



**RESORT MUNICIPALITY OF WHISTLER**

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## STAFF REPORT TO THE COMMITTEE OF THE WHOLE

**PRESENTED:** October 22, 2024 **REPORT:** W24-007  
**FROM:** Finance **FILE:** 1630-20-2025  
**SUBJECT:** DRAFT 2025 OPERATING BUDGET OVERVIEW

### RECOMMENDATION FROM THE CHIEF ADMINISTRATIVE OFFICER

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

### RECOMMENDATION(S)

**That** the Committee of the Whole (COTW) recommend to Council that the proposed Operating Budget as described in COTW Report No. W24-007, including Appendix A, be brought forward for further consideration as part of the annual Budget Guidelines Report at the December 3, 2024 Regular Council Meeting.

### PURPOSE OF REPORT

The purpose of this report is to introduce the Committee of the Whole to the draft 2025 Operating Budget for the municipality and seek preliminary input on the 2025-2029 Five-Year Financial Plan in preparation of Council's consideration of the 2025 Budget Guidelines in early December.

### DISCUSSION

#### Background

The Resort Municipality of Whistler (RMOW) collects revenues from property taxes, fees and charges to provide programs and services as well as manage infrastructure such as roads, water and sewer as well as facilities, parks and trails on behalf of the resort community.

The RMOW plans its annual and five-year budgets to manage day-to-day services, operations, projects, and infrastructure investments and to take into consideration the longer-term strategy, challenges and vision for Whistler. Sound fiscal management remains a foundation of the RMOW's budget process. The budget is developed to manage current demands but is also focused on the longer-term strategy and vision for the community.

Preparation of the annual budget is guided by a wide range of plans and policies, including the Official Community Plan (OCP) and the [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.

Staff have worked over the last three months to prepare a draft budget that constrains spending growth across most departments in order that proportionately increased spending can be accommodated in the areas of Transit, RCMP and Fire Rescue Services (Service Focus Areas). Staffing growth outside of these Service Focus Areas is limited to one role that is partially funded by grant funding and non-payroll operating expenditures held at levels generally inline with 2024 budgeted amounts. This has been accomplished in an environment of ongoing cost inflation. Things like insurance expense, legal fees, contracted waste and recycling costs are all up significantly from 2024 levels.

Making changes to accommodate cost inflation in categories of fixed spending has required some adjustments in the planned approach to service delivery. In some cases that means changes to service levels. A few examples of reductions planned for 2025 (relative to 2024) are:

- No new Recreation programming (i.e., swim lessons, etc.);
- Reduced vehicle lease costs (i.e., more shared use of vehicles);
- New approach to planting for village medians that reduces maintenance costs;
- No increase in Fee for Service or Community Enrichment Program budgets;
- Reduced contractor hours to support IT initiatives; and
- Reduced costs for landfill maintenance, improving recycling revenues and improved incentives in the Transfer Station operations contract offset the increased unit rates for waste handling in the new waste transfer station operations contract.

The approach taken with the budget process seeks to accommodate large in-process and forthcoming changes in the operating costs of the three Service Focus Areas in a way that both smooths the tax increase across the planning horizon and also ensures that the rate of increase over this horizon remains relatively low.

The result is a draft budget that suggests a preliminary tax increase for 2025 in the nine to 10 per cent range. Where in that range the increase ultimately falls depends to some extent on Council's appetite to adjust spending relative to what is presented in the draft budget and on the size of the projects list for the coming five years. Final tax increase amounts will be presented for consideration with Budget Guidelines on December 3, 2024.

### **Analysis**

In addition to the above-noted focus on increasing the resourcing in target service areas and zero increase budgeting for non-payroll operating expenditures wherever possible, several other factors affect the 2025 draft budget.

**Non-Tax Revenue.** In an environment of ongoing cost escalation, non-tax revenue can serve as an important tool to help limit the resulting property tax increase amount. Results from the early budget survey suggest that community members recognize and appreciate the value of increasing user fees as a means to balance the budget.

The RMOW continues to look for opportunities to increase non-tax revenue where appropriate but must also consider the natural limits of this budget tool.

*Affordability considerations limit the pace of growth on user fees.* When it comes to user fees, affordability has an important role to play. Admission fees and passes at both Meadow Park and the Lost Lake cross-country ski trails have increased in recent years at a pace that is slower than the growth in cost of delivering these services. Staff are monitoring pass sales and visitation in light of the fee increases introduced in 2024. Fees for these services are an

incomplete offset to increasing costs. Likewise, parking fees have increased in recent years and are providing a meaningful offset to transit costs. That said, there remains an increasing amount of transit system expense that falls to taxpayers to fund.

