



RESORT MUNICIPALITY OF WHISTLER

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STAFF REPORT TO COUNCIL

PRESENTED: December 19, 2023
FROM: Finance
SUBJECT: 2024 BUDGET GUIDELINES

REPORT: 23-127
FILE: 4530

RECOMMENDATION FROM THE CHIEF ADMINISTRATIVE OFFICER

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

RECOMMENDATION(S)

That Council direct the Chief Financial Officer to prepare the “Five-Year Financial Plan 2024-2028 Bylaw” based on these proposed guidelines:

1. To implement a 8.2 per cent increase to property value taxes in 2024;
2. To implement a 7.0 per cent increase to sewer parcel taxes and user fees in 2024;
3. To implement a 5.0 per cent increase to solid waste parcel taxes and fees in 2024;
4. To implement a 3.0 per cent increase to water parcel taxes and user fees in 2024; and
5. To include the project amounts as described in Appendix A and attached to Administrative Report No. 23-127.

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 2024-2028 Bylaw.

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 (OCP) 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.

The tourism recovery noted in the 2023 Budget Guidelines report ([Administrative Report No. 22-156](#)) has continued to benefit the community of Whistler, balanced by ongoing inflation effects and

elevated construction costs. Strengthening reserve contributions to reflect the ongoing value of deterioration in shared community assets remains a top priority. New and emerging priorities this year have triggered a few additional, meaningful changes to the financial plan. Building department staffing is proposed to increase in response to high levels of demand for permits and the increasing complexity in the associated approvals work. Also proposed is a meaningful change to the delivery of Fire Response services. Additional detail on both changes follows.

Analysis

RMOW Staffing. Two notable changes in the RMOW's approach to staffing are proposed for the current Financial Plan.

- First is the Building Department, which has seen a sharp increase in the number of permit applications as well as the complexity of the associated approvals work in recent years. These changes are proposed to be addressed through the restructuring of that department and the addition of the equivalent of 5.5 new full-time employee (FTE) roles. Concurrent with this change are proposed adjustments to the level of various fees in order that the operating costs associated with this work can be fully funded by those (applicants) who most benefit from it. For that reason, there is no net additional cost to ratepayers to implement these proposed staffing changes. Shorter permit wait times and an improved level of service to applicants is expected to result.
- The second meaningful staffing change proposed is within the Whistler Fire Rescue Service (WFRS). Here, the RMOW proposes to add 4.3 new FTE roles assigned to Whistler Fire Hall #3 (Spring Creek) beginning in Q2, 2024, as well as additional associated costs (e.g., equipment and training for new staff). This change is proposed as a first phase of a multi-year process that will lead to 24 hour per day staffing at this facility by 2026. The 2024 budget includes just over \$600,000 in additional annual WFRS (Whistler Fire Rescue Services) costs. These annual costs will increase again in each of 2025 and 2026 when full implementation of the staffing plan is proposed to be in place, along with the associated costs (estimated at \$2Mm/year in 2024 dollars). There are no revenues associated with this change and so the full amount of costs will fall to ratepayers to fund. This change was still under review at the time of the Budget Open House and so was not included in the materials but has been included in the materials attached to this report. Benefits of this change include improved emergency response times at the south end of town. This is particularly important as the majority of Whistler's recent, ongoing and planned growth is in Whistler's southern neighbourhoods (~300 additional units in Cheakamus Crossing Phase 2, 72 residential units in Function Junction and as much as 800 new units in Cheakamus Crossing Phase 3).

Outside of these two changes, service delivery for 2024 is expected to look very similar to 2023. Total staffing hour increases funded from general revenues, excluding Fire and Building Department changes noted above, are just over 2,000 or +0.3 per cent relative to 2023 budgeted hours. Some adjustments to staffing within departments are under way. These include:

- Casual hours at Meadow Park Sports Centre equivalent to 1.25 FTE as lifeguard hours are added back after a period of shortage;
- Two additional operating hours at the Library on Sundays; and
- Casual hours in Resort Operations equivalent to 1.0 FTE that propose to extend the planting season for summer horticulture.

