

## STAFF REPORT TO COUNCIL

**PRESENTED:** December 20, 2022  
**FROM:** Finance  
**SUBJECT:** 2023 BUDGET GUIDELINES

**REPORT:** 22-156  
**FILE:** 4530

### RECOMMENDATION FROM THE CHIEF ADMINISTRATIVE OFFICER

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

### RECOMMENDATION(S)

That Council direct the Director of Finance to prepare the “Five-Year Financial Plan 2023-2027 Bylaw” based on these proposed guidelines:

1. To implement a 8.4 per cent increase to property value taxes in 2023;
2. To implement a 5.0 per cent increase to sewer parcel taxes and user fees in 2023;
3. To implement a 4.0 per cent increase to solid waste parcel taxes and fees in 2023;
4. To implement a 3.0 per cent increase to water parcel taxes and user fees in 2023; and further
5. To include the project amounts as described in Appendix A and attached to Administrative Report to Council No. 22-156.

### PURPOSE OF REPORT

The purpose of this report is to advise Council of staff’s proposed budget guidelines and to obtain a Council resolution for the formal guidelines to be used when preparing the Five-Year Financial Plan 2023-2027.

Information Report

Administrative Report (Decision or Direction)

### DISCUSSION

#### Background

Preparation of the annual budget is guided by a wide range of plans and policies, including the Official Community Plan and the Resort Municipality of Whistler (RMOW) Corporate Plan. It is further informed by the work of task forces and committees as well as ongoing community surveys, relevant technical studies and ongoing asset management work.

As noted in the 2022 Budget Guidelines report, the community of Whistler has largely emerged from the pandemic conditions that affected both 2020 and 2021 and continues to turn its focus to steady municipal service delivery and strengthening required reserve contributions. Not noted last year (and

largely unexpected) was the effect that cost inflation would have on the cost of providing this steady level of municipal services and associated project delivery. A discussion of inflation effects and other key factors affecting the proposed tax requisition amounts appear below.

## **Analysis**

As noted above, the RMOW is facing some sharp increases in the price of good and services that it purchases, everything from office supplies to contracted snow clearing, to pool chemicals and more. This year as in every year, a meaningful effort was undertaken to ensure that the expenditures included in the budget were appropriate to the scale of work proposed to be undertaken; that they represent an efficient and effective delivery model; and that total costs are in that way appropriately minimized. Within the context of generally unchanged service levels, some adjustments between departments are under way. These include reduced hours at Meadow Park Sports Centre due to the ongoing lifeguard shortage (service reduction) and additions to select services that have been deemed important to the community (increased Valley Trail snow clearing).

The RMOW continues to look for opportunities to increase non-tax revenue where appropriate but is constrained in many cases by the degree to which this tool can be put to use. Parking continues to be a source of growing non-tax revenue for the community, via increasing rates and occupancy. Regular increases to parking rates are helpful to the community in a number of ways. This approach moves the RMOW towards its stated climate objectives by encouraging a shift away from private transportation to lower Greenhouse Gas (GHG) emitting alternatives; it helps to assign things like rising snow clearing costs in public lots to the users of those services and not to general ratepayers; it also provides an important tool to ensure that visitors to the community contribute a share to the municipality's operating costs.

Inflation pressures are also affecting projects. Both the amount that individual works are expected to cost in the five years considered by the Financial Plan, and also importantly in the expected replacement value for assets that will be due for renewal in the years after that. Replacement value is important because it is key to understanding Annual Asset Renewal Need (AARN). AARN represents the value by which the built assets of the RMOW deteriorate in a given year. Effectively, it is calculated as a like-for-like replacement value divided by expected asset life. A basic principle of long-term planning and a key component of a fiscally responsible budget process is understanding that the amount of money collected from ratepayers in a year (any year) for reserve contributions should be close to AARN, plus any amount required for spending on new projects or initiatives. As replacement values rise, so will the annual cost of asset deterioration and so should the amount of reserve contributions.

Included in this five-year plan is consideration for equalizing reserve contributions with asset consumption over time, by increasing contributions steadily over the next five years. This approach means that the entire incremental cost of equalization doesn't land in a single year; in this way it softens the in-year expense to the community but works toward increased equity between current and future ratepayers. The risk is that future costs continue to increase even more sharply and push the renewal costs up even further, which could render the currently planned increases insufficient. Staff believe the current rate of increased reserve contributions represents a fair and appropriate change to reserve contributions but will continue to closely monitor forecasted increases in future asset replacement values to ensure continued alignment in this respect. Of particular concern are vehicle prices and the adequacy of the Vehicle Replacement Reserve in light of significantly higher quoted prices for new rolling stock. Here again the RMOW is currently choosing to moderate the short term increases to vehicle reserve contributions, but recognizes a commitment will be required to increase contributions in future years.