*Many of the RMOW's non-tax revenue sources are economically sensitive.* This means that when economic growth slows, as it has done in 2024, growth in these revenues slows as well. In building the 2025 budget, the RMOW has taken cues from the experts regarding the likelihood of ongoing economic uncertainty in the coming year. For example, parking fees are expected to grow more slowly in 2025 than in the prior three years (a reflection of both pricing and forecast volume of demand). Building permit fees are also expected to grow only slightly in 2025 as compared to 2024. Hotel Tax is also economically sensitive and can vary by more than a million dollars from year to year, depending on the performance of the tourism economy. These funds are almost exclusively channeled toward tourist-facing services and amenities, which sometimes require a portion of property tax funding. In years of strong tourism demand, the value of tourist-facing things funded from property tax sources are generally lower. This is not expected to be the case in 2025.

*Limited opportunities for new non-tax revenues.* It is important to understand demand growth and pricing dynamics for existing revenue streams, and to optimize for these where practical. But the greatest factor driving growth in non-tax revenues, particularly over long periods of time, come from the introduction of entirely new revenue streams. This also tends to be where the greatest potential for public dissatisfaction sits. Day parking fees today generate millions in revenues, sufficient to both cover the operating costs of the lots and enough to fund millions of dollars annually in transit service expense. Yet the idea of introducing parking fees was at one time controversial, and the controversy delayed implementation by many years. Where do the opportunities exist today for new non-tax revenues? Which of these are politically feasible? Which are meaningful? The answers to these questions will come too late to affect 2025 Budget outcomes but ought not to be lost in the conversation around sound fiscal management and the goal of low tax increases.

One of the ways in which the 2025 budget differs from those from recent memory, is the slower pace at which non-tax revenues are expected to grow over the next year. This is both a function of the current economic environment and might also be something of a new reality for the coming five to 10 years, considering the absence of any promising new non-tax revenue streams.

**Reserve contributions.** Strengthening reserve contributions to reflect the ongoing annual value of deterioration in shared community assets remains a top priority. Included in the 2025 draft budget is a +7.5 per cent increase in the size of the contribution to the General Capital Reserve (GCR). This is part of a multi-year effort to continue to right-size the GCR contribution relative to the overall size of the RMOW's built asset collection which grows as new amenities get added. Why are reserve contributions critical and how can we be confident they're appropriately sized?

*Data-based approach.* The RMOW aims to strengthen its understanding of its built assets every year. Asset count, condition, the cost of both their upkeep and ultimate replacement are each important to informing an effective asset management strategy. An updated organization-wide built asset inventory was assembled in 2021/22 that suggested the value of the RMOW's GCR assets was around \$265 Mm and the annual value of their degradation (which considers the lifespan of different types of asset components) around \$9 Mm per year. Further evaluation has suggested that this number may actually be more than twice this level today.

*Pay now or pay (more) later.* Because GCR contributions consider the value of a built asset across its entire lifespan, which can be 50 years or more, the temptation to delay these set-asides can be strong. Nothing may appear amiss today and the urgency of these contributions may feel low but the assets continue to deteriorate quietly in the background. Catastrophic failures with very large resultant costs commonly result from this approach and are frequently coming into view across Canada.

*Equitable distribution.* In addition to causing meaningful disruption and significant costs, where asset management fails, deferral of capital reserve contributions unfairly lands the burden of this cost on future ratepayers, relative to those in the community today. Each year that passes where reserve contributions do not match the value of asset deterioration, is a year in which current residents are paying less than their share and pushing these costs onto future ratepayers.

In addition to built assets (which are captured in the General Capital Fund and supported through GCR 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.

### **Utilities**

Utilities funds are an example of where asset management in particular is already working well. A meaningful upgrade of the wastewater treatment system is under way. Nearly \$55 Mm in reinvestment in the system is proposed for the years 2025 – 2029. An appropriate amount of this will be debt funded. But because the amount of annual capital reserve contribution between the water and wastewater funds more closely resembles the estimated amount of annual degradation (combined contributions of just over \$6 Mm/year compared to annual renewal estimates from the Asset Inventory estimates of between \$4.3 Mm (unscaled) to \$9.0 Mm (scaled)), this isn't an alarming outcome. As an example of healthy reserve behavior, the water capital reserve was depleted following significant spending in 2009 (and again in 2016) only to rebuild in the years that followed because the reserve contribution amounts were well considered.

Accordingly, the proposal when it comes to Utilities fund charges is to stay the course with increases that resemble prior years. Sewer rates are proposed to increase by +8% for 2025, Water by +4% and Solid Waste by +5%.

