

# Committee of Council Agenda

Wednesday, November 25, 2020

4:00 p.m.

Meeting will be conducted virtually

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Pages

1. CALL TO ORDER

2. ADOPTION OF THE AGENDA

2.1. Adoption of the Agenda

Recommendation:

*That the Wednesday, November 25, 2020, Committee of Council Meeting Agenda be adopted as circulated.*

3. CONFIRMATION OF MINUTES

4. REPORTS

4.1. 2021 Draft Operating Budget

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Recommendation:

*That Committee of Council authorize staff to issue the 2021 draft operating budget for public consultation.*

5. COUNCILLORS' UPDATE

6. MAYOR'S UPDATE

7. CAO UPDATE

8. ADJOURNMENT

8.1. Adjournment of the Meeting

Recommendation:

*That the Wednesday, November 25, 2020, Committee of Council Meeting be adjourned.*

9. MEETING NOTES

# 2021 Draft Operating Budget

## **RECOMMENDATION:**

*That Committee of Council authorize staff to issue the 2021 draft operating budget for public consultation.*

## **REPORT SUMMARY**

This report presents the 2021 draft operating budget and sets out the planned services and initiatives for the upcoming year and the corresponding funding for those services. The 2021 operating budget continues to address Council's priorities of improving customer service; investing in our infrastructure; and enhancing community safety. It also includes funding to accomplish the items identified in Council's Action Plan.

Although it is now clear that the COVID-19 pandemic will continue through to 2021 (and the impacts likely even longer), the 2021 budget has been prepared with normal levels of service. This was done as the actual impacts to the 2021 budget (both revenues and expenses) are extremely difficult to forecast and will be monitored by staff through the quarterly variance reporting process, similar to how staff addressed 2020 impacts.

Based on the 2021 draft operating budget, the average residential property (2020 assessed value \$735,185) would see a total municipal increase of \$70.58 or 2.37%.

## **BACKGROUND**

Section 165 of the *Community Charter* requires that the City annually adopt a Five-Year Financial Plan which sets out the planned services and initiatives and their corresponding funding.

The City splits development of the 2021-2025 Financial Plan in to two phases, with Committee of Council approving capital and one-time enhancements (funded through reserves and surplus) on November 4, 2020 and the proposed 2021 operating budget (funded through taxation, levies and other revenues) to be considered on November 25, 2020.

Once Committee has deliberated on the proposed 2021 budget, the draft is issued for public consultation. Water and sewer regulation bylaws will be brought to Council ahead of the financial plan bylaw to ensure that utility bills are mailed out to property owners by the second week of February, to be paid by March 31st.

## **DISCUSSION**

The 2021 proposed operating plan reflects Council's desire for the City to run as efficiently as possible to both meet community needs and address the public's appetite for low municipal taxes.

For 2021, budgeted operating expenses and reserve transfers are expected to increase by \$3.9 million (3.5%) and are driven primarily by the following items:

### **Base Budget**

- External service delivery partner impacts: Increased costs for third party service providers for the provision of police services, library service, bulk water, sewer and garbage disposal and organics processing account for almost 37% of the operating budget increase for 2021.

Of note, in previous year's the City has used the RCMP reserve to offset the tax impact of the police budget. For 2021 it is anticipated that the reserve will be close to fully depleted due to the recent settlement between the Province and the Government of Canada pertaining to RCMP members' entitlement to accumulate severance pay for voluntary resignations and retirements. Accordingly, this budget proposes a phased increase to shift funding away from the depleted reserve and over to property taxes.

- Labour impacts: Projected labour contract increases for IAFF and CUPE account for just over 18% of the operating budget increase for 2021. No increases have been included for Exempt Staff or Council.

### **Service Level Changes**

- Service enhancement impacts: In April 2020 Council approved enhancements to services for increased bylaw enforcement, funding for a manager of strategic projects and a manager of information services. To ease the financial impact of these enhancements on the 2020 tax rate, these enhancements were funded temporarily through accumulated surplus and ongoing funding from taxation is now required to sustain these enhancements.

In June 2020, Committee of Council approved adjustments to 2021 service levels for snow clearing, parks maintenance, and litter collection. The combined impact of these service enhancements accounts for just over 20% of the operating budget increase for 2021.

## Infrastructure Replacement

- 1% Infrastructure Levy: The 2021 operating budget includes a proposed levy of an additional 1% (\$685,000) in taxes for infrastructure replacement. Consistent with the 2020 budget, no 1% infrastructure levy increase is proposed for water and sewer rates. The infrastructure levy accounts for just over 17% of the operating budget increase for 2021

## Tax and Levy Offsets

The following items are taxation and levy offsets which decrease the impact on the budget.

- New Revenues From Development: Historically, tax revenue generated from growth has been used to help offset tax increases for the rest of the community in addition to the cost of additional services related to new development. Revenues from growth are down significantly in 2021 compared to 2020 meaning there is less new tax revenue in 2021 to offset the impact for existing taxpayers.
- Removal of 2017-2020 Community Centre Parcel Tax: 2020 was the final year of the \$25 parcel tax levied on all properties from 2017-2020 as part of funding for construction of the Port Coquitlam Community Centre. As the parcel tax was a fixed annual amount that did not vary with property assessment values, the smaller a property's tax bill, the more significant an impact removal of the parcel tax has on the tax % change.
- Rate Stabilization: The 2021 budget proposes the use of the rate stabilization reserve to reduce the impact of the water and sewer levy increases.

## Impact of 2021 Operating Budget on Average Home

Based on the 2021 draft operating budget, the average residential property (2020 assessed value \$735,185) would see a total municipal increase of \$70.58 or 2.37%, including increases to taxation, water, sewer, and solid waste levies.

## Impact of COVID on the budget

The issues surrounding COVID-19 have been prominent around the world since earlier this year. Through 2020, the financial impacts of COVID-19 have largely been mitigated and managed by closing facilities and reducing expenses. The 3rd quarter variance report is being presented to Council in late November.

## 2021 Draft Operating Budget


Although it is now clear that the pandemic will continue through to 2021 (and the impacts likely even longer), the 2021 budget has been prepared with normal levels of service. This was done as the actual impacts to the 2021 budget (both revenues and expenses) are extremely difficult to forecast and will be monitored similar to the 2020 impacts through the variance process.

### Next Steps

Once Committee has deliberated on the proposed 2021 budget, the approved draft budget will be issued for public consultation. The Budget at a Glance document will be mailed to each property, including a survey that can be completed online or mailed in. Once the public consultation has been received, Committee will consider the feedback received through the survey, through the budget feedback emails and comments received throughout the year. The final budget is then brought forward to Council for approval of the 2021 – 2025 Financial Plan Bylaw.

Water and sewer regulation bylaws will be brought to Council ahead of the financial plan bylaw to ensure that utility bills are mailed out to property owners by the second week of February, to be paid by March 31st.

### OPTIONS (✓ = Staff Recommendation)

	#	Description
	1	Approve the 2021 operating budget to issue for public consultation
	2	Request further information prior to approving the 2021 operating budget to issue for public consultation

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