In addition to pricing the value of like-for-like replacements, the RMOW is also working to incorporate asset improvements where they are in service of its stated climate goals. This looks like:

- Replacing end-of-life internal combustion engine vehicles with electrical vehicles (EVs) where possible
- Upgrading end-of-life asset components like building envelopes and HVAC systems with better-quality, and more energy-efficient designs and products
- Introducing new or expanded spending on climate adaptation (for example ongoing wildfire fuel thinning)

These efforts, at this scale, are new in the last five to ten years. They are moving ahead with urgency. And yet, the RMOW has not yet begun to collect from ratepayers the additional amounts associated with this expanded scope of work. The RMOW is moving to equalize collections for reserve contributions with like-for-like asset replacement costs today; the next step will be to collect appropriate amounts to allow the ongoing upgrades of assets to greener, more climate-friendly alternatives. Work continues to this end. The community has fairly posed the question on what costs might be associated with achieving the RMOW's stated Climate Goals; the work to establish a likely range of required investment is under way. There are significant funding flows and grant programs being made available by senior levels of government to fund some of this work; identifying and pursuing these funding opportunities remains top of mind for RMOW staff. The expected value of external funding also affects the expected cost to ratepayers of climate goals. As the costs of climate mitigation and adaptation become clearer to the RMOW in the coming years, this information will be shared and the proposed annual reserve contributions related to asset renewal (of which climate upgrades are a key element) adjusted accordingly.

Also important to note in the conversation about reserve contributions is that the target contribution levels also do not allow for new asset additions or substantive non-climate upgrades within the General Fund. Funding for these types of projects would also add to the required in-year reserve contributions, and for that reason their presence in the proposed project plan has been minimized. New and substantially upgraded infrastructure or programs are being funded using sources other than general municipal tax (Resort Municipality Initiative (RMI) in the case of Rainbow Park, and from the Sewer Fund in the case of replacements and upgrades at the wastewater treatment plant).

Cost inflation is not unique to the RMOW and many businesses in this community (and beyond) are experiencing the same pressures and are adjusting in response. Recent announcements from the Bank of Canada suggest a belief that monetary and fiscal measures already undertaken are beginning to prove effective at cooling inflation. This will not improve financial outcomes for the RMOW relative to this current budget, because it has been built using current pricing rather than incorporating further expected increases. But, it could mean that cost escalation becomes less of a factor when the 2024 budget comes into view.

The RMOW has heard this year from ratepayers who would prefer that taxes not rise at all, or rise by a smaller amount. Given the reality of higher quoted costs for services and other committed arrangements (wages), such an outcome can only be achieved by reducing service levels, or reserve contributions relative to the prior year. This would mean changing (reducing) the municipal services available within the community, in order to satisfy those in search of a smaller tax bill.

The budget is assembled using inputs from all corners of the organization and undergoes significant revision by Senior Management and review and consideration by Council before being presented to community members for discussion and input. The budget presented today is the culmination of each of

these processes, which often run in parallel, and represents the RMOW's best efforts to weave the following elements together:

- **What can be expected from non-tax revenue outlook in the year ahead?** This considers the evolving economic environment as described by experts, local businesses and residents and also new opportunities including things like new paid parking locations.
- How the volume of work being delivered by the RMOW in response to community stakeholder needs translates into financial resources. **What is the volume of spending in dollars required to deliver the desired services?**
- **What amount of reserves contributions properly assigns the cost of in-year asset consumption to all asset users?** What is the level that neither draws excessively on existing reserves (placing the burden on past ratepayers) nor leaves the reserves insufficient to fund future needs (placing the burden on future ratepayers)?
- **Has the RMOW been thorough and exhaustive in its efforts to (within the confines of the above) reduce the overall tax bill for community ratepayers?**

The budget presented strikes the balance between these elements using best efforts of staff at every level of the organization; significant Council time and attention, and the valued input of dozens of community members.

