**

	2021	2022	2023	2024	2025
REVENUE					
General Fund					
Property Taxes	40,713,890	42,342,446	43,951,459	45,533,711	47,172,925
Other Property Tax	1,048,364	1,073,364	1,098,364	1,123,364	1,148,364
Government Grants	713,422	715,000	720,000	725,000	730,000
Fees and Charges	10,270,439	11,597,947	12,235,834	12,602,909	12,980,996
Investment Income	1,939,612	2,009,612	2,079,612	2,149,612	2,219,612
RMI Grant	6,590,000	6,790,000	6,790,000	6,790,000	6,790,001
MRDT	6,287,622	7,230,765	8,315,380	9,146,918	9,604,264
Works and Service Charges	385,000	375,000	365,000	355,000	345,000
Water Fund					
Parcel Taxes	4,150,711	4,275,232	4,403,489	4,535,594	4,671,662
Fees and Charges	3,334,774	3,434,817	3,537,862	3,643,998	3,753,318
Works and Service Charges	25,000	25,000	25,000	20,000	20,000
Sewer Fund					
Parcel Taxes	4,301,725	4,430,777	4,563,700	4,700,611	4,841,629
Fees and Charges	4,063,964	4,185,883	4,311,459	4,440,803	4,574,027
Works and Service Charges	110,000	105,000	100,000	95,000	90,000
Solid Waste Fund					
Fees and Charges	5,937,513	6,145,326	6,360,412	6,583,027	6,813,433
Government Grants	579,598	604,598	629,598	654,598	679,598
	90,451,634	95,340,767	99,487,170	103,100,145	106,434,829
EXPENDITURE					
General Fund					
Payroll and Goods & Services	55,999,392	57,678,119	59,293,106	60,953,313	62,660,006
Debt Interest & Principal	236,171	236,171	236,171	236,171	236,171
Residents & Partners	5,529,802	6,359,272	7,313,163	8,044,479	8,446,703
Contingency	400,000	410,472	421,450	432,725	444,305
Water Fund					
Payroll and Goods & Services	2,026,773	2,067,309	2,108,655	2,150,828	2,193,844
Debt Interest & Principal	-	-	-	-	-
Sewer Fund					
Payroll and Goods & Services	3,113,772	3,176,047	3,239,568	3,304,360	3,370,447
Debt Interest & Principal	1,407,698	938,726	938,726	938,726	938,726
Solid Waste Fund					
Payroll and Goods & Services	5,382,830	5,490,487	5,600,297	5,712,303	5,826,549
Debt Interest & Principal	496,593	496,593	496,593	496,593	496,593
	74,593,032	76,853,196	79,647,729	82,269,498	84,613,345

