



WHISTLER

REPORT | ADMINISTRATIVE REPORT TO COUNCIL

PRESENTED: December 15, 2020
FROM: Corporate and Community Services
SUBJECT: 2021 BUDGET GUIDELINES

REPORT: 20-129
FILE: 4530

COMMENT/RECOMMENDATION FROM THE CHIEF ADMINISTRATIVE OFFICER

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

RECOMMENDATION

That Council direct the Director of Finance to prepare the “Five-Year Financial Plan 2021-2025 Bylaw” based on these proposed guidelines:

1. To implement a 1.08 per cent increase to property value taxes in 2021;
2. To implement a 0 per cent increase to sewer parcel taxes and user fees in 2021;
3. To implement a 0 per cent increase to solid waste parcel taxes and fees in 2021;
4. To implement a 0 per cent increase to water parcel taxes and user fees in 2021; and
5. To include the project amounts as described in Appendix “A” and attached to Administrative Report to Council No. 20-129.

REFERENCES

Appendix “A” – Proposed Project Listing
Appendix “B” – Proposed Departmental Revenue and Expenditure Summary
Appendix “C” – Summary responses from post Budget Open House Survey

PURPOSE

The purpose of this Report is to advise Council of staff’s proposed budget guidelines and to obtain a Council resolution for the basic guidelines to be used when preparing the Five-Year Financial Plan 2021-2025.

DISCUSSION

Background and Context

Preparation of the 2021 budget is guided by a wide range of plans and policies, including in particular the RMOV Corporate Plan, and is further informed by information gathered throughout the year through committees as well as ongoing surveys and studies. Some example of contributors include the Transportation Advisory Group (“TAG”), the Mayor’s Task Force on Resident Housing as well as input associated with the Official Community Plan and Vision Update.

Next year, 2021, will continue to be meaningfully affected by the COVID-19 pandemic. However, tourist volumes and economic activity are expected to continue to recover from levels evident early in the pandemic (2Q2020). The manner in which this recovery takes place depends on a variety of

factors, such as vaccine availability and interim Provincial Health Orders that cannot be fully known at this time. While a higher level of uncertainty exists now compared to a typical year, best efforts have been made to carefully weigh and consider both the most likely outcomes for the coming fiscal year as well as potential alternate scenarios.

The RMOW has heard from the community that its focus must remain on recovery preparations while at the same time delivering a budget, and an associated tax rate that responds to the challenges that many businesses and members of the community have endured over the past nine months. Staff understand that the resort municipality must remain in a position to deliver, both to residents and visitors, the high quality experience that this community has long been known for. Planned expenditures for the coming fiscal year reflect that intent.

Budget Adjustments

Since the budget was first presented to the community in mid-November, significant changes have been made, resulting in a significantly different proposed tax requisition amount. The largest of these relates to the “BC Restart Funding for BC Transit” program announced by the Federal and Provincial governments on December 4. Changes have also been made to revenue expectations for the coming year informed by recent actual results (updated fall revenues), an improved outlook for COVID-19 vaccine delivery and a corresponding return to more normalized operations in the latter months of 2021. Further reductions have also been made to both payroll and non-payroll operating expenditure budgets.

Reserves Balance

There exists a gap in 2021 between pandemic-affected non-tax revenues and expenditures structured to continue deliver the Whistler experience. It is proposed that only a portion of this gap be made up with tax requisition. Rather, staff are proposing that in 2021, as the organization did in the amended 2020 budget, to under-contribute to, or draw from, its Operating and other Reserves.

The effects of this approach on ending reserve balances will be muted in 2020 by two significant factors:

1. Meaningful re-prioritization of projects that happened mid-2020 in light of the COVID pandemic.
2. A \$2.7 million “COVID-19 Safe Restart Grant for Local Government” from the federal and provincial governments. This grant money is equivalent to about half of the decline in non-tax general fund revenue expected to result from the pandemic.

For 2021, a small amount of increase is planned for General Operating and General Capital Reserve contributions, relative to 2020 levels. Spending from the Operating Reserve continues to exceed contributions and in subsequent years this shortfall will need to be addressed, and the reserve rebuilt.

The core intent of the Operating Reserve is to bridge the gap created by unexpected operating interruptions, and given the pandemic impacts to the community, a decline at this time is a reasonable outcome. This will not however be the last operating interruption faced by this community, and so over time this reserve must be rebuilt. The community should expect that this rebuild will require renewed contributions, funded through tax requisition in future years.

