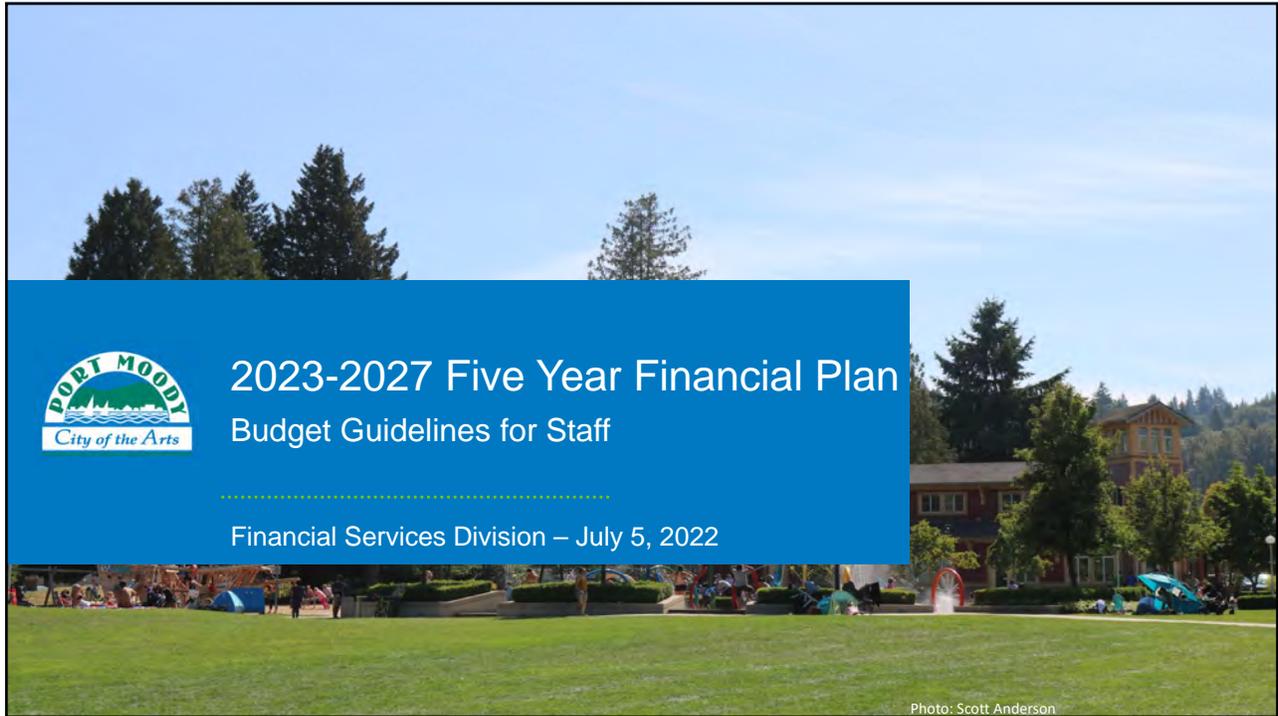


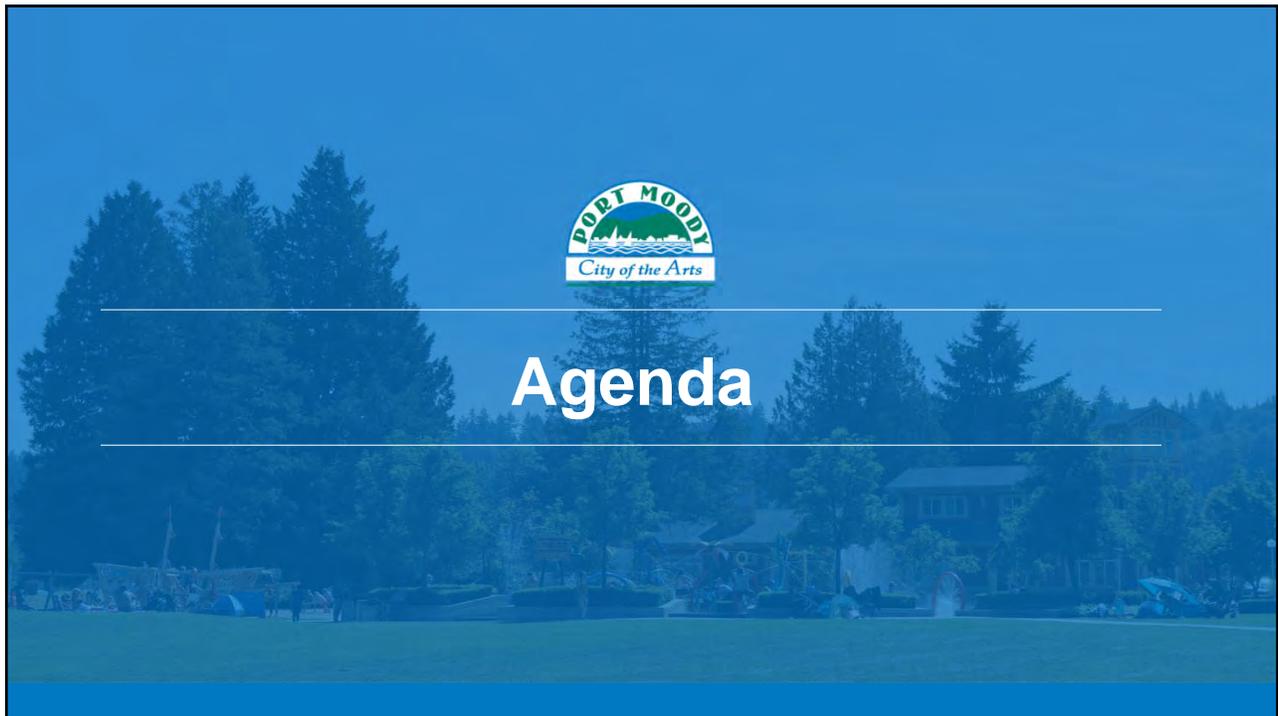
**Special Council
June 28, 2022
On-Table Items**

Item Type	Date	Item No.	Item Name	Page Number(s)	Reason For On-Table Distribution
Presentation	June 28, 2022	3.1	2023-2027 Financial Plan Guidelines for Staff	3-16	Received after agenda publication

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Agenda



- 1 Purpose
- 2 Zero Based Budgeting
- 3 Budget Timeline
- 4 Budget Consultation
- 5 Recommended Resolutions
- 6 Questions/Comments/Discussion

PORT MOODY
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Purpose

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Financial Plan Guidelines

Financial Plan Guidelines are approved by the Finance Committee and distributed to staff annually prior to beginning budget preparations in the summer

These provide helpful information as well as summarized Council direction to staff as they begin to draft their budgets

They communicate targets for service levels, tax increases, inflation, shop rates, overhead, etc.



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Financial Planning Process

- BC Municipalities must annually prepare a five-year financial plan and adopt tax rates in accordance with the *Community Charter*
- The five-year requirement ensures city councils consider the long-term impact of decisions
- The City follows a formal budget process, scheduling the different phases from the drafting of the budget, through deliberations by the Finance Committee, to public input, to approval by City Council, up to the setting of the tax rates to the final phase of billing and collecting the taxes
- The approval of the Budget Guidelines, and their subsequent distribution to staff, marks the beginning of the annual financial planning process



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Financial Planning Process

Services and level of service