**RESORT MUNICIPALITY OF WHISTLER
 FIVE-YEAR FINANCIAL PLAN 2021 - 2025
 CONSOLIDATED OPERATING SUMMARY**

**BYLAW 2306, 2021
 SCHEDULE A Cont'd**

	2021	2022	2023	2024	2025
TRANSFERS TO (FROM)					
OTHER FUNDS / RESERVES					
Interest Paid to Reserves	1,745,651	1,807,609	1,872,098	1,935,098	1,998,098
Recreation Works Charges Reserve	210,000	205,000	200,000	195,000	190,000
Transportation Works Charges Reserve	175,000	170,000	165,000	160,000	155,000
Employee Housing Charges Reserve	-	-	-	-	-
RMI Reserve	2,394,304	2,490,180	2,490,180	2,490,180	2,490,180
MRDT Reserve	(1,367,795)	(873,166)	(330,809)	84,960	313,633
General Capital Reserve	3,843,999	4,636,682	4,555,310	4,235,866	4,087,338
Parking Reserve	-	-	-	-	-
Parkland and ESA Reserve	-	-	-	-	-
Vehicle Replacement Reserve	1,031,377	1,061,377	1,091,377	1,121,377	1,151,377
General Operating Surplus (Deficit)	-	-	-	-	-
General Operating Reserve	275,965	746,996	1,218,027	1,689,058	2,160,089
Water Works Charges Reserve	25,000	25,000	25,000	20,000	20,000
Water Capital Reserve	4,041,145	4,162,379	4,287,251	4,415,868	4,548,344
Water Operating Reserve	80,000	81,200	82,418	83,654	84,909
Water Operating Surplus (Deficit)	-	-	-	-	-
Sewer Works Charges Reserve	110,000	105,000	100,000	95,000	90,000
Sewer Capital Reserve	1,066,072	1,567,026	1,704,394	1,845,883	1,991,616
Sewer Operating Reserve	1,249,094	1,286,567	1,325,164	1,364,919	1,405,866
Sewer Operating Surplus (Deficit)	-	-	-	-	-
Solid Waste Capital Reserve	998,790	1,036,245	1,075,104	1,115,420	1,157,248
Solid Waste Operating Reserve	(20,000)	(20,524)	(21,072)	(21,636)	(22,215)
Solid Waste Surplus (Deficit)	-	-	-	-	-
	15,858,602	18,487,571	19,839,441	20,830,647	21,821,484
REVENUE LESS EXPENDITURE AND TRANSFERS	0	0	0	0	0

**RESORT MUNICIPALITY OF WHISTLER
FIVE-YEAR FINANCIAL PLAN 2021 - 2025
CONSOLIDATED PROJECT SUMMARY**

**BYLAW 2306, 2021
SCHEDULE B**

	2021	2022	2023	2024	2025
REVENUE AND OTHER SOURCES OF FUNDING					
General Fund					
Government Grants	2,941,142	1,366,542	974,558	533,802	266,000
Third Party Repayments	50,000	5,274,003	5,420,669	434,003	434,003
Water Fund					
Government Grants	428,997	640,940	338,720	-	-
Other Contributions	-	-	-	-	-
Sewer Fund					
Government Grants	428,997	640,940	338,720	-	-
Solid Waste Fund					
Government Grants	-	-	-	-	-
	3,849,136	7,922,425	7,072,667	967,805	700,003
EXPENDITURE					
General Fund					
Non-capital Expenditure	1,779,782	4,882,200	657,000	957,000	692,000
Infrastructure Maintenance	10,996,982	10,058,976	11,799,877	5,754,935	4,946,168
Capital Expenditure	24,444,958	11,818,512	12,120,018	4,120,162	2,719,399
Water Fund					
Non-capital Expenditure	297,500	267,500	152,500	147,500	170,000
Infrastructure Maintenance	5,322,667	3,628,000	4,834,000	2,125,000	9,650,000
Capital Expenditure	435,550	193,150	1,031,350	1,004,950	104,950
Sewer Fund					
Non-capital Expenditure	-	-	-	-	-
Infrastructure Maintenance	13,824,167	7,805,000	3,861,000	4,222,000	6,502,000
Capital Expenditure	559,450	141,850	158,650	75,050	15,050
Solid Waste Fund					
Non-capital Expenditure	70,000	70,000	70,000	70,000	-
Infrastructure Maintenance	500,000	575,000	650,000	300,000	300,000
Capital Expenditure	1,135,000	145,000	35,000	25,000	25,000
All Funds					
Depreciation	14,391,162	14,891,162	15,391,162	15,891,162	16,391,162
	73,757,218	54,476,349	50,760,557	34,692,759	41,515,729

