

**RESORT MUNICIPALITY OF WHISTLER**

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STAFF REPORT TO COUNCIL

PRESENTED: September 20, 2022
FROM: Finance
SUBJECT: FIVE-YEAR FINANCIAL PLAN 2022 – 2026 AMENDMENT BYLAW (RMI/MRDT)
NO. 2376, 2022 REPORT

REPORT: 22-132
FILE: 3900-20-2376

RECOMMENDATION FROM THE CHIEF ADMINISTRATIVE OFFICER

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

RECOMMENDATION(S)

That Council consider giving first, second and third readings to the “Five-Year Financial Plan 2022-2026 Amendment Bylaw (RMI/MRDT) No. 2376, 2022”.

PURPOSE OF REPORT

This report seeks consideration of first three readings of the “Five-Year Financial Plan 2022-2026 Amendment Bylaw (RMI/MRDT) No. 2376, 2022” (Amendment Bylaw), a bylaw to amend “Five-Year Financial Plan 2022-2026 Bylaw No. 2348, 2022” for the purposes discussed below.

☐ Information Report ☒ Administrative Report (Decision or Direction)

DISCUSSION

Background

The purpose of this Amendment Bylaw is to update the Resort Municipality of Whistler’s (RMOW) Five-Year Financial Plan 2022 – 2026 Bylaw 2348, 2022 (the Financial Plan) to reflect the most current understanding of changed financial circumstances that have arisen in 2022. Specifically, the following four items are being proposed for adjustment:

- Revenues and expenditures related to Municipal Regional District Tax (MRDT) and Regional Municipality Initiative (RMI) programs
- Revenues and expenditures related to transit service delivery
- The anticipated repayment by WDC of \$9.8 million in interparty debt in 2022
- Expenditures related to the 2030 Olympics bid development process
- Expenditures related to the Utility Undergrounding projects

Together, these changes affect Schedule A (Operating Summary) by \$0 and they affect Schedule B (Project Summary) by reducing planned expenditures by \$10.4 million over the Financial Plan period

and by increasing repayments by \$9.8 million. Discussion of the circumstances and rationale behind each change is detailed below.

Analysis

RMI/MRDT Adjustments.

At the time the Financial Plan was adopted, the tourism economy was staging an uneven recovery, and pandemic restrictions on travel and on gathering remained in effect. The 2022 MRDT revenue budget of \$6.4 million was based on the understanding that this condition would likely prevail through much of the year. What has actually happened is a sharp and impressive recovery in tourist visitation, reflected in MRDT revenues that now appear on track to reach \$11.7 million for the year. The first proposed change to the Financial Plan increases the budgeted revenue from this program to meet the current forecasted expectations.

The RMOW has the responsibility, as a recipient of these funds, to ensure that they are put to work effectively and efficiently to support the visitor experience and ensure that the marketability and the reputation of the resort community remains world-class. This has meant responding in a nimble fashion to changes in the tourist environment and incoming revenues, and putting the money to work where such spending is understood to be both appropriate (meaning, aligned with the MRDT Program Guidelines) and effective (best available use of funds). In this case, this has meant an increase in spending on planned Visitor Services expenditures. Visitor Services is an approved MRDT undertaking that has in the past captured spending on Parks and Trails amenity enhancements including investments such as the Parks Master Plan and Zappa Trail network rejuvenation. Expenditures that the RMOW dedicates to these efforts align with the intent of the MRDT program: *“to contribute to the increase of local tourism revenue, visitation, and economic benefits”*¹. This is also an area in which the RMOW has achieved good, demonstrable results in the past. The RMOW’s share of the budgeted revenue increase proposed under this amendment is \$3.0 million. Roughly half (\$1.4 million) of this amount is proposed to be redeployed toward planned Visitor Services, and appears as new operating expenditures on Schedule A of the Financial Plan. The remainder will accrue to reserves where it will be available for initiatives in future years.