- Residents enjoy and expect exceptional service
- City surveys indicate high approval rates

Revenue Considerations

- Port Moody taxes relative to other municipalities
- Significant revenue losses (e.g. Burrard Thermal, Mill and Timber class shift)
- Revenue diversification (e.g. Digital Billboards)



Subsidy Levels

- User fees versus property tax to fund services

Asset Management

- Capital infrastructure funding gap

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Principals and Policies

Revenue Sources

- Municipal taxation
- Payments in lieu of taxes
- Fees and charges
- Government contributions
- Investment revenue

Distribution of property taxes

- Taxation versus services used
- Tax class capping
- Allocating the tax burden

Tax Exemptions

- Permissive tax exemptions
- Revitalization tax exemptions

City of Port Moody

Schedule A to Bylaw No. 2008
Financial Plan, 2022

	2022	2023	2024	2025
REVENUE				
Operating Revenue	28,200,000	28,200,000	27,200,000	26,200,000
Capital Revenue	1,000,000	1,000,000	1,000,000	1,000,000
Other Revenue	1,000,000	1,000,000	1,000,000	1,000,000
EXPENDITURES				
Operating Expenditures	27,200,000	27,200,000	26,200,000	25,200,000
Capital Expenditures	1,000,000	1,000,000	1,000,000	1,000,000
Other Expenditures	1,000,000	1,000,000	1,000,000	1,000,000
TOTAL	30,200,000	30,200,000	29,200,000	28,200,000

Notes: The purpose of this schedule is to provide a summary of the financial plan for the City of Port Moody. It is not intended to be a substitute for the full financial plan or other financial documents. The City of Port Moody is not responsible for the accuracy or completeness of the information provided in this schedule. The City of Port Moody is not liable for any errors or omissions in this schedule. The City of Port Moody is not responsible for the accuracy or completeness of the information provided in this schedule. The City of Port Moody is not liable for any errors or omissions in this schedule.