**RESORT MUNICIPALITY OF WHISTLER
FIVE-YEAR FINANCIAL PLAN 2021 - 2025
CONSOLIDATED PROJECT SUMMARY**

**BYLAW 2306, 2021
SCHEDULE B Cont'd**

	2021	2022	2023	2024	2025
TRANSFERS (TO) FROM OTHER FUNDS (RESERVES)					
RMI Reserve	7,635,435	4,219,863	4,229,177	981,835	879,168
MRDT Reserve	708,656	698,400	572,800	590,500	415,500
General Capital Reserve	17,456,231	12,258,716	10,338,772	3,080,136	2,295,387
Recreation Works Charges	80,000	1,220,000	1,820,000	20,000	-
Vehicle Replacement Reserve	1,648,491	1,517,500	2,285,000	1,893,000	1,485,000
Library Reserve	106,500	25,000	10,000	20,000	10,000
General Operating Reserve	2,711,593	2,264,100	1,943,800	1,825,314	1,514,000
Transportation Works Charges	3,933,670	3,189,560	2,402,780	1,887,500	1,492,500
Water Capital Reserve	5,329,220	3,180,210	5,526,630	3,129,950	9,754,950
Water Operating Reserve	297,500	267,500	152,500	147,500	170,000
Sewer Capital Reserve	12,902,620	6,378,910	2,853,930	3,595,050	5,915,050
Sewer Operating Reserve	1,052,000	927,000	827,000	702,000	602,000
Solid Waste Capital Reserve	1,635,000	720,000	685,000	325,000	325,000
Solid Waste Operating Reserve	70,000	70,000	70,000	70,000	-
	<u>55,566,920</u>	<u>36,936,765</u>	<u>33,717,397</u>	<u>18,267,795</u>	<u>24,858,567</u>
ADJUSTMENTS FOR NON CASH ITEMS AND CHANGES TO NET FINANCIAL ASSETS					
Depreciation	14,391,162	14,891,162	15,391,162	15,891,162	16,391,162
Third Party Repayments	(50,000)	(5,274,003)	(5,420,669)	(434,003)	(434,003)
	<u>14,341,162</u>	<u>9,617,160</u>	<u>9,970,493</u>	<u>15,457,160</u>	<u>15,957,160</u>
REVENUE AND TRANSFERS LESS EXPENDITURE	-	-	-	-	-

**RESORT MUNICIPALITY OF WHISTLER
FIVE-YEAR FINANCIAL PLAN 2021 - 2025
SUPPLEMENTARY INFORMATION**

**BYLAW 2306, 2021
SCHEDULE C**

Proportion of total proceeds proposed to be raised from each funding source in 2021

Funding Source	% of Total Revenue	Dollar value
Property Taxes	45.87%	41,762,254
Parcel Taxes	9.28%	8,452,436
Fees and Charges	26.50%	24,126,690
Investment income	2.13%	1,939,612
Debt	0.00%	-
Government Grants	2.02%	1,842,520
Transfer taxes	14.14%	12,877,622
Other	0.05%	50,000
Total	100%	91,051,134

The municipality will continue to pursue revenue diversification to minimize the overall percentage of revenue raised from property taxes wherever possible. The objective is to maintain a reasonable tax burden by maximizing other revenue sources, lowering the cost of municipal services and shifting the burden to user fees and charges where feasible.

Proposed distribution of property tax revenue in 2021

Property Class	% of Total Property Taxation	Dollar value, completed roll
Class 1 - Residential	67.39%	27,144,102
Class 2 - Utilities	1.48%	597,585
Class 5 - Light industry	0.20%	79,130
Class 6 - Business other	29.46%	11,866,009
Class 8 - Recreational	1.47%	590,167
Total	100%	40,276,993

The municipality will continue to set tax rates to ensure tax stability by maintaining a consistent proportionate relationship between classes. The proposed distribution shown above is consistent with the prior year. In order to maintain the current share of taxation between property classes, minor adjustments are made to the tax ratios to account for market based assessment variation between the classes. This policy provides a balanced tax impact among property classes.

PERMISSIVE EXEMPTIONS

As permitted by the Community Charter, council has granted exemptions from municipal property taxes for the following general purposes:

- * Land and improvements surrounding a statutorily exempt building for public worship.
- * Properties owned or held by a not-for-profit organization whose purpose is to contribute to the well-being of the community with the provision of cultural, social, educational or recreational services.

Permissive exemptions for municipal property taxes in 2021 are estimated to be \$455,135