

# Considered at April 7, 2020 Special Council Meeting

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## City of Port Moody Report to Finance Committee

Date: April 1, 2020  
Submitted by: Finance and Technology Department – Financial Services Division  
Subject: 2020-2024 Five-Year Financial Plan Update

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### Purpose

To update the Committee on the 2020 Financial Plan and seek final direction to prepare the 2020-2024 Five-year Financial Plan Bylaw and corresponding 2020 Tax Rates Bylaw.

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### Recommended Resolution

**THAT the recommended 2020 budget with an increase of \$1,570,000 estimated at a 3.62% tax increase be used to prepare the 2020-2024 Five-Year Financial Plan Bylaw and the 2020 Tax Rates Bylaw for Council consideration as recommended in the report dated April 1, 2020 from the Finance and Technology Department – Financial Services Division regarding 2020-2024 Five-Year Financial Plan Update.**

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### Background

The Finance Committee has been receiving information and deliberating over the 2020-2024 Five Year Financial Plan since it was first introduced on December 3, 2019. This has included:

- department presentations;
- a budget consultation including a town hall meeting;
- approval of the 2020 capital budget; and
- ongoing committee discussion regarding the operating budget

With the global outbreak of COVID-19 and the corresponding declaration of a provincial state of emergency, public health orders, and ministerial orders to support the COVID-19 response, there have been significant impacts to City operations and, therefore, the draft 2020 Financial Plan. As the City tries to deal with the financial uncertainty of the pandemic, staff have prepared some options that consider:

- the loss of anticipated revenues;
- delaying proposed new services;
- the potential repurposing of reserves as emergency funds; and
- potentially cutting back or deferring capital programs.

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## Discussion

As a result of COVID-19, city staff are assessing the financial impact daily, as new directives from senior governments are received. The most obvious costs are for dealing directly with an unplanned and unbudgeted pandemic, including costs related to ramping up emergency operations centres, supplies and planning, enforcement, signage, and enhanced cleaning procedures. Other announcements have affected program and rental revenues streams, as the City has had to close down City-run programs, fields, and facilities to comply with Provincial Health Orders. The City may also lose revenues from private businesses on City property as lessees and occupiers seek financial relief from their commitments, and invoke force majeure clauses within existing contracts.

The City is anxiously awaiting the Province to make announcements that will directly assist municipalities financially. However, without provincial changes, the City must move ahead with a 2020 Five-Year Financial Plan and corresponding 2020 Tax Rates Bylaw.

## Recommended Budget – No New Services/New Revenues

In light of the information discussed above, staff are recommending the approval of revised 2020 Five-Year Financial Plan (**Attachment 1**) that is based on 2019 levels of service with the removal of 2020 new revenues, and the removal of the majority of proposed 2020 new services. This would result in a 2020 net budget increase of \$1,570,000 estimated at an average 3.62% property tax increase.

2020 DRAFT Financial Plan – Executive Summary			
Item	Amount (\$)	Tax (%)	Comment
2020 Growth	-300,000	-0.69%	New Construction
Revenue Changes	-689,000	-1.59%	Development, Permits, Sale of Services, excludes DB revenue
Salaries and Wages	1,096,000	2.52%	Bargaining Units and Management
Operating Expenses	403,000	0.92%	Equipment, Contracted Services, Hydro, Professional Services
Reserve Changes	127,000	0.29%	excluding transfers of DB revenue
<b>Sub Total – City</b>	<b>637,000</b>	<b>1.45%</b>	
Police	363,000	0.85%	Submitted by the Port Moody Police Board (includes growth allocation)
<b>Sub Total – Operations</b>	<b>1,000,000</b>	<b>2.30%</b>	<b>Budget Guidelines mandates 2.50%</b>
Capital Asset Renewal Levy	433,000	1.00%	As per the Budget Guidelines
<b>Sub Total – Before New Services</b>	<b>1,433,000</b>	<b>3.30%</b>	<b>Guidelines 3.50%</b>
Proposed New Services	137,000	0.32%	
<b>Total Draft Budget Proposal</b>	<b>1,570,000</b>	<b>3.62%</b>	

## Alternative Budget – New Services/New Revenues

Alternatively, the Committee could approve a 2020 Five-Year Financial Plan (**Attachment 2**) that is relatively unchanged from prior budget deliberations. This plan is based on 2019 levels of service; however, it includes the new revenues from the digital billboards and proposed new

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services for 2020. This would result in a 2020 net budget increase of \$1,288,000 estimated at an average 2.98% property tax increase.

