

FILE: 01-0620-03/24

REPORT DATE: October 28, 2024 **MEETING DATE:** November 25, 2024
TO: Mayor and Council
FROM: Laura Barroetavena, Director of Financial Services
SUBJECT: **2025 Draft Business Plan - Financial Services**

CHIEF ADMINISTRATIVE OFFICER REVIEW/APPROVAL:



RECOMMENDATION(S):

THAT Council:

- A. Receive for information the Financial Services 2025 Draft Business Plan and Staff Report as presented at the November 25, 2024, meeting of Council; OR
- B. Other.

PURPOSE

To present the 2025 Draft Business Plan for Financial Services.

Information Report Decision Report Direction Report

DISCUSSION

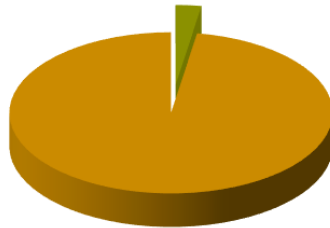
DEPARTMENT OVERVIEW

Financial Services provides interdepartmental support and public interfaces that promote the effective, efficient and transparent operation of the city to ensure fiscal responsibility and good stewardship of the City's assets. This is accomplished by providing long-term financial planning, annual budget development, property tax and utility calculation and collection, treasury and cash management, purchasing expertise and administration, as well as statutory financial reporting.

Operating Budget: \$893,600

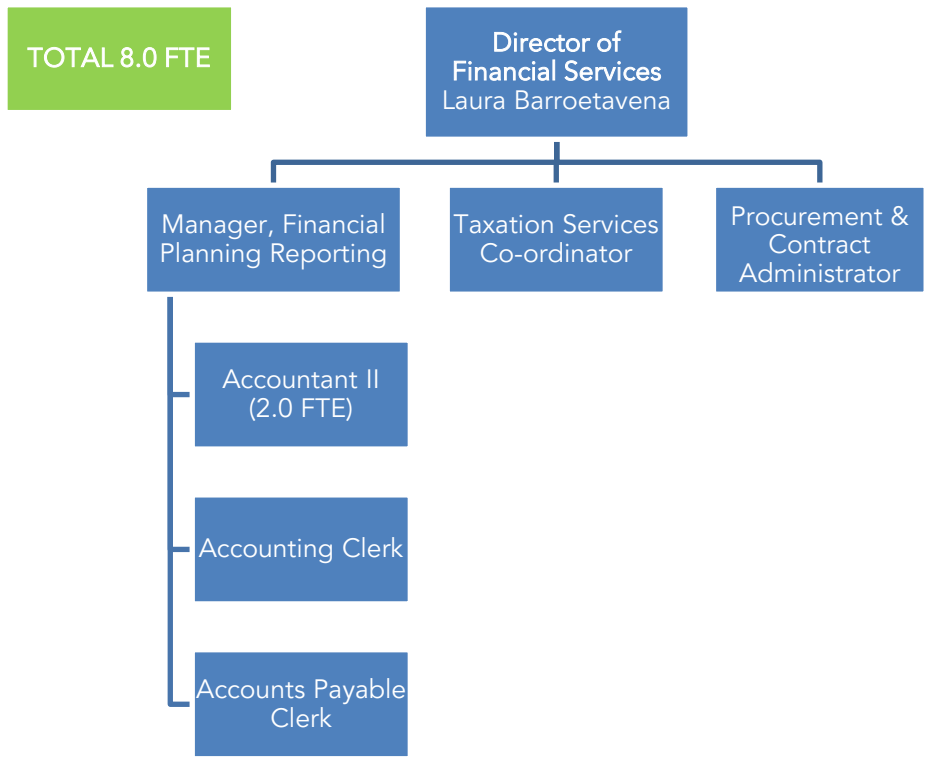
Capital Budget: \$70,000

% Share of overall City Budget: 2.6%



- Financial Services 2.6%
- Remaining City Budget 97.4%

Staff Complement



Forecasted Position Adjustments

None.

Key Performance Measures

Financial Services	2019	2020	2021	2022	2023
Number of Tax Folios	7,219	7,350	7,452	7526	7594
Tax Deferment Applications	290	272	291	309	323
Current Year Taxes Outstanding	1.9%	2.25%	1.8%	1.4%	1.3%
Procurement Tenders, RFPs, other	25	14	26	21	25
Accounts Payable Invoices	\$37M	\$37.4M	\$42.7M	\$54M	\$47M
Accounts Payable Invoices – Quantity*	5,400	4,300	5,000	5,100	5,300
Accounts Payable Payments via EFT	76%	82%	79%	76%	79%
Purchasing Card Transactions *	\$420K	\$348K	\$397K	\$592K	\$626K
Banking Deposits - Quantity	4,331	3,243	4,387	4546	4,691
Canadian Award for Financial Reporting	Y	Y	Y	Y	In progress

*estimates

Deferred Projects

None. All planned key initiatives were completed in 2024.

