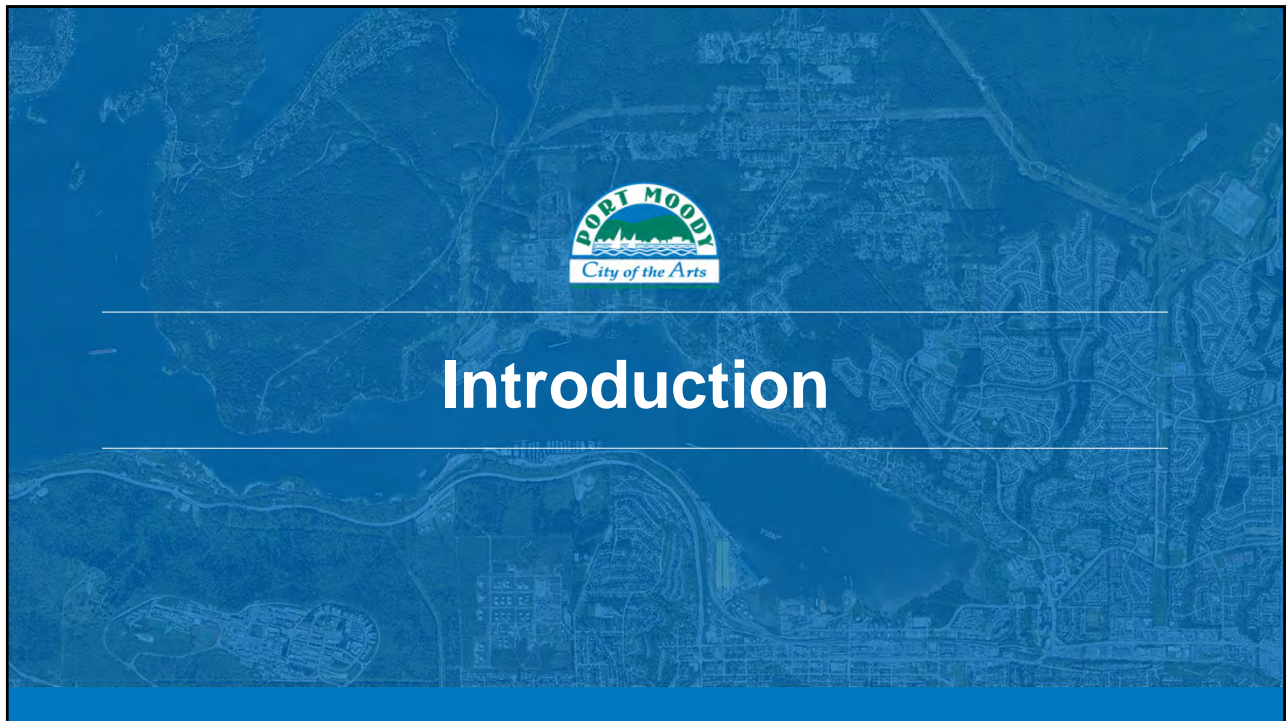


**Special Council  
February 1, 2022  
On-Table Items**

<b>Item Type</b>	<b>Date</b>	<b>Item No.</b>	<b>Item Name</b>	<b>Page Number(s)</b>	<b>Reason For On-Table Distribution</b>
Presentation	February 1, 2022	3.3	Draft 2022-2026 Financial Plan – Operating Budget	3-18	Received after agenda publication

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## Agenda



1. Purpose
2. Budget Preparations & Challenges
3. Operating Budget Summary
  - Staff Submitted Budget
  - ELT Reductions
  - Proposed increase for budget consultation
4. Dollar impact (averages)
5. Next Steps

## Purpose



- 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.
- This DRAFT budget is submitted by staff. The Committee has not deliberated over the operating budget.