Capital Reserve balances are meant to ensure that the future capital maintenance requirements of existing fixed infrastructure can be met. These responsibilities persist regardless of economic circumstances. Contributions to the Capital Reserves will likewise need to step up in the coming years to compensate for these years (2020 – 2021) where contributions are being deliberately constrained.

Projects

Projects have again in 2021 been put forward with COVID revenue pressures and adjusted priorities in mind, while also continuing to drive forward some important long term community strategies. The RMOW continues to deploy Resort Municipality Initiative (“RMI”) and Municipal and Regional District Tax Program (“MRDT”) funds into operating programs and capital projects, as agreed with the province.

The proposed project listing attached as Appendix “A” includes 168 projects with a total possible 2021 expenditure of \$59.4 million, including carry-forward amounts unspent from 2020. Included in this total are projects representing a total possible 2021 expenditure of \$11.6 million that are accompanied by offsetting claims to third parties. These are: White Gold Utility Undergrounding (\$1.5 million in 2021), Alta Vista Utility Undergrounding (\$100,000), and the Parcel A housing project in Cheakamus Crossing (\$10 million). Each of these expenditures is accompanied by the expectation of repayment. Another \$8.4Mm included in the total projects amount is funded by Resort Municipality Initiative funding and Municipal and Regional District Tax (MRDT) reserves, which means these works are funded by the province (RMI) and Hotel Tax (MRDT) revenues and not by general municipal tax.

For municipal projects, a total of \$4.1 million in associated potential external grant funding has been identified and included alongside planned spending in the attached Appendix A.

Next Steps

The budgeting process is necessarily premised on a longer term outlook in order to maintain relatively stable year to year fluctuations in fee and tax rate changes. Building on the outcomes of this report, the Five-Year Financial Plan Bylaw is scheduled to be brought forward for consideration of first three readings by Council at the January 5, 2021 Regular Council Meeting.

OTHER POLICY CONSIDERATIONS

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.

Section 165 (3.1) requires additional disclosure regarding the proportion of revenues from each source and the objectives and policies in relation to the distribution of property value taxes among the different classes. This information will be provided in Schedule “C” of the Five Year Financial Plan Bylaw.

COMMUNITY ENGAGEMENT AND CONSULTATION SUMMARY

The financial budget of the municipality is impacted throughout the year by many planning and engagement inputs. These engagement processes have culminated in several budget specific meetings, including the virtual community meeting held on November 16, 2020. The meeting was attended by approximately 45 members of the public. An online survey was distributed to attendees and shared with the public following the meeting. The survey received 104 responses which have been thoroughly reviewed by staff and used to inform the proposed budget guidelines under consideration by Council. In addition, budget information, presentations and videos have been available on the municipal website. An email address specific to budget feedback has been made available. All emailed comments have been included in the Council correspondence, and a summary of the responses from the online survey have been included as part of this report.

As stated previously, the RMOW has heard from members of the public and understands that many businesses and individuals in the community have been significantly challenged over the past nine

months. Because of this, the RMOW has applied a dual focus to the budget that incorporates economic recovery preparations while at the same time delivering an associated tax rate that reflects an understanding of the impacts of the pandemic being felt and experienced locally. This combination of smaller requisition and ongoing focused spending is made possible in part by reducing contributions to reserves. Over the long term, these reduced contributions will need to be replaced.

SUMMARY

The proposed 2021 budget provides for amounts of municipal property tax and utility revenue that when supplemented with reserve draws serve to maintain levels of service to the community and resort visitors. This reserves-draw approach results in a lower tax requisition than what otherwise would be expected. Such an approach has been taken for 2021, as it was for 2020, in recognition of the challenging times currently being faced by our community stakeholders due to the COVID-19 pandemic. In the coming years, as economic circumstances return to normal, an accompanying return to normal levels of requisition and reserve growth should be expected.

Leadership from the Audit and Finance Standing Committee and Council, and the efforts of municipal staff at all levels are critical to the budgeting process, and their efforts in this particularly challenging year should be applauded.

Respectfully submitted,

Carlee Price
DIRECTOR OF FINANCE

for
Ted Battiston
GENERAL MANAGER OF CORPORATE AND COMMUNITY SERVICES