

Staff Report to Council

Financial Services

FILE: 05-1680-01/21

REPORT DATE: June 10, 2022 **MEETING DATE:** June 21, 2022
TO: Mayor and Council
FROM: Cheryl Harding, Director of Financial Services
SUBJECT: 2021 – 2025 Financial Plan Bylaw Amendment

CHIEF ADMINISTRATIVE OFFICER REVIEW/APPROVAL:



RECOMMENDATION(S):

THAT Council:

- A. Grant first, second and third readings to the 2021 – 2025 Financial Plan Amendment Bylaw No. 2926, 2022; OR
- B. Other.

PURPOSE

To communicate the required amendments to the 2021 to 2025 Financial Plan Bylaw No. 2926, 2022 which result from unplanned financial activities that occurred in 2021, as identified during financial reviews and the yearend process. Therefore, staff prepared an amended bylaw for Council consideration of first three readings.

☐ Information Report ☒ Decision Report ☐ Direction Report

DISCUSSION

Background:

Due to the nature of municipal financial accounting, it is very likely that unplanned financial transactions or transactions that vary from the original approved budget amounts will occur in any given year.

Therefore, it is reasonable to expect the annual financial plan bylaw will require subsequent amendment at one or more times during the year or subsequent to yearend.

In order to avoid unnecessary administrative effort by requesting Council to amend the original bylaw each time an amendment has been identified, it has been the City's practice to accumulate the amendments that are needed throughout the year and present one amended financial plan bylaw to Council after the yearend process is completed.

Most of the amendments included in this bylaw will already be familiar to Council as amendments previously identified by staff and presented to Council during periodic financial reviews and in individual Council reports that mention financial implications of a particular initiative. The only amendments that may not be familiar to Council will be those that arise during the yearend process which will be communicated at this time.

None of the amendments will affect taxation, as they primarily relate to the need to fund unplanned expenditures from reserves or from the need to recognize unplanned revenue changes.

Relevant Policy, Bylaw or Legislation:

The financial plan may be amended by bylaw at any time per the Community Charter section 165 (2).

Analysis:

Details of the major budget amendments are described below:

- 1. Additional Road Use Levies** – In accordance with the Extraordinary Traffic Bylaw, 100% of road use levies collected are deposited to the Transportation Infrastructure Reserve Fund. The levies are intended to recover costs associated with substantially increased burdens that are placed on City roads as a result from damage and expense in respect of the road beyond what is reasonable and ordinary. Given the nature of the revenue stream it is very difficult to predict the appropriate budget amount in advance of the actual road use activity that would trigger levies to be collected.

In 2021, the budget for road use levies was set at \$880,000, however actual revenue received was \$1,321,200, creating a difference of \$441,200 that needs to be recognized as revenue with a corresponding transfer to the Transportation Infrastructure Reserve Fund.

- 2. Arena Capital Reserve** – As per the operating agreement between the City and the arena operator (Nustadia Recreation Inc. or NRI), 50% of the surplus funds are transferred to the Arena Capital Reserve Fund for replacement of equipment and facility rehabilitation at the Pitt Meadows Arena. The other 50% is distributed to NRI. The 2021 operating results have produced a surplus of \$154,800 over the \$0 budgeted surplus therefore the City's 50% or \$77,400 was placed in the Arena Capital Reserve Fund.

3. **COVID Safe Restart Reserve** – In November 2020, the Ministry of Municipal Affairs provided the City with funding in support of dealing with the increased operating costs and lower revenue due to COVID-19. Of the \$1,981,410 unspent balance at the beginning of the year, \$1,170,000 was earmarked in 2021 to fund COVID-19 related revenue shortfalls, emergency planning and response costs; facility reopening and operating costs; protective services and bylaw enforcement costs; and computer and other technology costs. The actual amount spent was \$651,000 with the balance carried forward to 2022.
4. **Grants & Contributions** – During the year the City was awarded a number of grants either earmarked for capital projects or set aside for reserve savings. The most significant was the \$1,991,800 from the Province to be used to build a dedicated childcare centre as part of the Affordable Housing collaboration project with Metro Vancouver, as well as grants from TransLink and ICBC of \$239,400 to fund active transportation improvements, and a onetime increase in the Canada Community Building Fund Grant (formerly Gas Tax Grant) of \$115,800 for future capital project funding.
5. **Water Reserve** – The Water Fund generated a deficit of \$396,000 which is primarily driven by the Flat Rate User consumption exceeding the budget and required funding from the Water Reserve. Extreme summer weather would be the largest contributing factor to the deficit. While a universal water metering program would alleviate the situation it would also involve a high capital cost investment. Therefore, a number of gradual options are being considered to transition the City to a better model as well as encourage water conservation. These options will be presented to Council during 2023 business planning.

COUNCIL STRATEGIC PLAN ALIGNMENT

- ☐ Principled Governance ☐ Balanced Economic Prosperity ☒ Corporate Excellence
☐ Community Spirit & Wellbeing ☐ Transportation & Infrastructure Initiatives
☐ Not Applicable

Corporate Excellence is demonstrated through responsible financial management in reporting of amendments to the original financial plan bylaw.

FINANCIAL IMPLICATIONS

☐ None ☐ Budget Previously Approved ☐ Referral to Business Planning
☒ Other

As described in this report.

PUBLIC PARTICIPATION

☒ Inform ☐ Consult ☐ Involve ☐ Collaborate ☐ Empower

Comment(s):

This step is part of the annual Financial Services work plan and no further action is needed upon bylaw adoption.

KATZIE FIRST NATION CONSIDERATIONS

Referral ☐ Yes ☒ No

SIGN-OFFS

Written by:

Korey Holtzman,
Manager of Financial Planning & Reporting

Reviewed by:

Cheryl Harding,
Director of Financial Services

ATTACHMENT(S):

A. 2021 to 2025 Financial Plan Amendment Bylaw No. 2926, 2022