Preliminary 2020 budget proposals relied on an expected timeline of the digital billboards being operational by April 2020. However, due to construction delays with the digital billboard on the Barnet Highway near the old landfill site, as well as general delays as a result of the COVID-19 pandemic, it is expected that the signs will not be operational until June 2020 at the earliest. The City will still receive the one-time signing bonus (\$300,000 per sign) in 2020 and a pro-rated portion of 2020 guaranteed revenues.

2020 DRAFT Financial Plan – Executive Summary			
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<b>Sub Total – Operations</b>	<b>1,000,000</b>	<b>2.30%</b>	<b>Budget Guidelines mandates 2.50%</b>
New Revenues	-950,000	-2.19%	Including signing bonus bridging
<b>Sub Total</b>	<b>50,000</b>	<b>0.11%</b>	<b>Budget Guidelines mandates 2.50%</b>
Capital Asset Renewal Levy	433,000	1.00%	As per the Budget Guidelines
<b>Sub Total – Before New Services</b>	<b>483,000</b>	<b>1.11%</b>	<b>Guidelines 3.50%</b>
Proposed New Services	805,000	1.87%	
<b>Total Draft Budget Proposal</b>	<b>1,288,000</b>	<b>2.98%</b>	

Due to the uncertainty of revenues tied to the alternative budget, staff do not feel it would be fiscally prudent to proceed with a budget that proposes new services tied to uncertain revenues. Regardless, Finance staff will continually monitor changing economic conditions as they relate to the 2020 Financial Plan and make recommendations to the Finance Committee if any changes or amendments are required.

Should the current situation change, and programs and anticipated revenues resume in the near term, the Finance Committee can add additional services to the 2020 budget without a resulting tax impact.

## Other Option(s)

Staff can present additional information at the Committee's request.

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## Financial Implications

Financial implications are discussed throughout the report as they pertain to the 2020-2024 Five-Year Financial Plan.

## Communications and Civic Engagement Initiatives

The City's Financial Plan and associated documentation will be posted on the City website. Additional financial plan information was made available to the public at the February 4, 2020 Budget Town Hall meeting and throughout the public budget consultation process.

## Council Strategic Plan Objectives

The Financial Plan supports the entire strategic plan by aligning financial resources to the strategic priorities of Exceptional Service, Environmental Leadership, Healthy City, Economic Prosperity, and Community Evolution.

## Attachment(s)

1. 2020 Financial Plan Executive Summary – Recommended Budget.
2. 2020 Financial Plan Executive Summary – Alternative Budget.

## Report Author

Tyson Ganske, CPA, CGA  
Manager of Financial Planning

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## Report Approval Details

Document Title:	2020-2024 Five-Year Financial Plan Update.docx
Attachments:	- Attachment 1 - Recommended Budget.pdf - Attachment 2 - Alternative Budget.pdf
Final Approval Date:	Apr 3, 2020

