



City of Port Moody

Report to Finance Committee

Date: June 15, 2021
Submitted by: Finance and Technology Department – Financial Services Division
Subject: 2022-2026 Financial Plan Guidelines for Staff

Purpose

To present the 2022-2026 Financial Plan Guidelines for Staff (**Attachment 1**) in preparation of the 2022-2026 Five-Year Financial Planning process.

Recommended Resolution(s)

THAT 2022-2026 Financial Plan Guidelines for Staff be approved as recommended in the report dated June 15, 2021 from the Finance and Technology Department – Financial Services Division regarding 2022-2026 Financial Plan Guidelines for Staff;

AND THAT the Port Moody Police Board be informed of the 2022-2026 Financial Plan Guidelines for Staff;

AND THAT staff be directed to prepare an amendment to Corporate Policy – 05-1700-02 – Procedures for Council Consideration of Port Moody Police Board Budget to remove the reference to an allocation of taxation revenue growth for Council consideration.

Background

Each year, the Financial Services Division prepares guidelines for staff as they begin work on the next Five-Year Financial Plan. The Guidelines form the basis for the 2022-2026 Five-Year Financial Plan, set the preliminary working tax increase, establish a preliminary timeline for the budget process, and provide general guidance to staff drafting their operating and capital budgets.

Discussion

Budget Targets

City staff, and the Port Moody Police Board, will be instructed to submit an Operating Budget for 2022 not exceeding an increase of \$1,155,000. The Port Moody Police Board will be informed of the overall operating budget increase target set by Council.

The 2022 budget will also include a \$450,000 reduction to the growth stabilization reserve transfer, introduced in the 2021 Budget to smooth the impacts of the significant tax revenue loss as a result of the class shift (class 4 to class 6) of the Mill and Timber property.

As in previous years, the preliminary 2022 budget will also include a \$462,000 increase for the Asset Renewal Levy (estimated to represent a 1% tax increase). The combined increase totals \$2,067,000, currently estimated to represent a 4.47% tax increase.

Approved Target Tax Increase (\$)	2022	2023	2024	2025	2026
Operating	1,155,000	1,230,000	1,268,000	1,313,000	1,360,000
Growth Stabilization Reserve (2021)	450,000	450,000	-	-	-
Capital – Asset Renewal	462,000	492,000	507,000	525,000	544,000
Total	2,067,000	2,172,000	1,775,000	1,838,000	1,904,000

It is estimated that the proposed \$2,067,000 increase to the 2022 budget will equate to the following tax increases as a percentage over 2021:

Approved Target Tax Increase (%)	2021	2022	2023	2024	2025
Operating	2.50%	2.50%	2.50%	2.50%	2.50%
Growth Stabilization Reserve (2021)	0.97%	0.91%	-	-	-
Capital – Asset Renewal	1.00%	1.00%	1.00%	1.00%	1.00%
Total	4.47%	4.41%	3.50%	3.50%	3.50%

The budget targets above do not include growth, new revenues, nor the provision of additional services (expenses or revenues), which are unknown or cannot be reasonably estimated at this time.

Growth Allocation

Each year, Finance staff estimate non-market change (NMC) information provided by BC Assessment (BCA) to estimate growth (new construction) for the current year's budget. Growth, which is essentially new revenue, can be used to fund new service demands. Historically, a portion of the growth (approximately 25%) has been allocated to the Port Moody Police's annual operating budget per Corporate Policy – 05-1700-02 – Procedures for Council Consideration of Port Moody Police Board Budget (**Attachment 2**). The Policy states:

Once the preliminary Fiscal Services budget is completed, the Financial Services Division will advise the Police Department of their allocation of taxation revenue from growth. This is calculated by Financial Services Division staff, by determining the Police Department budgeted expenditures (not including revenues) as a percentage of the City's total budgeted expenditures for the previous approved year. That percentage is then applied to the estimated growth, after increases to Corporate Expenditures have been deducted to obtain the Police Department's growth allocation; the remaining growth revenue is utilized by other City departments.