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Financial Planning Process

Port Moody's **Integrated Financial Planning Framework** comprises separate but complementary processes. These processes result in a set of integrated plans that support the overall vision and mission of the City, and they enable us to align activities and resources to achieve Council's Strategic Plan goals and the City's annual business plan priorities.

Goals & Objectives

The **Strategic Plan** is the highest-level statement of the City's aspirations for the future. It is developed with a long time frame in mind and is updated every four years following the municipal election. The Strategic Plan articulates Port Moody's vision, mission, values and broad strategic goals. We monitor our progress on the plan through an annual review of key performance measures.

Measurable Tasks & Tactics

The **Business Plan** translates high-level strategic goals into priorities for action. These priorities - and their associated work items—are established annually by Council. We monitor our progress on the business plan through reports to Council every four months and through annual reviews of operational performance measures.

Attaches Resources & Funding

The **Financial Plan** outlines the financial resources needed to support the Strategic Plan, Business Plan and the City's operational business. Updated annually, the Financial Plan is a five-year plan that includes a budget for revenues, expenditures and capital projects.



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Council Strategic Plan



Council Strategic Plan

The 2023-2027 Five-Year Financial Plan should be aligned with the 2019-2022 Council Strategic Plan. The strategic plan provides a framework for the decisions Council will make and guides our approach for delivering services to our community. The plan identifies five strategic priorities with specific outcomes and actions that we will pursue to make our vision for Port Moody a reality.

The Five Strategic Priorities are:



Exceptional Service



Healthy City



Environmental Leadership



Economic Prosperity



Community Evolution

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Long Term Strategic Financial Framework

Long Term Strategic Financial Framework

While the Strategic Plan sets out the goals and objectives of Council, Council acknowledges they cannot be achieved at all costs.

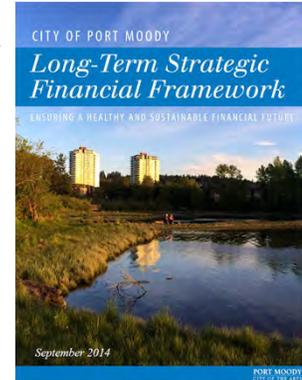
Financial sustainability is a primary goal of City Council, and City Council recognizes that its goals and objectives must be balanced with its ability to pay, and the impact they will have on the long term financial sustainability of the City.

The City's LTSFF is a reference document that ensures the City of Port Moody is well managed, affordable, and sustainable.

It is the responsibility of Council and management to assure the community that the City is in, and remains in, sound financial condition for current and future generations.

To that end, a sound administrative and financial framework of principles and guidelines needs to be developed to provide stewardship over critical assets and resources

The LTSFF identifies the principles, strategies, and models that Council has determined the City will need to keep on track towards financial sustainability. The LTSFF is a dynamic document that is reviewed on a periodic basis to make sure the principles are consistent with current best practices.



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Additional Guiding Documents

Official Community Plan

The Official Community Plan (OCP) provides overall goals, strategies, and visions for the community. It is intended to provide a degree of certainty for the future development of the community. In that sense, the OCP is source document utilized by staff to budget capital projects and other planning and development related projects.

Climate Action Plan

Port Moody's Climate Action Plan is a community-wide plan that outlines actions to help the City and its residents adapt to climate change and reduce greenhouse gas emissions (GHGs) that contribute to the warming of the Earth.

Master Plans

The City of Port Moody has a variety of master plans that help guide major initiatives. These documents, that provide a future vision for the city, are used in conjunction with Council's Strategic Plan, and the Staff Action Plan, in the business planning and financial planning process. These include documents that guide transportation, parks, recreation planning and other major decisions of the City.