Several teams expect to execute their work with *fewer* total staff hours in 2024 compared to 2023. These include Facilities, Construction & Maintenance; Roads & Drainage; RCMP; Planning; and Festivals, Events & Animation.

Non-Tax Revenue. 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. As noted above, Building Department revenues are expected to increase significantly as the capacity of that team increases. Parking continues to be a source of growing non-tax revenue for the community, via increasing rates and occupancy, although the pace of annual change in this revenue stream is likely to fall in the future, as there are an increasing number of days in the year in which occupancy limits are being reached. Continuing to focus on pricing parking appropriately moves the RMOW towards its stated climate objectives by encouraging a shift away from private transportation to lower greenhouse gas emitting alternatives. This approach also helps to assign items such as rising snow clearing costs in public lots to the users of those services and not to general ratepayers. Finally, it also provides an important tool to ensure that visitors to the community contribute a share to the municipality's operating costs. Day lot parking revenues are especially important in this respect as they provide critical financial support to the transit system in Whistler. For 2024, \$1.2Mm in profits from day lots will move to fund Transit. Provided that day-visitor volumes remain relatively steady, staff expect this number to grow to over \$2.0Mm per year by 2028.

Inflation effects. As noted above, the RMOW is facing higher prices for goods and services that it purchases, relative to just a few years ago. 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.

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 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 any 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 resemble 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.

Hotel Tax spending. Another important change to planned spending in 2024, relative to 2023, concerns hotel tax received by the RMOW, specifically the Municipal and Regional District Tax (MRDT). Since MRDT Online Accommodation Provider (OAP) was first introduced in 2018, the RMOW has directed its full share of this funding, and Tourism Whistler has contributed nearly \$1Mm of its share of funding, to employee housing (EH) initiatives. Through yearend 2022, EH initiatives received nearly \$3.6Mm in funding from MRDT OAP, with another \$1.3Mm so far in 2023.

In addition to MRDT OAP, the RMOW receives Core MRDT, meaning MRDT collected on hotel stays in the community. For the first time, the RMOW is proposing to include in the 2024 budget the allocation of Core MRDT revenues to support EH initiatives. For 2024, RMOW expects this amount to be just over \$900k. A few changed conditions make this new approach possible, notably:

- Continued strength in tourist visitation to the community, which translates to historically high amounts of Core MRDT revenue; and
- Active prioritization of EH over other, alternate uses for this incremental funding.

Some examples will help bring this prioritization work to life. Core MRDT supports a wide array of festivals, events and animation (FE&A) in the village that serve to enhance the visitor experience. Higher volumes of Core MRDT could support greater investment in RMOW original and third-party programming such as the Summer Concert Series and Movie Nights but should be balanced with the need to invest in EH initiatives. The proposed budget includes a 4.6 per cent inflationary increase in FE&A spending compared to 2023. Similarly, Arts Whistler receives funding from MRDT and a proposed increase in MRDT funding (relative to 2023) to Arts Whistler of \$72k or +14.4 per cent has been included within this budget. There are projects as well that have been proposed to receive new MRDT funding, including the potential development of a Whistler Heritage Strategy. The key with MRDT funding is to strike an appropriate balance between visitor-facing programs and activities and supporting, with housing, the workers that are critical to delivering a satisfying experience to tourists. Consistent with Council Priorities, staff have limited growth in MRDT-funded project spending to concentrate within this budget on creating additional revenues to support critical EH outcomes.