At the same time that the above changes were taking place, a new iteration of the Province’s RMI program (also funded with Hotel Tax) was announced. Included in the Financial Plan was an expectation that revenue flowing from this program would roughly match the experience of recent years, at \$6.5 million. The new program was actually reduced in scope, to a baseline amount of \$5.4 million. So the second set of changes that affect the RMOW’s Hotel Tax programs is a reduction in budgeted RMI revenue for the year, and an offsetting reduction in operating spending, in order that the amounts flowing from RMI to support tourist-facing projects (most notably in Whistler’s parks) can remain healthy.

In both of these cases, changes to revenues and expenditures necessarily match each other, with no net effect on the General Fund operating accounts captured in Schedule A.

¹ ‘MRDT Program Requirements – Summer 2021’, p1, Appendix-1.2-5-Year-Strategic-Business-Plan.pdf (destinationbc.ca) (accessed Sept 8, 2022)

Transit Service Delivery.

An adjustment to the budgeted cost of Transit delivery for 2022 is proposed. The Financial Plan includes Transit Fares revenue of \$2.6 million for the year. Several factors have meaningfully reduced the amount of revenue that is actually achievable for this program this year. These include:

- The strike (estimated \$990k negative effect on 2022 forecast fares revenue)
- The Return to Transit Loyalty Program (Loyalty Program) that included
 - A Free Transit period that followed service reinstatement (\$375k)
 - Discounted rates for six and 12 month passes (\$510k)
- Missing growth in fare-paying ridership that was budgeted to have accompanied the economic recovery in the community (\$120k).

These factors combine for a total \$2.0 million reduction in fares expectations for the year, from \$2.6 million to \$605k. Important to note that the Loyalty Program in particular will continue to have an effect on fare revenue well into 2023.

Expected transit expenditures, relative to the Financial Plan, must also be reduced. Through the duration of the strike, payments to BC Transit were \$1.8 million less than had been budgeted. The intent was always to pass the *net savings* along to transit users. *Net savings* consider the reduced expenditures and the reduced fares together, and in this case are understood to be about \$800k in 2022. As noted above, the various fare reduction initiatives are expected to slightly over-deliver relative to this amount in 2022, with additional effects to carry over into 2023.

Altogether, the Transit program is expected to require a small amount of additional funding in 2022, approximately \$220k. It is proposed that this amount be funded by an additional draw on the Local Transit Reserve, held by BC Transit on RMOW's behalf. It may also be possible that BC Transit and/or the Ministry of Transportation and Infrastructure agrees to contribute some of their savings to the existing, or potentially new, fare initiatives, which is another potential source for the additional funding. The outcome of conversations to that end are not known at this time. A detailed breakdown of the changes in transit program revenue and expenditures is attached as Appendix A.

The net effect of this change on Schedule A of the Financial Plan is \$0.

WDC Debt Repayment

Following the success of Lot 4 market lot sales in Cheakamus Crossing, WDC finds itself in the position to repay the remaining debt that resulted from their work in the Olympic Athlete's Village in the 2008 through 2017 period. Some of this money has already been received by the RMOW with the remainder anticipated to arrive before yearend.

The net effect of this change on Schedule B is \$9.8 million increase in the repayments line with an offsetting change in Net Financial Assets.

2030 Olympics Bid

The RMOW was invited by the Four Host Nations to advance an Indigenous-led 2030 Olympic and Paralympic Winter Games bid. Together, Líl'wat Nation, Squamish Nation, Musqueam Nation, and Tsleil-Waututh Nation are leading the exploration of a 2030 Olympic and Paralympic Winter Games in

Vancouver, Whistler and Sun Peaks. Some costs have been and are being incurred by the RMOW in pursuit of this objective. Proposed within this amendment is the addition of a new project (2030 Olympics Bid) to capture this spending, both in 2022 and to the extent that expenditures are also necessary in 2023 and beyond. Anticipated potential expenditures include legal and consultant fees for the development of bid and Games-time specific planning or other services, as well as ongoing needs for involvement in the project and associated community engagement.

The net effect of this change on Schedule B is an increase in budgeted 2022 general fund non-capital project expenditures and general operating reserve draw of \$50,000.