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Current Economic Conditions

For 2023, we anticipate facing new financial pressures and challenges, which was not contemplated in the 2022 Financial plan

- We have begun to see the highest levels of inflation over the last 30 years
 - 6.8% (Bank of Canada - April 2022)
 - 7.7% (Bank of Canada - May 2022)
 - 8.1% BC CPI (May 2022 (unadjusted) over May 2021)
 - Transportation has increased by 14.8% (BC May 2021 to May 2022)
 - Fuel (Gasoline) has increased by 42% (BC May 2021 to May 2022)
- Construction Index has increased by 8.8% (Vancouver Q1 2021 to Q1 2022)
- Labour costs are increasing as contractors and unions try to mitigate inflationary pressures

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Zero Based Budgeting

- Due to the current economic conditions previously discussed, we cannot set a target tax rate increase that contemplates the range of costs for the diverse services delivered
- Therefore, we suggest, Operating Budgets for 2023 be submitted based on 2022 service levels, which follows a zero-based budgeting methodology where all expenses must be justified
- The process of zero-based budgeting starts from a "zero base," and every function within an organization is re-analyzed for its needs and costs
- The budgets are then built around what is needed for the upcoming period, regardless of whether each budget is higher or lower than the previous one

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Zero Based Budgeting

- The 2023 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 2023 budget will also include a \$485,000 increase for the Asset Renewal Levy (estimated to represent a 1% tax increase)

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Budget Targets

Approved Target Tax Increase (\$)	2023	2024	2025	2026	2027
Operating	Zero based				
Growth Stabilization Reserve (2021)*	450,000	-	-	-	-
Capital – Asset Renewal	485,000	513,000	535,000	554,000	572,000
Total	TBD	TBD	TBD	TBD	TBD

* 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.


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Budget Targets

Approved Target Tax Increase (%)	2023	2024	2025	2026	2027
Operating	Zero based				
Growth Stabilization Reserve (2021)*	0.93%				
Capital – Asset Renewal	1.00%	1.00%	1.00%	1.00%	1.00%
Total	TBD	TBD	TBD	TBD	TBD

* 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.


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Budget Expenditure Control Policy Amendment

- Currently, the policy authorizes the Chief Financial Officer to approve an increase up to \$5,000 and the City Manager to approve an increase up to \$10,000
- Staff are seeing significant cost fluctuations and tight timelines around the order and purchase of new vehicles. Order banks are only remaining open for limited time periods, and if missed, vehicle replacements can be delayed a full year or more and pricing can vary significantly over historical averages.
- Amendment would allow the City Manger to authorize a budgetary increase for a vehicle replacement project up to 25% of the originally approved budget
- This temporary measure will provide additional flexibility to enable City staff to procure vehicle replacements without interruption during these extraordinary times.

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Budget Timeline – Election Year

- The approval of the budget is one of the most important annual considerations of Council, significantly impacting the community
- Given the complexities of the budget deliberations and processes, all decisions need to be fully understood by the approving Council
- If there is significant change in the Council, the orientation period may need to be longer for new Councillors to become familiar with the City’s financial plans and processes
- Therefore, in an election year, the budget timeline is subject to significant modifications


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Budget Timeline - Highlights

Due Dates	Responsibility	Description
July 2022	Financial Services	Budget Guidelines and Templates Distributed
October 2022	Finance Committee	Utility Budgets Approval - Referral of Utility Rate (Pending MV changes)
November 2022	Library Board	Library Board Budget Presentation to Council
November 2022	Police Board	Police Board Budget Presentation to Council
December 2022	Finance Committee	Capital Budget Approval
December 2022	Finance Committee	Operating budget introduction – High level overview
January 2023	Finance Committee	Budget Deliberations – Department Presentations
February 2023	Engage Port Moody	Public Budget Consultation
April 2023	Finance Committee	Financial Plan and Tax Rates Bylaws Approval - Referral to Council
April 2023	Regular Council	First three readings - Financial Plan Bylaw, Tax Rates Bylaw
May 2023	Regular Council	Adoption – Financial Plan Bylaw, Tax Rates Bylaw



Detailed timeline available in the 2023 Financial Plan Guidelines – Appendix 1

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Budget Consultation

- The budget consultation will take place in early 2023
- Details of the budget consultation will be determined closer to the date
- A broad budget consultation will take place and remain open for three weeks
 - members of the community can provide feedback on the 2023 Financial Plan
- The City will use Engage Port Moody, the City's public engagement hub
 - Inform and collect community feedback on the 2023 Financial Plan
 - Included: 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

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Recommended Resolution

THAT 2023-2027 Financial Plan Guidelines for Staff be approved as recommended in the report dated June 9, 2022 from the Finance and Technology Department – Financial Services Division regarding 2023-2027 Financial Plan Guidelines for Staff;

AND THAT the Port Moody Police Board be informed of the 2023-2027 Financial Plan Guidelines for Staff;

AND THAT the Budget Expenditure Control Policy be temporary amended for two years to increase the approval threshold of the City Manager to 25% of the original approved budget for capital projects funded from the Equipment Replacement Reserve.

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