



City of Port Moody Special Council Agenda

February 1, 2022

4:00 pm

Electronic Webinar via Zoom

Pages

1. Call to Order

You can watch the livestream of this meeting at portmoody.ca/watchlive or join the webinar at portmoody.ca/join.

2. General Matters

2.1. Resolution to Go Into Finance Committee

Recommendation(s):

THAT Council go into Finance Committee.

3. Finance Committee

3.1. 2021 Council Contingency Balance

3

Memo: Finance and Technology Department – Financial Services Division, dated January 14, 2022

Recommendation(s):

THAT the memo dated January 14, 2022 from the Finance and Technology Department – Financial Services Division regarding 2021 Council Contingency Balance be received for information.

3.2. Funding Source – Warming Centre Security

6

Memo: Finance and Technology Department – Financial Services Division, dated January 24, 2022

Recommendation(s):

THAT the budget of up to \$9,272 approved for security services at Kyle Centre be funded from the New Initiatives Reserve as recommended in the memo dated January 24, 2022 from the Finance and Technology Department – Financial Services Division regarding Funding Source – Warming Centre Security.

3.3. Draft 2022-2026 Financial Plan – Operating Budget

Report: Finance and Technology Department – Financial Services Division, dated January 20, 2022

Recommendation(s):

THAT the report dated January 20, 2022 from the Finance and Technology Department – Financial Services Division regarding the Draft 2022-2026 Financial Plan – Operating Budget be received for information;

AND THAT a draft proposed budget increase of \$2,756,000, which represents an estimated 5.97% tax rate increase, be used for the City's 2022 Public Budget Consultation.

4. Rise and Report**4.1. Resolution to Adopt Finance Committee Report**

Recommendation(s):

THAT the recommendations approved at the Finance Committee meeting of February 1, 2022 be ratified.

5. Legislative Matters**6. Adjournment**

Memorandum

Date: January 14, 2022
Submitted by: Finance and Technology Department – Financial Services Division
Subject: 2021 Council Contingency Balance

This memo provides an update to the Finance Committee on the Council Contingency balance.

Budgets for some 2021 projects have been revised based on the spending that took place in the previous year or the completion of spending in the current year. Revised budgets are listed to the right of the original budget.

On December 31, 2021, the total uncommitted contingency balance was \$13,408.

The recommended resolution is:

THAT the memo dated January 14, 2022 from the Finance and Technology Department – Financial Services Division regarding 2021 Council Contingency Balance be received for information.

Attachment:

1. Council Contingency Budget and Commitments.

Report Approval Details

Document Title:	2021 Council Contingency Balance.docx
Attachments:	- Attachment 1 - Council Contingency Budget and Commitments.pdf
Final Approval Date:	Jan 24, 2022

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

Lorena Miat, Manager of Financial Reporting - Jan 17, 2022 - 12:13 PM

Paul Rockwood, General Manager of Finance and Technology - Jan 17, 2022 - 4:26 PM

Dorothy Shermer, Corporate Officer - Jan 19, 2022 - 11:01 AM

Natasha Vander Wal for Rosemary Lodge, Manager of Communications and Engagement -
Jan 19, 2022 - 2:30 PM

Tim Savoie, City Manager - Jan 24, 2022 - 9:01 AM

Council Contingency Budget and Commitments

Cost Centre 106

Updated as of: January 14, 2022

		Approved Budget	2021 Budget	2021 Expenses	2021 Balance
2020	Carry Forward		\$ 26,079		
2021	Budget		20,000		
	2021 Council Contingency available		\$ 46,079		
	<u>Commitments</u>				
2019	Mayor's Office Guest Seating	2,500	2,500	30	2,470
2020	Climate Action Award Criteria	2,170	884	884	0
2020	Youth Environment Award	482	0	0	0
2021	Golden Spike Days	1,000	0	0	0
2021	Canada Day Celebration	4,500	2,050	2,050	0
2021	Property Tax Mail-Out Survey for OCP Update	30,000	27,237	27,237	0
	Subtotal Commitments		32,671	30,201	2,470
	2021 Council Contingency uncommitted balance		\$ 13,408		