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## **POLICY CONSIDERATIONS**

### **Relevant Council Authority/Previous Decisions**

The most recent version of the “Five-Year Financial Plan 2024 – 2028 Amendment Bylaw (Transit, Invictus and WHA Equity) No. 2453, 2024” was adopted on October 8, 2024: [Administrative Report No. 24-089](#). This plan will prevail until the new Five-Year Financial Plan is adopted. This step, which also satisfy the RMOW's obligation under the *Community Charter*, is scheduled to take place early in 2025.

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.

## **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 \$1.4 Mm 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.



## BUDGET CONSIDERATIONS

This report begins the process of Council consideration of the 2025-2029 Five-Year Financial Plan which will set the municipal revenue and expense plan for the next five years. Over the next few months, this planning process will lead to formalized budget guidelines (planned for December 3, 2024, and ultimately the five-year financial plan bylaw and associated tax rate bylaws early in 2025). This draft version of the budget suggests that a year-over-year tax increase in the range of nine to 10 per cent for 2025 compared to 2024 will be necessary to successfully balance planned expenditures with expected revenues.

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## LÍŁWAT NATION & SQUAMISH NATION CONSIDERATIONS

The RMOW is committed to working with the LÍŁwat 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 planning on unceded territories, as currently managed by the provincial government; achieve mutual objectives; and enable participation in Whistler's resort economy.

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

The municipal budget is not the most compelling engagement topic for a lot of citizens. This year staff have launched a number of initiatives to try and bring more people into the conversation. The goals of the budget engagement are to:

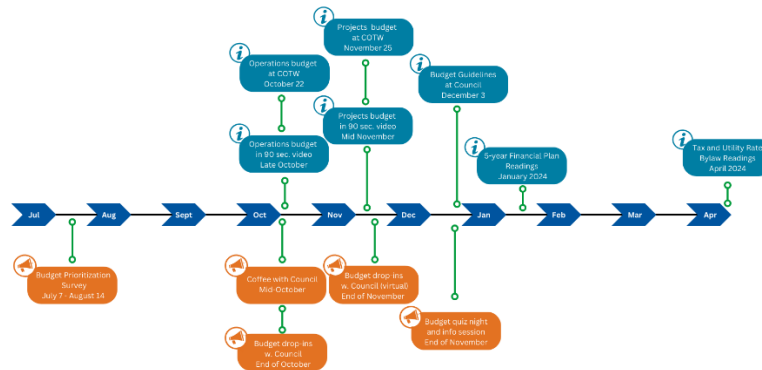
- Increase citizen understanding of municipal budgeting, spending and responsibilities – in addition to the RMOW's role in supporting Whistler's tourism economy;
- Increase engagement with citizens to receive early and ongoing input from the public to help inform department budgeting and planning and Council's decision-making;
- Test innovative engagement practices to increase public participation during the budget process; and
- Create connection between the RMOW and community members to try to make budget season a little more fun and accessible for a broader demographic.

A pre-budget engagement survey was hosted on [engage.whistler.ca](https://engage.whistler.ca) that received over 350 responses. The summary of the community's responses were summarized for Council at the [COTW on September 24, 2024](#) (also see [Appendix A: 2025 Budget Survey Summary of Results](#)).

Council is also hosting several face-to-face events related to the budget in October and November. Coffee with Council "Budget Edition" was held on October 10, a "Drop-In Office Hours with Council" session will be scheduled following each budget-related COTW meeting, and finally a budget and RMOW-related trivia night is planned on November 25 for Council to have some fun with the budget and hopefully draw in a broader demographic that might be budget curious. We know from the early

budget engagement survey that most people are only slightly familiar with the municipal budgeting process, so we want to use each of our engagement activities as an opportunity to connect and build understanding so that people feel empowered to engage with us on how their tax dollars are allocated through our operating budget, projects budget, utilities and reserves.

All of the budget-related material will be posted to [engage.whistler.ca](https://engage.whistler.ca) so that community members can follow along with the process.



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## REFERENCES

Appendix A – Draft 2025 Revenues and Expenditures summary, by department

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## SUMMARY

The RMOW is facing sizeable operating cost increases in the three Service Focus Areas in the coming five years, and the 2025 draft budget has been built with these in mind. The draft budget has also continued to emphasize a commitment to the built asset environment within the community by slowly but steadily growing the General Capital Reserve contribution. With these factors in mind, some service level adjustments are being proposed across the remainder of the organization. While it is anticipated that the effect of these service level adjustments on the community members will be limited, the opportunity remains for different choices to be made, either in the course of 2025 budget deliberations or in future years.

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## SIGN-OFFS

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