



RESORT MUNICIPALITY OF WHISTLER

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STAFF REPORT TO COUNCIL

PRESENTED: December 7, 2021 **REPORT:** 21-140
FROM: Finance **FILE:** 3900-20-2341
SUBJECT: FIVE-YEAR FINANCIAL PLAN 2021-2025 AMENDMENT BYLAW (TRANSIT OPERATING BUDGET) NO. 2341, 2021

RECOMMENDATION FROM THE CHIEF ADMINISTRATIVE OFFICER

That the recommendation of the General Manager of Infrastructure Services be endorsed.

RECOMMENDATION(S)

That Council consider giving first, second, and third readings to “Five-Year Financial Plan 2021-2025 Amendment Bylaw (Transit Operating Budget) No. 2341, 2021”.

PURPOSE OF REPORT

This report seeks consideration of first three readings of the “Five-Year Financial Plan 2021-2025 Amendment Bylaw (Transit Operating Budget) No. 2341, 2021”, a bylaw to amend “Five-Year Financial Plan 2021-2025 Bylaw No. 2306, 2021” (Bylaw 2306) for the purposes discussed below.

Information Report Administrative Report (Decision or Direction)

DISCUSSION

Background

It now appears that the net cost of the Resort Municipality of Whistler (RMOW)’s Transit program in 2021 will be significantly different, meaning more costly, than was anticipated in the 2021-2025 Five-Year Financial Plan (Financial Plan). The recommendation is to draw an additional amount from available grant funding as a means to ensure this unexpected cost does not fall to the General Operating Reserve to fund.

Analysis

An amendment to the financial plan is proposed for consideration, to allow for a greater draw on the Whistler Transit System Local Reserve held by BC Transit and created through the Safe Restart fund. This funding is being made available by the federal government in partnership with the Province of BC. The funding intends to allow BC Transit and its local government partners (the RMOW in this case) to

DECEMBER 7, 2021

continue providing reliable transportation services despite the impacts of COVID-19¹. Each community has been allocated a fixed amount of funding, available to be spent between October 2020 and March 2024, to offset their invoiced BC Transit operating costs. In the case of the RMOW, the amount of this funding is \$3.6 million. How the funding is allocated over these eligible years is up to each individual community to determine in response to their individual circumstances.

The existing Financial Plan already includes a contribution of \$1 million from the reserve funds in 2021. This amount appears as an offset to what the BC Transit contract cost otherwise would have been, and so it reduces budgeted expenditures. Since the original budget was developed, it has become clear that the pandemic has affected transit ridership to a much greater extent than expected. Transit fares are now expected to fall short of budgeted amounts by up to \$900,000 in 2021. Some of this has to do with a shortened ski season following the early closure of Whistler-Blackcomb. Some of this has to do with a shift in tourist visitation into the summer, and specifically summer weekends when transit is fare-free. Some of this has to do with a generally slower post-pandemic economic recovery outside the peak summer months. In any case, the expected fares shortfall in combination with higher expenses for existing service results in higher net costs for the Transit program in 2021 than were originally contemplated in the budget. The increase in expenses relative to what was budgeted relate to higher maintenance costs on vehicles reaching their major service interval and smaller savings on newer vehicles than were initially expected. Parts costs and shipping costs are also having a visible effect on expenses. These net costs must be funded either by an increased drawdown on the Whistler Transit System Local Transit Reserve, or by increased funding from the RMOW's general fund, specifically the general operating reserve. Given the pressure that has been placed on this operating reserve as a result of the pandemic, and given that an opportunity exists to draw on BC Transit-specific external funding to address a Whistler Transit System-specific shortfall, increasing the external funding is considered the preferred approach. Another \$900,000 is proposed to be drawn from the reserve, in November and December 2021.

The downside of this approach is of course that funding that is applied to 2021 fiscal year will be unavailable to apply to future years within Transit. \$2.1 million of the \$3.6 million total amount allocated to the Whistler Transit System will have been consumed at the end of 2021 under this new proposal. Should pandemic effects continue to linger, should the recovery continue to be intermittent and visitation to shift into periods that are less helpful to fares revenue, the absence in this funding in future years may be problematic. That specific risk feels manageable and the new multi-year drawdown plan satisfying for most potential outcome scenarios.