Memorandum

Date: January 24, 2022
Submitted by: Finance and Technology Department – Financial Services Division
Subject: Funding Source – Warming Centre Security

At the Closed Council meeting held on January 11, 2022, Council considered a report dated December 15, 2021 from the General Manager of Community Services regarding Warming Centre Security and passed the following resolution, which was subsequently publicly released on January 18, 2022:

CC22/003

THAT staff arrange for security services at Kyle Centre as recommended in the memo dated December 15, 2021 from the General Manager of Community Services regarding Warming Centre Security;

AND THAT a budget of up to \$9,272 be referred to the Finance Committee for identification of a funding source.

The budget of up to \$9,272 approved for security services at Kyle Centre is now before the Finance Committee for identification of a funding source. Staff recommend the New Initiatives Reserve as a funding source.

The recommended resolution is:

THAT the budget of up to \$9,272 approved for security services at Kyle Centre be funded from the New Initiatives Reserve as recommended in the memo dated January 24, 2022 from the Finance and Technology Department – Financial Services Division regarding Funding Source – Warming Centre Security.

Report Approval Details

Document Title:	Funding Source – Warming Centre Security.docx
Attachments:	
Final Approval Date:	Jan 24, 2022

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

Paul Rockwood, General Manager of Finance and Technology - Jan 24, 2022 - 12:29 PM

Dorothy Shermer, Corporate Officer - Jan 24, 2022 - 12:31 PM

Tim Savoie, City Manager - Jan 24, 2022 - 3:29 PM



City of Port Moody

Report to Finance Committee

Date: January 20, 2022
 Submitted by: Finance and Technology Department – Financial Services Division
 Subject: Draft 2022-2026 Financial Plan – Operating Budget

Purpose

To introduce the draft 2022-2026 Five-Year Financial Plan, inclusive of new funding requirements and new revenues, for deliberation by the Committee. The introduction of the operating plan is the preliminary step in the budget deliberation process to derive a proposed tax increase to be presented as part of the Budget Consultation process.

Recommended Resolution(s)

THAT the report dated January 20, 2022 from the Finance and Technology Department – Financial Services Division regarding the Draft 2022-2026 Financial Plan – Operating Budget be received for information;

AND THAT a draft proposed budget increase of \$2,756,000, which represents an estimated 5.97% tax rate increase, be used for the City’s 2022 Public Budget Consultation.

Executive Summary

The following table is breakdown of the 2022 Operating budget drivers. Each line is further detailed in the discussion section of the report.

	Operations	Amount (\$)	Tax (%)	Driver Impact
1	Growth	-500,000	-1.08%	New Construction (primarily Class 1 – Residential)
2	Revenues	314,826	0.68%	Development, Permits, Sale of Services
3	Salary	739,968	1.60%	Salaries and Wages
4	Benefits – General	161,647	0.35%	CPP, EI, Employer Health Tax, extended health benefits
5	Benefits – WorkSafe BC	198,371	0.43%	WorkSafe BC employer premiums
6	Operating Expenses	473,284	1.02%	Inflationary related increases (Insurance, Equipment, Contracted Services, utilities, legal)
7	Operating Reserves	-255,180	-0.55%	Development processing reserve, MTP reserve, etc.
8	Sub Total – City	1,132,916	2.45%	
9	Police	604,878	1.31%	
10	Total – Operations	1,737,794	3.76%	Budget Guidelines mandates 2.50%
11	Capital Asset Levy	462,000	1.00%	to fund capital asset renewal and replacement
12	Growth Stabilization Reserve	450,000	0.97%	Reduced transfer from reserve established to phase in land use changes (Mill and Timber) – Year 2 of 3
13	Total – Before New Funding Requirements	2,649,794	5.74%	Budget Guidelines mandates 4.47%

City departments and the Port Moody Library have submitted a 2022 Operating Budget that would result in a budget increase of \$1,132,916, which is estimated to be a 2.45% tax increase.