Utilities infrastructure renewal. Changes to Parcel Taxes and User Fees are proposed for 2024 that are of similar size to those proposed in prior years: +3% in the case of Water and +5% in the case of Solid Waste. For Sewer Taxes and Fees, the increase of +7% is slightly higher than what ratepayers may be used to. A significant renewal is under way in the community's Sewer infrastructure. The value of this work (\$48.0Mm over five years) exceeds the amount of reserve funds available (\$18.4Mm balance at the end of 2022) combined with the amount estimated to flow into the reserve in the same period (estimated \$13.0Mm). The planned approach is to fund the difference with new debt. Debt is a critical tool, particularly in the case of long-lived assets, in ensuring that the associated costs are borne by the folks who most benefit from the use of the asset(s). \$15Mm in debt was assumed when the Whistler Water Treatment Plant (WWTP) was upgraded in 2008 that will be retired in 2028. \$16Mm in new debt drawn by the RMOW to fund sewer project work between 2024-2028 would add roughly \$300k in additional annual operating costs relative to 2024. An alternate approach would be to increase Sewer charges at a rate faster than 7%, although the effect of such a change on the community must be carefully considered. Together, sewer taxes and fees amount to just over \$500 currently for a representative parcel. Each 1% increase in sewer taxes and fees translates to an added annual cost to the property owner of \$5. The proposed 7% increase means another \$35 annual expense for this representative household, with five additional dollars accompanying every added 1% increase.

Reserve contributions. Included in this five-year plan is a structured approach to aligning reserve contributions with asset consumption, by increasing contributions steadily over the next five years. This approach means that the entire incremental cost associated with right-sized reserve contributions doesn't land in a single year. In this way the in-year change to expenses is softened but still moves the number in the right direction. An important goal with reserve contributions is to achieve equity between current and future ratepayers; and so, time is always of the essence. Each year that passes where reserve contributions do not match asset consumption, is a year in which current residents are paying less than their share and pushing these costs onto future ratepayers. The longer-term consequences of this approach have become visible in other BC communities recently, where critical assets pass the point of viability and must necessarily be funded from very large single-year tax and rate increases.

Worth noting is that if replacement costs continue to increase and push the renewal costs up even further, this could render the currently planned increases insufficient. Ratepayers should be prepared to fund an amount of degradation in every year, that is based on the best information then available. Best-available information captures the estimated replacement values across the full collection of assets in the community at that time. Another truth about Whistler is that there is an unusually large collection of shared, built assets in the community relative to other municipalities in BC (this is true whether measured per-capita, per average daily population basis, or per-taxable property basis), and

that the collection grows every year through the addition of new assets.

In addition to built assets (which are captured in the General Capital Fund, and supported through general capital fund contributions), the RMOW is facing cost pressures in the Vehicle Replacement Reserve. Here the driving factor is higher quoted prices for new passenger vehicles and construction equipment, as well as fire apparatus that grow more complex and expensive each year. Here again the RMOW is currently choosing to moderate the short term increases to vehicle reserve contributions but recognizes a commitment to higher contributions in future years is essential to the success of this approach.

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 and are intended to move ahead with some urgency. And yet, the RMOW has not yet begun to collect from ratepayers the additional amounts associated with this potentially 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 in this area. 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. In the meantime, ensuring that base reserve contributions – and reserve levels themselves – remain robust is an important strategy to ensure that the RMOW is well positioned to incorporate future, but as yet unknown, costs of climate mitigation and adaptation projects.

Also important to note in the conversation about reserve contributions is that the target contribution levels do not currently anticipate additional growth 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 the presence of new incremental general fund assets 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).

Efficient spending and service design. 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. All of the same services that were delivered to the community in 2023 are also planned to be delivered in 2024, plus the additional work as noted above. There were no service level cuts identified that staff believed would be accepted by the community. This may change in future years.

Examples of the ideas for project spending that were considered as part of the budget process but ultimately excluded from the budget itself were: a study of the Disc Golf facility at Lost Lake and the addition of some new or upgraded equipment in support of FE&A programming. Both of these decisions were part of the MRDT prioritization work mentioned above.

Important to note is that in this budget cycle, staff have taken a much closer look than is typical at the final years of the planning period (2025-2028). This has become necessary as several large, one-time changes to expenditures have come into view with some certainty. These include for example the forthcoming change to RCMP funding ratio as the community surpasses 15,000 in census population. This five-year outlook has been constructed using reasonable estimates and without considering any unusual added expenditures or significant expansion in the asset portfolio beyond what's been captured in the proposed project plan.