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## POLICY CONSIDERATIONS

### Relevant Council Authority/Previous Decisions

Council adopted on December 21, 2020 the Climate Big Moves Strategy which included a commitment to "...embed climate action into each RMOW department and as such, climate action must become part of every department's budgetary considerations." [Administrative report 20-126](#).

The most recent version of the 2022 – 2026 Five-Year Financial Plan was adopted on October 4, 2022. [Administrative report 22-132](#). This plan will prevail until the new 2023 – 2027 Five-Year Financial Plan is adopted. This step, which will also satisfy the RMOW's obligation under the *Community Charter*, is scheduled to take place early in 2023.

[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.

The budget presented at the Budget Open House included Fee-for-Service funding to Arts Whistler in the amount of \$500,000. Subsequent to that event, Council resolved to increase 2023 funding to that organization to \$550,000. This is the only substantive change to the budget subsequent to the Open House and the reason that the tax increase % appears different than what was presented at that time.

### 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*

### **Community Vision and Official Community Plan**

The OCP is the RMOW's most important guiding document. It sets the community vision and long-term community direction. This report aligns with the goals of the OCP in the following ways:

- **OCP Goal 6.1** “Provide effective and appropriate municipal infrastructure (including facilities and amenities) that minimize taxpayer costs, and consider allocating the value of infrastructure replacement to future years.” Reserve planning in particular is critical to the fulfillment of this important goal. Sizing reserve contributions to consider existing planned project works and the long-horizon needs of existing built assets is essential, and the current budget includes steps (more will follow) in that direction.
- **OCP Goal 6.3** “Implement and monitor the Five-Year Financial Plan”. While largely administrative, the implementation of the budget requires that preceding steps including consultation and the integration of feedback, have been done well.
- **OCP Goal 6.4** “Reduce reliance on property taxes”. Understanding opportunities to grow non-tax revenue streams is critical to the achievement of this goal. This can look like entirely new revenues (parks parking fees) or increased uptake on existing revenue-generating programs (particularly obvious in an economic recovery). The existing budget includes nearly \$1.4 million in additional non-tax revenue in 2022 compared to 2021.
- **Policy 9.2.2.3** “Work with external funders...for (Arts, Nature, and Heritage) infrastructure and programs in Whistler” and Policy and 7.2.1.6 “...seek provincial support and funding for Whistler’s wildfire management programs” both speak to the importance of external funding to the success of RMOW’s initiatives. Sources of identified external funding for the coming fiscal years has been identified in the material attached to this report.

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### **LÍLWAT NATION & SQUAMISH NATION CONSIDERATIONS**

The RMOW is committed to working with the Lílwat 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.

Two specific projects (First Nations Relations and Cultural Awareness) earmark funds for relationship- and awareness-building works. In addition to these policy efforts, the RMOW engages with First Nations vendors on municipal works where possible.

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## COMMUNITY ENGAGEMENT

Level of community engagement commitment for this project:

Inform     Consult     Involve     Collaborate     Empower

Comment(s):

Extensive community engagement is integral to the RMOW's annual budget process. A Community Open House was held on December 1, 2022 which welcomed members of the public to a session at the Whistler Public Library. The session was livestreamed to Facebook and a recording uploaded to the website at [www.whistler.ca/budget](http://www.whistler.ca/budget). Materials describing the planned spending captured in the Financial Plan were also available on this website.

The RMOW also launched a new engagement tool in 2021 and has made this available again in 2022 (available at <https://engage.whistler.ca/2023-budget>) that allowed community members to pose questions and share ideas related to the budget. As of December 13, nine ideas had been publicly shared and 12 questions had been posted with responses – all can be seen on the link above. The RMOW has committed to ongoing refinements in its community engagement practices based on tools that are available in the market, approaches that are successfully used in other communities, and considering the effectiveness of new processes in engaging with Whistler stakeholders.

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## REFERENCES

Appendix A – Proposed Project Spending Summary by Division & Fund  
Appendix B – Proposed Projects list with Descriptions  
Appendix C – Proposed Departmental Revenue and Expenditure Summary  
Appendix D – Summary of Public Engagement on budget

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## SUMMARY

This report presents Council with staff's proposed budget guidelines to be used when preparing the Five-Year Financial Plan 2023-2027 bylaw, as well as the list of planned projects for the next five years of reserve spending. This budget is informed a great deal of input from staff, management, Council, the community and the many active committees of Council. Pending approval of the budget guidelines from Council, staff will begin the process of building the five year financial plan bylaw for Council consideration in January 2023.

**SIGN-OFFS**

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