In years of zero or minimal growth, there may not be net growth revenues to allocate, or there may be a share of net costs to allocate to the Police Department budget.

Over the years, the process to allocate a percentage of growth to the Police Budget has become very complex to administer and inconsistent when compared to other divisions within the City. As well, it has created reporting and presentation challenges. The annual Police growth allocation, which increases annually, was \$543,000 for 2021. Growth should be considered holistically and used to offset the future demand on all municipal services. City staff have discussed this change with PMPD management and have communicated that this accounting allocation will not directly affect their service delivery.

Budget Timeline

The proposed timeline for the 2022-2026 Five-Year Financial Plan includes accelerated approval of the City's capital plan. The capital plan will be reviewed with the committee prior to the winter break, ensuring all capital projects can begin in January 2022 and eliminating the need for pre-approvals. Early approval of the Capital Plan allows departments to strategically plan work, take advantage of competitive pricing and contractor scheduling, which ensures assets are put into service as soon as possible providing continued, uninterrupted service delivery. If there is a need for additional capital approval later in the budget process, staff will bring forward an additional report.

Budget deliberations will occur with the Finance Committee through the winter and spring of 2022, with first three readings of the Five-Year Financial Plan Bylaw and the corresponding 2022 Tax Rates Bylaw at Regular Council on April 26, 2022. Adoption of the Bylaws is scheduled for May 10, 2022. A detailed budget timeline can be found in Appendix 1 of the Guidelines.

Budget Consultation

The public budget consultation will take place in February 2022 and will remain open for three weeks to allow time for members of the community to provide feedback on the Financial Plan.

The City will use Engage Port Moody, the City's public engagement hub, to inform and collect community feedback on the 2022 Financial Plan. As in 2021, this will include the annual budget survey, budget resource information, and FAQs posted on the project page. Staff will answer questions from community members as they are posted. Staff have found the Engage Port Moody platform to be a modern and interactive platform allowing the community to learn, become informed, and provide feedback on their own terms.

Other Option(s)

1. THAT the 2022-2026 Financial Plan Guidelines for Staff be approved as amended.
2. THAT staff report back with additional information as requested by the committee.

Financial Implications

There are no direct financial implications associated with approving the Financial Plan Guidelines for Staff. Financial implications pertaining to the 2022-2026 Financial Plan are discussed above in this report.

Communications and Civic Engagement Initiatives

The budget guidelines are included in the Five-Year Financial Plan document that is available on the City's website.

Council Strategic Plan Objectives

The Financial Plan Guidelines for Staff align with Council's strategic priority of Exceptional Service and Council's objective to provide the public with transparent and open government, and opportunities to provide input on City issues.

Attachment(s)

1. Draft 2022-2026 Financial Plan Guidelines for Staff.
2. Corporate Policy – 05-1700-02 – Procedures for Council Consideration of Port Moody Police Board Budget.

Report Author

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Report Approval Details

Document Title:	2022-2026 Financial Plan Guidelines for Staff.docx
Attachments:	<ul style="list-style-type: none">- Attachment 1 - Draft 2022-2026 Financial Plan Guidelines for Staff.pdf- Attachment 2 - Procedures for Council Consideration of Port Moody Police Board Budget.pdf
Final Approval Date:	Jun 28, 2021

This report and all of its attachments were approved and signed as outlined below:

Paul Rockwood, General Manager of Finance and Technology - Jun 24, 2021 - 9:00 AM

Tracey Takahashi for Dorothy Shermer, Corporate Officer - Jun 24, 2021 - 12:52 PM

Natasha Vander Wal for Rosemary Lodge, Manager of Communications and Engagement - Jun 24, 2021 - 10:21 PM

Tim Savoie, City Manager - Jun 28, 2021 - 4:49 PM