## Budget Preparation

### Budget Guidelines

- Budget Guidelines approved by Finance Committee on July 6, 2021
- Budgets developed by Management based on Budget Guidelines and 2021 service levels
- Budget Guidelines propose a 4.47% total City tax increase:
  - 2.50% - Operating (City & Police)
  - 1.00% - Asset Levy
  - 0.97% - Growth Stabilization Reserve  
(Introduced in 2021 to phase the impact of Mill and Timber ceasing Class 4 operations)

Approved Target Tax Increase	2022	
Operating	\$ 1,155,000	2.50%
Capital – Asset Renewal	462,000	1.00%
Growth Stabilization Reserve	450,000	0.97%
<b>Total</b>	<b>\$2,067,000</b>	<b>4.47%</b>

## Budget Preparation

### Zero Based Budget

- Divisions were not given an individual budget target (true zero based budgeting)
- All line items are reviewed by managers in budget preparation
- Submissions are based on continuing to deliver 2021 levels of service in accordance with the approved Budget Guidelines (approved by Council July, 2021)

### Conflicting Goals

- Departments could not achieve the 2.50% mandate while maintaining current service levels
- Staff submitted their budgets based on continuing to deliver 2021 service levels and did not provide service level reductions to achieve the 2.50% guideline targets

## Budget Challenges

### Community Health and Social issues

- Downloading from senior levels of government
- Reduction or stagnation of grant funding
- Responding to housing affordability
- Responding to childcare needs
- Provincial cannabis tax revenue not realized
- Extreme weather shelter
- Front line mental health issues

### Responding to Extreme Events (expected to continue)

- Atmospheric rivers
- Heat domes
- Heavy snowfalls
- Pandemic and public health orders



## Budget Challenges

### Increase costs to doing business

- Materials, Insurance, Fuel, etc. (CPI)
- Construction index (concrete, asphalt, lumber)
- Technology
  - Cyber security
  - Rapid and continuous innovation
- Labour
  - Regional settlements drive cost of living increases
  - Cost of benefits
  - CPP, EI, EHT, WorkSafe BC premiums, etc.



### Significant revenue losses

- Burrard Thermal (2017) – loss of generating capacity grant (~ \$1.4 million)
- Mill and Timber (2021) – decommissioning of sawmill (~ \$1.2 million)
- Metro Vancouver (2021) – property tax exemptions for housing units (~ \$100,000)



## Budget Challenge Impacts

### Regional Destination

- Established a regional destination  
(*Shoreline Trail, Rocky Point Parks, Old Orchard Park, Sasamat Lake, Brewers Row, etc.*)

### Regional growth

- Regional transportation demand
- Reciprocity with other cities for services (users from other growing municipalities)
- Matching service levels with region (Burnaby, Coquitlam)
- Not generating growth dollars that help to pay for increased pressures
- Unlevel playing field (e.g. casinos, pay parking, development revenues)

### Increased public engagement activity

- Communications Division and Department resources (time and scheduling constraints)

### Full Service City – High level of service

- Operational resources competing with strategic priorities

## Budget Challenges

### In prior years, minimal new services have been funded from taxation

- 2017 - \$278,000 - 0.79%
- 2018 - \$354,000 - 0.92% (\$505,000 from one-time funding ∴ deferred to 2019)
- 2019 - \$547,000 - 1.34% (\$505,000 built into base budget deferred in 2018)
- 2020 - \$137,000 - 0.32%
- 2021 - \$277,000 - 0.62%
- 2021 - **(\$790,000) - (1.78%)** (Digital Billboard Revenue)

**Net impact over 5 years - \$803,000 (averages \$160,600 per year)**

## Budget Challenges

### New Services - Alternative funding source

Frequently, new services/positions have been funded from alternative sources, including:

- Development Process Reserve
- Carbon Offset Reserve
- Affordable Housing Reserve
- New Initiatives Reserve
- Capital project-based funding

Note: These funding sources are finite in nature and may not be sustainable in the long term