The Port Moody Police Board presented their 2022 budget submission at the November 23, 2021 Regular Council meeting, requesting a 2022 budget increase of \$604,878, which would result in an estimated 1.31% tax increase.

Combined, the operating increase to the 2022 budget is \$1,737,794, estimated to be a 3.76% tax increase, which is \$582,794 (1.26%) over the 2022 guideline target of \$1,155,000 (2.50%).

The draft 2022-2026 Five-Year Financial Plan includes a proposed \$462,000 or a 1.00% tax increase for the capital Asset Renewal Levy and a \$450,000 or 0.97% tax increase as the City reduces the annual transfer from the Growth Stabilization Reserve, introduced in 2021 to phase in the impact of the Mill and Timber tax class change.

The components noted above result in an estimated operating budget increase of \$2,649,794 or 5.74%, which is 1.26% above the Budget Guideline target of 4.47%. This increase represents staff's professional opinion on what it takes to maintain the 2021 service level Council approved in the Budget Guidelines in July, 2021.

The draft Financial Plan includes \$229,886 in new funding requirements that are either contractually based or have been approved by Council. A complete list of these services are listed below.

New Funding Requirements - Contractual / Council					
14	Mayor & Council	Community Grants	15,800	0.03%	Council - To restore Community Grant Program
15	Legislative Services	New Position	116,836	0.25%	Council - Legislative Advisor
16	Legislative Services	New Software	13,260	0.03%	Council - Closed Caption software
17	Information Services	New Software	33,990	0.07%	Council - Office 365
18	Fiscal Services	Reserve Transfer	50,000	0.11%	Council - Climate Action Reserve funding (annual contribution)
Sub-Total			229,886	0.50%	

Staff have submitted net new services of \$180,050 (0.39%) for 2022. This includes \$167,500 in ongoing operating expenses for capital projects, and \$92,265 in new revenues. These are detailed in the list below

New Funding Requirements - New Services					
19	Information Services	Corporate Training	11,550	0.03%	Security Awareness Training for Staff
20	Fiscal Services	Reserve Funding	15,000	0.03%	Annual funding increase from the New Initiatives Reserve
21	Facilities	Vehicle (operating costs)	12,000	0.03%	New vehicle lease for Ford Escape Plug-in
22	Fire Rescue	Software	3,654	0.01%	APX Fire Pre Plan Software
23	Information Services	Software	14,111	0.03%	Corporate Wide Internal Service Request System
24	Parks	Dog Waste	15,000	0.03%	Additional dog waste funding
25	Parks	Designated Anchorage Area	12,000	0.03%	Management of the Designated Anchorage Area - staff time / insurance / use of Fire Boat
26	Parks	Trail Equipment	10,000	0.02%	Trail equipment rental
27	Parks	New Park space	9,000	0.02%	New park under construction - Marcon Development - staff time & supplies
28	Parks	Tidal Park	2,500	0.01%	Management of Tidal Park - staff time & signage
29.1	Capital Projects	Fleet	15,000	0.03%	Operating impact for FL22041 - PK - Mini Excavator
29.2	Capital Projects	Fleet	2,500	0.01%	Operating impact for FL22042 - PK - Tandem Dump Trailer
29.3	Capital Projects	Information Services	36,000	0.08%	Operating impact for IS22009 - Telephony Replacement
29.4	Capital Projects	Parks	2,000	0.00%	Operating impact for PK22061 - Noons Creek Stairs
29.5	Capital Projects	Information Services	112,000	0.24%	Operating impact for IS22007 - Cloud Disaster Recovery Server Backup
30	Fiscal Services	New Revenues	-92,265	-0.20%	Public safety build lease
Sub-Total			180,050	0.39%	

New position funded through taxation total \$301,413 (0.65%) and are listed below.