OPTIONS

Two options exist to address the shortfall in this case: 1) fund the shortfall by drawing on General Operating Reserve funds, or 2) by drawing on the BC Transit Safe Restart funding. Option 2 is the recommended approach for reasons noted above.

POLICY CONSIDERATIONS

Relevant Council Authority/Previous Decisions

Bylaw 2306 was based on the best understanding at that time, of how the 2021 fiscal year would progress. In the Financial Plan, the assumed net cost of the Transit program was expected to be \$1

¹ As described by Erinn Pinkerton, President and CEO, BC Transit
<https://news.gov.bc.ca/releases/2020TRAN0063-002006>

DECEMBER 7, 2021

million. The 2021 tax requisition was built upon this assumption (among other things). It now appears that the net cost of this program is likely to be >\$2 million, due to a combination of slightly higher BC Transit operating costs and fares revenue that is lower again than 2020 levels. There is no opportunity to collect a different amount of taxes for 2021, and so the shortfall in funding must necessarily come from the Operating Reserve if it does not come from higher levels of external funding.

Corporate Plan

The RMOW Corporate Plan is updated annually and articulates strategic direction for the organization. This section identifies how this report links to the plan.

Council Focus Areas

Community Balance

*Effectively **balance resort and community needs** through deliberate planning, partnerships and investment*

Climate Action

*Provide leadership to **accelerate climate action and environmental performance** across the community*

Housing

*Advance strategic and innovative initiatives to enable and **deliver additional employee housing***

Pandemic Recovery

*Leadership and support for **community and tourism recovery and sustainability** – priority focuses are where recovery needs intersect with other Council focus areas*

Not Applicable

Community Vision and Official Community Plan

The Official Community Plan (OCP) is the RMOW's most important guiding document that sets the community vision and long-term community direction. This section identifies how this report applies to the OCP.

In sourcing the Transit shortfall amount from external rather than internal funding, the recommendation aligns with OCP Objective 6.4.1 “Consider a range of funding sources such that taxpayer contributions via property taxes are balanced with visitor contributions in a sustainable way.”

BUDGET CONSIDERATIONS

The Financial Plan sets the budget for the next five years, and is prepared annually. It can be revised at any time by bylaw, and is being revised to reflect proposed changes. The budgeting process is

DECEMBER 7, 2021

premised on a longer-term outlook in order to maintain relatively stable year to year fluctuations in fee and tax rate changes.

LIL'WAT NATION & SQUAMISH NATION CONSIDERATIONS

The RMOW is committed to working with the Lil'wat People, known in their language as *L'il'wat7úl* and the Squamish People, known in their language as the *Skwxwú7mesh Úxwumixw* to: create an enduring relationship; establish collaborative processes for Crown land planning; achieve mutual objectives; and enable participation in Whistler's resort economy. This section identifies areas where RMOW activities intersect with these relationships.

There are no specific considerations to include in this report.

COMMUNITY ENGAGEMENT

Level of community engagement commitment for this project:

Inform Consult Involve Collaborate Empower

Comment(s):

Section 165 of the *Community Charter* requires municipalities to prepare a five-year financial plan to be adopted annually by bylaw. Once adopted, the financial plan is in effect until it is amended, and may be amended by bylaw at any time. A period of public consultation preceded the adoption of Bylaw 2306, which is proposed for amendment.

REFERENCES

"Five-Year Financial Plan Amendment Bylaw (Transit Operating Budget) No. 2341, 2021" (included in Council Package)

SUMMARY

An expected \$1 million shortfall in the RMOW Transit program is proposed to be funded by sourcing an additional amount of funding from the BC Transit Safe Restart fund. This decision is believed to be in the best near-term interests of ratepayers in this community.

DECEMBER 7, 2021

SIGN-OFFS

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