# 2022 Draft Operating Budget




## Draft Budget Submission

Budget Driver	Amount (\$)	Tax (%)	Driver Impact
1 Growth	-500,000	-1.08%	Limited new construction (primarily Class 1 - Residential)
2 Revenues	314,826	0.68%	Development and other Permits; Sale of Services
3 Salary	739,968	1.60%	Salaries and Wages – follows regional patterns
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%	Reduced transfers to reserves – related to lower revenues (line 2) (Development processing reserve, MTP reserve, etc.)
<b>8 Sub Total - City</b>	<b>1,132,916</b>	<b>2.45%</b>	
9 Police	604,878	1.31%	Police Board presentation to Council – November 23, 2021
<b>10 Total - Operations</b>	<b>1,737,794</b>	<b>3.76%</b>	<b>Budget Guidelines mandates 2.50%</b>
11 Capital Asset Levy	462,000	1.00%	To fund <u>existing</u> capital asset renewal and replacement
12 Growth Stabilization Reserve	450,000	0.97%	Reserve transfer to offset revenue loss from land use changes (Mill and Timber) - Year 2 of 3 phase in
<b>13 Total - Before New Funding Requirements</b>	<b>2,649,794</b>	<b>5.74%</b>	<b>Budget Guidelines mandates 4.47%</b>


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## Draft Budget Submission

New Funding Requirements - Contractual / Council Directed				
14 Mayor & Council	Community Grants	15,800	0.03%	To restore Community Grant Program reduced as a result of Covid Legislative advisor (2021) – workloads from FOI, other legislative matters  Closed Caption software for virtual meetings Office 365 annual licensing/ software maintenance – old version of software no longer supported by Microsoft Climate Action Reserve funding (annual contribution). Provincial CARIB funding eliminated in 2021
15 Legislative Services	New Position	116,836	0.25%	
16 Legislative Services	New Software	13,260	0.03%	
17 Information Services	New Software	33,990	0.07%	
18 Fiscal Services	Reserve Transfer	50,000	0.11%	
<b>Sub Total</b>		<b>229,886</b>	<b>0.50%</b>	


14

## Draft Budget Submission

### New Funding Requirements - New services to address service delivery pressures

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 permanent dog waste funding at four sites
25	Parks	Designated Anchorage Area	12,000	0.03%	Management of the DAA - 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 construction - staff time & supplies
28	Parks	Tidal Park	2,500	0.01%	Management of Tidal Park - staff time & signage
29.1	Capital Projects - FL22041	Parks	15,000	0.03%	Operating impact for Mini Excavator – fuel, maintenance, etc.
29.2	Capital Projects - FL22042	Parks	2,500	0.01%	Operating impact for Tandem Dump Trailer – insurance, etc.
29.3	Capital Projects - IS22009	Information Services	36,000	0.08%	Operating impact for phone replacement – software maintenance
29.4	Capital Projects - PK22061	Parks	2,000	0.00%	Operating impact for Noon's Creek Stairs – maintenance
29.5	Capital Projects - IS22007	Information Services	112,000	0.24%	Operating impact for Cloud Disaster Recovery Server Backup – software maintenance
30	Fiscal Services	New Revenues	-92,265	-0.20%	Public safety building lease
<b>Sub Total</b>			<b>180,050</b>	<b>0.39%</b>	

## Draft Budget Submission

### New Funding Requirements - New Positions (Includes benefit overhead) – to address service delivery pressures

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.
<b>Sub Total</b>			<b>301,413</b>	<b>0.65%</b>	

\* \$47,000 represents the additional funding required for the position, not the total cost of the position. Total annual cost of position with overhead is \$115,000.

## Draft Budget Submission

### Reinstated 2020 COVID-19 Reductions

35	Mayor & Council	Council Contingency	20,000	0.04%	To return to pre-COVID funding level Festival & Special Events (\$63,500) includes Rib Fest, loco Ghost Town Days, etc.) Neighborhood event grants (\$5,000) Canada Day event (headliner and City presence) Golden Spike Days Spike Awards Community Volunteer BBQ City Hall Christmas painting To restore reduced service for removal and maintenance of vegetation on/around roads and boulevards (Local Road Network - Vegetation)
36	Cultural Services	Community Events	68,250	0.15%	
37	Cultural Services	Community Events	37,767	0.08%	
38	Cultural Services	Community Events	11,965	0.03%	
39	Cultural Services	Community Events	10,000	0.02%	
40	Cultural Services	Community Events	7,000	0.02%	
41	Cultural Services	Community Events	1,041	0.00%	
42	Operations	Operating Funding	89,000	0.19%	
<b>Sub Total</b>			<b>245,023</b>	<b>0.53%</b>	

\* Annual budget for Car Free Days, the Community Fair, Holiday Cheer at the Pier, and the City's presence at some other community events has not been reinstated. An order of magnitude to reinstate these events is estimated at \$150,000 annually.