New Funding Requirements - New Positions					
31	Recreation	Assistant Manager	47,000	0.10%	Customer Service, Marketing and Promotion, and Staff Development focus
32	Parks	Parks Maintenance Worker	84,847	0.18%	To assist with increasing pressure and demand on Park and field facilities
33	Parks	Parks Caretaker	78,796	0.17%	Additional support for parks maintenance tasks, including litter removal, washroom cleaning, playground inspections, and general parks infrastructure maintenance
34	Fire Rescue	Emergency Management Program Coordinator	90,770	0.20%	General administration and day-to-day operations of the City of Port Moody Emergency Management Program
Sub-Total			301,413	0.65%	

Several items initially removed in the 2020 budget have been reinstated for 2022 as directed by Council. These total \$245,023 (0.53%) and are listed below.

Reinstated 2020 COVID-19 Reductions					
35	Mayor & Council	Council Contingency	20,000	0.04%	To return to pre-COVID funding level
36	Cultural Services	Community Events	68,250	0.15%	Neighborhood event grants
37	Cultural Services	Community Events	37,767	0.08%	Canada Day event
38	Cultural Services	Community Events	11,965	0.03%	Golden Spike Days
39	Cultural Services	Community Events	10,000	0.02%	Spike Awards
40	Cultural Services	Community Events	7,000	0.02%	Community Volunteer BBQ
41	Cultural Services	Community Events	1,041	0.00%	City Hall Christmas painting
42	Operations	Operating Funding	89,000	0.19%	To restore reduced service for removal and maintenance of vegetation on/around roads and boulevards (LRN Vegetation)
Sub-Total			245,023	0.53%	
Total Staff Submission			3,606,166	7.81%	

The total 2022 staff budget submission is \$3,606,166 equates to an approximate 7.81% tax increase, which represents the budget staff feel, again in their professional opinion, is required to move the City forward and deliver the level of service some of our neighbouring municipalities provide for their businesses and residents.

However, the Executive Leadership Team (ELT) recognizes that taxpayers are facing difficult financial times, and that other municipalities may be more fortunate to have access to other funding streams not available to the City, and therefore has reviewed the staff budget submission and recommended several adjustment and reductions to decrease the overall tax increase. While the recommendations below are being suggested by ELT, it must be noted that they do come with an added level of risk, and therefore, must be carefully considered and balanced against current and future service delivery impacts.

ELT Recommended Adjustments and Reductions					
Multi	BB&L	Revenues / Dev. Prcs. Rsv trsfs	-25,000	-0.05%	Increase the development revenue contribution to the base budget
Multi	Dev. Planning	Revenues / Dev. Prcs. Rsv transfers	-25,000	-0.05%	Increase the development revenue contribution to the base budget
5507/575	Fire Rescue	Fire Truck Lease Reserve	-47,000	-0.10%	Debt servicing cost of new Fire Rescue apparatus postponed due to delivery delays
9525/721	Fiscal Services	Debt reserve transfer	-94,863	-0.21%	Reserve transfer resulting from interest rate savings on long term debt and equipment financing
Sub-Total – Department Adjustments			-191,863	-0.42%	
29.5	New Funding Requirements – New Services		-112,000	-0.24%	Remove item 29.5 – IS22007 Cloud Disaster Recovery Server Backup
31-34	New Funding Requirements – New Positions		-301,413	-0.65%	
35-42	Reinstated 2020 COVID-19 Reductions		-245,023	-0.53%	COVID Restart Grant Funding – One year temporary funding
Total ELT Revised Budget			2,755,867	5.97%	

Background

Staff have prepared the draft 2022-2026 Five-Year Financial Plan for the Committee's initial consideration in line with the 2022 Financial Plan Guidelines.

As described in the Financial Plan Guidelines, in order to accurately calculate tax rate increases, staff will propose a total dollar increase to the Financial Plan, which can then be estimated as a percentage tax increase.

Due to the dynamic nature of the property tax system in British Columbia that uses unpredictable and changing assessed values that drive Mill Rate calculations that are then used to allocate and collect property tax charges, the approval of a total dollar increase is the only consistent and accurate way to ensure the City collects the required funds to balance the budget.