2024 Achievements

- **WATER SERVICES REVIEW.**
 The financial model was modified to incorporate factors impacting the City’s ability to achieve a self balancing fund. The main modifications were:

 - Accounting for Metro Vancouver seasonal rates versus the blended rate, the City charges customers, and
 - Increasing the budget for water consumption to reflect the historical actual water consumption, rather than solely relying on Metro Vancouver’s estimate

For 2024, the City is forecasting full cost recovery in the water fund as a result of the modifications mentioned above as well as continuous process improvements related to asset management. *Corporate Pride – Responsible Financial Management*
- **MULTIPLE POLICY/BYLAWS UPDATES.** The following policy and bylaw updates were completed in 2024:

 - Tangible Capital Asset Amortization - Council Policy C058

- Exemption or Refund of Taxes & Other Fees & Charges – Council Policy C056 (Repealed)
- Financial Services Fee Setting Bylaw No. 3004, 2024
- Payment Acceptance Policy - Administrative Policy A033
- Asset Management Policy - Administrative Policy A036

Corporate Pride – Responsible Financial Management

Key Challenges for 2025

- **ASSET MANAGEMENT PLAN.** The City will continue to be challenged in achieving the funding gap target and addressing its backlog as a result of cost escalations that arise from expected inflation. This will have a direct impact in the maintenance and replacement of existing assets. Additional funding requirements will arise if assets are expanded or new assets are added, resulting in cost pressures that will need to be covered for future replacement of those assets.
- **TAXATION FROM GROWTH.** To service population growth projections, taxation from growth is allocated to fund increasing operational costs, growth related projects, long-term strategies, and increased service levels. With the industrial park scheduled to be completed in 2024, taxation from growth is expected to decrease significantly until other developments materialize such as: revitalization of the Civic Centre and the North Lougheed area. Therefore, replacement development growth needs to be prioritized to mitigate unfunded costs and associated higher tax increases.
- **WATER SERVICES REVIEW.** There have been a number of improvement recommendations identified during the water services review that, as they are addressed, will create financial volatility until their financial impacts have stabilized and the water fund balance becomes more predictable. Having said that, the demand on the water system is highly sensitive to climate and therefore, it is expected that a certain level of unpredictability will remain.

Key Initiatives 2025

Strategic Priority	Initiative
Corporate Pride – Responsible Financial Management	<p>WATER SERVICES REVIEW. Coninue to monitor the water fund balance and incorporate outcomes resulting from the review, these may include, and are not limited to:</p> <ol style="list-style-type: none"> 1. Continue to update and refine the budget model 2. Continue to investigate discrepancies: water purchased versus water billed

Strategic Priority	Initiative
	3. Update waterworks bylaw 4. Explore implementation of seasonal rates 5. Explore implementation of Extreme Weather Reserve Fund
Corporate Pride – Responsible Financial Management	FINANCIAL SERVICES REPORTING AND RECORDKEEPING TOOLS. Explore existing applications to modernize financial reporting capability and plan for digitization of Accounts Payable documents.
Corporate Pride – Responsible Financial Management	ASSET MANAGEMENT PLAN – CAPITAL RESERVES. Continue to monitor the City’s capital reserves as part of the asset management plan strategy to meet future funding requirements for future asset replacement and renewal.
Corporate Pride – Responsible Financial Management	PROPERTY INSURANCE. Complete a review of the City’s property value(s) and update insurance policy accordingly.
Corporate Pride – Responsible Financial Management	INVESTMENTS. Consistent with best practice, request for an Expression of Interest from multiple service providers to ensure the City’s investments achieve the desirable return in accordance with the City’s Investment Policy.
Corporate Pride – Responsible Financial Management	REQUEST FOR PROPOSAL. Update the Request for Proposal (RFP) template to accommodate various procurement needs and attract the right level of proponents for the services being procured.

PROPOSED OPERATING BUDGET

	2024 Adopted Budget	2025 Proposed Budget	Proposed Changes for 2025		2026 Proposed Budget	2027 Proposed Budget	2028 Proposed Budget	2029 Proposed Budget
Revenue								
Finance Fees and Charges	\$ (45,800)	\$ (43,800)	\$ 2,000	4.4%	\$ (44,300)	\$ (44,800)	\$ (45,300)	\$ (45,800)
	(45,800)	(43,800)	2,000	4.4%	(44,300)	(44,800)	(45,300)	(45,800)
Expenses								
Financial Services	902,900	937,400	34,500	3.8%	981,000	1,015,100	1,049,900	1,086,100
	902,900	937,400	34,500	3.8%	981,000	1,015,100	1,049,900	1,086,100
Net Operating Expenses	\$ 857,100	\$ 893,600	\$ 36,500	4.3%	\$ 936,700	\$ 970,300	\$ 1,004,600	\$ 1,040,300
Key Budget Changes for 2025:								
Revenue and Recoveries			2,000					
Salary and benefits			31,500					
Audit Services			2,600					
Other			400					
Change in Net Operating Expenses			\$ 36,500					

PROPOSED CAPITAL BUDGET

Division	Project	2025	2026	2027	2028	2029	Total
DV122 - FINANCIAL SERVICES							
	250016 - ASSET MANAGEMENT PLAN UPDATE	\$ -	\$ -	\$ -	\$ 70,000	\$ -	\$ 70,000
DV122 - FINANCIAL SERVICES Total		\$ -	\$ -	\$ -	\$ 70,000	\$ -	\$ 70,000

DECISION PACKAGE(S)

None.

PUBLIC PARTICIPATION

Inform Consult Involve Collaborate Empower

KATZIE FIRST NATION CONSIDERATIONS

Referral Yes No

SIGN-OFFS

Written by:

Laura Barroetavena,
Director of Financial Services

Reviewed by:

Mark Roberts,
Chief Administrative Officer

ATTACHMENT(S):

None.