## Draft Budget Submission

### Total 2022 Staff Submitted Budget - Summary

1-13	<b>Total - Before New Funding Requirements</b>		<b>2,649,794</b>	<b>5.74%</b>	<b>From previous slide</b>
14-18	New Funding Requirements		229,886	0.50%	Contractual / Council (summarized from slide 14)
19-30	New Funding Requirements		180,050	0.39%	Net New Services (summarized from slide 15)
31-34	New Funding Requirements		301,413	0.65%	New Positions (summarized from slide 16)
35-42	Reinstated 2020 COVID-19 Reductions		245,023	0.53%	Eliminated in 2020 Financial Plan (summarized from slide 17)
<b>Total Staff Submitted Budget</b>			<b>3,606,166</b>	<b>7.81%</b>	Level of funding deemed appropriate to move the City forward (incorporates services removed and/or foregone due to Covid and other financial challenges over the last number of years)

## Draft Budget Submission

ELT Recommended Adjustments and Reductions				
Building, Bylaws, & Licensing	Revenues / Dev. Prcs. Rsv Transfer	-25,000	-0.05%	Increase the development revenue contribution to the base budget
Development Planning	Revenues / Dev. Prcs. Rsv Transfer	-25,000	-0.05%	Increase the development revenue contribution to the base budget
Fire Rescue	Fire Truck Lease Reserve	-47,000	-0.10%	Debt servicing cost of new Fire Rescue apparatus postponed due to delivery delays
Fiscal Services	Debt reserve transfer	-94,863	-0.21%	Reserve transfer resulting from interest rate savings on long term debt and equipment financing
<b>Sub Total - Department Adjustments</b>		<b>-191,863</b>	<b>-0.42%</b>	
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
<b>Total ELT Revised Budget</b>		<b>2,755,867</b>	<b>5.97%</b>	

## 2022 Impact of COVID-19

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%	Offset temporary expenses with grant funding
<b>Sub Total - COVID-19 Impact</b>		<b>0</b>	<b>0.00%</b>

## Impact of COVID-19 – Provincial Restart Grant Reconciliation

	Amount (\$)	Comment
Total Provincial Grant - 2020	\$4,647,000	Grant awarded by Province to enable municipalities to continue to deliver uninterrupted services to the community
Grant used in 2020	-\$1,157,000	<ul style="list-style-type: none"> <li>Recreational and cultural services revenue shortfalls</li> <li>Response and recovery costs related to COVID-19</li> </ul>
Grant used in 2021*	-\$1,870,000	<ul style="list-style-type: none"> <li>Recreational and cultural services revenue shortfalls</li> <li>Response and recovery costs related to COVID-19</li> </ul>
Grant used in 2022 - proposed	-\$ 451,000	<ul style="list-style-type: none"> <li>Response and recovery costs related to COVID-19</li> <li>One time funding (2022 for City and community events)</li> </ul>
<b>Balance Remaining</b>	\$1,169,000	Available to fund uninterrupted services to the community

\* Estimate - Final figure subject to change as part of year end audit

## Regional Context – 2022 Proposed and Approved

Municipality	Tax Increase	Proposed/ Approved
Burnaby	2.95%	Proposed
Coquitlam	3.43%	Approved
Delta	2.99%	Approved
Maple Ridge	4.40%	Approved
Mission	5.96%	Approved
New Westminster	4.40%	Proposed
Pitt Meadows	5.30%	Approved
Port Coquitlam	3.64%	Proposed
Richmond	3.86%	Approved
Surrey	2.90%	Approved
Vancouver	6.35%	Approved
West Vancouver	3.79%	Proposed