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 potential 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.

OPTIONS

The following items have been included in the proposed budget but conversations with Council and the community have indicated that there may be some desire to adjust these planned expenses:

<i>Project or Expenditure</i>	<i>Description</i>	<i>Cost</i>	<i>Funding Source</i>
A08805	Heritage Strategy	\$55k across three years to study, followed by currently-unknown costs to implement the study recommendations	MRDT
Library Ops	2 added hours on Sundays	\$16k per year	General Tax
Resort Ops (Horticulture)	2 added weeks to summer planting season	\$30k per year	General Tax

The following items do not currently appear in the proposed budget but staff understand that the Council has expressed interest in their inclusion:

<i>Project or Expenditure</i>	<i>Description</i>	<i>Cost</i>	<i>Funding Source</i>
Pemberton Commuter	Funding support for added service	\$50k per year	General Tax
Whistler Institute	New funding for community group	\$50k per year	General Tax

Where operating costs are changed relative to the budget as presented, they must necessarily be paired with an offsetting change of the opposite nature. Meaning that an increased operating expenditure must be paired with a decreased operating expenditure, or an change in the tax requisition. An increase in project spending should be paired with a proportionate increase in reserve contribution. Reserve contributions offer a great deal of latitude and have typically served as the balancing item when adding or removing operations. These decisions must also be made with an eye to the long-term responsibilities owed to community assets.

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 No. 20-126](#).

The most recent version of the “2023-2027 Five-Year Financial Plan Bylaw No. 2409, 2023” was adopted on September 12, 2023: [Administrative Report No. 23-095](#). This plan will prevail until the new 2024-2028 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 2024.

[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 Fire Rescue Service staffing for 2024 at levels similar to those from 2023. Subsequently, a decision was made to include staffing at Spring Creek, as described above. The impact to 2024 operating budget of this change is just over \$600k. This is the only substantive change to the budget since the Open House and has been paired with a reduction to the General Capital Reserve contribution in order to deliver the same per cent change tax rate that was communicated prior to this change.

2023-2026 Strategic Plan

The 2023-2026 Strategic Plan outlines the high-level direction of the RMOW to help shape community progress during this term of Council. The Strategic Plan contains four priority areas with various associated initiatives that support them. This section identifies how this report links to the Strategic Plan.

Strategic Priorities

Housing

Expedite the delivery of and longer-term planning for employee housing

Climate Action

Mobilize municipal resources toward the implementation of the Big Moves Climate Action Plan

Community Engagement

Strive to connect locals to each other and to the RMOW

Smart Tourism

Preserve and protect Whistler's unique culture, natural assets and infrastructure

Not Applicable

Aligns with core municipal work that falls outside the strategic priorities but improves, maintains, updates and/or protects existing and essential community infrastructure or programs

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 \$1.4Mm in additional non-tax revenue in 2022 compared to 2021.
- **OCP 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.

LÍL 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.

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.

COMMUNITY ENGAGEMENT

Level of community engagement commitment for this project:

Inform Consult Involve Collaborate Empower

Extensive community engagement is integral to the RMOW's annual budget process. A Community Open House was held on November 9, 2023 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. Materials describing the planned spending captured in the Financial Plan were also available on this website.

The RMOW also launched a new engagement process in 2023 that included a budget survey made available to the public from August 22 to September 25, which is in addition to the standard engagement tools where community members can pose questions and share ideas related to the budget. As of December 11, eight questions had been posted with responses. 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.

REFERENCES

Appendix A – Proposed Project Spending Summary by Division and Fund
Appendix B – Proposed Projects list with Descriptions
Appendix C – Proposed Departmental Revenue and Expenditure Summary

SUMMARY

This report presents Council with staff's proposed budget guidelines to be used when preparing the Five-Year Financial Plan 2024-2028 bylaw, as well as the list of planned projects (each of which is reserve-funded) for the next five years. 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 2024.

SIGN-OFFS

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