Through the Financial Plan Guidelines, Council provided direction to City staff to submit a maximum operating budget increase of \$2,067,000 (4.47% tax increase) for 2022, comprising \$1,155,000 for City and Police operations, \$450,000 (0.97% tax increase) as the City phases in the impact of the classification change on the Mill and Timber site, and \$462,000 (1.00%) for the annual increase to the Asset Renewal Levy.

The City follows a “zero-based” budgeting method. In 2022 individual departments were not given a budget target. Divisions reviewed their operating budget submission based on prior year expenses, future cost projections, and the resources required to continue to deliver the same level of service as 2021.

Given increasing costs of providing and maintaining service levels, many of which the City does not have direct control over (e.g. labour, Employer taxes and fees, benefit increases, etc.), it was a challenge for many departments to submit a budget under the target 2.5%. The staff budget submission does not reflect service level reductions in order to meet the desired budget guideline targets.

Discussion

The 2022 draft Financial Plan has been prepared to maintain the same level of service as the 2021 Financial Plan, with the exception of the new funding requirements, and continued adjustments based on Provincial Health Orders as a result of the COVID-19 pandemic. As in previous financial plans, the 2022 Five-Year Financial Plan presented some unique challenges and opportunities.

The following is a breakdown of the major drivers – which correspond to the Operating Budget tables in the Executive Summary.

Operating Financial Plan

1. Growth or Non-Market Change (NMC) represents an estimate of increases in taxable values unrelated to market increases. These figures may be further refined as updated information is received from BC Assessment.
2. Net revenues are budgeted to decrease by nearly \$315,000. These are primarily development related revenues and are partially offset with adjustments to reserve transfers (#7).
3. Salaries and wages have increase by \$740,000 (1.60%). This represents estimated collective agreement increases for all the bargaining units and management.
4. General benefits have increased costs for extended benefits, increased costs for the employer portion of the Canadian Pension Plan (CPP), Employment Insurance (EI), and the Employer Health Tax.
5. The premiums the City pays to WorkSafeBC are increasing substantially over 2021. This is a result of increasing rates and base amounts from WorkSafe and the City’s experience rating.

6. Operating expenses are increasing by \$473,000 (1.02%). This represents increases for operating expenses such as; insurance, equipment, contracted services, utilities, legal services, professional services, leases, etc.
7. Transfers to and from reserves have a net decrease of \$255,000 (-0.55%). This decrease is primarily related to the decrease in development related revenues noted above (#2).
8. The 2022 increase for City services is \$1,132,916 (2.45%).
9. The Port Moody Police submitted their Provisional Budget in November 2021. This represents a 2022 increase of \$604,878 (1.31%).
10. The subtotal for operations (City and Police) is an increase of \$1,737,794 (3.76%) for 2022.
11. As noted in the Financial Plan Guidelines, the Capital Asset Levy has increased by an estimated 1% or \$462,000. This is consistent with past practice, and ensures that the Asset Reserve and associate capital envelopes have sufficient funds to renew and replace critical city infrastructure.
12. In 2021, the Mill and Timber site on the Port Moody waterfront was reclassified from a Class 4 (Heavy Industry) to Class 6 (Business/Other) as a result of winding down their sawmill activities. This resulted in a significant tax shift for 2021. To reduce the impact, the City utilized the Growth Stabilization Reserve to smooth the impact over three years. The reserve transfer was reduced by \$450,000 in 2022 (year two of three), which represents a 0.97% tax increase.
13. The total before New Funding Requirements is a 2022 budget increase of \$2,649,794 or 5.74%.

Several new funding requirements have been approved by Council or represent unavoidable contractual increases to the 2022 operating budget.

14. The community grant program was re-established.
15. A Legislative Advisor was approved in 2021 with immediate funding from the accumulated surplus. Future years funding was to be built into the base budget.
16. Closed Caption software has been utilized for Council and committee meetings with the annual operating expense (Software licence) built into the base budget in 2022.
17. The City has transitioned to Office 365. Annual licensing and software maintenance costs were phased in over a number of years. The impact in 2022 is \$33,990 (0.07%).

