

AGENDA ITEM NO: 7.3

MEETING DATE: November 21, 2023

STAFF REPORT – COVER SHEET

SUBJECT: 2024 Financial Plan DATE: November 14, 2023

DEPARTMENT: Finance PREPARED BY: Glen Savard

1. SUMMARY OF ISSUE:

In accordance with Section 165 of the Community Charter, a municipality must have a Financial Plan Bylaw adopted on an annual basis. The City prepares a ten (10) year Financial Plan, which allows for anticipated priorities to be identified well in advance, giving Council the ability to prioritize budgetary needs and plan a savings strategy to fund capital priorities without debt in accordance with a pay-as-you-go philosophy.

Persistent high levels of inflation and non-discretionary costs continue to impact many areas of the City's core services and service provisions. To ensure that inflationary and non-discretionary cost obligations are being met and Council's objectives are being addressed to keep up with service provisions, a tax increase of 7.32% is being proposed within the 2024 Financial Plan. This proposed 2024 Financial Plan funds the high levels of inflationary and non-discretionary costs, which accounts for 5.55% of the total increase, ensuring the City's financial obligations are met, infrastructure is maintained and all capital projects are funded without debt, in accordance with the City's pay-as-you-go, no-debt capital financing policy.

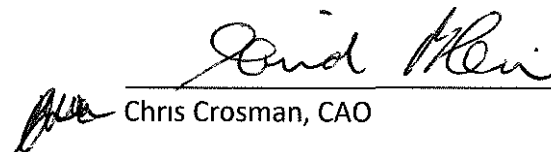
2. RECOMMENDATION:

That "2024 Financial Plan Bylaw 2023, No.5372" be given first and second reading; that a presentation be received; and further, that a public information meeting be held on December 5, 2023.


Glen Savard, Director of Finance

3. CHIEF ADMINISTRATIVE OFFICER'S RECOMMENDATION/COMMENTS:

Supports recommendation.


Chris Crosman, CAO

**STAFF REPORT ON
2024 Financial Plan**

PREPARED BY: Glen Savard DATE: November 14, 2023
POSITION: Director of Finance DEPARTMENT: Finance

1. DEFINITION OF ISSUE:

The City of Chilliwack adopts a ten-year Financial Plan Bylaw on an annual basis, in accordance with Section 165 of the Community Charter.

2. FACTORS:

2.1 Inflationary Impacts

Persistent high levels of inflation continue to impact local and global economies, including municipalities. Local governments, including the City of Chilliwack, continue to experience rising costs for the provision of many core services.

- a. While cost increases and inflationary pressures happen in various areas of the City's operational and capital budgets each year, the challenging economic landscape has had a heavy influence on the preparation of the City's 2024 Financial Plan. Currently, it costs more to provide the same services to the community and maintain infrastructure, presenting cost containment challenges for the City and its Financial Plan.
 - i. For example, one program that has been extremely impacted by inflation is the City's road asphalt resurfacing program. The price of asphalt has escalated by 46% since 2021, so without an increase to the annual program budget, less road repaving can occur with the previous year's level of funding. The program would fall behind and would be difficult to maintain roads to a minimum standard.
- b. Inflationary cost escalation is being experienced across general service delivery, including labour, materials, contracted services, including the RCMP, BC Transit, libraries and recreation facilities, fees for service agreements and routine repairs, maintenance and operation of City infrastructure and facilities.
- c. The Financial Plan provides an increased program budget for roads asphalt repaving to accommodate the rising cost of asphalt and maintain the service level of the program.
- d. The City's budget for the current year (2023) also faced high levels of inflation and non-discretionary costs. In response, the City worked to minimize the impact on the

tax increase, realizing taxpayers were also feeling the effects of high inflation. This meant only minimal additions in public safety were added to the budget, with the hope that inflation would level off and begin to reduce for 2024. As a result, in 2023, the City of Chilliwack provided one of the lowest tax increases in the Lower Mainland. Unfortunately, inflation and non-discretionary costs remain high for City services and have impacted this year's proposed Financial Plan.

2.2 Proposed Additions

The City of Chilliwack continues to provide the lowest level of property taxes in the Lower Mainland. As a rapidly growing municipality, it is essential that services meet the needs of the community.

The proposed budget further places an emphasis on public safety, to support the continued public safety goals of Council, with the addition of three (3) additional RCMP members, five (5) additional RCMP support positions and one (1) additional career firefighter. These additions have been prioritized to help reduce high caseloads per officer, while also providing support in various public safety areas and programs. In many instances, the support positions help to relieve administrative work for the RCMP members, thus freeing them up to focus on general policing duties. The additional career firefighter would support the Fire Department's continued safe and effective fire response.