Utilities Undergrounding Projects.

The list of individual projects within the Financial Plan included \$5.7 million in 2022, \$4.4 million in 2023 and \$0.4 million in 2024 related to spending on two separate Utilities Undergrounding projects: one in White Gold and one in Alta Vista. Each was proposed as a Local Area Service (LAS), meaning that the projects were subject to the LAS approvals process as described in the *Community Charter*. In both cases the process failed to proceed, and so the planned capital spending can be removed from the project budget. Amounts spent prior to the failure of the petition, in the case of White Gold Undergrounding, must remain and be funded from the General Capital reserve. And so a \$60,000 budget for the project remains. Because these were LAS projects and, had they succeeded, the capital outlay would have been recouped from residents over time, an additional change to Schedule B, essentially removing the repayment amounts for years 2023 – 2026 alongside the project spending, is also being proposed.

The net effect of this change on Schedule B is a reduction in budgeted general fund capital project expenditures and general capital reserve draw of \$5,720,075 in 2022, \$4,400,000 in 2023, and \$400,000 in 2024. Together, a reduction of \$10.4 million across the five years of the Financial Plan.

POLICY CONSIDERATIONS

Relevant Council Authority/Previous Decisions

The Financial Plan was based on the best understanding at that time, of how the 2022 fiscal year would progress. The year has in reality proceeded quite differently and some changes to the financial plan are required. These changes have been listed and described above, and are further informed by the following precedent Council decisions:

Transit

On May 10, 2022, Council [resolved to receive an update on the Whistler Transit System](#). The discussion included the effects the strike was having on the community and what was expected at that time would follow. Council report 22-063.

On June 21, 2022, Council [resolved to direct the implementation of the Return to Transit Loyalty Program](#) Council report 22-091.

2030 Olympics

On July 19, 2022 Council [resolved to continue to work toward establishing feasibility for a 2030 Olympics bid](#). Council report 22-107.

Utilities Undergrounding

On July 5, 2022, Council [resolved to cancel the White Gold Utility Undergrounding project](#). Council report 22-099.

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

Corporate Goals

☐ Community character and mountain culture is reflected in municipal initiatives

☐ Municipal decision-making supports the effective stewardship of natural assets and ecological function

☐ Corporate policies and operations ensure continuous excellence in infrastructure, facility and program management

☒ A high level of accountability, transparency and community engagement is maintained

☒ Corporate financial health is optimized to ensure long-term community success

☐ A vibrant local economy and safe, resilient resort community is effectively reinforced by organizational activities

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.

Chapter 6 of the OCP addresses Economic Viability and has this to say: *“The municipality is committed to being fiscally responsible and at the same time must continue to invest in infrastructure, amenities and services, which are integral to the authentic Whistler mountain experience.”*

Each of the above proposed changes to the Financial Plan attempts to deliver a specific investment in a fiscally responsible fashion. Amendments to the Financial Plan are a key mechanism by which the RMOW ensures that the community remains current on the state of financial affairs, which also serves to achieve important Transparency goals.

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

LÍ'WAT NATION & SQUAMISH NATION CONSIDERATIONS

The RMOW is committed to working with the Líl'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 the Financial Plan Bylaw 2348, which is proposed for amendment.

SEPT 20, 2022

REFERENCES

Appendix A – Changes in Transit Program Budget

Appendix B – Five-Year Strategic Business Plan Requirements

“Five-Year Financial Plan Amendment Bylaw (RMI/MRDT) No. 2376, 2022” (included in Council Package)

SUMMARY

Each of the above-noted proposed changes aims to bring the Financial Plan (and therefore operating plans) into alignment with changed financial circumstances and/or community interests that have emerged as the year has progressed. Making these proposed changes is important to transparency and ensuring that the financial effects of prior Council decisions are well understood and properly captured. The net effect on RMOW’s financial health is limited, as relates to operations by the offsetting nature of revenue and expenditure changes in each case and within projects because more budgeted value is being removed from the plan, than added to it.

SIGN-OFFS

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