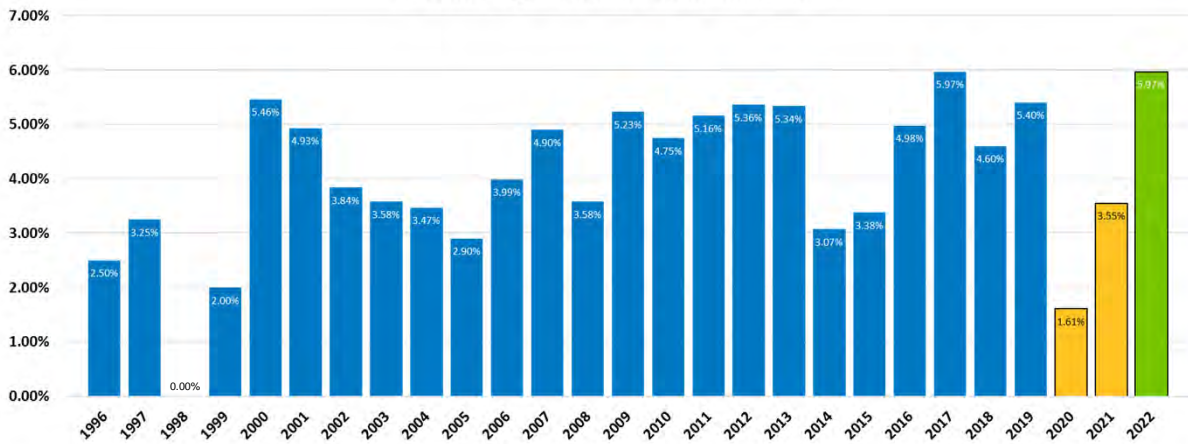
### Not a level Playing field:

- Some municipalities utilize Parcel Taxes which are not always reflected in annual tax increase data.
- Non-tax revenue streams:
  - Casinos
  - Pay Parking
  - Development Contributions
- Many municipalities use revenues generated from new construction growth to offset tax rate increases.



## Historical Context – 2022 Proposed and Approved

Port Moody – Total Tax Rate Increases



## Tax Impact

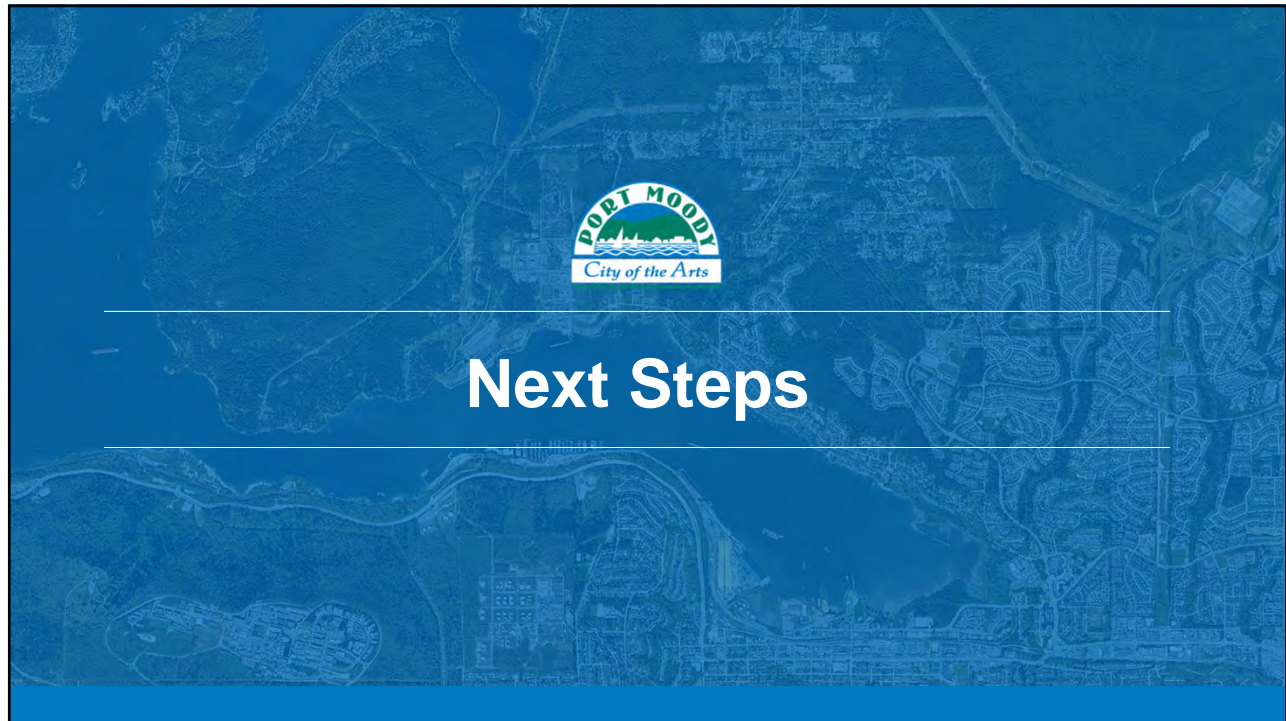
### Average Tax Impact – Total Charges (5.97% Budget Revenue Increase)