Additional City staff positions are included in the proposed 2024 Financial Plan to address various service requirements. An Information Technology technician is included to aid technological service needs, an Engineering Technologist to help with transportation related issues and service requests from the public, a Parks worker to help maintain increasing parks and greenspace areas, and a Long-Range Planner and a Legislative Services Specialist to fulfill obligations required as a result of legislation passed down from the Province.

2.3 Capital Projects

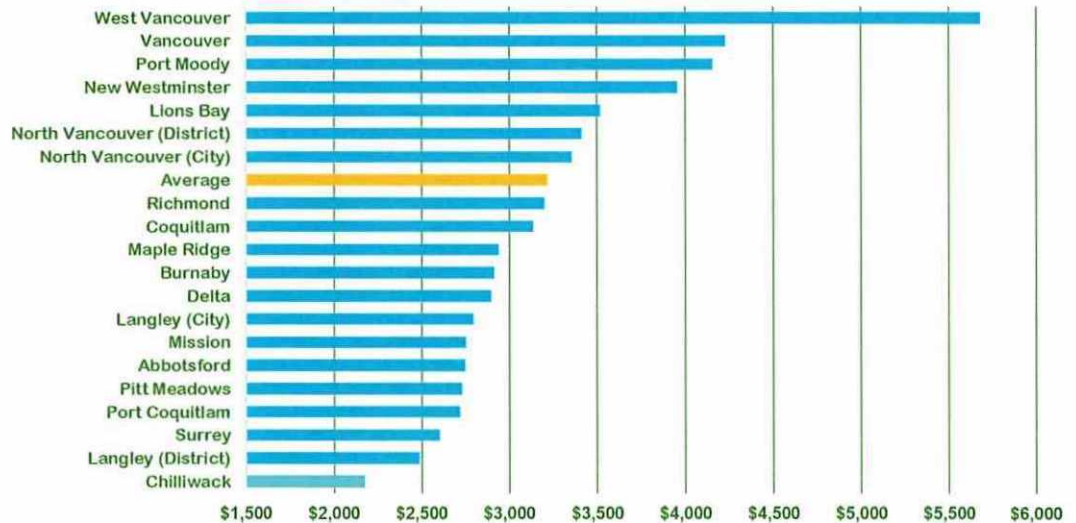
The Financial Plan funds proposed capital projects without debt, in accordance with the City's no-debt capital financing policy. Funding capital priorities without long-term debt ensures that projects are completed without the additional cost of interest and that property taxation is not increased for debt servicing. This provides valuable flexibility, should priorities change or new needs emerge. It also allows the City to provide lower, more affordable overall property taxes, as there is no component of property taxes required for servicing debt.

2.4 Community Taxation Comparatives

The Province provides comparative taxation statistics, which allow local governments to compare one another. In these comparisons, Chilliwack ranks as the lowest among 19 Lower Mainland communities for general municipal taxation levels on a representative home. When adding water, sewer, garbage collection and taxes collected for other levels of

government, Chilliwack is lower by a far greater margin. Chilliwack also provides the lowest business class tax multiplier for business property classes.

The below chart depicts the level of municipal general taxation collected for City Services (excludes amounts collected for other government agencies) on a similar representative home in each community.



Chilliwack has been able to maintain comparatively affordable property taxes while providing numerous facilities, amenities and services to its residents. Having no debt plays a crucial role in the ability to do so. As always, there are compromises that must be made in ensuring financial obligations and service needs are being met, while keeping property taxes as affordable as possible for the community.

2.5 Community Budget Engagement

While City Council receives continuous input and feedback from the community throughout the year, the City provided two formal budget engagement opportunities during 2023 to receive input from the public. The first opportunity was a survey with the spring property tax notice, which is mailed to all property owners. The second was an online survey in the fall. The responses and information collected provides Council with input and feedback from the community as they shape the Financial Plan and make thorough budgetary prioritization decisions.

2.6 Enclosed for Council’s consideration is the draft 2024 Financial Plan Bylaw. A presentation will be provided, detailing budgetary highlights.

3. **RECOMMENDATION:**

That “2024 Financial Plan Bylaw 2023, No.5372” be given first and second reading; that a presentation be received; and further, that a public information meeting be held on December 5, 2023.