18. Annual funding of \$50,000 to the Climate Action Reserve has been reinstated for 2022. This annual contribution was eliminated in 2020 as a mechanism to reduce the overall tax increase as a result of COVID-19. Subsequently, the Provincial government eliminated the Climate Action Revenue Incentive Program (CARIP), the other source of reserve funding.

These items total \$229,886 (0.50%).

Staff have submitted several new funding requirements that are associated with new services for 2022. These total \$180,050 (0.39%). These items are listed in the executive summary (#19-#30) and will be discussed in greater detail by the requesting department in their departmental summary.

Staff have submitted budget request to build four new positions into the base operating budget.

31. Recreation – Assistant Manager

With over 30 regular staff and 300 staff in total (part-time, auxiliary, and casual), there is a need for a second management position in Recreation Services. This position would help with staff development, customer service, and marketing and promotion. The total cost of this position is approximately \$115,000; however, due to cost saving measures and realignment of budget resources, only \$47,000 of new funding would be required.

32. Parks – Parks Maintenance Worker

Over the last 5 years, park and sports field use throughout Port Moody has increased substantially. This has placed strain on aging infrastructure such as pathways, irrigation, and fencing, while increasing the need for sports field repair. The Parks Maintenance crew does not have the staffing levels to keep up with the demand on Port Moody's parks and are increasingly spread thin ensuring that the high service levels staff provide to users are maintained.

The creation of a Parks Maintenance Worker position would help alleviate the stresses put on parks and sports fields and ensure that users continue to have a positive experience when using these facilities. Assistance is needed with sports field maintenance. Port Moody's soccer fields and baseball diamonds are more popular than ever before, with increased usership from school groups and sports associations. The Parks Maintenance Worker would assist with maintenance practices such as top dressing, aeration, fertilizing, and any playing surface repair required. Furthermore, the position will assist with maintenance, replacement, and installation of park assets.

Irrigation in these areas, as well as in horticulture beds throughout the city, require seasonal repairs. In particular, the older irrigation systems are prone to more breaks, adding more demands to the existing workload. Existing staff are in need of assistance to keep up with these demands. Additionally, there has also been expansion of irrigated garden areas from projects such as the Murray Street MUP extension which have not been allocated additional resources for ongoing maintenance.

33. Parks – Parks Caretaker

This position was approved for the 2020 budget, but put on hold due to COVID-19. While there was a need for an additional full-time worker before the global pandemic, events of the last two years have shown how important the parks are to the residents of Port Moody.

Additional support is needed for park maintenance tasks, including litter removal, washroom cleaning, playground inspections, and general park infrastructure maintenance.

34. Fire Rescue – Emergency Management Program Coordinator

The province of BC mandates each local authority, through the Emergency Program Act, to prepare local emergency plans respecting preparation for, response to, and recovery from emergencies or disasters. Currently, Port Moody Fire Rescue, Port Moody Police, and Recreation Services all share responsibility for the delivery of services in the event of a major incident or disaster within our boundaries. PMFR holds primary responsibility for overall emergency management, the oversight of disaster response, Emergency Operations Centre activations, staffing and training, and business continuity functions in conjunction and concurrent to its operational response.

The oversight and strategic management of the Emergency Measures falls to the PMFR Deputy Chief of Community Safety. This managerial function is part of a broader portfolio that includes responsibility for Fire Prevention and Community Outreach, Fire Investigations, and the PMFR Training Division. It has become apparent that, while the PMFR Deputy Chief can and should provide program guidance, support, vision and strategies, the position does not allow for the various tasks required for effective response planning to occur.

The Emergency Management Program Coordinator would perform general administration and day-to-day operations of the City of Port Moody Emergency Management Program.

Staff have submitted items that were originally removed in the austerity budget of 2020, when first dealing with the impacts of COVID-19. Many of these items have been included for reinstatement into the 2022 Operating Budget and have a heavy focus around community events.

35. Council contingency is increasing by \$20,000 to \$40,000 which was the 2019 funding level.

36. Community Events is increasing by \$68,250 to reinstate an annual budget for community events and neighbourhood event grants which were removed in 2020 due to COVID-19 budget reductions.