Residential - Class 1	Average Residential Property		
	\$1,200,000	Increase (%)	Increase (\$)
General Government	1,702	2.88%	73
Port Moody Police	703	2.09%	54
Asset Renewal Levy	219	1.00%	23
MTP Levy - Capital	21	0.00%	0
Fire Hall #1 Replacement Levy	25	0.00%	0
<b>Proposed Property Tax &amp; Levies Total</b>	<b>2,671</b>	<b>5.97%</b>	<b>150</b>
Storm Drainage	100	1.22%	1
<b>Proposed Total Property Charges</b>	<b>2,772</b>	<b>5.79%</b>	<b>151</b>

Average assessed value for a residential property in 2022 is \$1,200,000, up over 22% from 2021

### Estimated Tax Impact – Total Charges (5.97% Budget Increase)

Residential - Class 1	Assessed values		
	\$600,000	\$1,200,000	\$1,800,000
General Government	\$851	\$1,702	\$2,554
Port Moody Police	\$352	\$703	\$1,055
Asset Renewal Levy	\$110	\$219	\$329
MTP Levy - Capital	\$11	\$21	\$32
Fire Hall #1 Replacement Levy	\$13	\$25	\$38
<b>Proposed Property Tax &amp; Levies Total</b>	<b>\$1,336</b>	<b>\$2,671</b>	<b>\$4,007</b>
Storm Drainage	\$50	\$100	\$150
<b>Proposed Total Property Charges</b>	<b>\$1,386</b>	<b>\$2,772</b>	<b>\$4,157</b>



**engage**  
PORT MOODY










Due to COVID-19 the City will not hold a traditional town hall meeting.


The City, like many other municipalities, is now using modern and convenient online engagement tools to allow residents to provide input at their convenience rather than a single prescribed date and time town hall format.

Engage Port Moody, the City's new online public engagement hub, will provide an opportunity for members of the community to review budget materials, ask questions, provide feedback, and complete the annual budget survey (hard copy surveys available upon request).


PORT MOODY  
CITY OF THE ARTS

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Next Steps			
	February 1, 2022	<i>Finance Committee</i>	Introduction of the Operating Budget
	February 2022	<i>Budget Consultation and Engagement</i>	Engage Port Moody - <i>Learn. Share. Shape your city.</i>
	February 15, 2022	<i>Finance Committee</i>	Budget Deliberations – Department Presentations & Deliberations
	March 1, 2022	<i>Finance Committee</i>	Budget Deliberations – Department Presentations & Deliberations
	March 15, 2022	<i>Finance Committee</i>	Budget Deliberations – Budget consultation results considered
	April 5, 2022	<i>Finance Committee</i>	Approval of Financial Plan & Tax Rates – Referral to Council
	April 26, 2022	<i>Regular Council</i>	Financial Plan & Tax Rates Bylaws First 3 Readings
	May 10, 2022	<i>Regular Council</i>	Financial Plan & Tax Rates Bylaws Adoption
Extraordinary meeting(s) may also be scheduled if required for further deliberations			
			29

2022 Draft Operating Budget - <i>Recommended Resolution</i>
<p><b>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;</b></p> <p><b>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 Public Budget Consultation.</b></p>






2022-2026 Five Year Financial Plan



**Questions/Comments/Discussion**