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

Dorothy Shermer, Corporate Officer - Apr 2, 2020 - 2:19 PM

Rosemary Lodge, Manager of Communications and Engagement - Apr 2, 2020 - 4:53 PM

Paul Rockwood, General Manager of Finance and Technology - Apr 2, 2020 - 4:56 PM

Tim Savoie, City Manager - Apr 3, 2020 - 9:45 AM

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Recommended 2020 Financial Plan - Executive Summary			
Item	Amount (\$)	Tax (%)	Comment
2020 Growth	-300,000	-0.69%	New Construction
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<b>Sub Total - Before New Services</b>	<b>1,433,000</b>	<b>3.30%</b>	<b>Guidelines 3.50%</b>
<b>Proposed New Services</b>			
<b>New Service - Required (equipment purchased / officer hired)</b>			
Facilities - Operating Costs for new vehicle	8,000	0.02%	Purchase of vehicle approved in Capital Budget
Fire Rescue - Engine and Aerial Apparatus replacement	66,000	0.15%	to be delivered in Spring 2020 - required to service equipment loan
Police - New Officer - 2nd half of position built into base budget	63,000	0.15%	Officer hired in 2018 with initial budget approval
<b>Sub Total - Proposed New Services</b>	<b>137,000</b>	<b>0.32%</b>	
<b>Total Draft Budget Proposal - 2020</b>	<b>1,570,000</b>	<b>3.62%</b>	
<b>COVID-19 RESPONSE - DEFERRED ITEMS (Contingent on New Revenues and Finance Committee Approval)</b>			
<b>New Revenues</b>			
Digital Billboards	-950,000	-2.19%	Including signing bonus bridging
<b>New Service - Council Directed (Council Motion)</b>			
Bear Management Strategy	15,000	0.03%	Environmental Services
Mayor's Caucus	2,000	0.00%	Mayor & Council
Beaver Management Program	23,000	0.05%	Parks
CPAC Meetings (RC20/123c)*	7,000	0.02%	Cultural Services
<b>New Service - ELT Priority (based on risk)</b>			
Payroll Advisor (0.6 FTE)	64,000	0.15%	Finance
Emergency Preparedness Coordinator (Full Position)*	91,000	0.21%	Fire Rescue
<b>New Service - ELT Recommended (based on operational need to maintain service and demand)</b>			
Increased Auxiliary Hours*	10,000	0.02%	Cultural Services
Wellness Programming (potential cost share IAFF)	12,000	0.03%	Fire Rescue
New Initiatives Reserve - Annual Funding Transfer	47,000	0.11%	Fiscal
Information Services Support Specialist	73,000	0.17%	Information Services
Exchange Online (email storage)*	20,000	0.05%	Information Services
Corporate Internal Service Request	7,000	0.02%	Information Services
Disk Array - Additional Maintenance	3,000	0.01%	Information Services
Library Materials - Visual impairment Service	2,000	0.01%	Library
Parks Caretaker	90,000	0.21%	Parks
<b>New Service - No Direct Tax Impact</b>			
Mechanic	104,000	0.24%	Fleet
Offset - Internal Garage Charges	-104,000	-0.24%	Fleet
Work Order Technician	80,000	0.18%	Operations Admin
Offset - Capital	-80,000	-0.18%	Operations Admin
Assistant Manager, Customer Service*	55,000	0.13%	Recreation
Offset - One time funding*	-55,000	-0.13%	Recreation
<b>Previously Capital Funded (Based on annual requirements)</b>			
Car Free Day - Traffic Management	35,000	0.08%	Communications & Engagement
Invasive Species Removal and Restoration Program	70,000	0.16%	Environmental Services
Graffiti Removal	5,000	0.01%	Parks
Goose Management	12,000	0.03%	Parks
Dangerous Tree Removal / Risk Mitigation (City Land)	75,000	0.17%	Parks
Designated Anchorage Area	5,000	0.01%	Parks
<b>TOTAL COVID-19 RESPONSE - REMOVED / DEFERRED ITEMS</b>	<b>-282,000</b>	<b>-0.64%</b>	
<b>PREVIOUSLY REMOVED / DEFERRED ITEMS</b>			
Car Free Day - Increase	25,000	0.06%	Communications & Engagement
Emergency Support Services	8,000	0.02%	Community Services Admin.

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Alternative 2020 Financial Plan - Executive Summary			
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<b>New Service - Required (equipment purchased / officer hired)</b>			
Additional Vehicle - Operating Costs	8,000	0.02%	Facilities
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