37. Community Events is increasing by \$37,767 to reinstate the Canada Day event after COVID-19 budget reductions.

38. Community Events is increasing by \$11,965 to reinstate Golden Spike Days after COVID-19 budget reductions.
39. Community Events is increasing by \$10,000 to reinstate Spike Awards after COVID-19 budget reductions.
40. Community Events is increasing by \$7,000 to reinstate the Community Volunteer BBQ after COVID-19 budget reductions.
41. Community Events is increasing by \$1,041 to reinstate City Hall Christmas Painting after COVID-19 budget reductions.
42. Operations Local Road Network (LRN) vegetation maintenance on and around rounds and boulevards (\$89,000)

The reinstated COVID-19 budget reductions from 2020 total \$245,023 (0.53%).

Summary – Staff Submitted Budget

Total 2022 Staff Submitted Budget			
Total - Before New Funding Requirements	2,649,794	5.74%	Items 1-13
New Funding Requirements - Contractual / Council	229,886	0.50%	Items 14-18
New Funding Requirements - New Services	180,050	0.39%	Items 19-30
New Funding Requirements - New Positions	301,413	0.65%	Items 31-34
Reinstated 2020 COVID-19 Reductions	245,023	0.53%	Items 35-42
Total Staff Submitted Budget	3,606,166	7.81%	

The total staff submitted budget is a net increase of \$3,606,166 over 2021 and represents an estimated 7.81% tax crease.

The Executive Leadership Team (ELT) has been working closely with the Financial Planning team to reduce the 2022 operating budget increase and minimize the 2022 tax increase. As a result, ELT is proposing the following amendments to the 2022 staff submitted operating budget.

ELT Recommended Adjustments and Reductions					
Multi	BB&L	Revenues / Dev. Prcs. Rsv trsfs	-25,000	-0.05%	Increase the development revenue contribution to the base budget
Multi	Dev. Planning	Revenues / Dev. Prcs. Rsv transfers	-25,000	-0.05%	Increase the development revenue contribution to the base budgets
5507/575	Fire Rescue	Fire Truck Lease Reserve	-47,000	-0.10%	Debt servicing cost of new Fire Rescue apparatus postponed due to delivery delays
9525/721	Fiscal Services	Debt reserve transfer	-94,863	-0.21%	Reserve transfer resulting from interest rate savings on long term debt and equipment financing
Sub-Total - Department Adjustments			-191,863	-0.42%	
#29.5	New Funding Requirements – New Services		-112,000	-0.24%	Remove item 29.5 – IS22007 Cloud Disaster Recovery Server Backup
#31-#34	New Funding Requirements - New Positions		-301,413	-0.65%	Eliminate New Positions for 2022
#35-#42	Reinstated 2020 COVID-19 Reductions		-245,023	-0.53%	Fund from the COVID Restart Grant - One year temporary funding
Total ELT Revised Budget			2,755,867	5.97%	

The ELT-recommended reductions include several department adjustments. These include increasing the baseline contribution from development revenues. This involves reducing the annual transfer to the Development Processing Reserve and will result in less funding available in that reserve (\$250,000 over the 2022-2026 Five Year Financial Plan).

The Fire Rescue budget was increasing as a result of the debt servicing costs associated with the new Fire Rescue apparatus scheduled to come into service in 2022. Due to manufacturer delays, the in-service date has been delayed. As a result, this increase to the operating budget can be deferred to 2023.

Historically, when the City refinances long-term debt at a lower interest rate, the savings are transferred into a debt reserve. This reserve can be used to pay down long-term debt, interim finance multi-year debt finance projects, and smooth the impact of refinancing at higher interest rates. Current interest rates are at historically low levels and will gradually increase in 2022 and beyond. Elimination of this transfer will result in savings for the 2022 Financial Plan and reduce the 2022 tax rate; however, when interest rates increase in future years, the increase in debt servicing will be directly realized in future budgets and result in unavoidable budgetary increases.

ELT, upon consultation with the Information Services Division, feels the implementation of Disaster Recovery Server Backup (IS22007) could be delayed another year; however, it should be noted that this service will need to be built into the base operating budget in the near future to address risks associated cyber-security and other system and data breaches.

ELT is recommending postponing the identified new positions to reduce the overall budget increase in 2022.

ELT is recommending funding the identified 2020 COVID-19 reductions from the Provincial Restart Grant. This is a short-term measure and, should Council wish to re-implement the identified initiatives over the long term, they will need to be build into the base operating budget resulting in a tax increase.

COVID-19 Impact

COVID-19 continues to impact City operations. As a result, several initiatives are required to enable the City to adequately respond to emerging issues.

COVID-19 Impact			Amount (\$)	Tax (%)	Comment
43	Library	Lost Revenue	26,067	0.06%	Potential lost revenue and grant due to COVID-19
44	Information Services	Staffing	78,279	0.17%	Service Desk Specialist 2
45	Parks	Staffing	20,000	0.04%	Parks Hosts Program
46	Parks	Equipment	16,400	0.04%	Portable toilet rental
47	Parks	Equipment	15,000	0.03%	Increased funding for vehicle rentals (parks hosts, grass cutting)
48	Parks	Signage	5,000	0.01%	COVID signs
49	Recreation	Staffing	45,500	0.10%	Increase in Rec Attendant hours to help deal with COVID-19 protocols (about 25 hours per week)
50	Fiscal Services	COVID-19 Restart Grant Funding	-206,246	-0.45%	Off set with grant funding
Sub Total - COVID-19 Impact			0	0.00%	

Capital Financial Plan

The 2022 Capital budget was introduced to the Finance Committee on November 16, 2021, and approved by the Finance Committee on December 7, 2021. The draft Five-Year Financial Plan contains \$64.8 million in projects for years 2022 through 2026.

2022 has \$17.2 million in proposed projects with project submissions from nearly all departments. Funding for the proposed projects comes from multiple City reserves and other external funding sources. Most City reserves are balanced as required for the Five-Year Financial Plan, although some have opening balance deficits which limit funding for future year projects. The list of 2021 projects is diverse and includes project submissions for the following items:

- boardwalk and pedestrian bridge reconstruction at the Inlet Trail;
- synthetic turf replacement at Trasolini Field;
- major utility projects, including Glenayre/Seaview/College Park water system rehabilitation;
- road reconstruction and rehabilitation at various locations throughout the City;
- Noons Creek bike trail bridge;
- improvements to traffic signals, street lights, and bus stops;
- storm/drainage rehabilitations at various locations; and
- maintenance dredging at the Rocky Point Pier and Boat Launch.

Other Option(s)

Staff can report back with additional changes to the draft 2022-2026 Five-Year Financial Plan at the committee's direction.

Financial Implications

The financial implications are discussed above.

Communications and Civic Engagement Initiatives

The City's Financial Plan and associated resources will be posted on the City website. Due to the COVID-19 pandemic and current orders from the provincial Public Health Officer, the City is once again planning a digital public engagement for the 2022 Financial Plan that will not include any in person public gatherings. Engage Port Moody, the City's public engagement platform, will be used to collect community feedback on the 2022 Financial Plan. The annual budget survey, budget resource information, and FAQs will be posted on the project page, and staff will answer questions from community members, and collect general comments and feedback to be presented to Council. The Engage Port Moody hub allows Council to see questions and comments from the community as they are posted. Staff will report back to the Finance Committee with the full results of the budget consultation.

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.

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Report Approval Details

Document Title:	Draft 2022-2026 Financial Plan – Operating Budget.docx
Attachments:	
Final Approval Date:	Jan 26, 2022

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

Paul Rockwood, General Manager of Finance and Technology - Jan 22, 2022 - 8:59 AM

Dorothy Shermer, Corporate Officer - Jan 24, 2022 - 11:17 AM

Rosemary Lodge, Manager of Communications and Engagement - Jan 24, 2022 - 4:40 PM

Tim Savoie, City Manager - Jan 26, 2022 - 8:31 AM